Porch Group



Q4 2024 Earnings Presentation

February 25, 2025

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Disclaimers

Financial Targets

Porch is providing guidance and targets for future periods in this presentation based on current market conditions, assumptions, and expectations as of the date of this presentation. Actual results may vary due to a number of factors and there is no guarantee that we will be able to achieve these results. Please refer to the below for important disclaimers and a description of these factors. Certain full company guidance and forward-looking targets in this presentation, including the adjusted EBITDA targets, represents Porch shareholder interests following the completed formation of Porch Insurance Reciprocal Exchange ("PIRE") and sale of Homeowners of America Insurance Company ("HOA") to PIRE on January 1, 2025. For the avoidance of doubt, guidance does not include the future results at PIRE or HOA; while we expect to consolidate their results into Porch GAAP financial statements, the PIRE and HOA results will be allocated to noncontrolling interest owned by PIRE members and not to Porch Shareholders, and will therefore be excluded from Revenue, Gross Profit and Adjusted EBITDA guidance. See appendix for detail regarding segment reporting change expected to begin in Q1 2025.

Forward-Looking Statements

Certain statements in this presentation are considered forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although we believe that our plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we 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 our financial outlook, and guidance, possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. Forward-looking statements in this presentation also include expectations regarding whether the reciprocal is the optimal structure for our insurance business and the benefits financial and otherwise thereof, including any expectations that the reciprocal will result in higher margins and a more predictable financial profile and equip our insurance operations to scale profitably in the future. These statements may be preceded by, followed by, or include the words “believe,” “estimate,” “expect,” “project,” “forecast,” “may,” “will,” “should,” “seek,” “plan,” “scheduled,” “anticipate,” “intend,” or similar expressions.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of the date hereof. You should understand that the following important factors, among others, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements: expansion plans and opportunities, and managing growth, to build a consumer brand; the incidence, frequency, and severity of weather events, extensive wildfires, and other catastrophes; economic conditions, especially those affecting the housing, insurance, and financial markets; expectations regarding revenue, cost of revenue, operating expenses, and the ability to achieve and maintain future profitability; existing and developing federal and state laws and regulations, including with respect to insurance, warranty, privacy, information security, data protection, and taxation, and management’s interpretation of and compliance with such laws and regulations; the structure, availability, and performance of PIRE and HOA’s reinsurance programs to protect against loss and maintain their financial stability ratings and a healthy surplus, the success of which are dependent on a number of factors outside management’s control; the possibility that a decline in our share price would result in a negative impact to HOA’s surplus position and may require further financial support to enable HOA to meet applicable regulatory requirements and maintain financial stability rating; uncertainties related to regulatory approval of insurance rates, policy forms, insurance products, license applications, acquisitions of businesses, or strategic initiatives, and other matters within the purview of insurance regulators (including the discount associated with the shares contributed to HOA); the ability of the Company and its affiliates to successfully operate and manage PIRE and our ability to successfully operate our businesses alongside a reciprocal exchange; our ability to implement our plans, forecasts and other expectations with respect to PIRE and to realize expected synergies and/or convert policyholders from our existing insurance carrier business into policyholders of PIRE; reliance on strategic, proprietary relationships to provide us with access to personal data and product information, and the ability to use such data and information to increase transaction volume and attract and retain customers; the ability to develop new, or enhance existing, products, services, and features and bring them to market in a timely manner; changes in capital requirements, and the ability to access capital when needed to provide statutory surplus; our ability to timely repay our outstanding indebtedness; 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; retaining and attracting skilled and experienced employees; costs related to being a public company; and other risks and uncertainties discussed in our filings with the SEC, including Part II, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K (“Annual Report”) for the year ended December 31, 2024, as well as those discussed elsewhere in this presentation, and in subsequent reports filed with the Securities and Exchange Commission (“SEC”), all of which are available on the SEC’s website at www.sec.gov.

We caution you that the foregoing list may not contain all the risks to forward-looking statements made in this presentation. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this release primarily on our current expectations and projections about future events and trends we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those described above and elsewhere in this presentation. We disclaim any obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures, such as Adjusted EBITDA (Loss), Adjusted EBITDA (Loss) margin, free cash flow, and Attritional Loss Ratio. See appendix for additional information.

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Agenda



Matt Ehrlichman
CEO, Chairman & Founder

Key Updates



Shawn Tabak
Chief Financial Officer

Financials & Guidance



Matthew Neagle
Chief Operating Officer

Strategic Update & KPIs

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Key Updates

Matt Ehrlichman
CEO, Chairman & Founder



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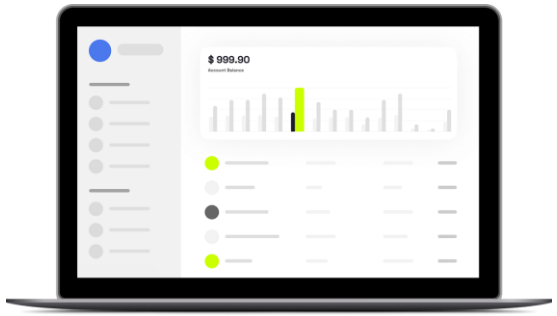
Porch: A New Kind Of Homeowners Insurance Company

Vertical Software

Unique assets, strong SaaS margins and insights into US homebuyers



Insurance

Differentiators to win

- Advantaged underwriting
- Best for homebuyers
- More protection

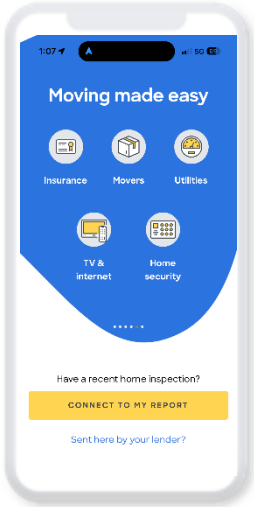
Data Platform

Unique data & distribution

Unique data & experience

Services for Consumers

Warranty, moving and home management services



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Achieved Full Year Profitability Goal

1. Achieved quarterly record: **Q4 2024 Adj EBITDA of $42m** and **Net Income of $30m**
2. 2025 guidance raised: **Adj EBITDA of $60m** (>$50m increase from 2024)
3. 2026 target re-affirmed: **Adj EBITDA of $100m**
4. Expect Porch to generate **positive cash** for shareholders **in 2025**
5. **PIRE transaction executed** and HOA sold into Reciprocal
6. **Focused on growth chapter**: reopened geographies and reactivated distribution partners

Notes:
All numbers are $million unless otherwise stated.
Adjusted EBITDA is a non-GAAP financial measure. Please see slide 2 and appendix for important information regarding non-GAAP measures.

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Financials & Guidance

Shawn Tabak
Chief Financial Officer



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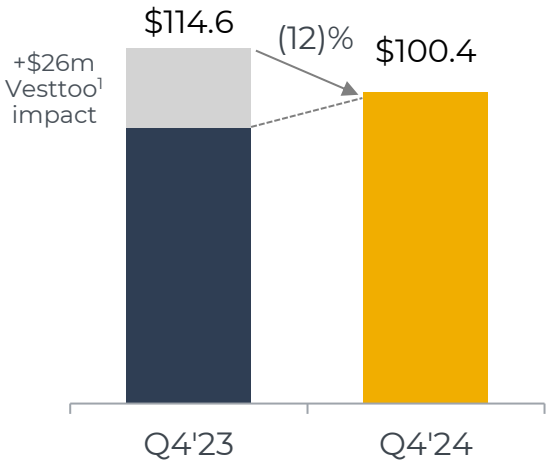
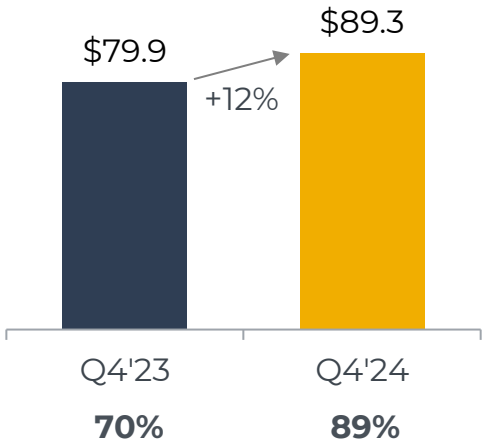
Q4'24 Highlights: Record Quarterly Adjusted EBITDA

Revenue

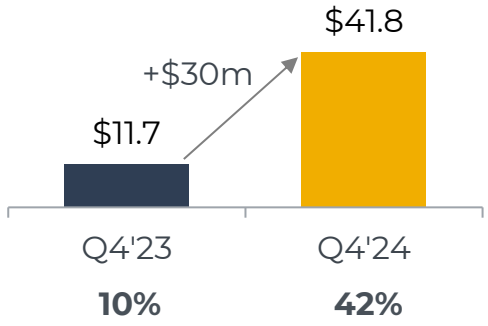


Revenue less Cost of Revenue



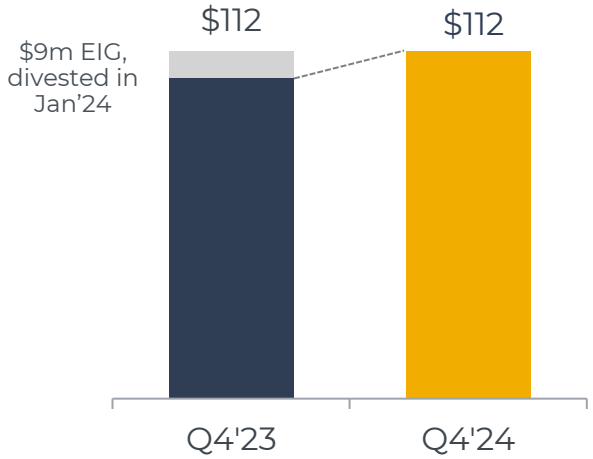
Revenue less Cost of Revenue margin

Adj EBITDA



Adjusted EBITDA margin

Gross Written Premium



- Revenue growth offset by: Q4'23 includes Vesttoo and EIG, Q4'24 non-recurring $5m reinsurance adjustment
- Revenue less Cost of Revenue margin of 89%
- $42m Adj EBITDA, +$30m from prior year and ahead of expectations
- $112m GWP, broadly flat due to the divestiture of EIG in Q1'24

Notes:
All numbers are $million unless otherwise stated. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. Please see slide 2 and appendix for important information regarding non-GAAP measures.
1. In Q3'23, the Company terminated a reinsurance contract following allegations of fraud against Vesttoo Ltd. This resulted in less reinsurance. The impact of this on Q4'23 was additional Revenue of approximately $26 million.

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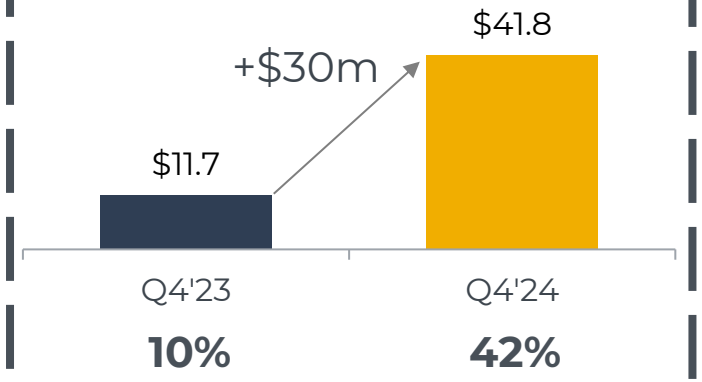
Q4’24 Highlights: Record Quarterly Adjusted EBITDA

Adj EBITDA



Adjusted EBITDA margin

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Q4'24 Highlights: Record Quarterly Adjusted EBITDA

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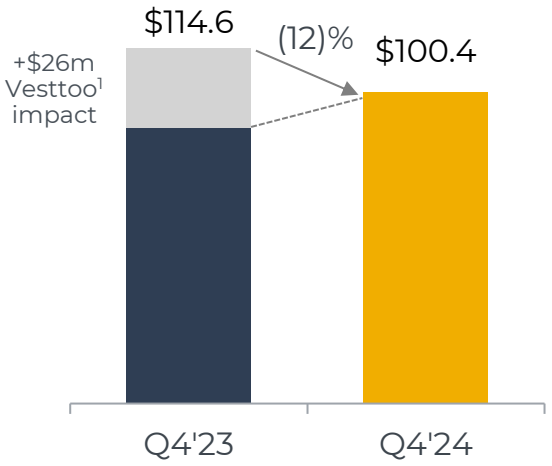
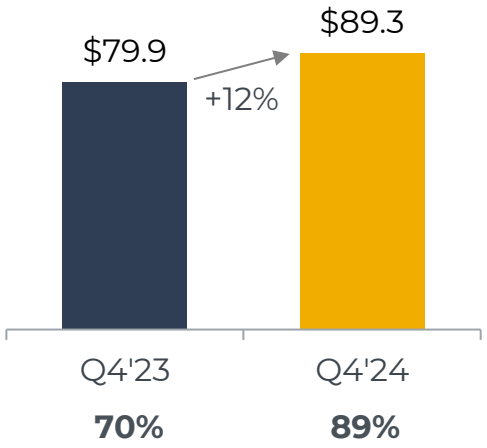
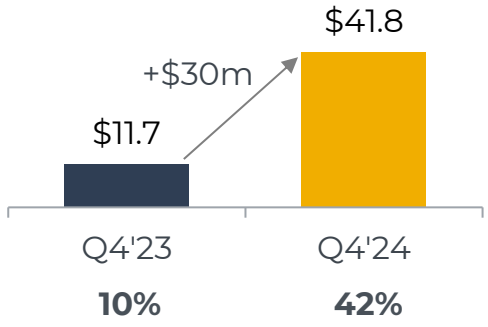


Revenue less Cost of Revenue



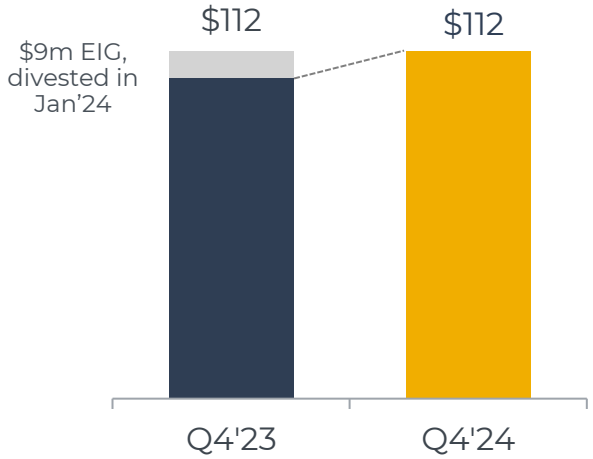
Revenue less Cost of Revenue margin

Adj EBITDA



Adjusted EBITDA margin

Gross Written Premium



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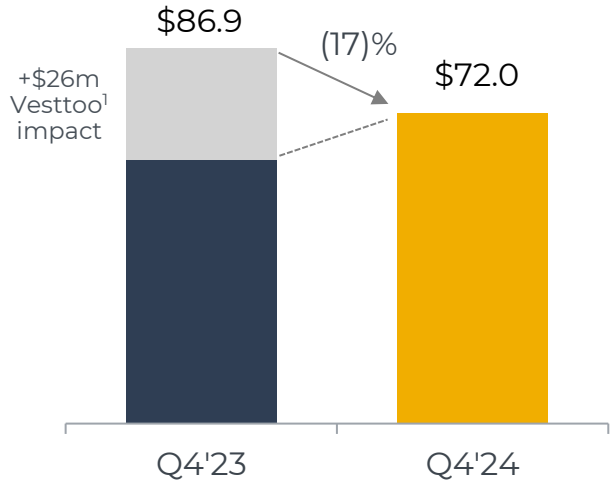
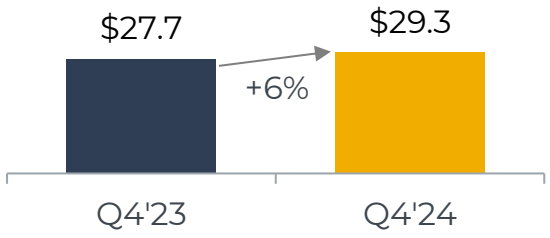
Premium & SaaS Price Increases Benefit Revenue

Insurance Revenue



- Revenue decrease driven by Vesttoo
- Partially offset by +31% increase in premium per policy

Vertical Software Revenue



- $29m Vertical Software Revenue, increase driven by SaaS revenue growth

Notes:
All numbers are $million unless otherwise stated.
Total Revenue of $100.4 million, includes $(0.9) million within Corporate and Eliminations that relates to intercompany adjustments.
1. In Q3'23, the Company terminated a reinsurance contract following allegations of fraud against Vesttoo Ltd. This resulted in less reinsurance. The impact of this on Q4'23 was additional Revenue of approximately $26 million.

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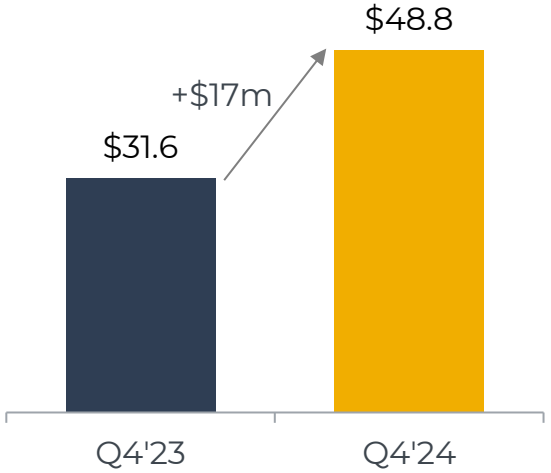
Q4'24 Adj EBITDA: Improvement Across Each Segment

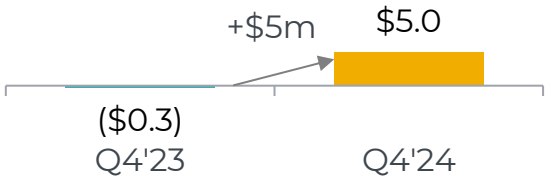
Insurance Adj EBITDA



36% **68%**

Adjusted EBITDA margin

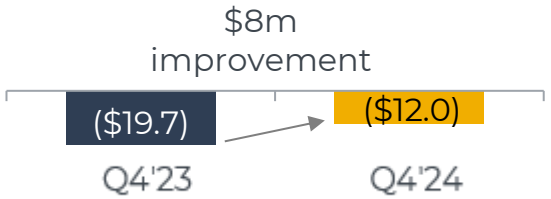
Vertical Software Adj EBITDA



(1)% **17%**

Adjusted EBITDA margin

Corporate Expenses



17% **12%**

As a % of Total Revenue

- $49m Insurance Adj EBITDA, +$17m reflecting advantaged underwriting and profitability actions (3 P's)
- $5m Vertical Software Adj EBITDA, +$5m from prior year driven by SaaS price increases and cost control
- $(12)m Corporate expense, $8m improvement compared to prior year

Notes:
All numbers are $million unless otherwise stated.

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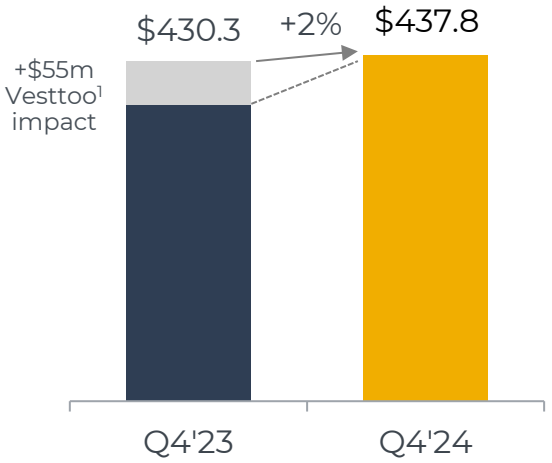
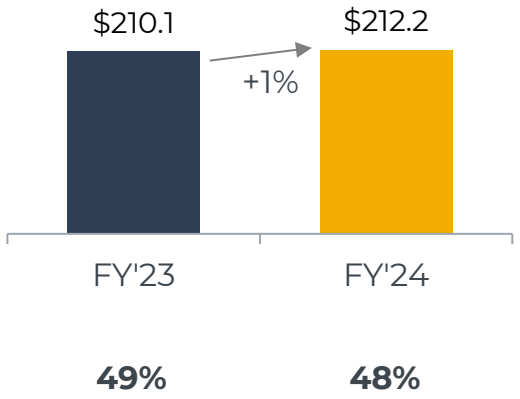
FY'24 Highlights: Full Year Adjusted EBITDA Profitability

Revenue

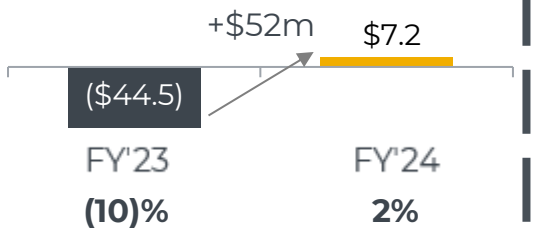


Revenue less Cost of Revenue



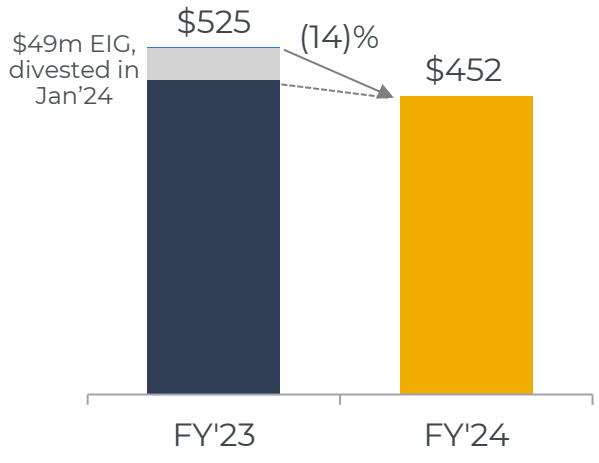
Revenue less Cost of Revenue margin

Adj EBITDA



Adjusted EBITDA margin

Gross Written Premium



- $438m Revenue, +2% increase driven by Insurance
  - Revenue growth offset by incremental revenue related to Vesttoo[1] matter of $55m in FY23
- $7m Adj EBITDA, +$52m from prior year with strong execution and operational efficiencies
- $452m Gross Written Premium, (14)% predominantly due to the EIG divestiture

Notes:
All numbers are $million unless otherwise stated.
Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. Please see slide 2 and appendix for important information regarding non-GAAP measures.
1. In Q3'23, the Company terminated a reinsurance contract following allegations of fraud against Vesttoo Ltd. This resulted in less reinsurance. The impact of this in the second half of 2023 was additional Revenue of approximately $55 million.

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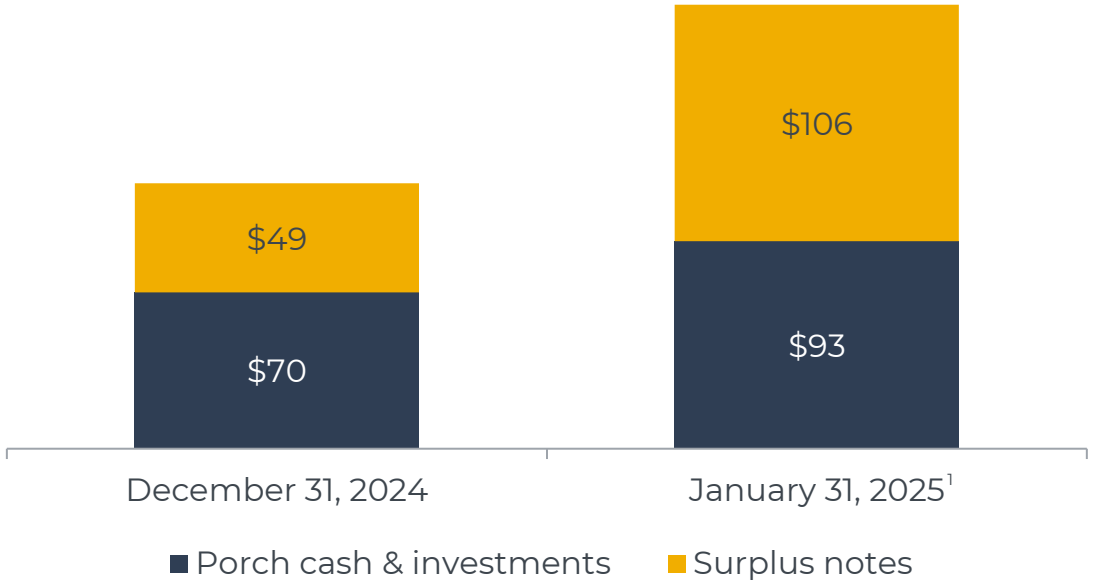
Improved Balance Sheet For Porch Shareholders Following PIRE Formation



- Reciprocal improves Porch Cash + Investments[1] following formation on January 1, 2025
- $70m Porch Cash + Investments at December 31, 2024. Increased to ~$93m at January 31, 2025
- Surplus note offers opportunity, including liquidity. $106m at January 31, 2025 with sale of HOA to PIRE

Notes:
All numbers are $million unless otherwise stated.
1) Represents cash, cash equivalents, and investments available to Porch shareholders. At December 31, 2024, excludes HOA and includes the ~$10m of PIRE seed funding that is not reported as Porch cash from January 2025. At January 31, 2025, excludes both HOA and PIRE.

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2025 Disclosure Changes

2024

Legacy Segments

Insurance

Vertical Software

less corporate expenses

Legacy KPIs

Revenue less Cost of Revenue

From Q1 2025

2025 New Segments

Porch Shareholder Interests

Insurance Services

Software & Data

Consumer Services

less corporate expenses

Porch Group Consolidated

Above plus PIRE[1]

New KPIs align with new segments

Gross Profit

Notes:
1) PIRE is a separate entity under the member-owned structure.

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Porch Shareholder Interests 2025 Guidance

2025 guidance relates to Porch Shareholder Interests and excludes PIRE

Revenue	
$390m to $410m	An increase from prior 2025 target

Gross Profit	
$310m to $325m	Results in ~80% Gross Profit margin

Adjusted EBITDA	
$55m to $65m	>$50m increase compared to 2024

Notes: All numbers are $million unless otherwise stated. Porch provides guidance based on current market conditions and expectation as of the date of this presentation. The reinsurance program for PIRE and HOA renews on April 1, 2025. Therefore, the Porch Group captive continues to provide reinsurance coverage under the current program. Any Catastrophic weather losses that occur in the first quarter of 2025 and are in excess of historical experiences would create downside to the lower end of the range. Porch Shareholder Interests Revenue, Porch Shareholder Interests Gross Profit, Adjusted EBITDA and the associated margins are non-GAAP financial measures. Please see slide 2 and appendix for important information regarding non-GAAP measures. Porch Group is not providing reconciliations of non-GAAP measures for future periods to the most directly comparable measures prepared in accordance with GAAP because the Company is unable to provide these reconciliations without unreasonable effort because certain information necessary to calculate such measures on a GAAP basis is unavailable or dependent on the timing of future events outside of the Company's control. See slide 2 for further details on Porch Shareholder Interests.

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Strategic Update & KPIs

Matthew Neagle
Chief Operating Officer



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Strategic Growth Areas

Scaling Insurance Premiums



- Sales team expansion
- Adding agencies
- Premium per policy increases
- New geographies

Software Innovation



- Inspection AI helper in report writers
- Rynoh advanced reporting capabilities

Growth of the Data Business

Home Factors

- Proof of concepts grow
- More 3rd party carriers
- Increase number of Home Factors

Access More Homebuyers

MovingPlace

- MovingPlace launch
- More partnerships
- Create value for agencies

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Q4 2024 KPIs

27k
Avg Number of Companies

- (10)% compared to Q4’23 driven by housing market impact on industries

$1,236
Avg Revenue per Company per Month

- (3)% compared to Q4’23 driven by lower insurance revenue

219k
Monetized Services

- Broadly flat compared to Q4’23

$390
Avg Revenue Per Monetized Service

- (13)% compared to Q4’23 driven by mix shift

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Insurance KPIs

Insurance Segment KPIs[1]:

$112m
Gross Written Premium
Q4'23: $112m

206k
Policies in Force
Q4'23: 310k

$1,396
Annualized Revenue Per Policy
Q4'23: $1,120

Insurance Carrier (HOA) KPIs:

$2,446
Annualized Premium Per Policy
Q4'23: $1,861

105%
Premium Retention
Q4'23: 96%

$157m
Surplus Combined with Nonadmitted Assets[2]
Dec'23 surplus: $52m

Notes:
(1) 2023 includes EIG, our in-house agency, which was sold on January 31, 2024. At December 31, 2023, EIG had ~$45 million gross written premiums with third party carriers.
(2) $157m surplus combined with nonadmitted assets as of December 31, 2024 is comprised of $105 million of surplus and $52m of non-admitted assets, each as reflected on HOA's statutory financial statements filed with the Texas Department of Insurance and calculated in accordance with statutory accounting rules.

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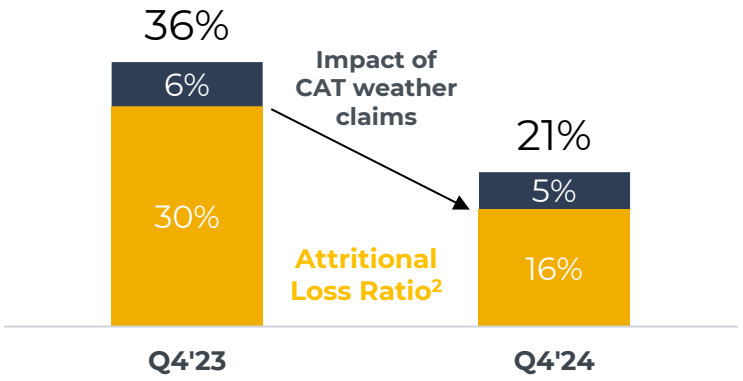
Loss Ratio Improvement Driven By Profitability Actions

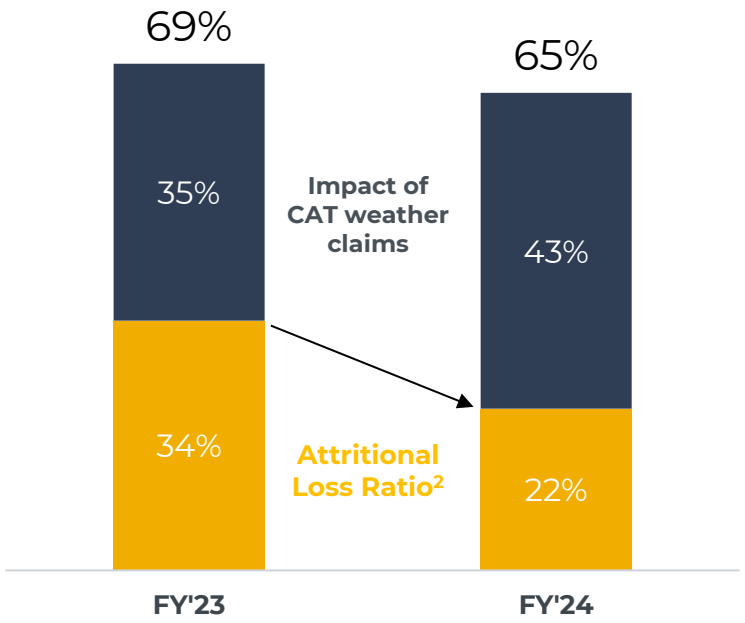
Q4 Gross Loss Ratio[1]

Improved 15pp YoY



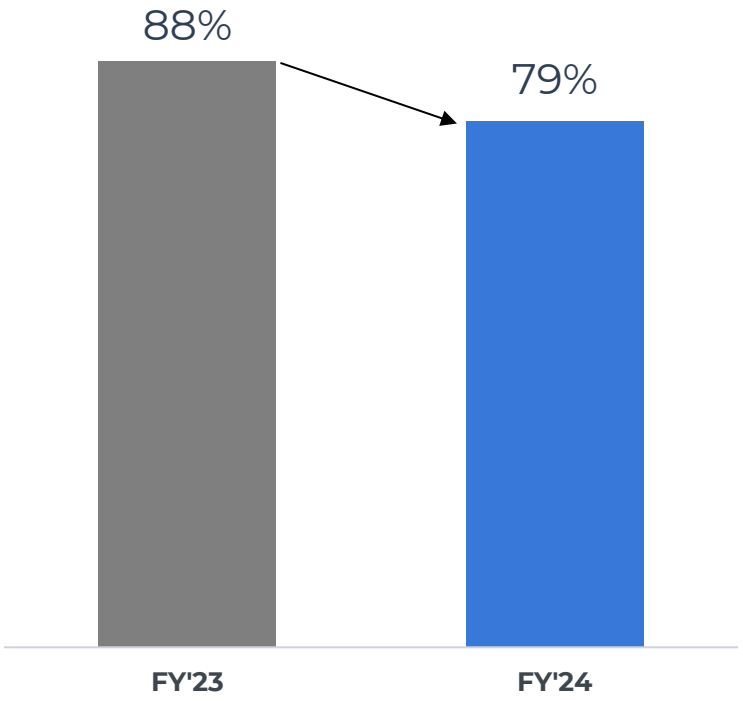
FY Gross Loss Ratio[1]

Improved 4pp YoY



Gross Combined Ratio

Improved 9pp YoY



Notes:
1. Current accident year gross loss ratio.
2. Attritional loss ratio excludes catastrophic weather claims. Attritional loss ratio is a non-GAAP financial measure. Please see slide 2 and appendix for important information regarding non-GAAP measures.

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Wrap Up

Matt Ehrlichman
CEO, Chairman & Founder



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Strategic Goals

1. **Achieve $100 million Adjusted EBITDA in 2026**
2. **Scale insurance premiums to $3 billion**
3. **Build a large and defensible data business**
4. **Grow our software and consumer services businesses**
5. **Generate cash for shareholders**

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Wrap Up

1. Achieved record quarterly Adj EBITDA of $42m in Q4’24 (Net Income $30m)
2. Adjusted EBITDA: On track for $100m in 2026, increased 2025 guidance to $60m mid-point
3. Formed Porch Insurance Reciprocal Exchange and sold HOA as expected
4. Re-opened for premium growth

Notes:
All numbers are $million unless otherwise stated.
Adjusted EBITDA is a non-GAAP financial measure. Please see slide 2 and appendix for important information regarding non-GAAP measures.

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Q4 2024 Earnings

Q&A

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Q4 2024 Earnings

APPENDIX

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Operating Cash Flow

Reconciliation to Adj EBITDA	Q4 2023	Q4 2024
Operating Cash Flow	**$(41)m**	**$(27)m**
Working capital and other	$43m	$57m
Cash interest expense	$10m	$11m
Adjusted EBITDA	**$12m**	**$42m**

Reconciliation to Free Cash Flow	Q4 2023	Q4 2024
Operating Cash Flow	**$(41)m**	**$(27)m**
Capitalized software costs & PPE	$(2)m	$(4)m
Free Cash Flow	**$(43)**	**$(30)m**

Notes:
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Upcoming Segment Reporting Change

What is changing?

- Following the formation of PIRE and its acquisition of HOA, we expect to report under new segments starting Q1 2025
- Instead of the historical Insurance and Vertical Software segments, we expect to report under **Insurance Services, Software & Data and Consumer Services**, all of which are part of Porch Group Shareholder Interests and ownership
- We expect to report PIRE as a new segment. With its member-owned design, PIRE results will be reported as noncontrolling interest

Why?

- Aligning with the new corporate structure and how resources will be allocated with the completion of the PIRE transaction

When?

- Applied to Q1 2025 financial statements and reporting now that HOA is sold to PIRE

We will operate under the new segments in 2025. Through 2024 our financials for each segment as on the old segment basis.

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Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures, such as Adjusted EBITDA (Loss), Adjusted EBITDA (Loss) margin, free cash flow, and attritional loss ratio.

We define Adjusted EBITDA (Loss) as net income (loss) attributable to Porch stockholders adjusted for interest expense; income taxes; depreciation and amortization; gain or loss on extinguishment of debt; other expense (income), net; impairments of intangible assets and goodwill; loss on reinsurance contract; impairments of property, equipment, and software; stock-based compensation expense; mark-to-market gains or losses recognized on changes in the value of contingent consideration arrangements, earnouts, warrants, and derivatives; restructuring costs; acquisition and other transaction costs; and non-cash bonus expense. Adjusted EBITDA (Loss) margin is defined as Adjusted EBITDA (Loss) divided by total revenue. Free cash flow is defined as Operating Cash Flow adjusted for the purchase of property, plant and equipment and capitalized software.

The Attritional Loss Ratio is calculated by deducting the Gross Loss Ratio related to catastrophic weather events from total Gross Loss Ratio. Catastrophic weather events include, without limitation, hurricanes, tornados, earthquakes, hailstorms, wildfires, high winds, and winter storms. We believe Attritional Loss Ratio is useful to investors and use this financial measure to reveal trends in our Gross Loss Ratio that may be obscured by catastrophe losses. These catastrophe losses may cause our Gross Loss Ratio to vary significantly between periods as a result of their incidence of occurrence and magnitude.

Our management uses these non-GAAP financial measures as supplemental measures of our 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. We believe that the use of these non-GAAP financial measures provides investors with useful information to evaluate our operating and financial performance and trends and in comparing our financial results with competitors, other similar companies and companies across different industries, many of which present similar non-GAAP financial measures to investors. However, our definitions and methodology in calculating these non-GAAP measures may not be comparable to those used by other companies. In addition, we 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 our consolidated financial statements. We 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.

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

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Glossary

Term	Definition
AIF	Attorney-in-fact, the Porch Risk Management Services entity that is a subsidiary of Porch Group.
Annualized Premium Per Policy	We define Annualized Premium Per Policy as the total direct earned premium for Homeowners of America (“HOA”), our insurance carrier, divided by the number of active insurance policies at the end of the period, multiplied by four.
Annualized Revenue Per Policy	We define Annualized Revenue per Policy as quarterly revenue for the Insurance segment, divided by the number of Policies in Force in the Insurance segment, multiplied by four.
Attritional Loss Ratio	Gross Loss Ratio excluding the losses due to catastrophic weather. Catastrophic weather events include, without limitation, hurricanes, tornados, earthquakes, hailstorms, wildfires, high winds, and winter storms.
Average Companies in Quarter	We define Average Companies in 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 our 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 Porch.
Average Revenue per Account per Month in Quarter	We define Average Revenue per Account per Month in Quarter 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.
Average Revenue per Monetized Service in Quarter	We define Average Revenue per Monetized Services in Quarter as 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.
Catastrophic Event (“CAT”)	ISO’s Property Claim Services unit, the recognized authority on insured property losses, class a weather event as catastrophic when it has caused $25 million or more in total insured property industry losses, and it has affected a significant number of property and casualty policyholders and insurers.
Free Cash Flow	We define Free Cash Flow as Operating Cash Flow adjusted for the purchase of property, plant and equipment and capitalized software.
Gross Loss Ratio (“GLR”)	We define Gross Loss Ratio as our insurance carrier’s gross losses divided by the gross earned premium for the respective period on an accident year basis.
Gross or Direct Combined Ratio	Gross or Direct Combined Ratio, being the sum of the loss ratio including loss adjustment expense and expense ratio. This is on a statutory basis for the insurance carrier.
Gross Written Premium (“GWP”)	The total premium written by the insurance carrier’s operations, for the face value of one year’s premium, before deductions for reinsurance and ceding commissions written in the period.
Monetized Services in Quarter	We define Monetized Services in Quarter as the total number of services from which we 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.
Number of Companies	Defined as the average month end number of unique customers during the measurement period that (i) generate recurring revenue and (ii) generated revenue in the period.
Policies In Force	We define Policies in Force as the number of in-force policies at the end of the period for the Insurance segment, including policies and warranties written by us and policies and warranties written by third parties for which we earn a commission.
Premium Retention Rate	We define Premium Retention Rate as the ratio of our insurance carrier’s renewed premiums over the last four quarters to base premiums, which is the sum of the preceding year’s premiums that either renewed or expired.
Revenue per Monetized Service	Defined as the Revenue for the period divided by the number of monetized services.
Surplus combined with nonadmitted assets	Defined as the total policyholder surplus per statutory reporting, plus the nonadmitted assets that include a portion related to Porch stock held by HOA which is applied as a discount in regulatory and statutory reporting.

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THANK YOU

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