

# Offerpad

## INVESTOR PRESENTATION

MAY 2022 UPDATE



# DISCLAIMER

## Forward-Looking Statements

Certain statements in this Presentation may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or Offerpad Solutions Inc.'s (the "Company") plans, strategies, business prospects, market opportunity and future financial or operating performance. Statements using words such as "may," "should," "could," "might," "plan," "possible," "project," "strive," "budget," "forecast," "expect," "intend," "will," "estimate," "anticipate," "believe," "predict," "potential" or "continue," or the negatives of these terms, are also forward-looking. Such forward-looking statements are subject to numerous risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to: the outcome of any legal proceedings that may be instituted against the Company; changes in applicable laws or regulations; the ability to respond to general economic conditions; the health of the U.S. residential real estate industry; the ability to grow market share in existing markets or any new markets; the impact of the COVID-19 pandemic; the ability to manage growth effectively; the ability to accurately value and manage inventory, and to maintain an adequate and desirable supply of inventory; the ability to successfully launch new product and service offerings, and to manage, develop and refine the technology platform; and other risks and uncertainties set forth in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's Annual Report on Form 10-K filed March 7, 2022 and other documents filed by the Company from time to time with the Securities and Exchange Commission (SEC). You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Company does not undertake any duty to update these forward-looking statements.

## Financial Information; Non-GAAP Financial Measures

This Presentation also includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP") including, but not limited to, Contribution Margin, Adjusted EBITDA and certain ratios and other metrics derived therefrom. Contribution Margin means net sale proceeds less holding and selling costs, plus other services. Adjusted EBITDA includes adjustments for amortization of share based compensation, impairments and other non-cash expense. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies. The Company believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures.

This Presentation also includes certain projections of non-GAAP financial measures. Due to the high variability and difficulty in making accurate forecasts and projections of some of the information excluded from these projected measures, together with some of the excluded information not being ascertainable or accessible, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measures without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included and no reconciliation of the forward-looking non-GAAP financial measures is included.

## Industry and Market Data

In this Presentation, the Company relies on and refers to certain information and statistics obtained from third-party sources which they believe to be reliable. The Company has not independently verified the accuracy or completeness of any such third-party information.

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OUR MISSION:

**PROVIDE YOUR BEST WAY TO  
BUY AND SELL A HOME. PERIOD.**

- 01 REAL ESTATE IS CHANGING**
- 02 OFFERPAD'S MARKET APPROACH**
- 03 OFFERPAD'S GROWTH DRIVERS**
- 04 BUSINESS MODEL POSITIONED TO PERFORM**
- 05 APPENDIX**

# 01 REAL ESTATE IS CHANGING





# MASSIVE AND RAPIDLY EVOLVING OFFLINE TO ONLINE MARKET

**\$2.5T**<sup>1</sup>

Real Estate opportunity today  
99% analog

~1% Digital penetration<sup>2</sup>

**MARKET  
OPPORTUNITY**

**\$1.5T**<sup>3</sup>  
"BUY BOX" TODAY

**\$2.07B**  
2021 REVENUE

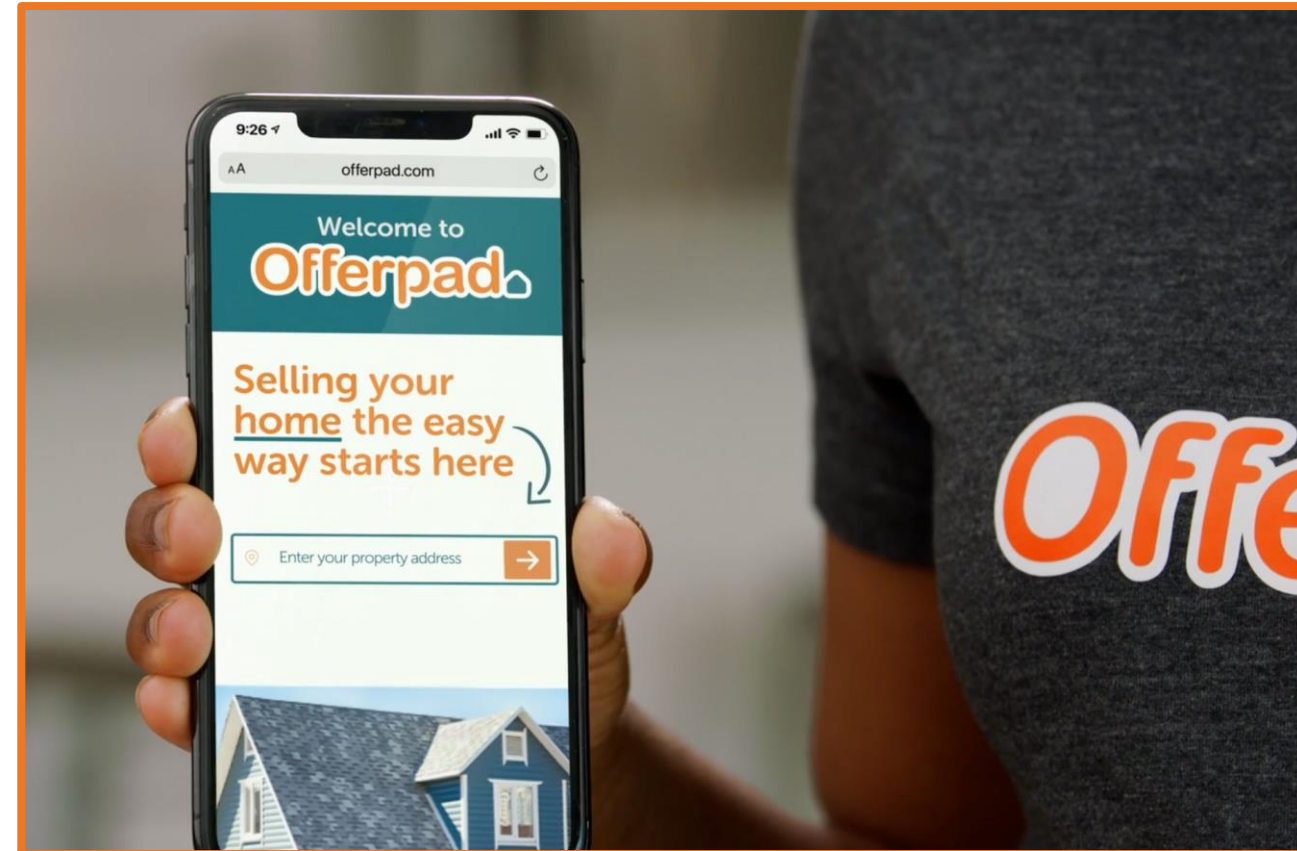
# ONLINE, SINGLE-CLICK TRANSACTIONS FUEL THE FUTURE OF REAL ESTATE

Request a cash offer

Search homes online

Access available home via mobile app

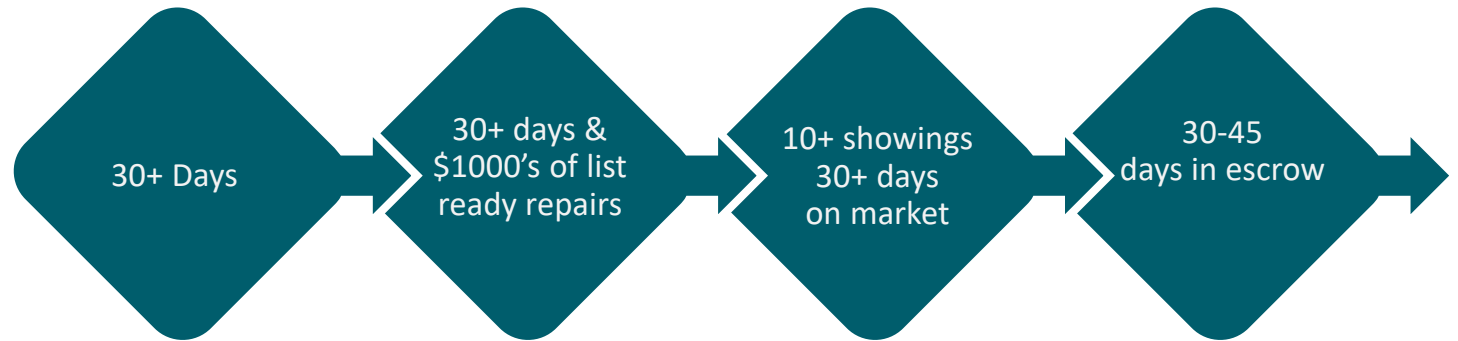
Complete inspection, virtual closings



# OFFERPAD IS TRANSFORMING THE INDUSTRY

As long as 6 months or more to buy or sell a home.

Closing  
can take  
6+ months

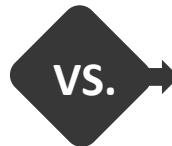


Broker search

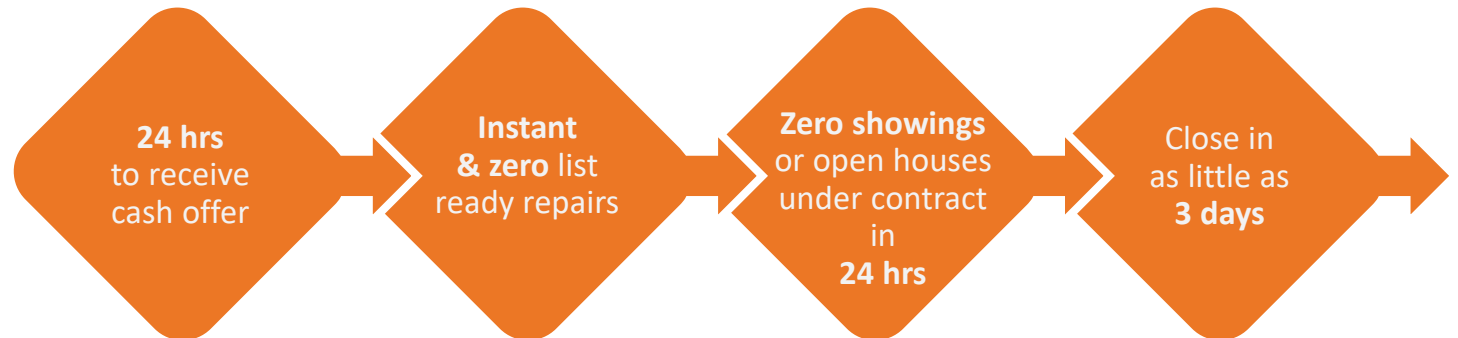
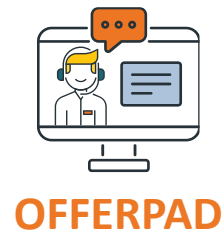
Prepare listing &  
marketing

Showing  
& open house

Closing



Close in as little  
as 3 days



24 hrs for sellers to receive certainty and move on their schedule.



# 02 OFFERPAD'S MARKET APPROACH



# STRONG VALUE PROPOSITION FOR ALL CUSTOMERS

CONVENIENCE | CERTAINTY | CONTROL



## CASH OFFER

For those who want to sell on their own schedule with more convenience, certainty and control.

Strong Cash Offer

Sell Without Listing

No Showings

Pick Your Closing Day

Free Local Move

3-Day Extended Stay



## BUY AND LIST WITH CONFIDENCE

For those who want to buy or list with guidance from real estate experts.

Back-up Cash Offer

Dedicated Local Experts

Market Power

Home Improvement Advance

FREE Show-Ready Services

## ANCILLARY SERVICES

### ADDITIONAL OPTIONS

Offering personalized solutions to meet each individual customer's needs.

Bundle Rewards

Mortgage Offerings

Title Services

Buyer Boost



We are results oriented & quality focused so our customers can move freely.

# OUR CUSTOMERS ARE OUR BEST REFERENCE

**+74**  
NET PROMOTER  
SCORE\*



**“Enjoyable”**

Lauren in North Carolina



**“Very transparent”**

Kim in Arizona

**94%**  
CUSTOMER  
SATISFACTION\*



**9 OUT OF 10  
WOULD  
RECOMMEND  
TO A FRIEND\***

**“No showing hassles”**

Thomas in Indiana

# SOPHISTICATED RENOVATIONS EXPAND MARKET OPPORTUNITIES

## AVERAGE COST

\$17,000

Renovations completed  
in Q1 2022

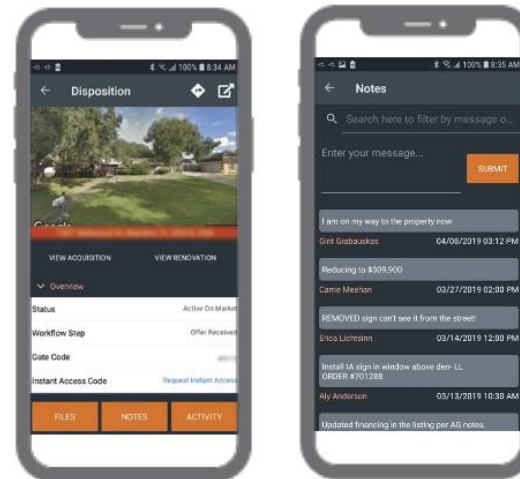
## AVERAGE DAYS

23

Number of days per  
project in Q1 2022

**UTILIZE IN-HOUSE TALENT AND VETTED  
EXTERNAL SPECIALISTS TO INCREASE  
QUALITY AND CONTROL**

## PROPRIETARY FIELD AUTOMATION



Helix GO Field Automation

# 03 OFFERPAD'S GROWTH DRIVERS





# GROWTH PLAN WITH MULTIPLE PROFIT EXPANSION TOUCH POINTS

## Market penetration in existing markets

- Long-term goal to drive total market share to 3-4%, from current approximately 1%

## Expanding into new markets nationwide

- Added 3 new markets in Q1 2022
- Announced 5 more new markets opening in 2022
- 29 total markets expected by end of 2022

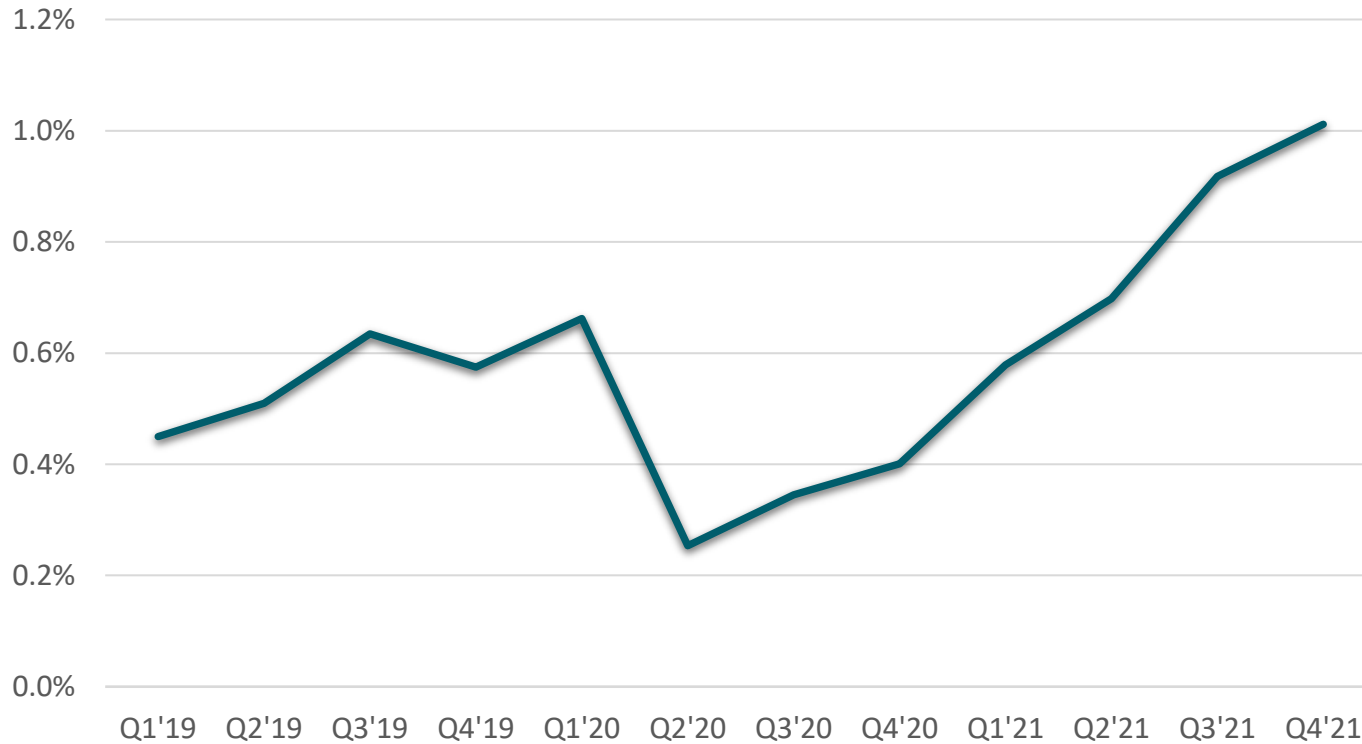
## Innovative ancillary services

- Bundle Rewards, Mortgage, Title, Buyer Boost
- Contribution margin uplift opportunities



# SUCCESS INCREASING MARKET SHARE IN CURRENT MARKETS

## Offerpad Market Share in Existing Markets



Market share rebounded to surpass pre-COVID-19 pandemic highs

Lifetime Aggregate Revenue of over \$6.8B

# MASSIVE REVENUE POTENTIAL WITH MARKET EXPANSION STRATEGY

## Market Strategy

- Geographical diversity
- Historical transactions (quantity & composition)
- Housing affordability
- Housing supply and demand
- Population and employment growth

## Expected New Market Expansion

- Added 3 California markets in Q1
- Ft. Myers, FL scheduled to open Q2
- 2H announced plan to open 4 more markets
- **29 TOTAL** expected by year-end



# PRODUCT INNOVATION POSSIBILITIES

## Product Expansion Roadmap

### CURRENT PRODUCT OFFERINGS

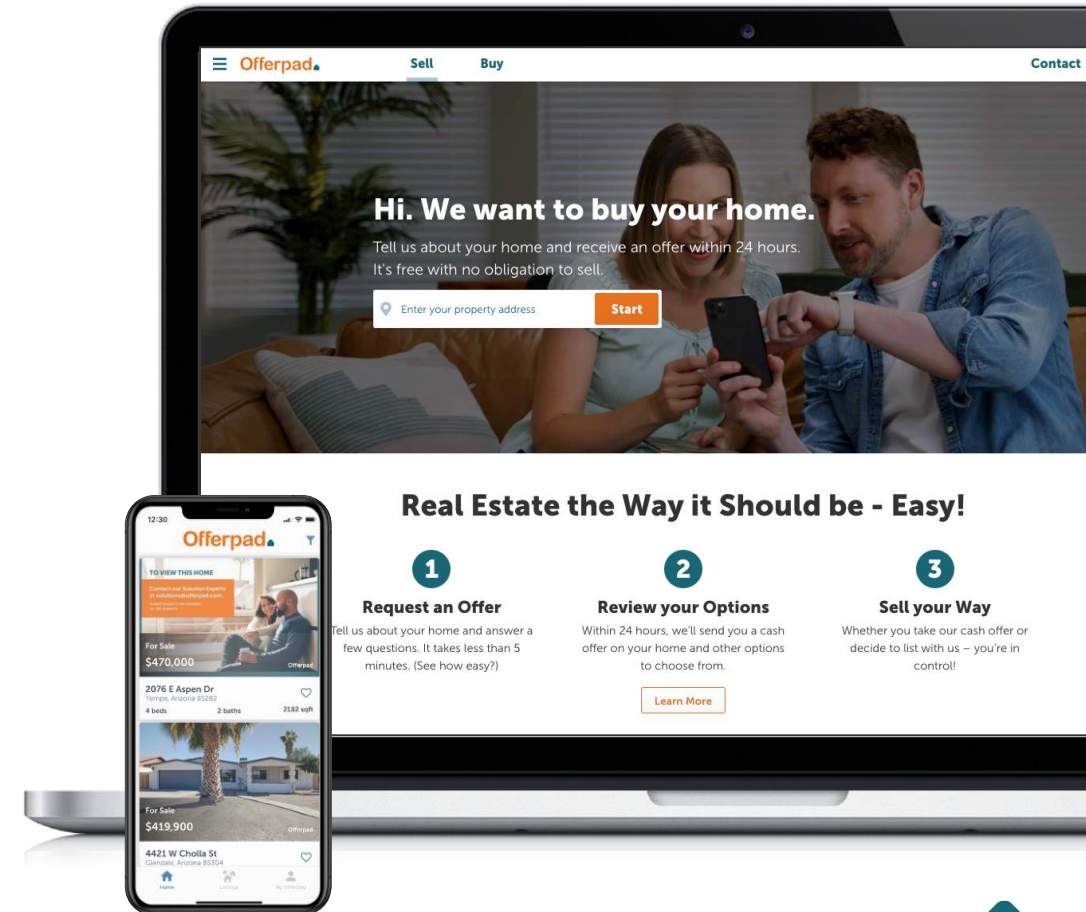
Offerpad **EXPRESS** & Offerpad **FLEX**, Mortgage, Title, Bundle Rewards, Buyer Boost

### POTENTIAL NEAR-TERM PRODUCT OFFERINGS

Home Warranty, Remodel Services, Insurance

### POTENTIAL LONG-TERM PRODUCT OFFERINGS

Smart Home, Energy Efficiency



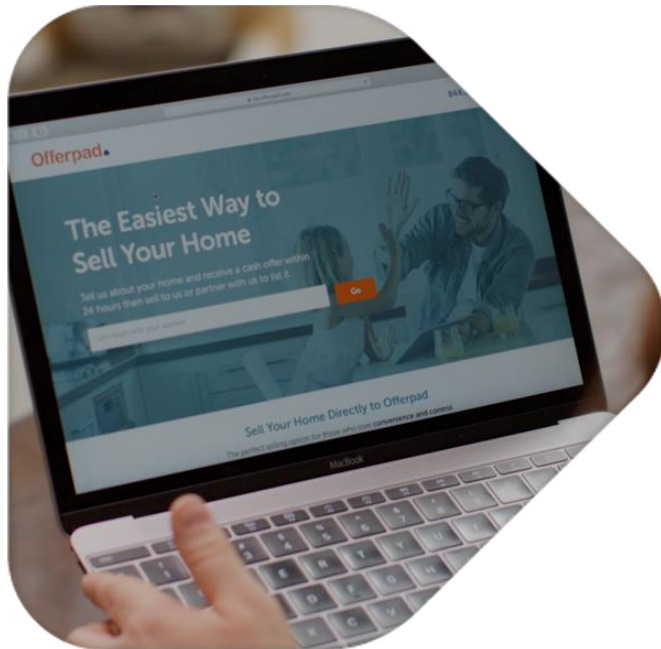
04 **BUSINESS MODEL  
POSITIONED TO  
OUTPERFORM**





# MODEL INCREASES VALUE CREATION OPPORTUNITIES

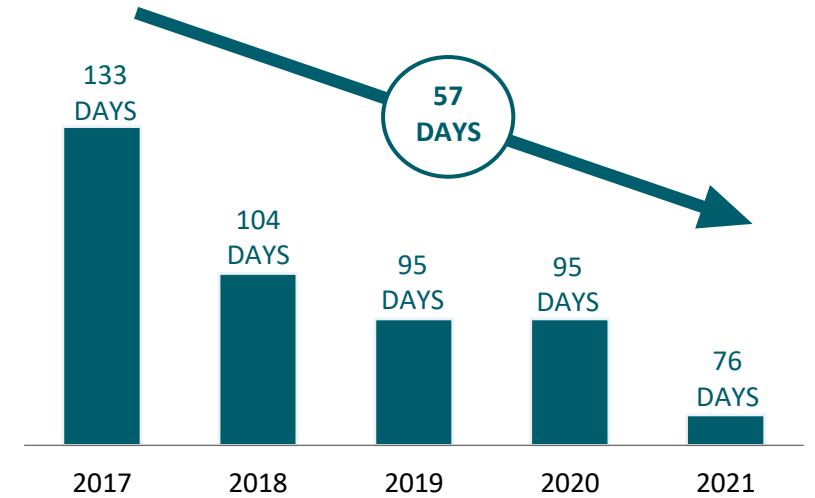
## LEVERAGING TECHNOLOGY



## RENOVATING TO ADD VALUE

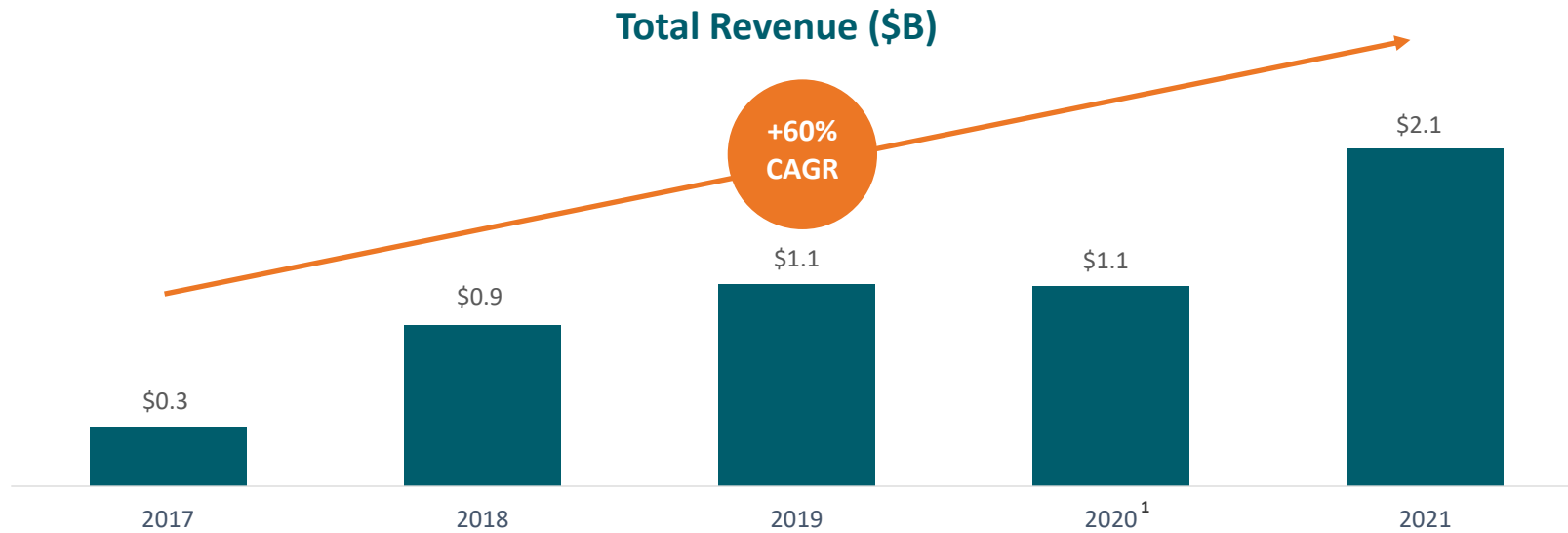
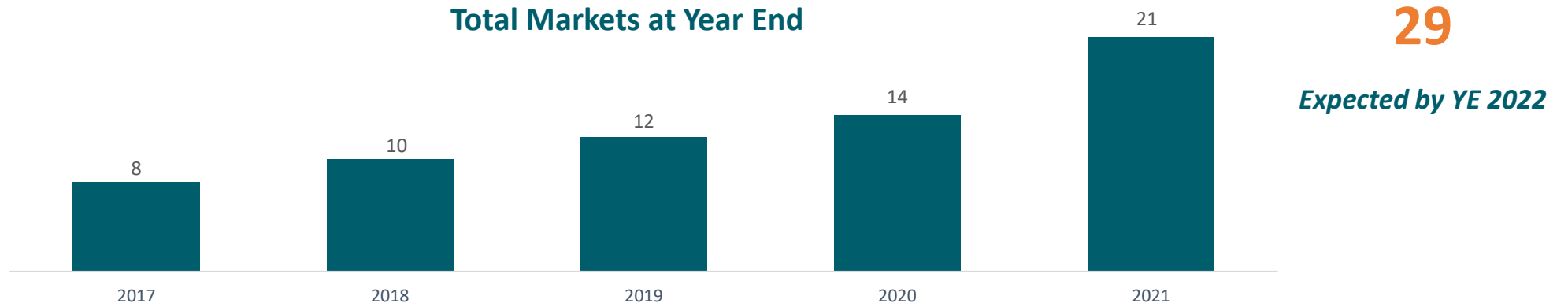


## EXPEDITING TIME TO CASH\*



\*Time to cash measures the time from when a home is acquired to sold

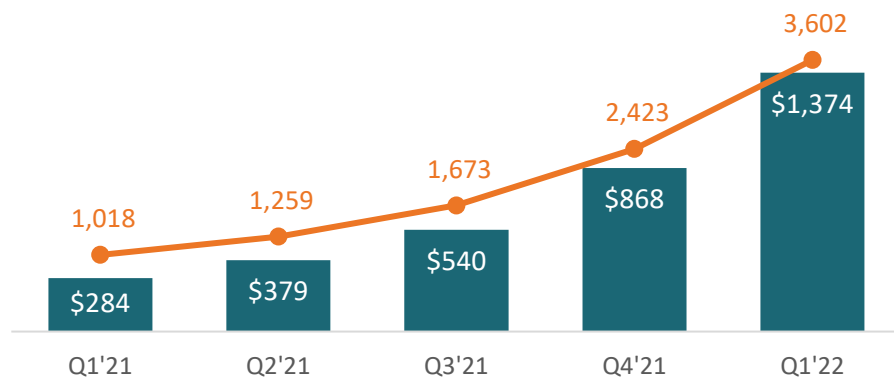
# RAPID MARKET ADDITIONS: KEY REVENUE DRIVER



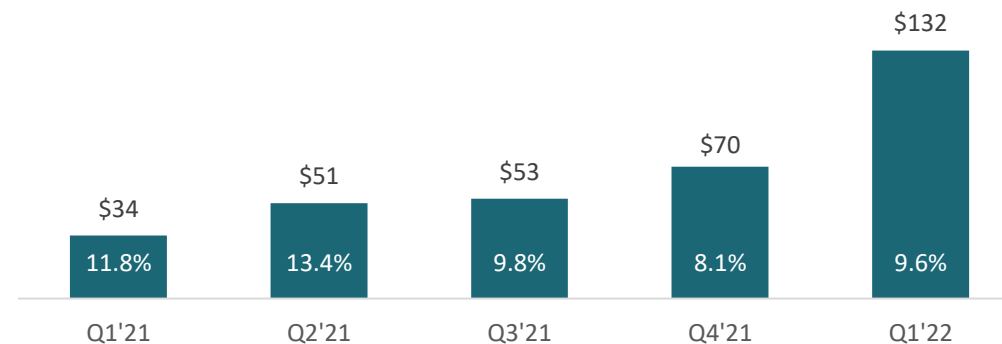
<sup>1</sup> Negatively impacted growth due to COVID-19 pandemic

# OFFERPAD'S MODEL IS DRIVING ACCELERATING KPI RESULTS

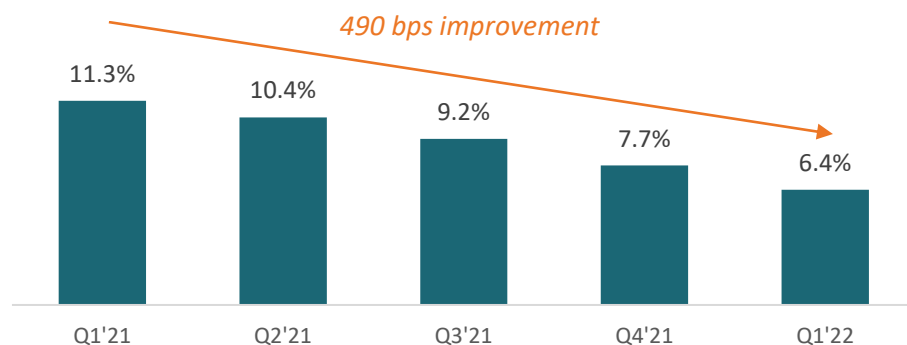
## Revenue (\$M) & Homes Sold



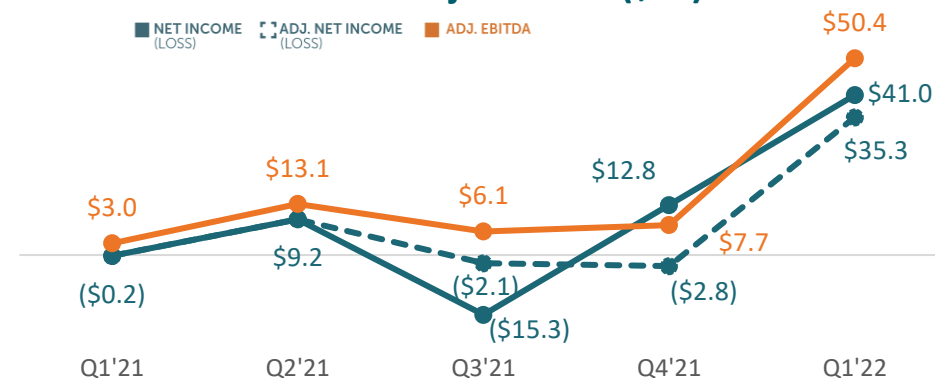
## Gross Profit (\$M) & Margin



## Total Operating Expenses as % of Revenue



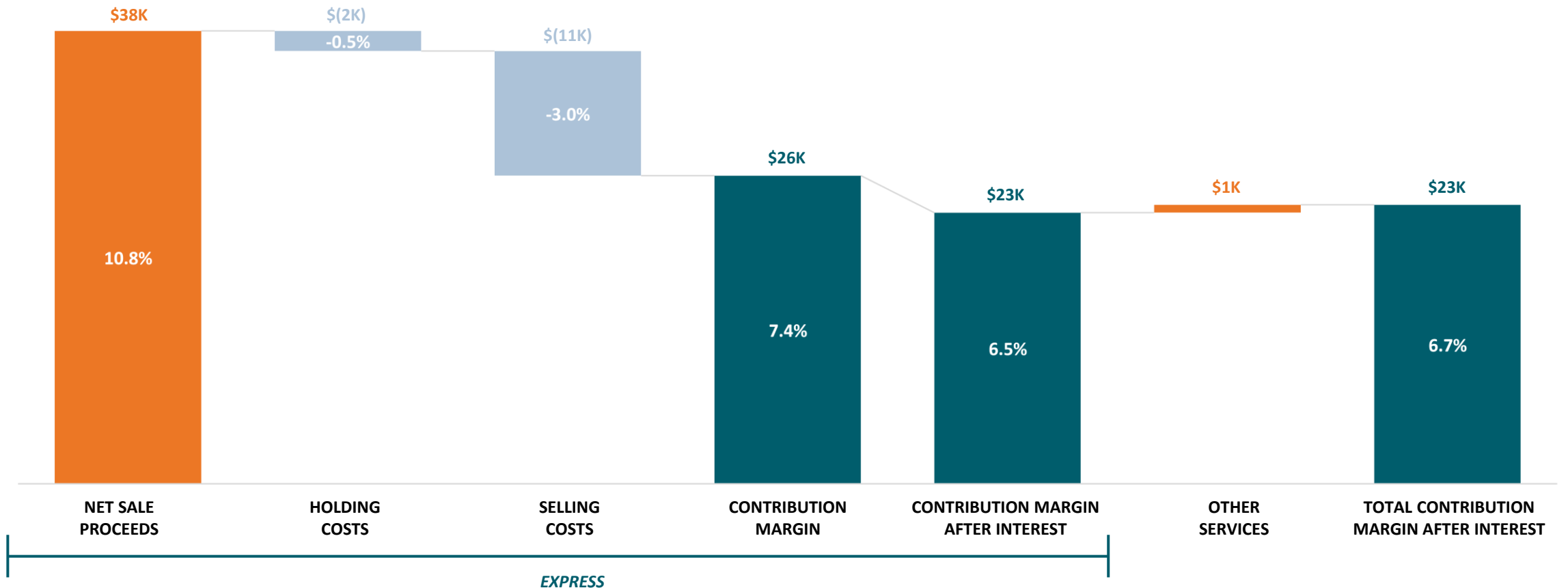
## Net Income (Loss), Adj. Net Income (Loss) & Adj. EBITDA (\$M)



See Slide 29 for a reconciliation to the most directly comparable GAAP measure and additional information.

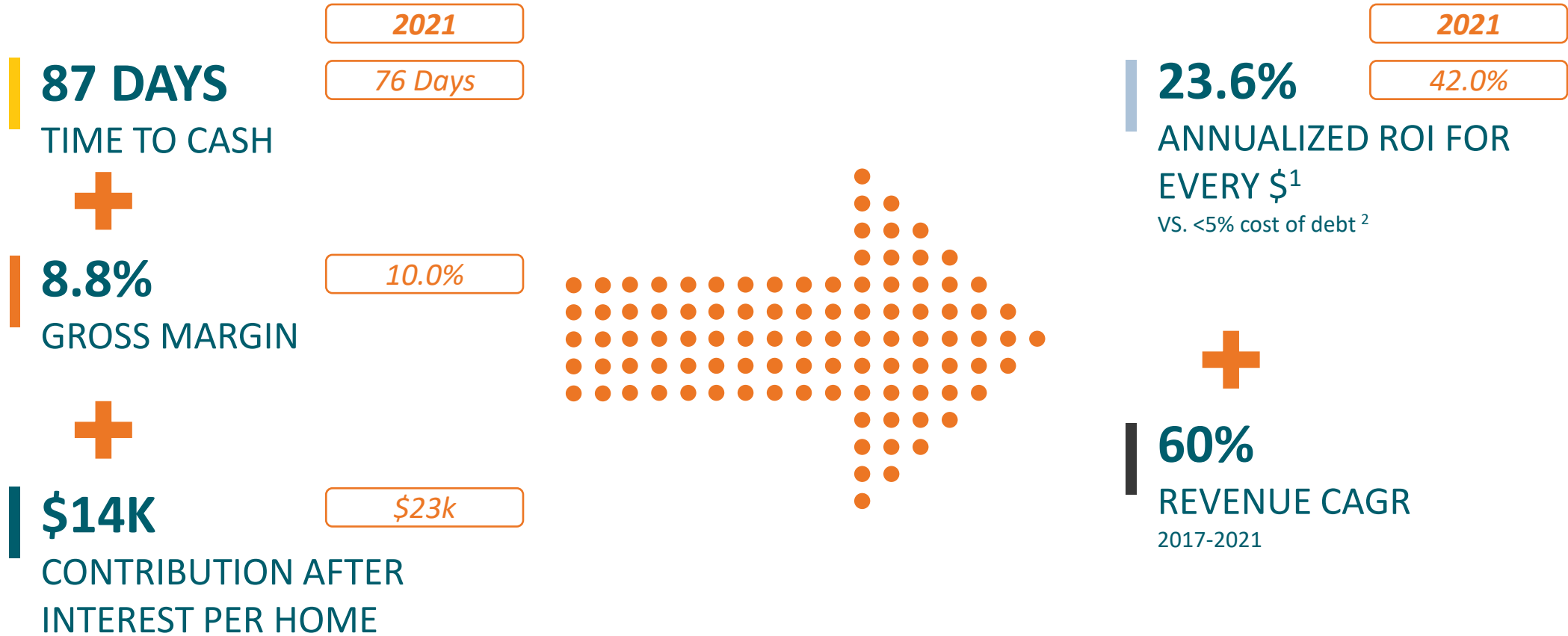
# ATTRACTIVE UNIT ECONOMICS

## Q1'22 TTM contribution margin per home after interest



# CAPITAL EFFICIENCY FEATURING HIGH RETURNS ON INVESTMENT

## ROI Based on Total Homes Sold 2019 - 2021



Source: Company model, company filings

(1) Calculated based of contribution profit after interest / (Total operating costs + Interest expense) annualized by time to cash

(2) Denotes Q1 2022 blended cost of debt for warehouse facilities



# 1Q 2022 FINANCIAL & OPERATIONAL HIGHLIGHTS

Revenue	\$1.37B	+384% YoY
Homes Acquired	2,856	+139% YoY
Homes Sold	3,602	+254% YoY
Net Income	\$41.0M	\$35.3M when excluding \$5.7M non-cash credit to mark to market the warrant liability
Adj. EBITDA	\$50.4M	+1,562% YoY
Contribution Profit after Interest per Home Sold	\$24.4K	+6% YoY

## 1Q 2022 HIGHLIGHTS

- 115% increase in request volume year over year
- Maintained average time from acquisition to sale below our 100-day target
- Added 600 new zip codes increasing service territory by 15%

# SECOND QUARTER 2022 OUTLOOK

## HOMES SOLD

2,900 – 3,100

## REVENUE

\$1.1B – \$1.15B

## ADJUSTED EBITDA<sup>1</sup>

\$27M – \$37M



# OFFERPAD INVESTMENT HIGHLIGHTS

## **LARGE ADDRESSABLE MARKET**

Offerpad operates in the residential real estate industry with a Total Addressable Market of \$2.5T.

## **FOCUSED BUSINESS MODEL**

Offerpad is focused on responsible, long-term growth powered by our real estate expertise and advanced, proprietary algorithms that help optimize each transaction.

## **COMPETITIVE DIFFERENTIATION**

Offerpad's Solutions Center provides a diversified suite of real estate services, customizable to meet each customer's needs.

## **ATTRACTIVE GROWTH PROFILE**

Offerpad's growth is fueled by geographic expansion, existing market penetration and the rollout of additional ancillary services that create value for our customers.



# 05 APPENDIX



# NON-GAAP RECONCILIATIONS

(in thousands, except percentages and homes sold, unaudited)	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<b>Gross profit (GAAP)</b>	\$ 132,142	\$ 70,292	\$ 53,122	\$ 50,864	\$ 33,537
<i>Gross margin</i>	9.6%	8.1%	9.8%	13.4%	11.8%
<i>Homes sold</i>	3,602	2,423	1,673	1,259	1,018
<b>Gross profit per home sold</b>	<b>36.7</b>	<b>29.0</b>	<b>31.8</b>	<b>40.4</b>	<b>32.9</b>
<i>Adjustments:</i>					
Inventory impairment - current period	434	985	676	177	104
Inventory impairment - prior period	(1,114)	(511)	(152)	(95)	(138)
Interest expense capitalized	4,278	3,511	1,410	767	606
<b>Adjusted gross profit</b>	<b>135,740</b>	<b>74,277</b>	<b>55,056</b>	<b>51,713</b>	<b>34,109</b>
<i>Adjusted gross margin</i>	9.9%	8.6%	10.2%	13.7%	12.0%
<i>Adjustments:</i>					
Direct selling costs	(31,854)	(19,894)	(11,350)	(8,787)	(8,036)
Holding costs on sales - current period	(1,991)	(1,339)	(910)	(533)	(461)
Holding costs on sales - prior period	(819)	(558)	(295)	(188)	(193)
Other income	4	0	-	7	241
<b>Contribution profit</b>	<b>101,080</b>	<b>52,486</b>	<b>42,501</b>	<b>42,212</b>	<b>25,660</b>
<i>Contribution margin</i>	7.4%	6.0%	7.9%	11.1%	9.0%
<i>Homes sold</i>	3,602	2,423	1,673	1,259	1,018
<b>Contribution profit per home sold</b>	<b>28.1</b>	<b>21.7</b>	<b>25.4</b>	<b>33.5</b>	<b>25.2</b>
<i>Adjustments:</i>					
Interest expense capitalized	(4,278)	(3,511)	(1,410)	(767)	(606)
Interest expense on homes sold - current period	(5,312)	(2,575)	(2,381)	(1,345)	(1,117)
Interest expense on homes sold - prior period	(3,443)	(1,749)	(697)	(386)	(446)
<b>Contribution profit after interest</b>	<b>88,047</b>	<b>44,651</b>	<b>38,014</b>	<b>39,714</b>	<b>23,491</b>
<i>Contribution margin after interest</i>	6.4%	5.1%	7.0%	10.5%	8.3%
<i>Homes sold</i>	3,602	2,423	1,673	1,259	1,018
<b>Contribution profit after interest per home sold</b>	<b>24.4</b>	<b>18.4</b>	<b>22.7</b>	<b>31.5</b>	<b>23.1</b>

# NON-GAAP RECONCILIATIONS CONT.

(in thousands, except percentages, unaudited)	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<b>Net income (loss) (GAAP)</b>	\$ 40,988	\$ 12,806	\$ (15,303)	\$ 9,192	\$ (233)
Change in fair value of warrant liabilities	(5,664)	(15,649)	13,185	-	-
<b>Adjusted net income (loss)</b>	\$ 35,324	\$ (2,843)	\$ (2,118)	\$ 9,192	\$ (233)
<i>Adjusted net income (loss) margin</i>	2.6%	(0.3%)	(0.4%)	2.4%	(0.1%)
<i>Adjustments:</i>					
Interest expense	7,196	6,178	5,495	2,257	1,918
Amortization of capitalized interest <sup>(1)</sup>	4,278	3,511	1,410	767	606
Income tax expense	1,899	-	81	89	-
Depreciation and amortization	119	90	156	146	130
Amortization of share based compensation	1,628	763	1,053	649	613
<b>Adjusted EBITDA</b>	<b>50,444</b>	<b>7,699</b>	<b>6,077</b>	<b>13,098</b>	<b>3,034</b>
<i>Adjusted EBITDA margin</i>	3.7%	0.9%	1.1%	3.5%	1.1%

<sup>1</sup> Amortization of capitalized interest represents all interest related costs, including senior and mezzanine interest related costs, incurred on homes sold in the period presented that were capitalized and expensed in cost of sales at the time of sale.

Note: Numbers may not total due to rounding.



