Porch Group



About Us Presentation
Porch Group

May 2024

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Disclaimer

Forward-Looking Statements

Certain statements in this presentation may be considered "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although we, Porch Group, Inc., 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 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 "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. Unless specifically indicated otherwise, the forward-looking statements in this release do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this presentation. 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: (1) expansion plans and opportunities, and managing growth, to build a consumer brand; (2) the incidence, frequency, and severity of weather events, extensive wildfires, and other catastrophes; (3) economic conditions, especially those affecting the housing, insurance, and financial markets; (4) expectations regarding revenue, cost of revenue, operating expenses, and the 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 management's 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 management's control, along with reliance on reinsurance to protect against loss; (7) the uncertainty and significance of the known and unknown effects on our insurance carrier subsidiary, Homeowners of America Insurance Company ("HOA"), and us due to the termination of a reinsurance contract following the fraud committed by Vesttoo Ltd. ("Vesttoo"), including, but not limited to, the outcome of Vesttoo's Chapter 11 bankruptcy proceedings; our ability to successfully pursue claims arising out of the fraud, the costs associated with pursuing the claims, and the timeframe associated with any recoveries; HOA's ability to obtain and maintain adequate reinsurance coverage against excess losses; HOA's ability to stay out of regulatory supervision and maintain its financial stability rating; and HOA's ability to maintain a healthy surplus; (8) 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; (9) 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; (10) the ability to develop new, or enhance existing, products, services, and features and bring them to market in a timely manner; (11) changes in capital requirements, and the ability to access capital when needed to provide statutory surplus; (12) our ability to timely repay our outstanding indebtedness; (13) 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; (14) retaining and attracting skilled and experienced employees; (15) costs related to being a public company; and (16) other risks and uncertainties discussed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K ("Annual Report") for the year ended December 31, 2023, 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 of 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 presentation primarily on our current expectations and projections about future events and trends that 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 in the reports with file with the SEC and elsewhere in this release. 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 release includes non-GAAP financial measures, such as Adjusted EBITDA (Loss) and Adjusted EBITDA (Loss) as a percent of revenue.

We define Adjusted EBITDA (Loss) as net income (loss) 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; 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) as a percent of revenue is defined as Adjusted EBITDA (Loss) divided by total revenue.

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 dated May 8, 2024 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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Introduction to Porch Group

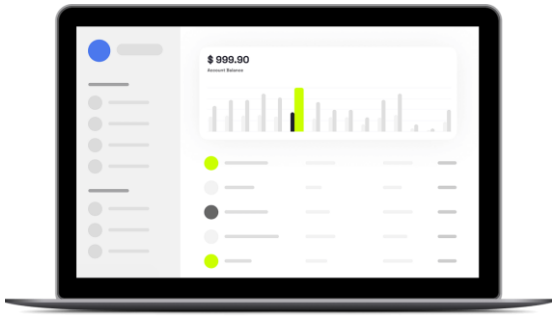


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Porch: A New Kind of Homeowners Insurance Company

Vertical Software

Leading SaaS products for inspection, mortgage and title companies



How We'll Win

Homeowners insurance differentiators

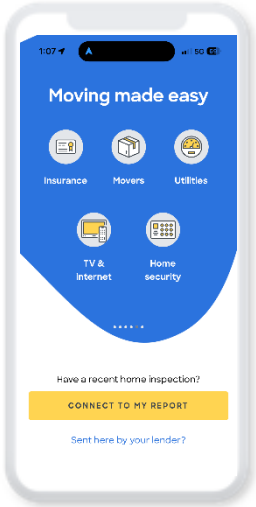
- Advantaged underwriting
- Best for homebuyers
- Whole home protection

Early homebuyer access & unique data

Enhanced value proposition

Home Services

Insurance, warranty and moving services



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Porch Investment Highlights



Vertical Software

SaaS leader for inspectors, title agents, and loan officers provides homebuyer access



Unique Data Insights

Ability to price insurance risk more effectively, resulting in a higher quality book



Strong Loss Ratios

Homeowners Insurance 2023:
69% Gross Loss Ratio
88% Combined Ratio
(vs industry combined ratio[2]: 110%)



Rapid Revenue Growth

~60% 4 Year CAGR since public

$72m (2020) to $460m (2024 G[1])



Profitable

+$21M Adj EBITDA in H2 2023

2024 FY Guidance:
$2.5m-$12.5m



Values Driven Culture

High employee engagement

Proven ability to execute

(1) $460m is the mid point of 2024 guidance (ranging $450m to $470m) provided at Q1 2024 earnings in May 2024.
(2) Source: Carrier Management article referencing AM Best data and research. 2023 Estimated Combined Ratio of 111% for U.S. Property/Casualty, Homeowners & Farm owners multi-peril.

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Insurance Segment



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Whole Home Protection

Insurance Carrier

- Write homeowners insurance policies in 22 states
- Utilizes Porch's unique data to assess home factors, underwrite risk, and effectively price policies
- HOA creates a pricing advantage for well-maintained homes and increases prices for higher risk homes
- While HOA retains insurance underwriting risk, a portion of risk is ceded to 3rd party reinsurers

HOMEOWNERS OF AMERICA

Home Warranty

- Variety of products; whole-home, 90-day, service line and extended labor in 49 states and Washington, D.C.
- Acquires customers through partnerships; real estate, home inspection, distributors, utilities, and insurance
- Long-term advantage due to bundled handyman services, 90-day warranty product and partnerships

Porch Warranty

American Home Protect

RESIDENTIAL WARRANTY SERVICES

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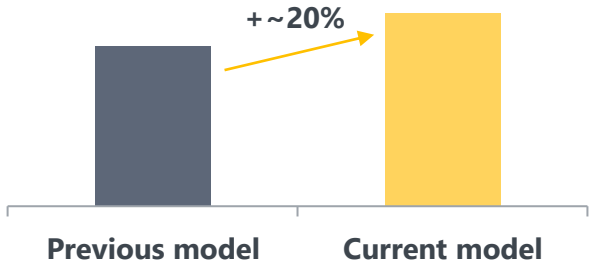
Insights Driving Insurance Pricing Model Accuracy

More Accurate Policy Pricing

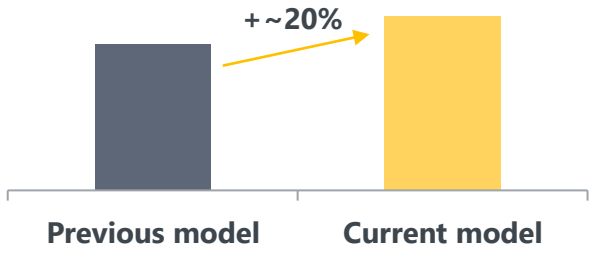
- Porch has insights a majority of US homebuyers
- Combined with claims history across many categories (fire, non-cat weather, water, etc.)
- Unique data and advanced pricing techniques drives improvements in model accuracy
- More accurate models allow for conversion of lower risk, lower priced policies and more accurate pricing of higher risk policies

Model Accuracy Improvements

Non-Cat Weather



Fire



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Expanded Home Insights With Our Unique Pricing Data

Filed And Approved

Water heater locations:

- Approved in 13 states
- AZ, VA, GA, SD, SC, AL, TX, NC, IL, UT, OR, IA, MI

Other insights (roof, floor, plumbing, bathrooms):

- Approved in 9 states
- AZ, VA, IL, UT, OR, NC, SD, NE, IA

Unique Data Advantages



Unique information about the borrowers



Make, model, age and characteristics



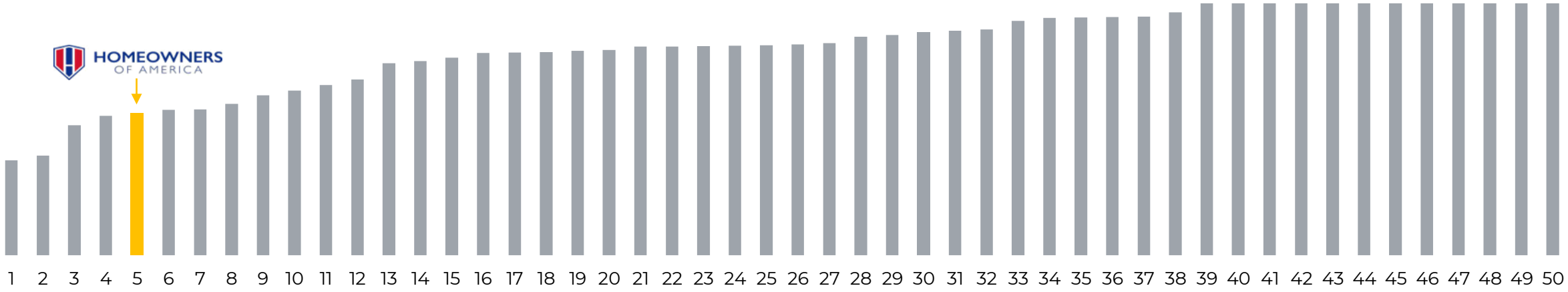
Number of potential issues

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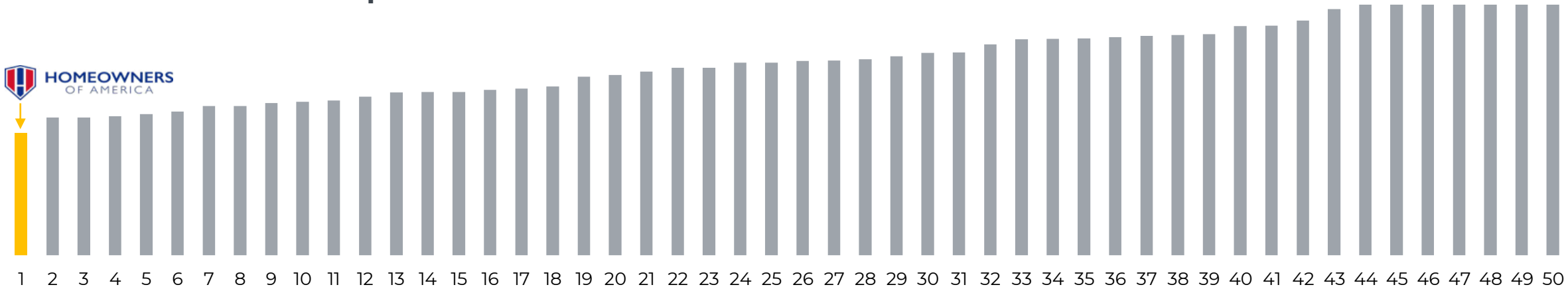
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Top Decile 2023 Direct Combined Ratio

US Top 50 Homeowners' Insurance Carriers: 2023 Direct Combined Ratio[1]



Texas Top 50 Homeowners' Insurance Carriers: 2023 Direct Combined Ratio[1]



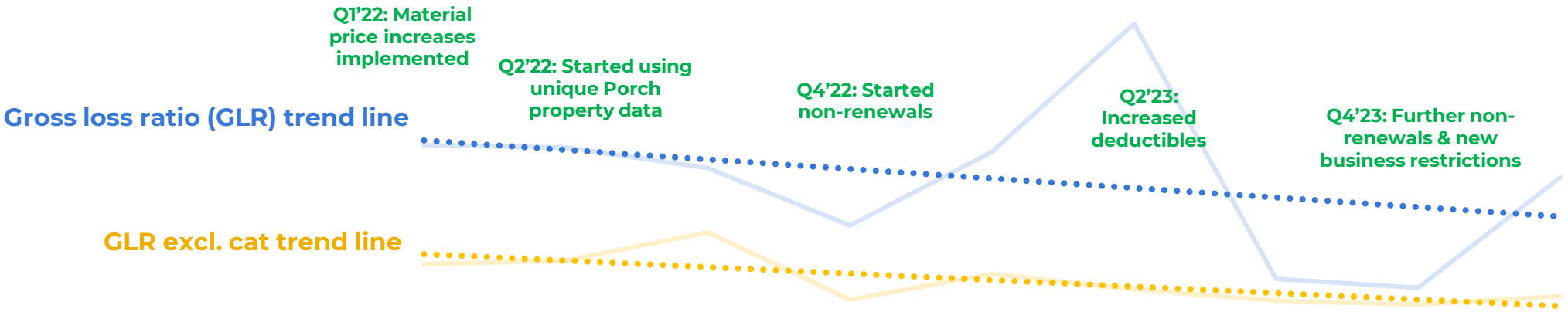
Source: AM Best Market Share Report April 2024, showing homeowners peer group.

(1) Gross Direct Combined Ratio ("DCR") as defined by AM Best, which is the sum of the Direct Loss and Loss Adjustment Expense Ratio, the Direct Policyholder Dividend Ratio, and the Underwriting Expense Ratio. Direct Combined Ratio Measures the company's overall underwriting profitability. A Direct Combined Ratio of less than 100 indicates a company is making an underwriting profit.

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Insurance Profitability Actions Drive GLR Improvement



	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	FY 2022	FY 2023
Gross Combined Ratio	**113%**	**103%**	**93%**	**77%**	**107%**	**180%**	**58%**	**49%**	**97%**	**95%**	**88%**
Gross Loss Ratio	**81%**	**81%**	**74%**	**56%**	**79%**	**120%**	**39%**	**36%**	**71%**	**72%**	**69%**
GLR excl. cat	**43%**	**44%**	**54%**	**32%**	**40%**	**35%**	**32%**	**30%**	**33%**	**43%**	**34%**

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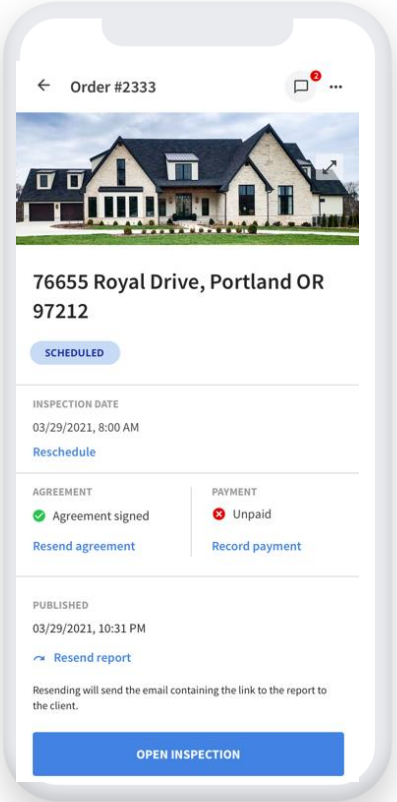
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Vertical Software Segment



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SaaS & Transaction Based Revenue

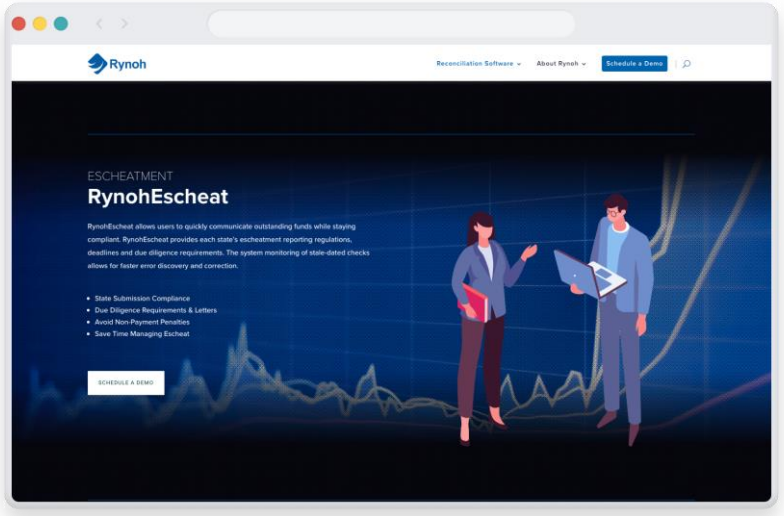


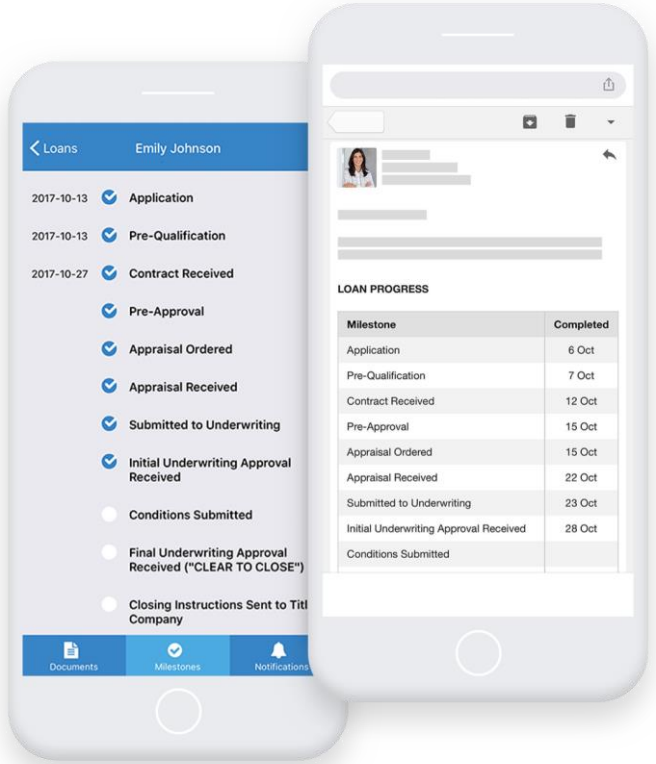
ISN Inspection Support Network

Software company providing a leading software solution for inspectors with easy-to-use tools

Rynoh

Technology company that protects the real estate transaction by providing settlement agents with software





Flōify

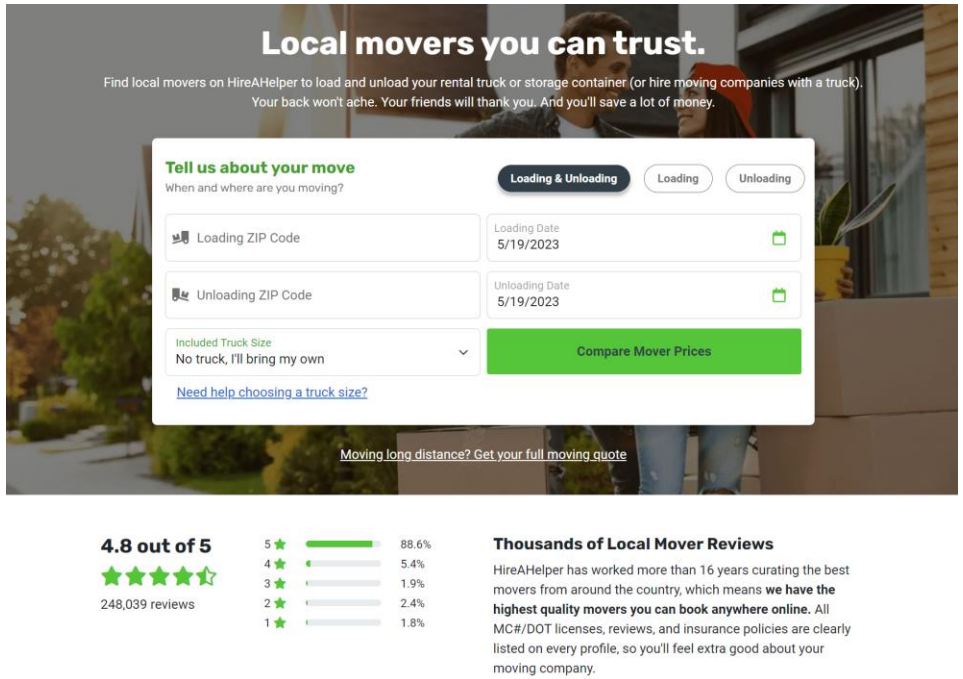
Software company helping mortgage companies and loan officers create a better mortgage and refinancing experience for their consumers

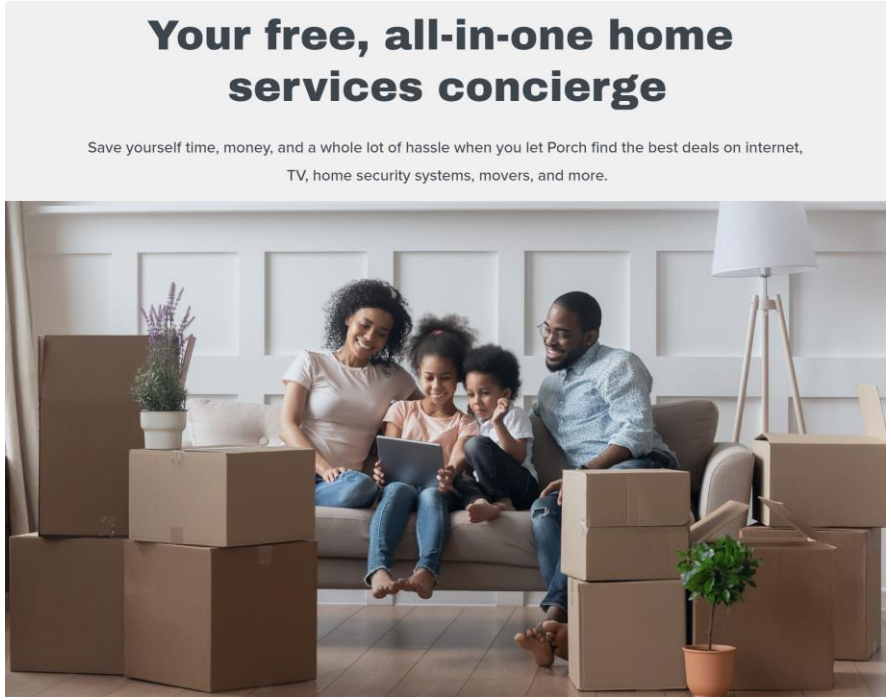
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Moving Services





HIRE A HELPER

An online marketplace to find and vet professional movers

Porch Utilities

Makes the moving experience convenient and hassle-free with a concierge service

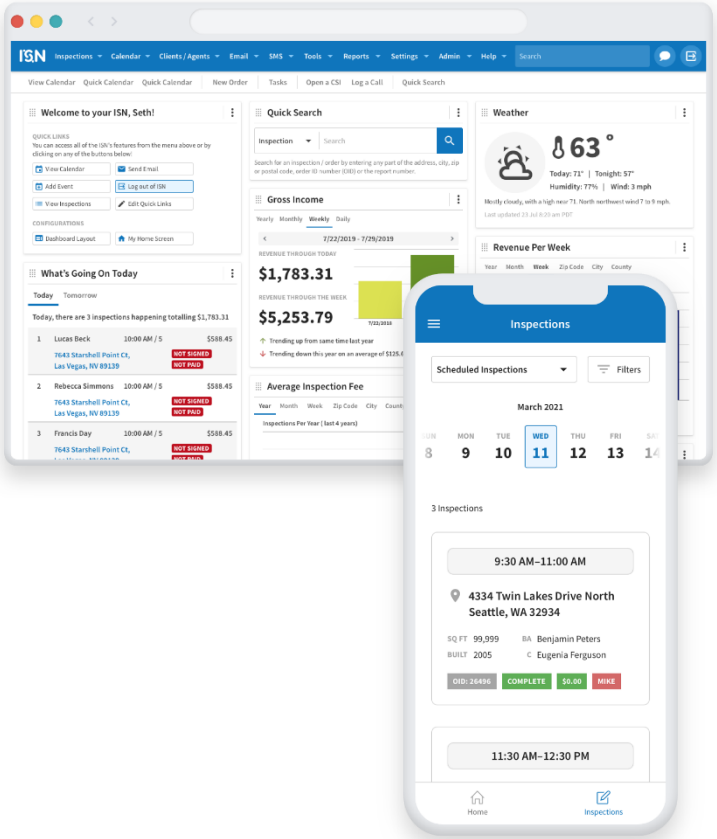
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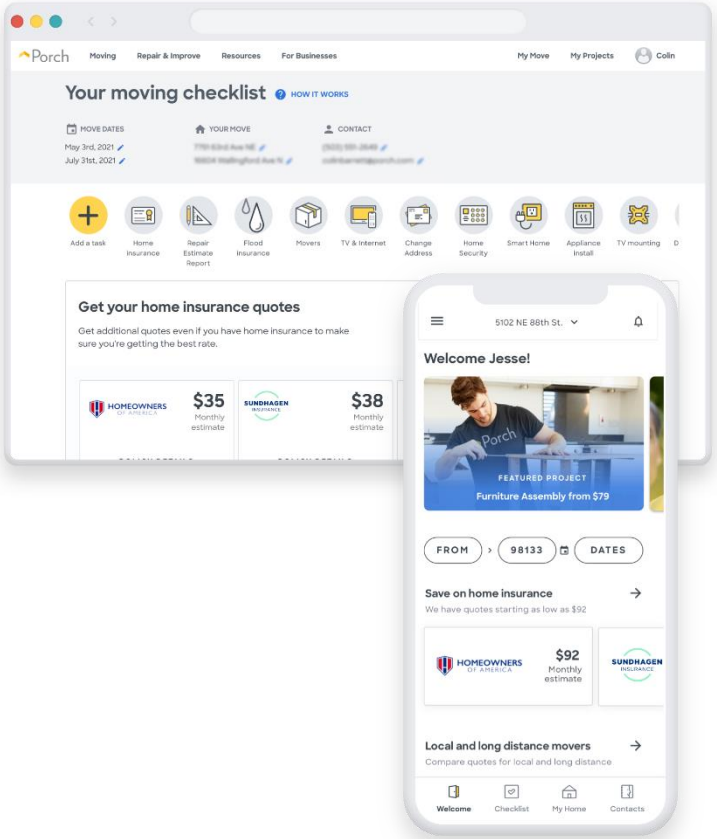
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Porch Group Proposition to Software Companies

Best-in-Class Vertical Software



Differentiated Value Prop



Demand Generation



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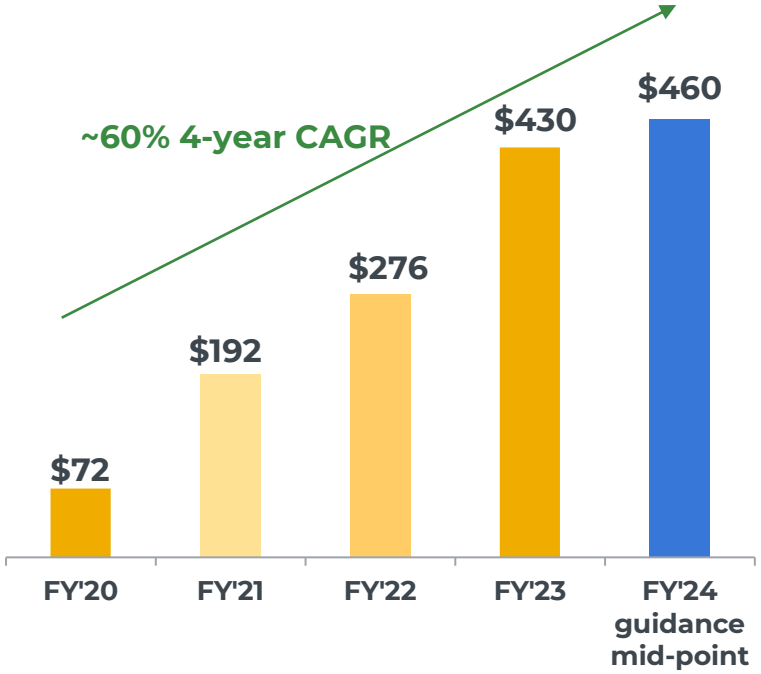
Financial Highlights



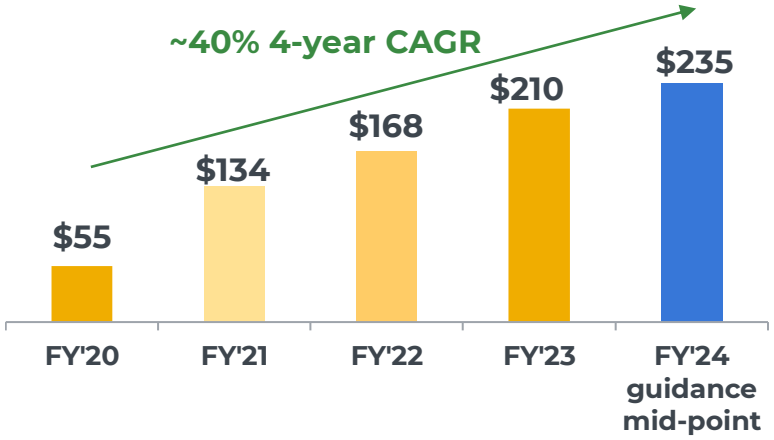
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Progress Since Listing

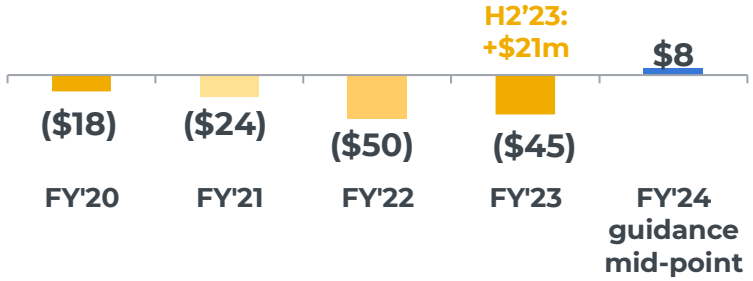
Total Revenue ($m)



Revenue less Cost of Revenue ($m)



Adj EBITDA (loss) ($m)



See Porch's earnings press release for a reconciliation of Adjusted EBITDA to its 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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Q1 2024: Key Updates

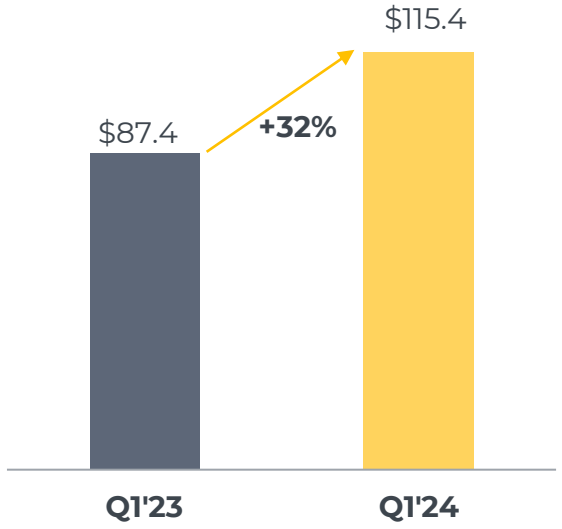
- Successful reinsurance renewal on April 1st:
  - Secured more excess of loss (XOL) coverage at better terms
  - 3rd party quota share terms improved, resulting in slightly higher ceding than anticipated
- Rynoh: >20% price increase implemented in the quarter
- ISN: price increase in Q1'24 following >20 feature enhancements in 2023
- Received ~$35m in cash from the Aon business collaboration and sale of EIG
- Continue to pursue parties for Vesttoo-related claims

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Q1 2024 Financials: Improvement Year-Over-Year

Total Revenue ($m)



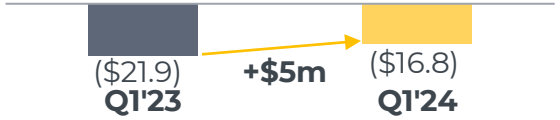
Revenue Less Cost of Revenue ($m)



41% 34%

Revenue less Cost of Revenue Margin

Adjusted EBITDA (loss)[1] ($m)



(25)% (15)%

Adjusted EBITDA margin

(1) See Q1 2024 earnings release for a reconciliation of Adjusted EBITDA (loss) to the most directly comparable GAAP financial measure.

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KPIs – Q1 2024

30k
Avg Number of Companies

- Broadly consistent with prior quarters with continued housing market headwinds

$1,294
Avg Revenue per Company per Month

- +36% from Q1'23, driven by lower ceding and premium per policy increases

241k
Monetized Services

- +12% from Q1'23, despite the industry-wide 3% decline in home sales

$422
Avg Revenue Per Monetized Service

- +29% from Q1'23 driven by continued growth in insurance

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Insurance Segment KPIs: Q1 2024

Insurance Segment KPIs:

$83m
Gross Written Premium
Q1'23: $115m[1]

256k
Policies in Force
Q1'23: 376k[1]

$1,375
Annualized Revenue Per Policy
Q1'23: $612[1]

Insurance Carrier (HOA) KPIs:

$1,948
Annualized Premium Per Policy
Q1'23: $1,468

90%
Premium Retention
Q1'23: 107%

71%
Gross Loss Ratio
Q1'23: 79%

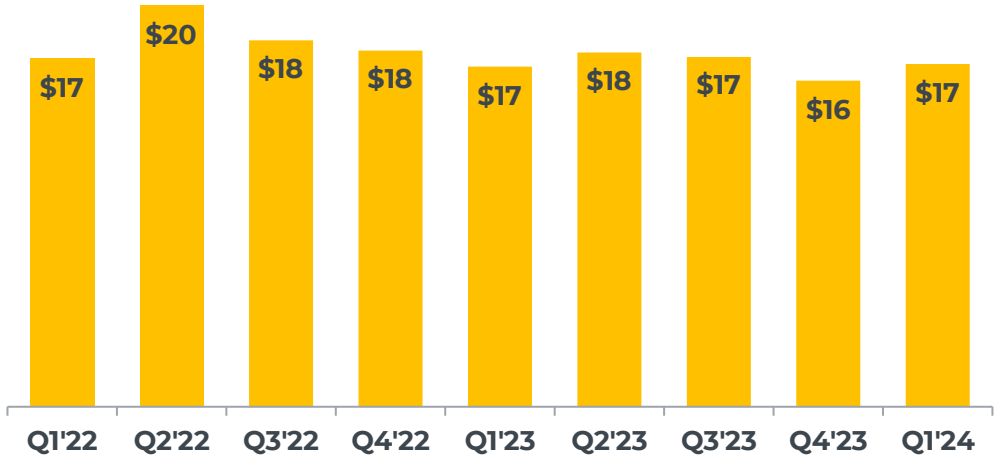
(1) 2023 includes EIG, our in-house agency, which was sold on January 31, 2024. At December 31, 2023, EIG had ~$45 million gross written premiums with third party carriers .

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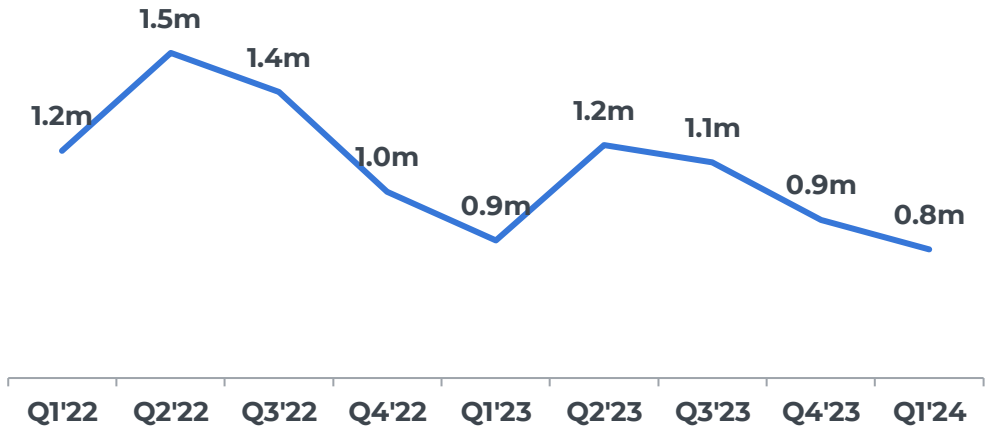
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Resilient SaaS Revenues

Software and Service Subscription Revenue
($m)



Industry Home Sales Volumes[1]



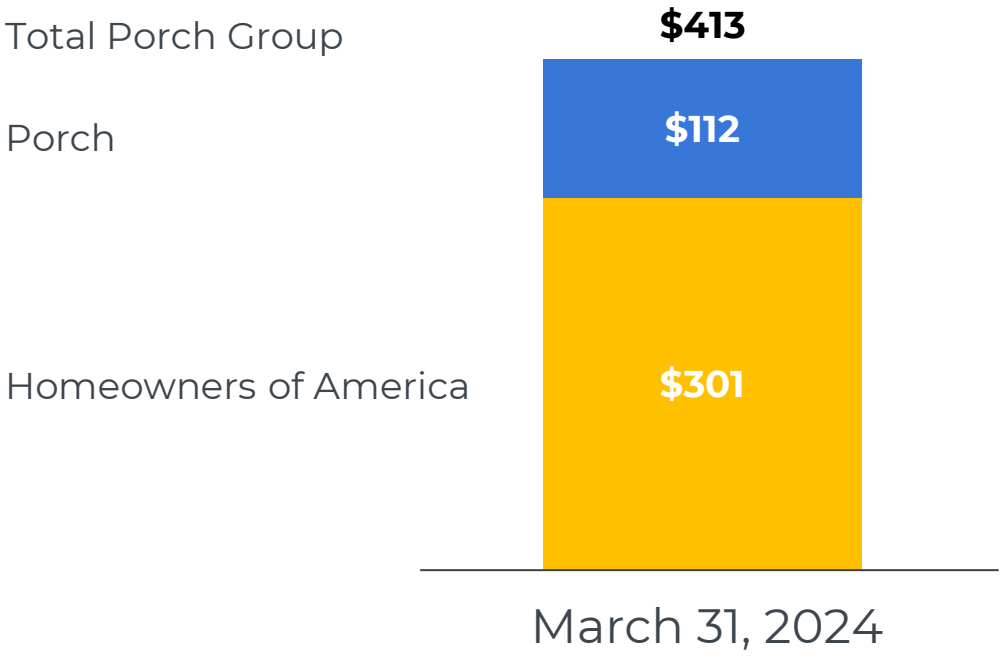
- Industry home sales declined year-over-year: 18% in 2022 and 19% in 2023
- Software and service subscription revenue remained resilient throughout

(1) Source: National Association of Realtors existing home sales data.

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Balance Sheet as of March 31, 2024

Cash, cash equivalents and investments ($m)



+$8m
Q1'24 Operating Cash Flow

+$6m
Q1'24 Free Cash Flow

- Additional $37m restricted cash and cash equivalents held incremental to unrestricted cash above
- HOA surplus of $36m, seasonally low Q1/Q2 and builds in the second half
- Expect to transact on '26 debt in ~12-24 months, patient with the exceptionally low coupon

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2024 Guidance: Increasing Adjusted EBITDA Guidance

$450m-$470m

Revenue
(Previously: $450-$490m)

- 2024 Revenue growth of 5% to 9%. Quota share ceding at a higher level than anticipated

$230m-$240m

Revenue less Cost of Revenue
(Previously: $225m-$240m)

- Assumes 63% GLR in line with 5-year weighted average

$2.5m-$12.5m

Adj EBITDA
(Previously: $1m-$10m)

- Better than expected reinsurance placements

$460m-$480m

Gross Written Premium[1]
(Unchanged)

- Managing GWP approximately flat year-over-year[1]

1) Excludes ~$45 million gross written premiums with third party carriers related to Elite Insurance Group, which was sold on January 31, 2024.

Note, guidance does not assume impact for launch of reciprocal exchange. Guidance will be provided once approval received. Previous guidance was provided in March 2024 at Q4 2023 earnings.
Porch provides guidance based on current market conditions and expectation as of the date of this presentation. See Porch's earnings press release for a reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measures. Porch Group is not providing reconciliations of expected Adjusted EBITDA 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.

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Appendix



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Proven Team Built A Culture-Driven Business



Matt Ehrlichman
CEO, Chairman, & Founder



Matthew Neagle
Chief Operating Officer



Shawn Tabak
Chief Financial Officer



Nicole Pelley
SVP of Product and Technology



Efram Ware
President and GM, HOA



Matt Cullen
General Counsel and Secretary



Malcolm Conner
VP and Group GM, Home Services



Nick Graham
SVP, Moving Group GM



Joshua Steffan
VP and Group GM, Inspection and Real Estate



Janet Zimmerman
VP of People



No Jerks / No Egos



Care Deeply



Be Ambitious



Together We Win



Solve Each Problem

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Strategic Pillars



Execute Insurance Strategy (including launching Reciprocal Exchange)



Grow SaaS Businesses and Aggregate More Unique Data



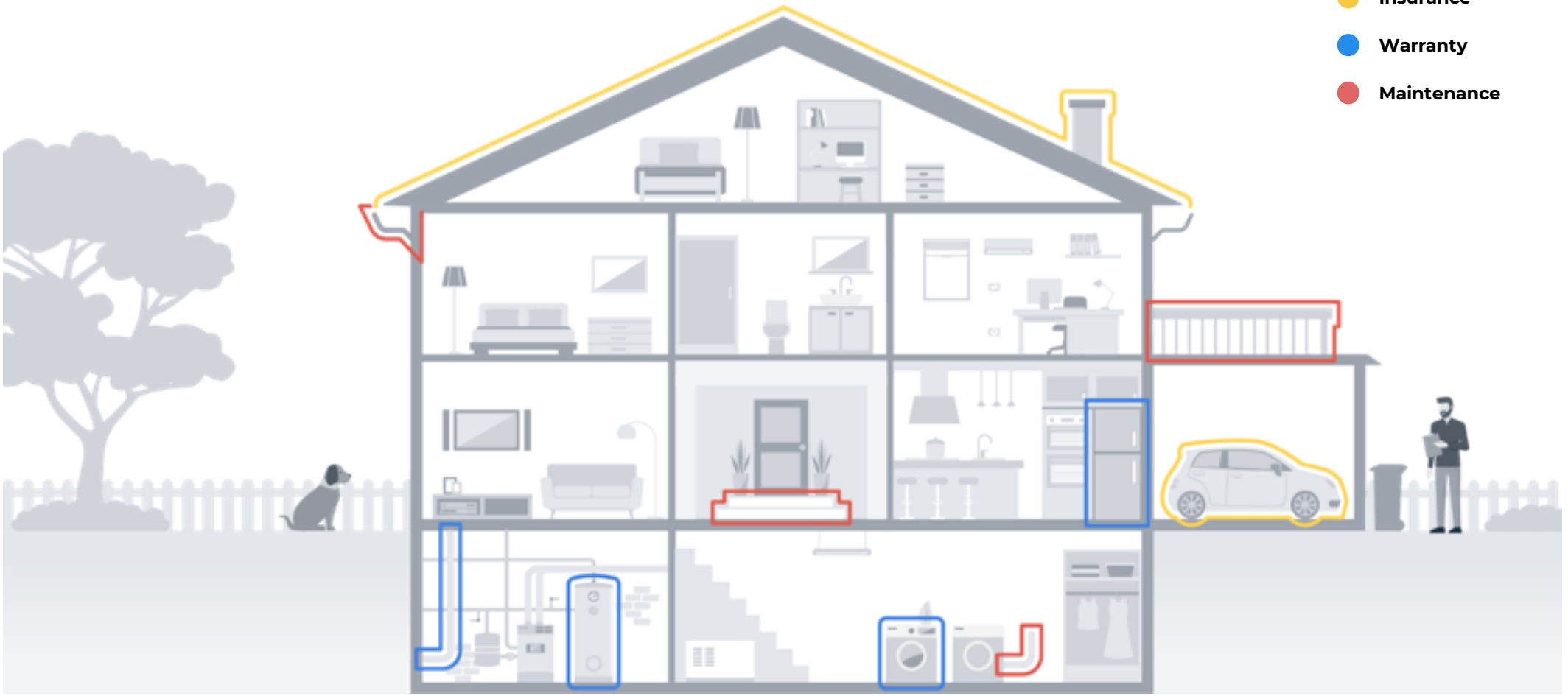
Organizational Efficiency and Cost Control

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Our Vision For The Consumer

Whole Home Protection



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Our Highest Priority ESG Areas

Diversity, Equity, & Inclusion



Recruiting diverse talent, providing equitable outcomes and opportunities for our employees, and ensuring inclusive experiences for our customers.

Risk Management & Climate



Mitigating the key risks and uncertainties that can affect the long-term sustainability of our business and erode value over time.

Informed by our materiality assessment and current state of our business, we identified our highest priority ESG areas

Employee Experience



Investing in our people and enriching employee wellbeing, growth, and overall experience at Porch.

Cybersecurity & Data Governance



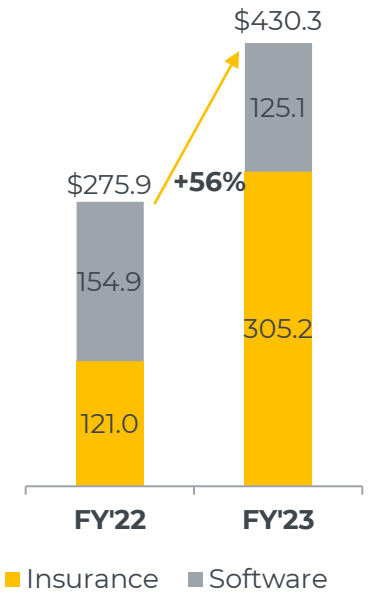
Maintaining policies and practices to defend against cyberattacks to ensure business continuity, and protect the data and security of customers.

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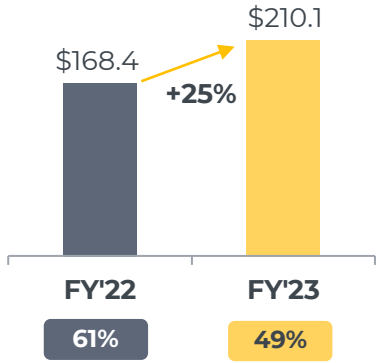
Financial Highlights[1] – FY 2023

Total Revenue ($m)



- +56% Revenue growth
- +152% Insurance segment growth, with increases in premium per policy and lower ceding

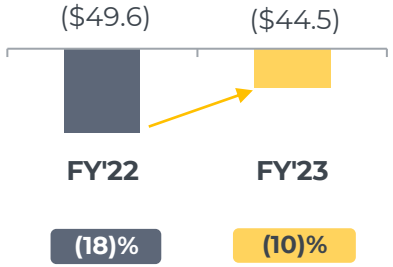
Revenue less Cost of Revenue ($m)



Revenue less Cost of Revenue Margin

- Margin impacted by mix shift, and change in reinsurance programs within insurance

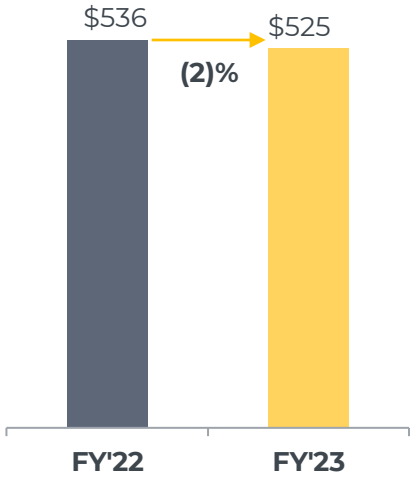
Adj EBITDA (loss) ($m)



Adjusted EBITDA margin

- $5m improvement compared to prior year
- +8pp improvement in Adjusted EBITDA margin

Gross Written Premium ($m)



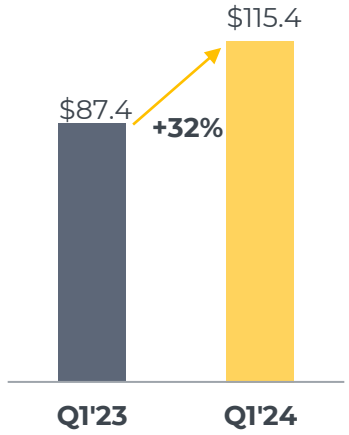
- Increase in premium per policy offsets non-renewals in line with risk appetite

(1) See Q4 2023 earnings release for a reconciliation of Adjusted EBITDA (loss) to the most directly comparable GAAP financial measures.

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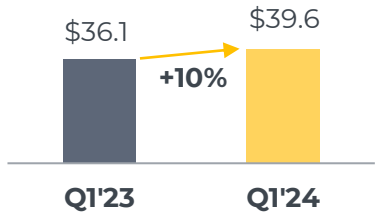
Financial Highlights[1] – Q1 2024

Total Revenue ($m)



- +32% Revenue growth
- +50% Insurance segment Revenue growth

Revenue less Cost of Revenue ($m)

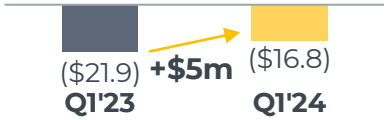


41% 34%

Revenue less Cost of Revenue Margin

- 34% Revenue less Cost of Revenue margin, decrease driven by mix shift
- Vertical Software margin +600bps with price increases and strong cost control

Adj EBITDA (loss) ($m)

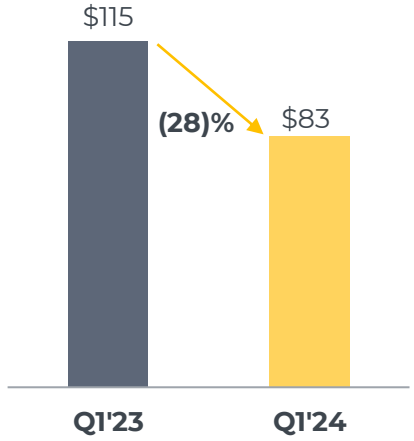


(25)% (15)%

Adjusted EBITDA margin

- $5m improvement in Adj EBITDA over prior year
- Includes $36m net catastrophic weather loss costs, resulting in $8m additional net losses vs expectations

Gross Written Premium ($m)



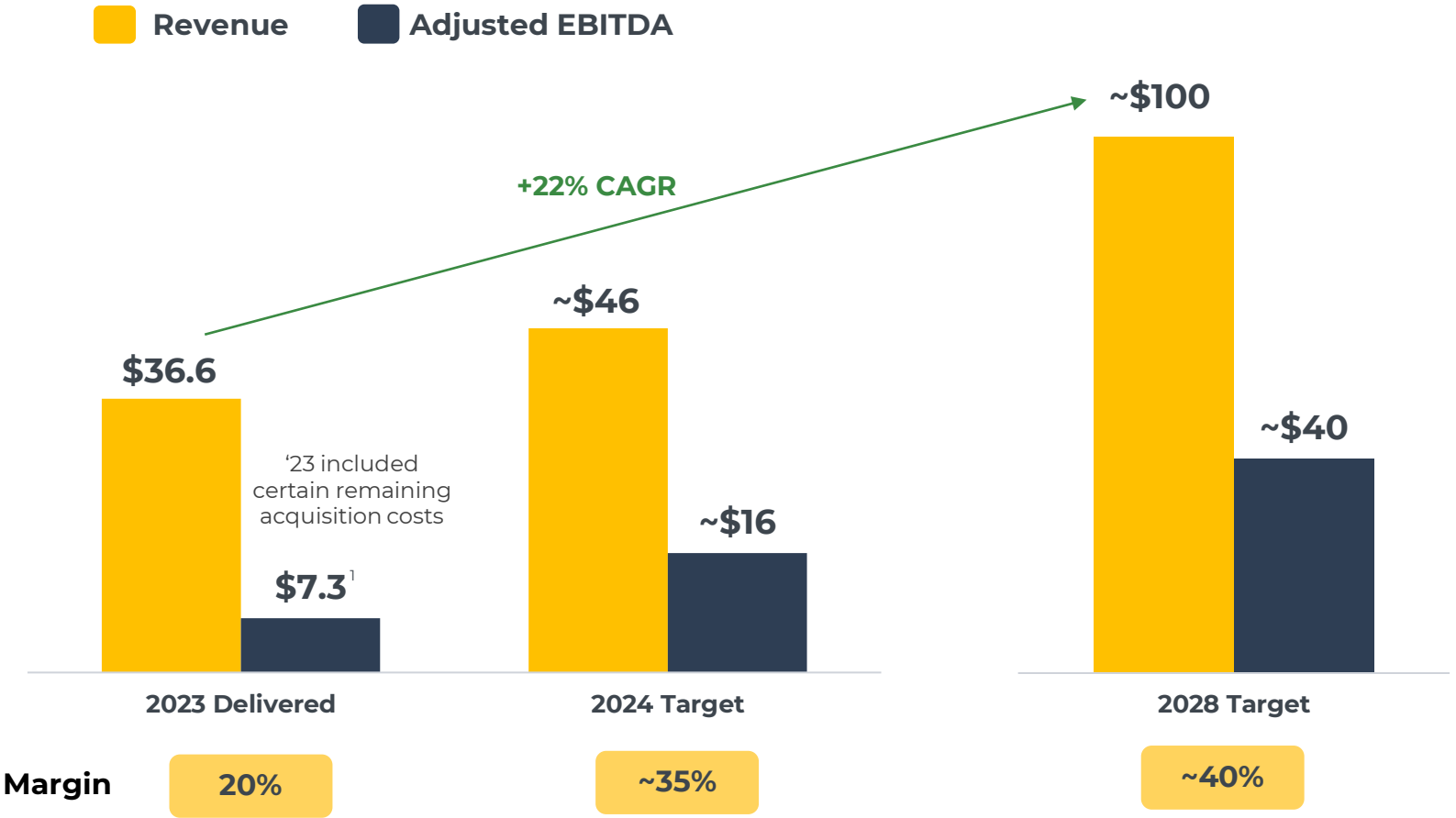
- Decrease due to non-renewal of higher risk policies and divestiture of EIG (3rd party carrier premiums included in 2023, but not in 2024 post-sale)

(1) See Q1 2024 earnings release for a reconciliation of Adjusted EBITDA (loss) to the most directly comparable GAAP financial measures.

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Warranty Business: Financial Highlights

Revenue Expected to Double in Mid-Term with Increased Volumes Through Multiple Channels



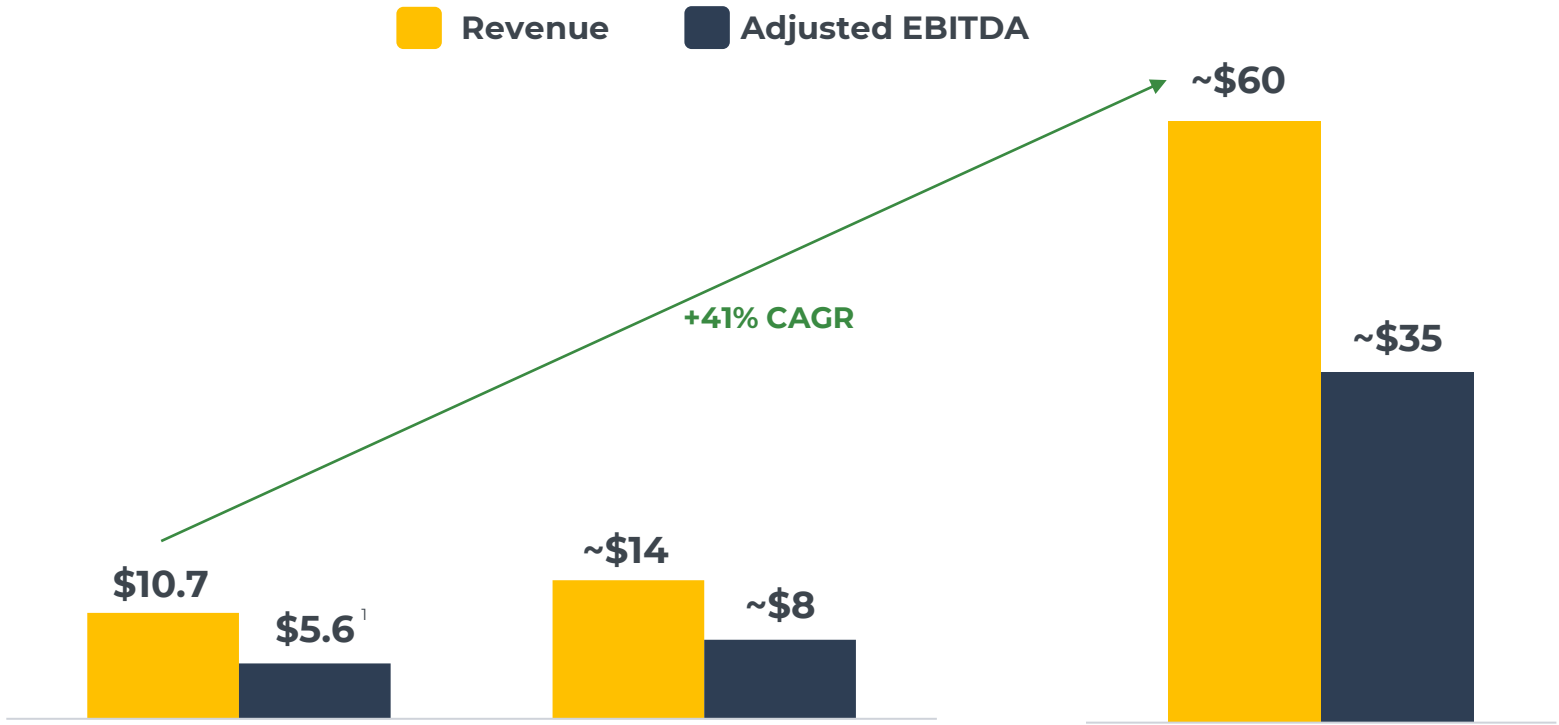
Adjusted EBITDA Margin	20%	~35%	~40%

(1) 2023 net income of $8.7m, adjusted for interest expense $0.9m, income tax expense $0.3m, depreciation and amortization $1.7m, revaluation of contingent consideration $(4.1)m, non-cash stock based compensation $(0.3)m, and other adjustments of $(0.0)m, reconciles to $7.3m Adjusted EBITDA for Warranty, a subset of the Insurance segment. 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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Rynoh: Returning Volumes & Price Increases Drive Profit

Profitability Expected To Expand ~6x By 2028



Adjusted EBITDA Margin	52%	~60%	~60%

(1) 2023 net income of $3.0m, adjusted for interest expense $0.0m, income tax expense $0.7m, depreciation and amortization $1.7m and non-cash stock based compensation $0.1m, reconciles to $5.6m Adjusted EBITDA for Rynoh, a subset of the Vertical Software segment. 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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Operating Cash Flow

Reconciliation to Adj EBITDA	Q1 2023	Q1 2024
Operating Cash Flow	**$(22)m**	**$8m**
Working capital and other	$(1)m	$(26)m
Cash interest expense	$1m	$0m
Adjusted EBITDA	**$(22)m**	**$(17)m**

Reconciliation to Free Cash Flow	Q1 2023	Q1 2024
Operating Cash Flow	**$(22)m**	**$8m**
Capitalized software costs & PPE	$(3)m	$(2)m
Free Cash Flow	**$(25)m**	**$6m**

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Glossary

Term	Definition
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.
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.
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 Combined Ratio (“GCR”)	We define Gross Combined Ratio as our insurance carrier’s gross losses plus IBNR adjustments divided by the gross earned premium for the respective period, plus non-claims costs divided by the gross written premium on a calendar year basis.
Gross Loss Ratio (“GLR”)	We define Gross Loss Ratio as our insurance carrier’s current accident year gross losses divided by the gross earned premium for the respective period.
Gross Written Premium (“GWP”)	We define Gross Written Premium as the total premium written by our licensed insurance carrier(s) (before deductions for reinsurance); premiums from our home warranty offerings (for the face value of one year’s premium); and premiums of policies placed with third-party insurance companies for which we earn a commission.
HOA	Homeowners of America, our wholly owned insurance carrier
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.
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.

Non-GAAP Financial Measures: This presentation includes one or more non-GAAP financial measures, such as Adjusted EBITDA (loss), Adjusted EBITDA (loss) as a percent of revenue. Definitions of these measures and reconciliations of these measures to the most directly comparable GAAP financial measure are available in the earnings release available on the investor relations website, at ir.porchgroup.com.

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