Porch Group



Q2 2021 Earnings Presentation August 16, 2021

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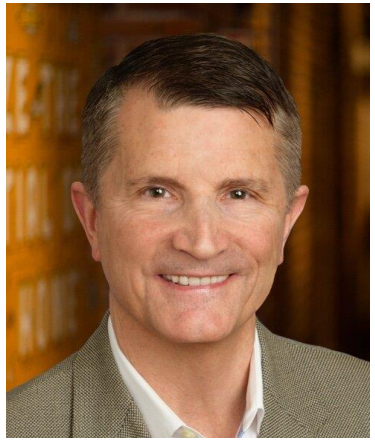
Presenters



Matt Ehrlichman
CEO & Founder, Porch Group



Marty Heimbigner
CFO, Porch Group



Matthew Neagle
COO, Porch Group



Adam Kornick
President, InsurTech Division

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Q2 2021 Earnings Call Kick-off



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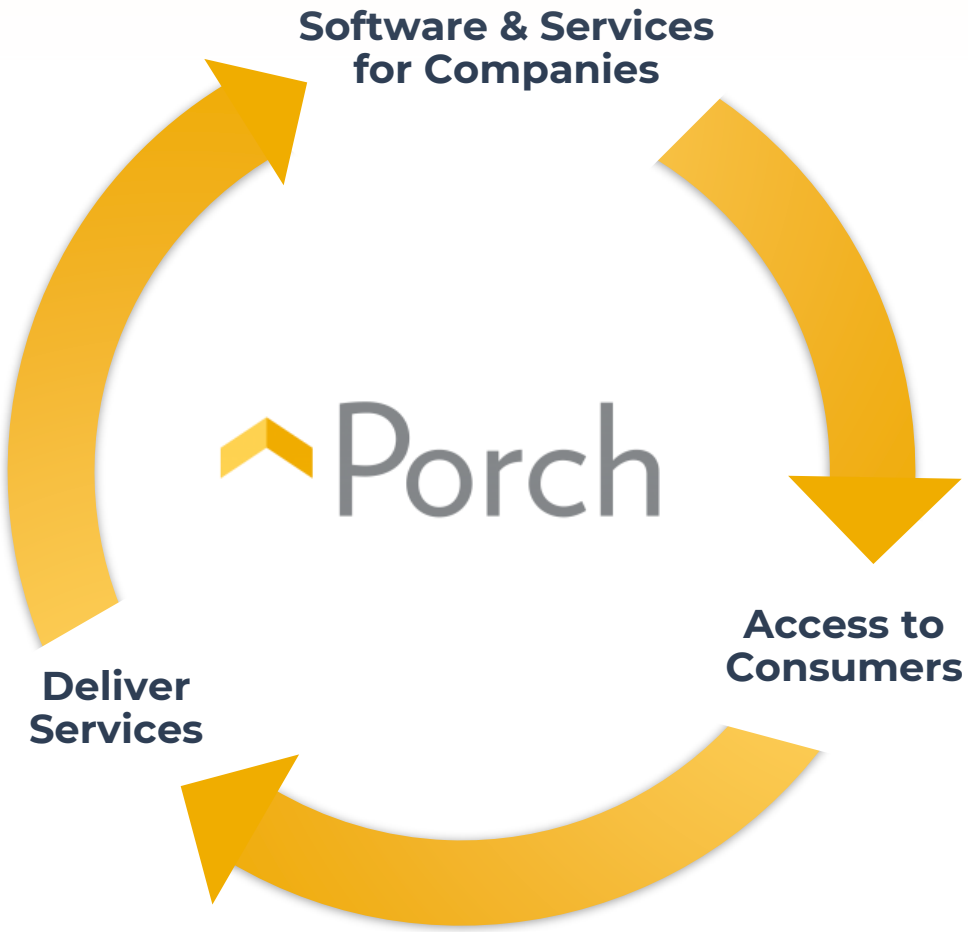
Porch, the Vertical Software Platform for the Home



Porch has a unique strategy in the home services industry.

1. Porch provides software & services to home inspectors, movers, title and roofing companies and helps them to grow.
2. Through these companies, Porch gains early access to homebuyers and helps save time, stress, and money during the move.
3. Porch generates B2B2C transactional revenues by facilitating the purchase of key services such as insurance.

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6 Key Focus Areas for 2021

1. Increase number of companies using our vertical software
2. Increase access to consumers from software companies
3. Increase B2B2C transaction revenue per consumer
4. Continue to scale our InsurTech business
5. Help brands and advertisers improve their mover marketing
6. Pursue strategic and accretive M&A opportunities

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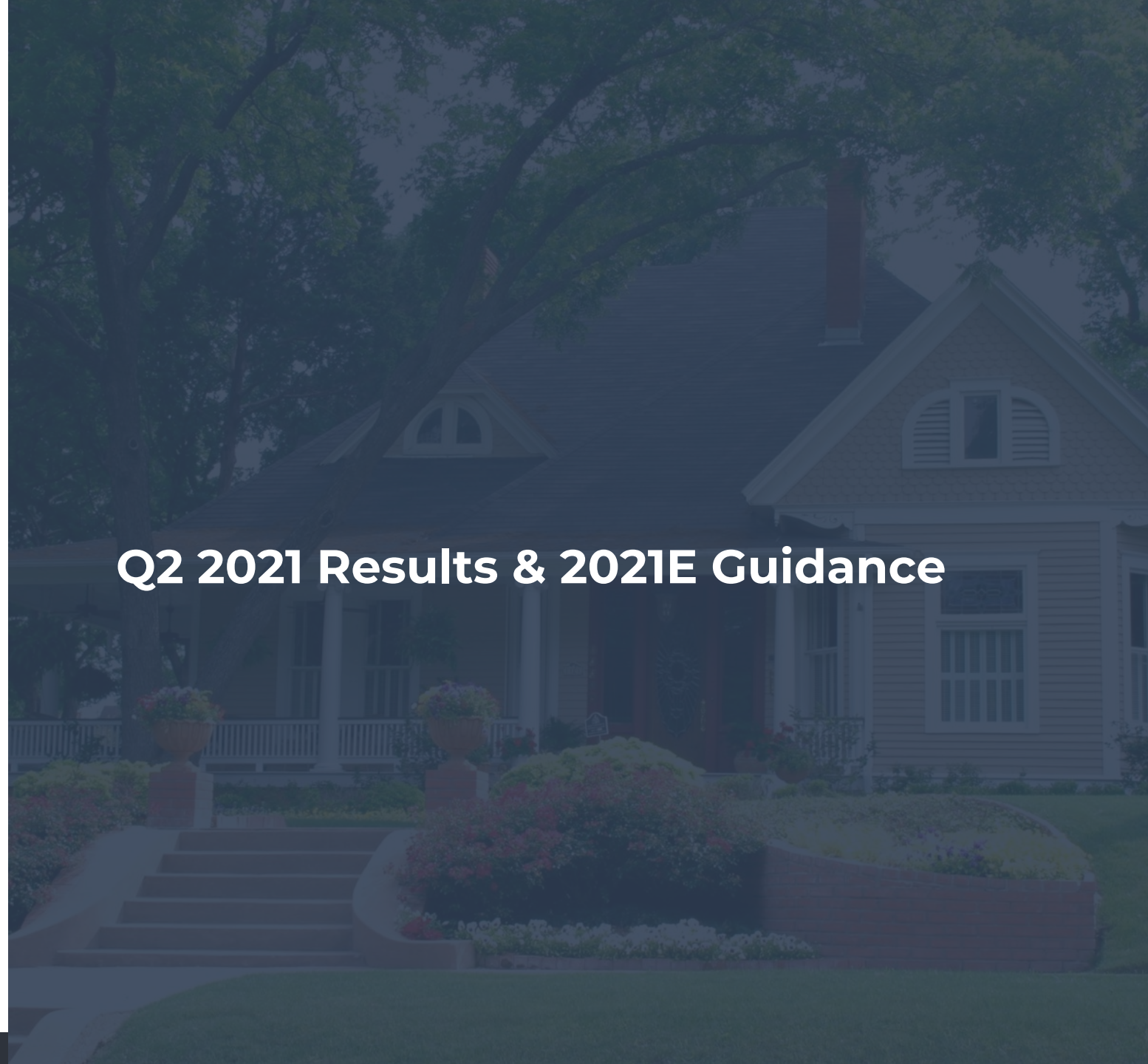
Q2 2021 Results & 2021E Guidance



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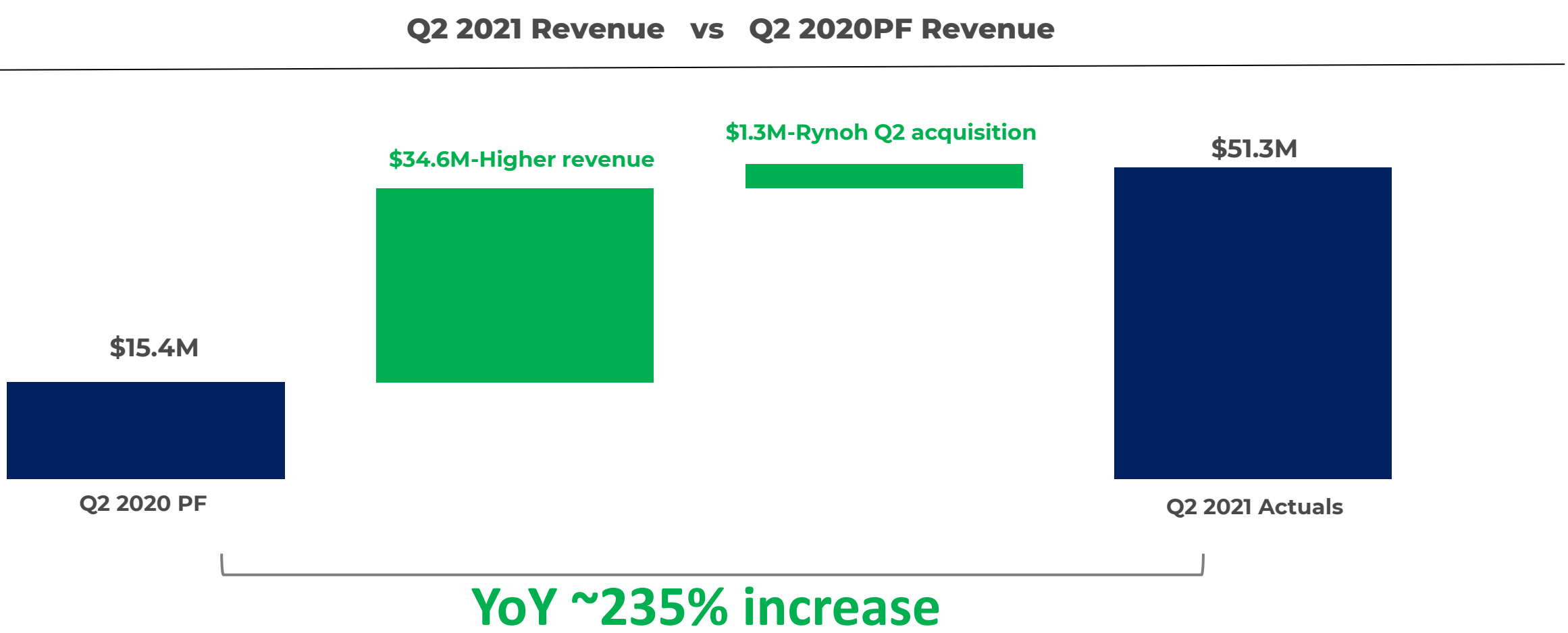
Strong Year-over-Year Revenue Performance of ~235% Growth



PF stands for Pro Forma to account for the removal of financial results related to past divested businesses.

Revenue from Rynoh is included and broken out as it is a Q2 2021 acquisition which is being announced for the first time with this earnings presentation.

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Q2 2021 Actuals vs Q2 2021 Guidance

Q2 2021 Actuals	vs	Q2 2021 Guidance
Revenue $51.3M	↑ $6.3M 14%	**Revenue** "North of $45M"
Revenue Less Cost of Revenue % 62%	In line with internal expectations	**Revenue Less Cost of Revenue %** Not provided quarterly
Contribution Margin % 33%		**Contribution Margin %** Not provided quarterly
Adj. EBITDA % -20%		**Adj. EBITDA %** Not provided quarterly

See Appendix for a reconciliation of Revenue Less Cost of Revenue %, Adjusted EBITDA % and Contribution Margin % to their most directly comparable GAAP financial measures.

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Raising FY 2021E Revenue Guidance and Reiterating Margin Guidance

Previous 2021E Guidance	Guidance ▲	Current 2021E Guidance
Revenue $178M		**Revenue** ~$184M (155% YOY Growth)
Revenue Less Cost of Revenue % ~72%	No Change	**Revenue Less Cost of Revenue %** ~72%
Contribution Margin % ~40%	No Change	**Contribution Margin %** ~40%
Adj. EBITDA % -10% to -16%	Tightening the range (making investments)	**Adj. EBITDA %** -13% to -16%

Disclaimer: Porch is not providing reconciliations of forward-looking non-GAAP guidance to the comparable GAAP measures because certain information necessary to calculate such measures on a GAAP basis is unavailable or dependent on the timing of future events outside of Porch's control. In particular, the charges excluded from these non-GAAP measures are subject to high variability and complexity due to Porch's ongoing growth.

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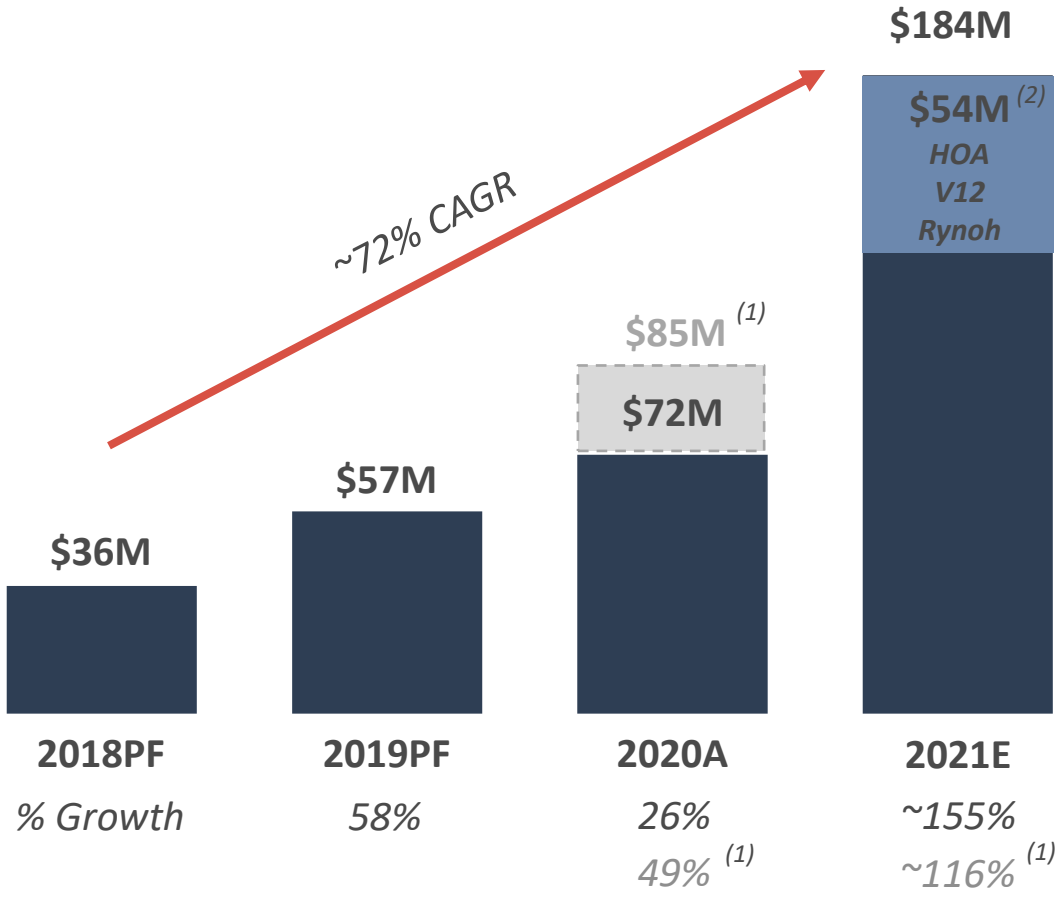
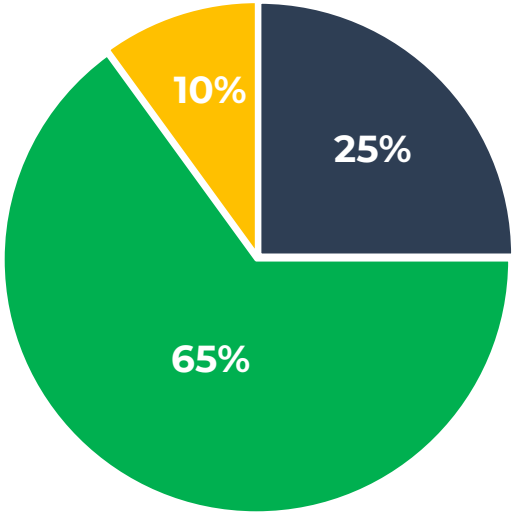
2021E Revenue: 155% YoY Growth with ~90% Recurring or Reoccurring

Revenue



FY 2021E Guidance Revenue Distribution



Software & Services Subscriptions (3)
B2B Recurring Fees From Companies

Move-Related Transactions (4)
B2B2C Recurring & Reoccurring Transaction Fees via Companies

Post-Move Transactions (5)
B2B2C and B2C Transaction Fees

Note: PF figures are Pro Forma results which exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.

(1) Based on internal estimates, Porch believes without the COVID-19 pandemic it would have achieved $85M in revenue for the 2020 year resulting in 2020 and 2021E revenue growth would have been 49% and ~116%, respectively.

(2) In January 2021, Porch announced the acquisitions of Homeowners of America (HOA) and V12 and layered $50M of 2021 revenue into our guidance. This was based on the expectation of HOA closing at the start of Q2. It closed on April 6, 2021. This also includes $4M related to Rynoh which closed in Q2'2021.

(3) B2B includes recurring fees paid by Companies to Porch for SaaS and other services.

(4) B2B2C (Move-Related Services) includes revenue predominantly related to selling consumers insurance, moving, security and TV/internet with majority of these consumers being provided to Porch on a reoccurring basis by companies.

(5) B2B2C and B2C (Post-Move Services) includes revenue predominantly related to connecting consumers with contractors across home maintenance and improvement projects with these consumers originating from both 1) companies on a reoccurring basis, and 2) direct-to-consumer channels.

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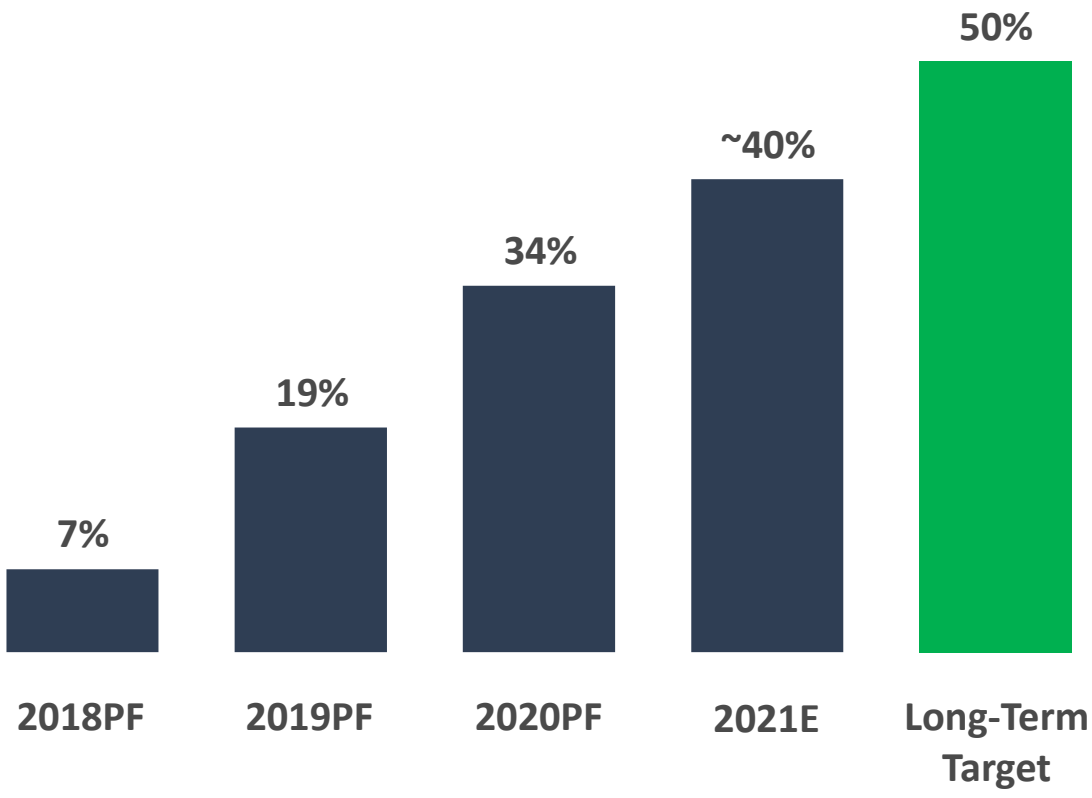
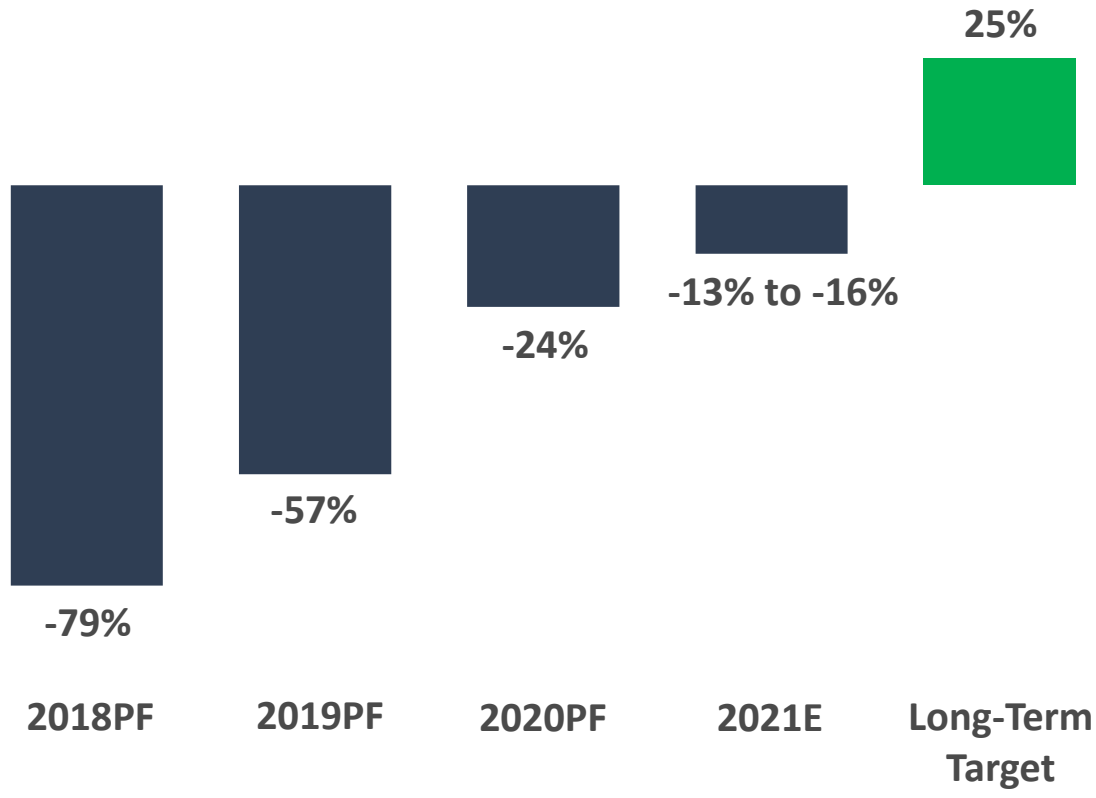
2021E Contribution Margin % and Adjusted EBITDA % Continued Growth

Contribution Margin %



Adjusted EBITDA %



Note: PF figures are Pro Forma results which exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.

Disclaimer: See Appendix for a reconciliation of Adjusted EBITDA and Contribution Margin to their most directly comparable GAAP financial measures. Porch is not providing reconciliations of forward-looking non-GAAP guidance to the comparable GAAP measures because certain information necessary to calculate such measures on a GAAP basis is unavailable or dependent on the timing of future events outside of Porch's control. In particular, the charges excluded from these non-GAAP measures are subject to high variability and complexity due to Porch's ongoing growth.

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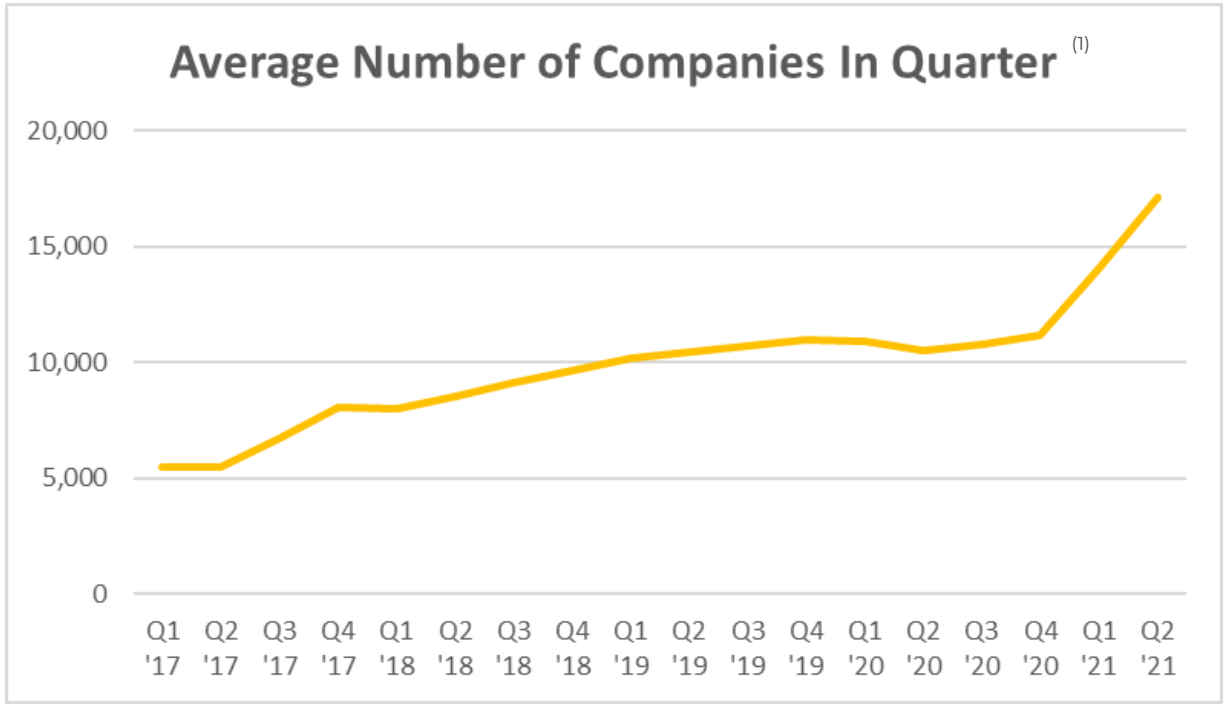
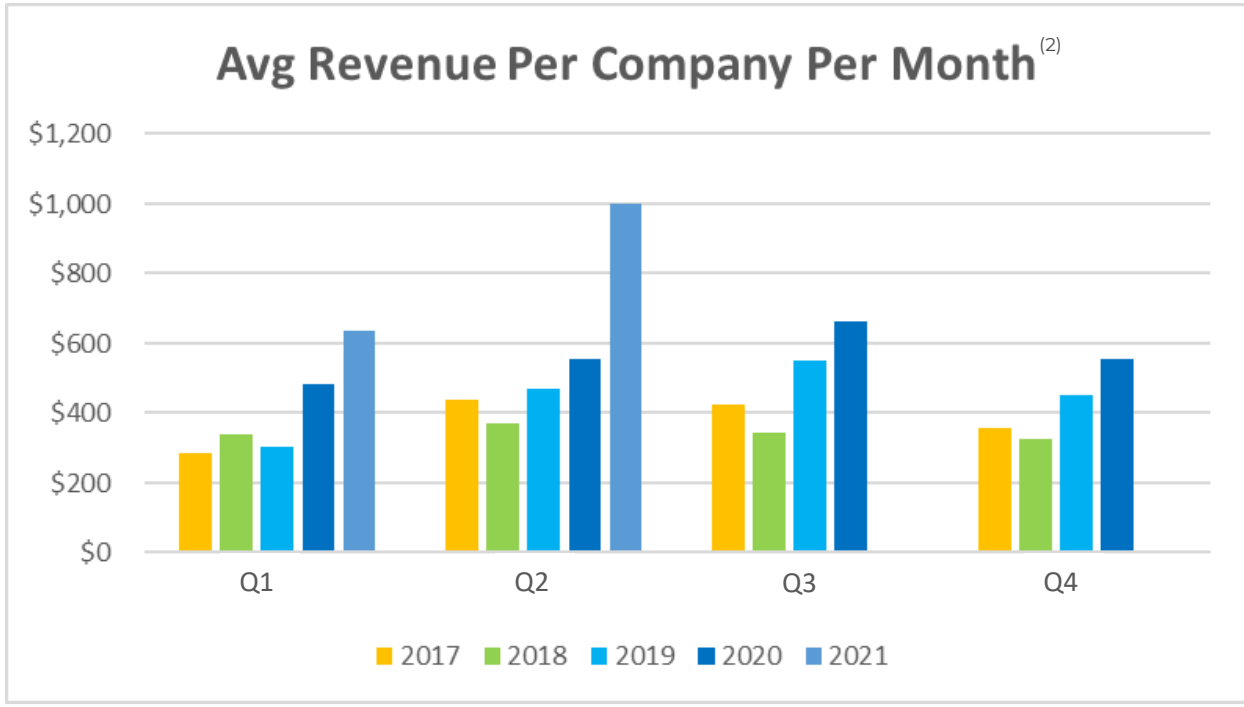
KPIs – Number of Companies & Average Revenue Per Company



17,120 companies in Q2 2021



$1,000 revenue per company in Q2 2021

(1) Porch management defines average companies in a quarter as an average of the end of period number of companies with the beginning of period number, inclusive of all companies across Porch's home services verticals that (i) generate recurring revenue and (ii) generated revenue in the quarter. For new acquisitions, we determine the number of customers in their initial quarter based on the percentage of the quarter they were part of Porch.

(2) Average revenue per account per month in quarter is defined as the total revenue from the quarter divided by the average number of companies in the period divided by 3 (to provide monthly revenue). Note: while the wording of both footnote (1) and (2) on this slide has been updated to be made more clear, they are the same calculations the company has been using to date.

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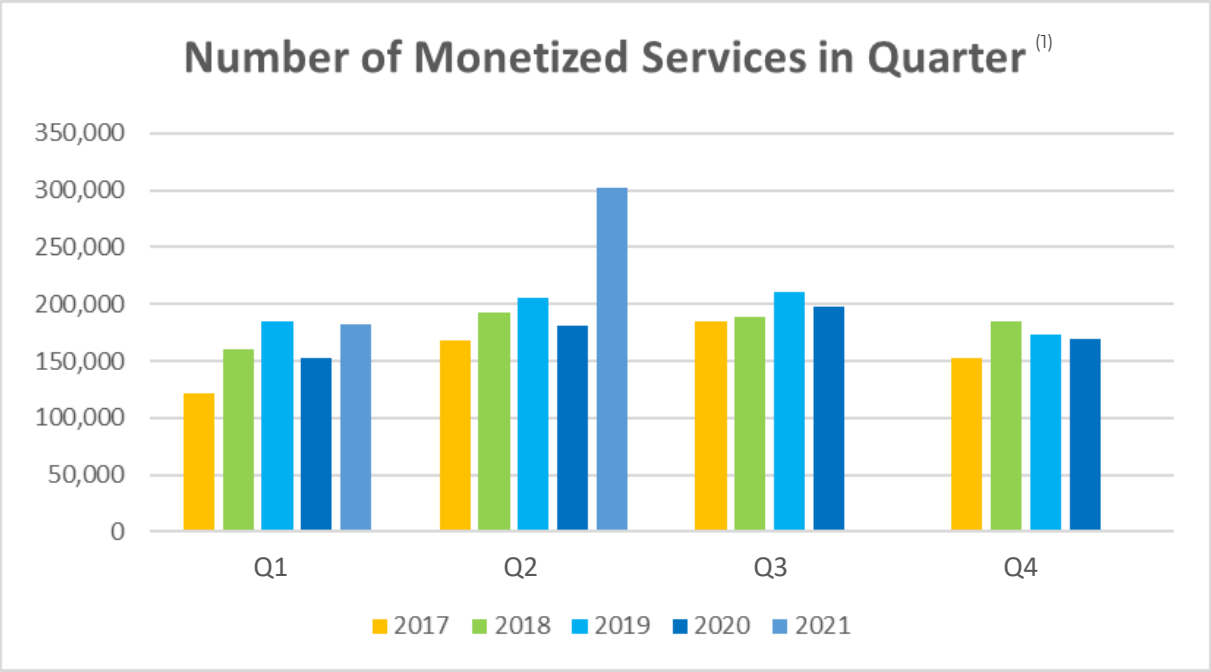
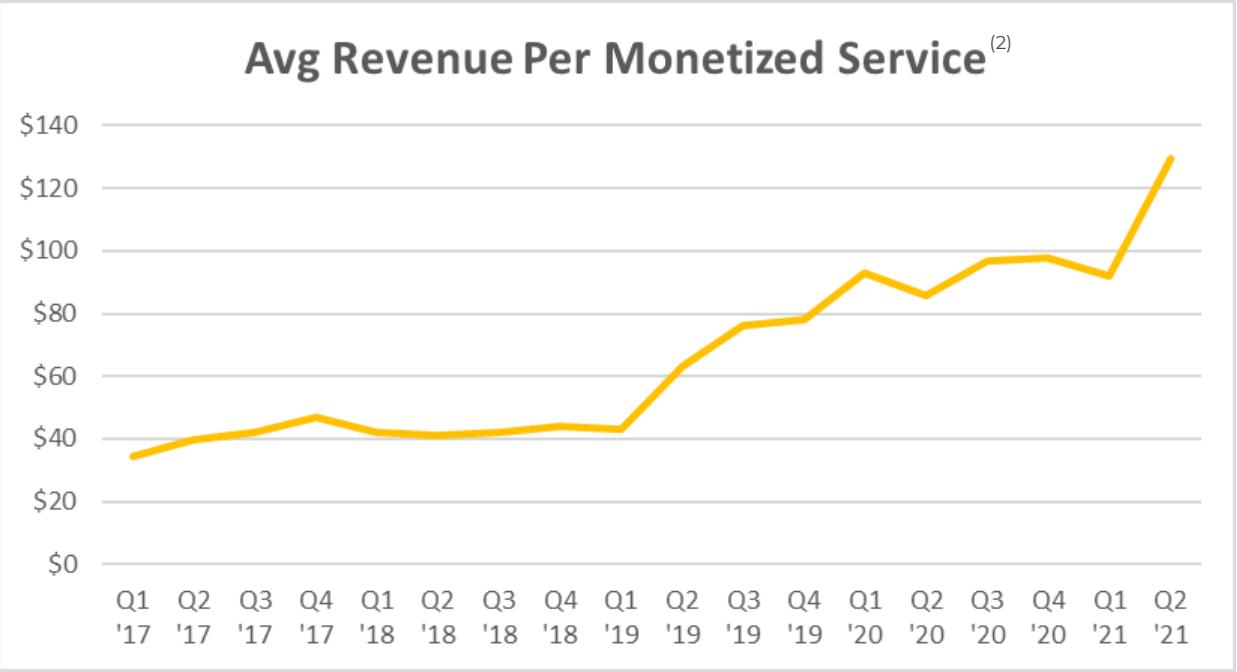
KPIs – Monetized Services for Consumers





302,462 monetized services in Q2 2021

$129 revenue per monetized service in Q2 2021

(1) Monetized Services per Quarter is defined as the total number of unique consumer services from which Porch generated revenue, including, but not limited to, new and renewing insurance customers, completed moving jobs, security installations, TV/internet installations or other home projects, measured over a quarterly period.

(2) Average revenue per monetized services in quarter is defined as the total service revenue (Move-Related Transaction revenue plus Post-Move Transaction revenue) divided by the number of Monetized Services per Quarter. Note: while the wording of both footnote (1) and (2) on this slide has been updated to be made more clear, they are the same calculations the company has been using to date.

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Deep Dives



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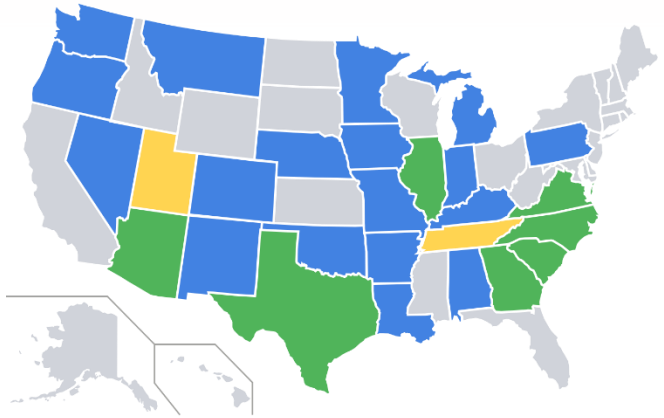
InsurTech Update

Gross Written Premium – 2021E Guidance

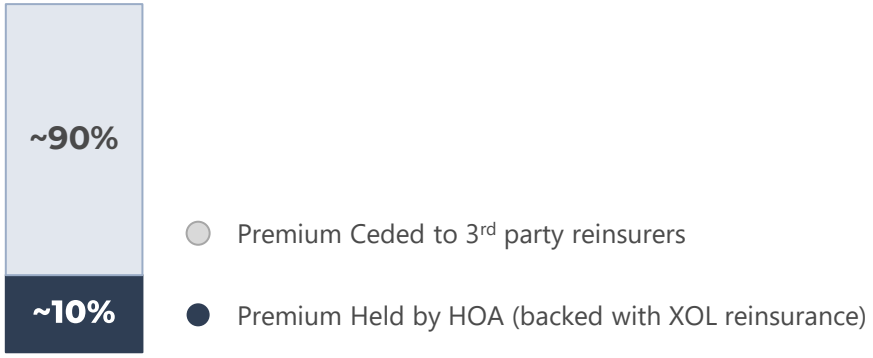
2021E FY Guidance (HOA + Porch)
$300M (from $275M)

HOA State Expansion Plan



- Active States
- Regulators Approved (launching soon)
- Target States (2021-2022)

Ceding vs Retaining Premium



- Premium Ceded to 3rd party reinsurers
- Premium Held by HOA (backed with XOL reinsurance)

Gross Loss Ratios – 2020 Results

2020 FY (HOA)
59%

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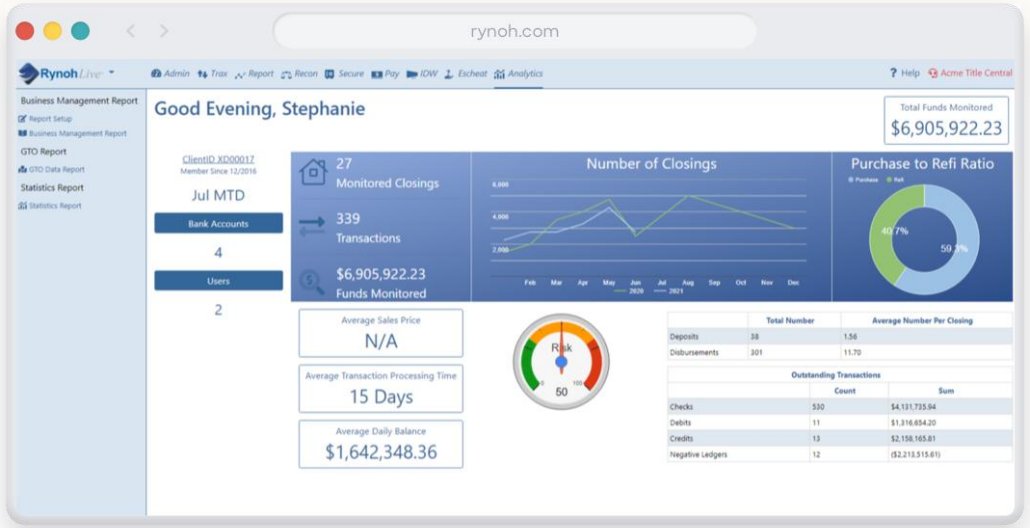
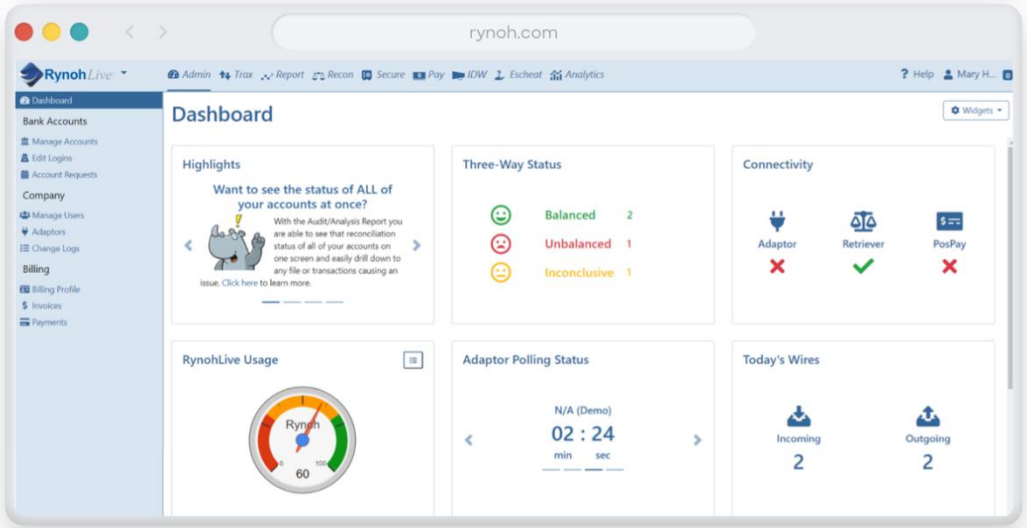
Welcome Rynoh! A leading SaaS provider for title companies

Vertical Software Expansion

Rynoh







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Rynoh Deal Summary and Business Overview

Business Overview

- **SaaS application used by title companies** (and other settlement agents) to protect the residential real estate transaction
- Open solution that integrates with 20 title CRM software platforms
- Provides continuous end-to-end account auditing, daily reconciliation, transaction monitoring, fraud detection and reporting for **>30% of all U.S. purchase and refinance transactions in Q1 2021** (1)
- All-time: More than 16.5 million closings monitored and $5 trillion of disbursements protected

Strategic Opportunities

- Opportunity to introduce Porch services such as insurance to homebuyers via the real estate closing and settlement process
- Higher value customer relationships allow for increased investment in S&M and R&D to reach and provide greater value to more customers
- Real estate closing data is strategic and valuable to our insurance and mover marketing business
- Extend the Porch digital consumer experience (Moving Dashboard) to include settlement and closing steps

Deal Summary

- $31.5M of cash at closing, $3.5M due in 24-months
- $8M revenue business with $4M expected in Porch's 2021 revenue totals ($1.3M in Q2 2021)

(1) https://www.nar.realtor/research-and-statistics/quick-real-estate-statistics; https://www.mba.org/Documents/Research/Mortgage%20Finance%20Forecast%20Jun%202021.pdf;

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Porch Group Investment Highlights

1. Vertical software leader to key home service companies with low churn and high NPS
2. Large and ideal consumer audience provided via software companies, with low acquisition costs
3. Unique, substantial, and valuable property data which no one else has
4. Large insurance operation with CAC, pricing, data, and value prop advantages
5. Proven team with strong track record
6. Massive $320B addressable TAM
7. Strong financial results with fast revenue growth and high contribution margins
8. Positioned to be long-term leader for the home: vertical SaaS, insurance, moving and maintenance

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Thank you



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Q&A



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Appendix



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Cash position is strong

Balance Sheet

Cash and Restricted Cash as of June 30, 2021: $152.4M

- Primary use of cash expected for M&A
- Well positioned to support investments; vertical software systems, Insurtech, data platform & consumer experience

Total Long-Term Debt as of June 30, 2021: $43.8M

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Capital Structure Update

Capital Structure

- **Total common shares outstanding as of June 30, 2021: 96.3M and 3.1M warrants outstanding**

- In addition to the above, when team RSUs vest or team options both vest and are exercised, it will be added to total shares outstanding above. This relates to pre-SPAC Porch options and RSUs which rolled over and the ~11M share MIP pool from the SPAC merger agreement, some of which will be granted soon with long-term vesting and some of which may be granted in future years.

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QTD Net Income to Adj EBITDA non-GAAP Reconciliation

	Q2 2021	Q2 2020
Net income (loss)	**$ (16.3M)**	**$ (6.3M)**
Interest expense[1]	1.2M	3.3M
Income tax (benefit) expense	(7.7M)	0.0M
Depreciation and amortization	3.9M	0.1M
Other expense, net[2]	(8.5M)	(2.0M)
Non-cash bonus expense	0.4M	—
Non-cash long-lived asset impairment charge	0.1M	0.1M
Non-cash stock-based compensation [3]	6.6M	0.4M
Revaluation of contingent consideration	0.6M	1.5M
Revaluation of earnout liability	4.0M	—
Revaluation of private warranty liability	4.3M	—
Acquisition and related (income) expense[4]	1.1M	0.8M
Adjusted EBITDA (loss)	**$ (10.3M)**	**$ (2.1M)**
Adjusted EBITDA (loss) from divested business	—	(0.4M)
Pro Forma Adjusted EBITDA (loss)	**$ (10.3M)**	**$ (1.7M)**

Note: PF (Pro Forma) figures exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.

(1) Includes interest expense and amortization of debt discount and issuance costs.
(2) Includes net (gain) loss on settlement of accounts payable, net (gain) loss on remeasurement of debt, extinguishment of debt, remeasurement of private warranty and other.
(3) Includes compensation charges related to secondary market transaction, employee earnout restricted stock and employee awards.
(4) Includes acquisition cash/stock compensation, bank fees, bonus expense, (gain) loss on divestitures, accounting/legal fees, and other transaction expenses.

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QTD Revenue to Contribution Margin non-GAAP Reconciliation

	Q2 2021	Q2 2020
Revenue	**$ 51.3M**	**$ 17.1M**
Cost of Revenue	19.5M	3.8M
Revenue - Cost of Revenue	**31.8M**	**13.3M**
Variable Selling & Marketing and Advertising	15.0M	7.3M
Contribution Margin [(1)]	**$ 16.8M**	**$ 6.0M**
Contribution Margin % of Revenue	33%	35%
Pro Forma Contribution Margin % [(2)]	—	39%

(1) Contribution Margin is defined as revenue less all variable expenses, including cost of revenue, marketing and sales.
(2) Pro forma results exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.

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YTD Net Income to Adj EBITDA non-GAAP Reconciliation

	6 months 2021	6 months 2020
Net income (loss)	**$ (81.4M)**	**$ (24.6M)**
Interest expense[1]	2.4M	6.3M
Income tax (benefit) expense	(8.1M)	0.0M
Depreciation and amortization	6.3M	1.9M
Other expense, net[2]	(8.5M)	(0.1M)
Non-cash bonus expense	0.7M	—
Non-cash long-lived asset impairment charge	0.1M	0.3M
Non-cash stock-based compensation [3]	23.4M	0.7M
Revaluation of contingent consideration	0.2M	1.4M
Revaluation of earnout liability	22.8M	—
Revaluation of private warranty liability	20.2M	—
Acquisition and related (income) expense[4]	1.9M	1.1M
Adjusted EBITDA (loss)	**$ (19.9M)**	**$ (12.9M)**
Adjusted EBITDA (loss) from divested business	—	(2.1M)
Pro Forma Adjusted EBITDA (loss)	**$ (19.9M)**	**$ (10.8M)**

Note: PF (Pro Forma) figures exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.
(1) Includes interest expense and amortization of debt discount and issuance costs.
(2) Includes net (gain) loss on settlement of accounts payable, net (gain) loss on remeasurement of debt, extinguishment of debt, remeasurement of private warranty and other.
(3) Includes compensation charges related to secondary market transaction, employee earnout restricted stock and employee awards.
(4) Includes acquisition cash/stock compensation, bank fees, bonus expense, (gain) loss on divestitures, accounting/legal fees, and other transaction expenses.

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YTD Revenue to Contribution Margin non-GAAP Reconciliation

	6 months 2021	6 months 2020
Revenue	**$ 78.1M**	**$ 32.1M**
Cost of Revenue	25.4M	7.9M
Revenue - Cost of Revenue	**52.7M**	**24.2M**
Variable Selling & Marketing and Advertising	24.7M	17.8M
Contribution Margin [1]	**$ 27.9M**	**$ 6.4M**
Contribution Margin % of Revenue	36%	20%
Pro Forma Contribution Margin % [2]	—	24%

(1) Contribution Margin is defined as revenue less all variable expenses, including cost of revenue, marketing and sales.
(2) Pro forma results exclude the financial results of certain Porch businesses divested during 2019 and the first half of 2020, after giving effect to all such divestitures as if they had occurred on January 1, 2018.

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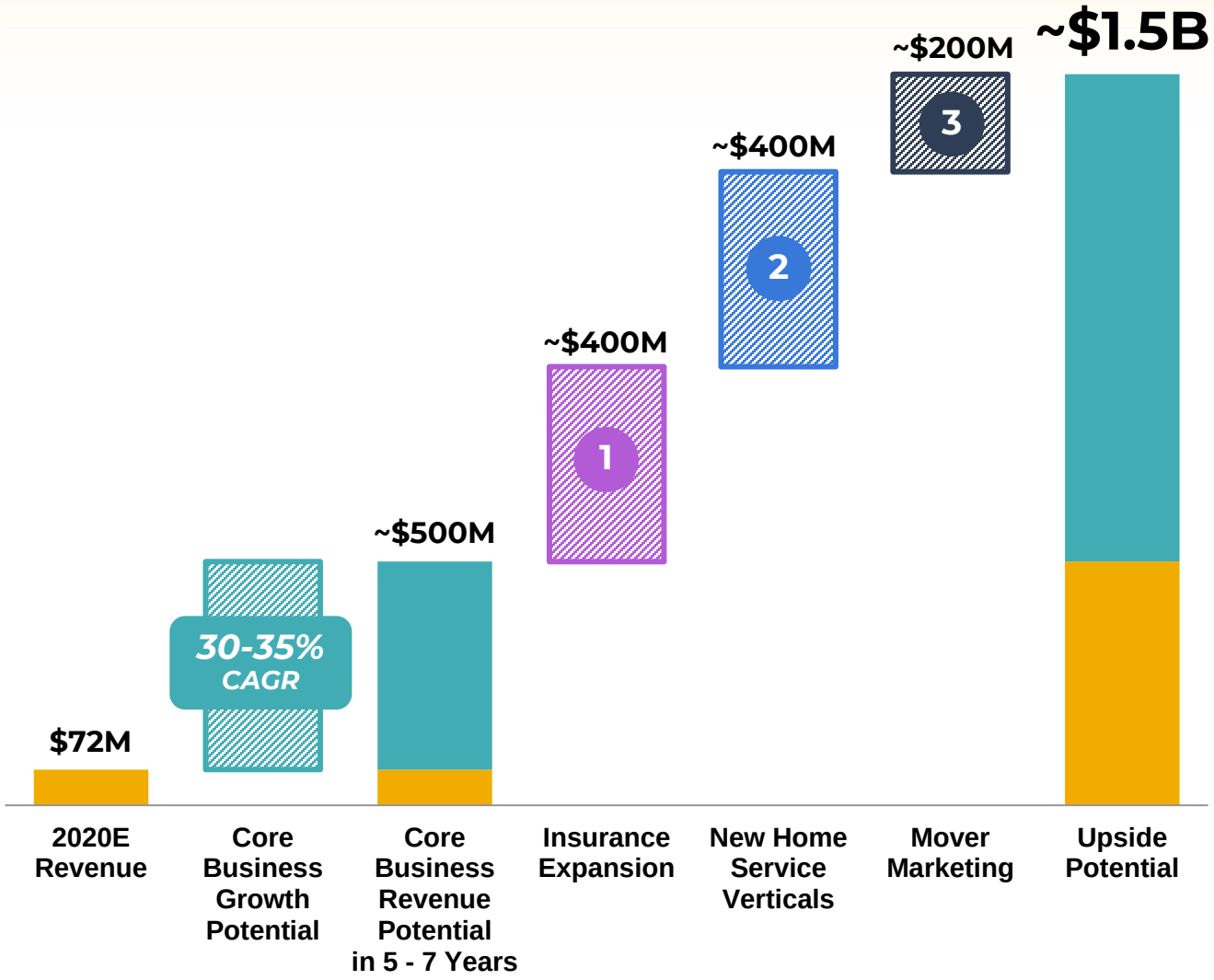
Porch Has The Potential to Grow Revenues ~20x[(1)]



1

Insurance Expansion: ~$400M potential revenue opportunity

- Expand from an insurance agency to a Managing General Agent (MGA) / carrier.

2

New Vertical Expansion: ~$400M potential revenue opportunity

- Enter new home service industries via M&A and organically.

3

Mover Marketing: ~$200M potential revenue opportunity

- Data monetization by shifting mover marketing spend by brands from change of address to 6 weeks prior with Porch.

(1) Represents Porch management approximate estimates of potential future revenue growth opportunities and does not constitute Porch management financial projections or guidance and should not be regarded or relied on as such.

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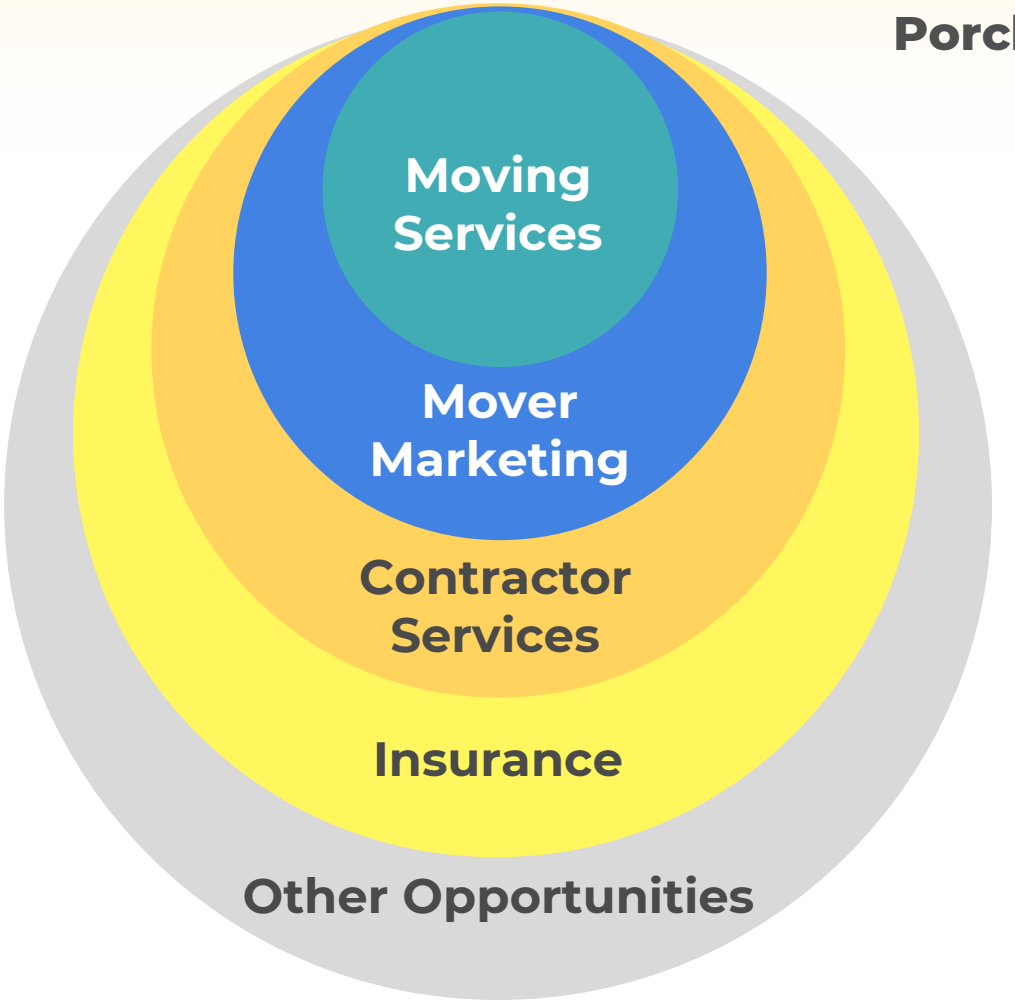
The Home is one of the largest market opportunities



Porch has a U.S. Total Addressable Market of ~$320B

Moving Services: ~$4B[1]
(moving, security, TV/internet)

Mover Marketing: ~$8B[4]

Contractor Services: ~$141B[3]
(referral, managed services gross profit)

P&C Insurance: ~$167B[2]
(home, auto, umbrella, flood)

Other Opportunities in "Home"
(more SaaS verticals, home care subscription)

(1) Moving Services: TAM of $4B is comprised of Security, Moving, and TV / Internet installs. Security TAM of $1.3B estimated based on $220 net commission per security install multiplied by 6M home sales per year. Moving TAM of $1.9B based on $314 net commission per move multiplied by 6M moves per year. TV / Internet Installs TAM of $684M based on $114 net commission per install multiplied by 6M installs per year.
(2) Insurance: $167B TAM based on U.S. home insurance annual revenues of $104B plus U.S. auto insurance annual revenues of $313B multiplied by a 20% broker commission (source: IBIS 2019 full year data). Umbrella and flood are incremental.
(3) Contractor Services: TAM of $141B is composed of Managed Services and Referral Services. Managed services TAM of $104B based on home services spend of $460B (source: GM Insights 2018 full year data) with 50% of projects managed at a 45% gross margin. Referral services TAM of $35B based on home services spend of $470B with 50% referral projects at a 15% referral fee.
(4) Mover Marketing: 6M homebuyers annually with $9K average spend during first 3-6 months (Epsilon 2012 New Mover Report). Of this $54B in spend, management estimates that 15% will be spent on marketing to these consumers based on what it has observed in the industries it serves.

Porch

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