

For Sale

Opendoor

opendoor.com

Opendoor

Investor Presentation

2022

Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking, including statements regarding [our financial condition, anticipated financial performance, business strategy and plans, market opportunity and expansion and objectives of management for future operations]. These forward-looking statements generally are identified by the words “anticipate”, “believe”, “contemplate”, “continue”, “could”, “estimate”, “expect”, “forecast”, “future”, “intend”, “may”, “might”, “opportunity”, “plan”, “possible”, “potential”, “predict”, “project,” “should”, “strategy”, “strive”, “target”, “will”, or “would”, the negative of these words or other similar terms or expressions. The absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections and other statements about future events that are based on management’s current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many important factors could cause actual future events to differ materially from the forward-looking statements in this presentation, including but not limited to our public securities’ potential liquidity and trading; our ability to raise financing in the future; our success in retaining or recruiting, or changes required in, our officers, key employees or directors; the impact of the regulatory environment and complexities with compliance related to such environment; our ability to remediate our material weaknesses; various factors relating to our business, operations and financial performance, including, but not limited to, the impact of the COVID-19 pandemic on our ability to grow market share; our ability to respond to general economic conditions and the health of the U.S. residential real estate industry. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 24, 2022, as updated by our other filings with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and we assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. We do not give any assurance that we will achieve our expectations.

Non-GAAP Financial Metrics

This presentation includes references to certain non-GAAP financial measures that are used by management. The Company believes these non-GAAP financial measures, including Adjusted Gross Profit, Contribution Profit, Contribution Profit After Interest, Adjusted Net (Loss) Income, Adjusted EBITDA, Adjusted Operating Expenses, and any such non-GAAP financial measures expressed as a Margin, are useful to investors as supplemental operational measurements to evaluate the Company’s financial performance.

The non-GAAP financial measures should not be considered in isolation or as a substitute for the Company’s reported GAAP results because they may include or exclude certain items as compared to similar GAAP-based measures, and such measures may not be comparable to similarly-titled measures reported by other companies. Management uses these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding the Company’s performance by excluding certain items that may not be indicative of the Company’s recurring operating results.

We are the category innovator and market leader

Transactions

>160K+

Net Promoter Score

>80

Real Seller Conversion

>35%

1Q22 Revenue

\$5.15B

1Q22 Contribution Profit

\$332M

1Q22 Adjusted Net Income

\$99M

Note: Customer transactions since Company inception

Net Promoter Score in reference to sellers

Real seller defined as unique lead who either accepts Opendoor offer or lists home on MLS within 60 days of receiving an offer

For non-GAAP measures, please see reconciliation in Appendix



Investment highlights

Massive, highly fragmented market

Superior consumer experience

Highly differentiated, purpose-built platform

Proven playbook for growth at scale

Attractive unit economics

Durable financial profile across market cycles

Significant runway and upside ahead



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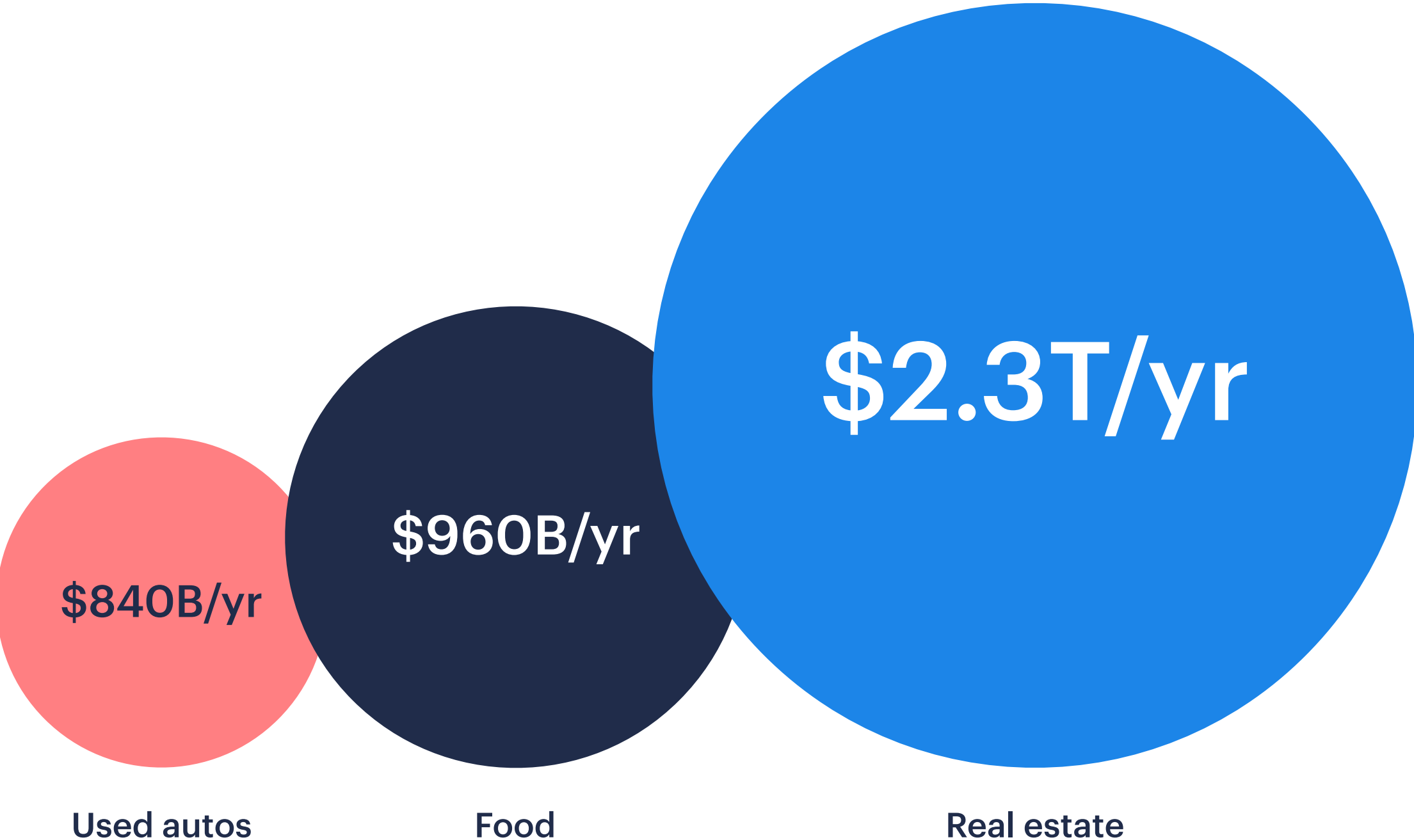
Significant runway and upside ahead



Real estate is the largest, fragmented category in the U.S.

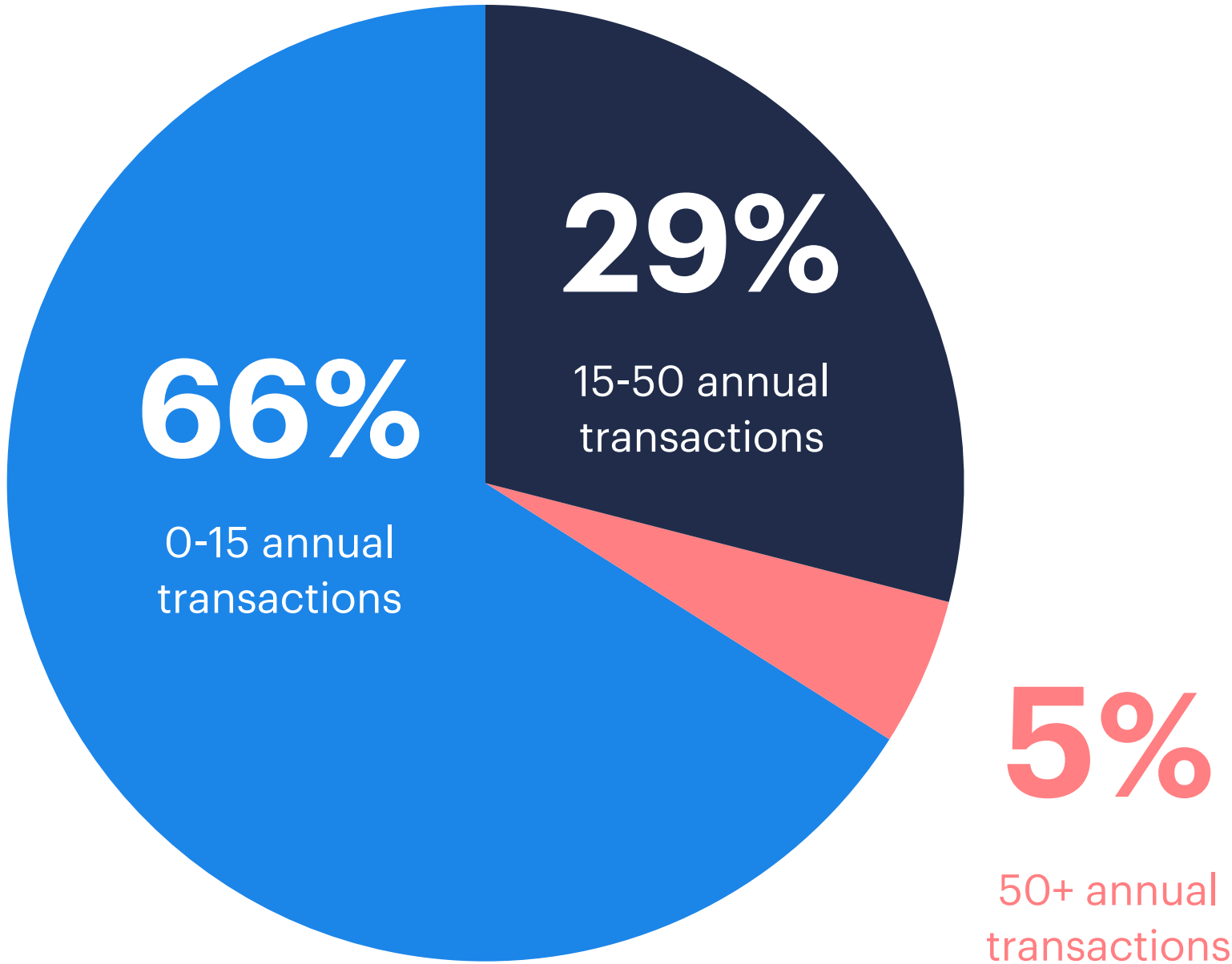
Massive market

66% of Americans are homeowners
>6 million homes sold annually



Fragmented incumbents

3 million real estate agents
25% of realtors have another occupation



Note: Data sourced from public company filings, U.S. Bureau of Labor Statistics, U.S. Census Bureau and National Association of Realtors

Current process is complex, uncertain and time-consuming

Complex

average of 6 counterparties to manage

Uncertain

~20% of transactions fall through

Slow

upwards of 50 days on the market

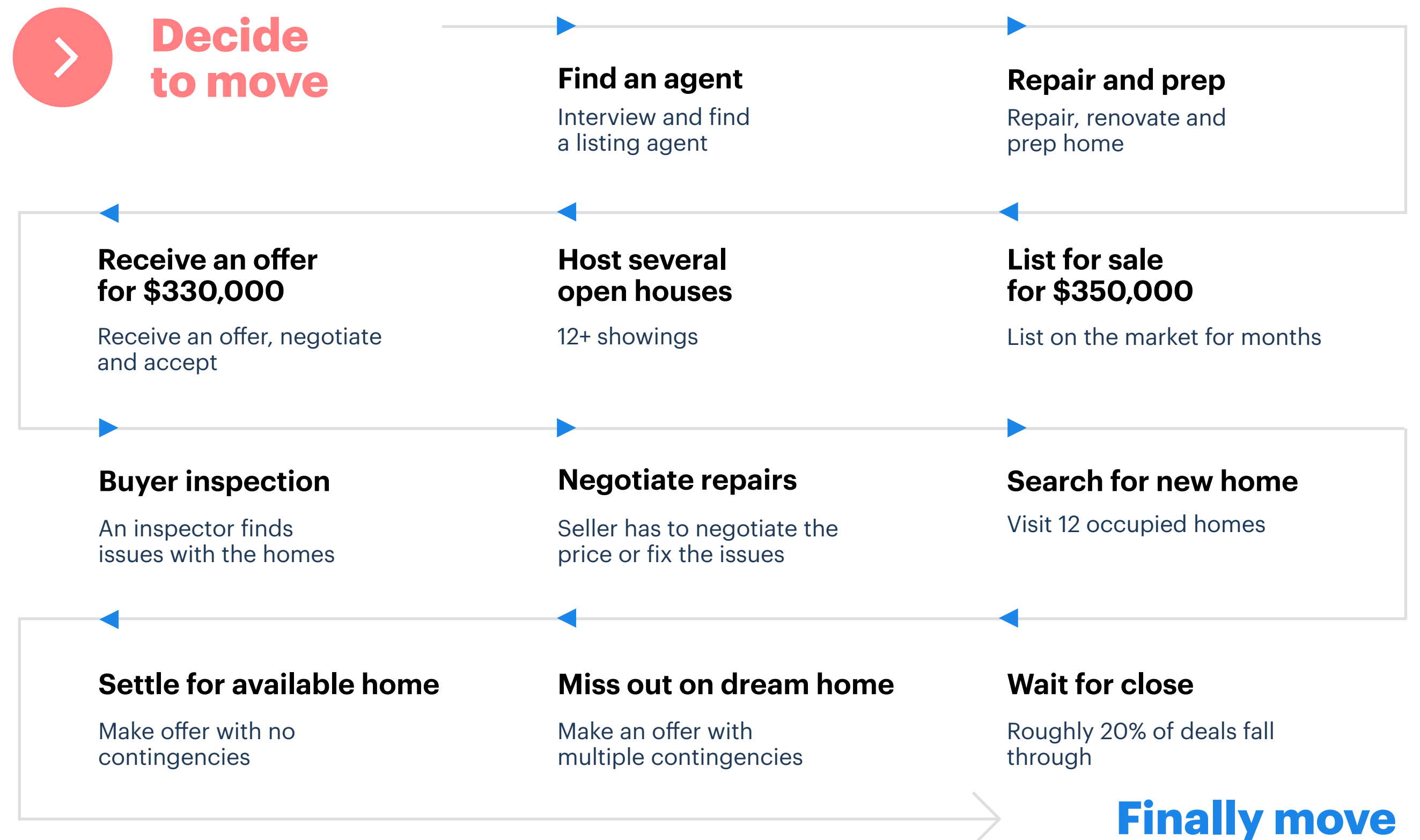
Human Intensive

average of 12 visitors per listing

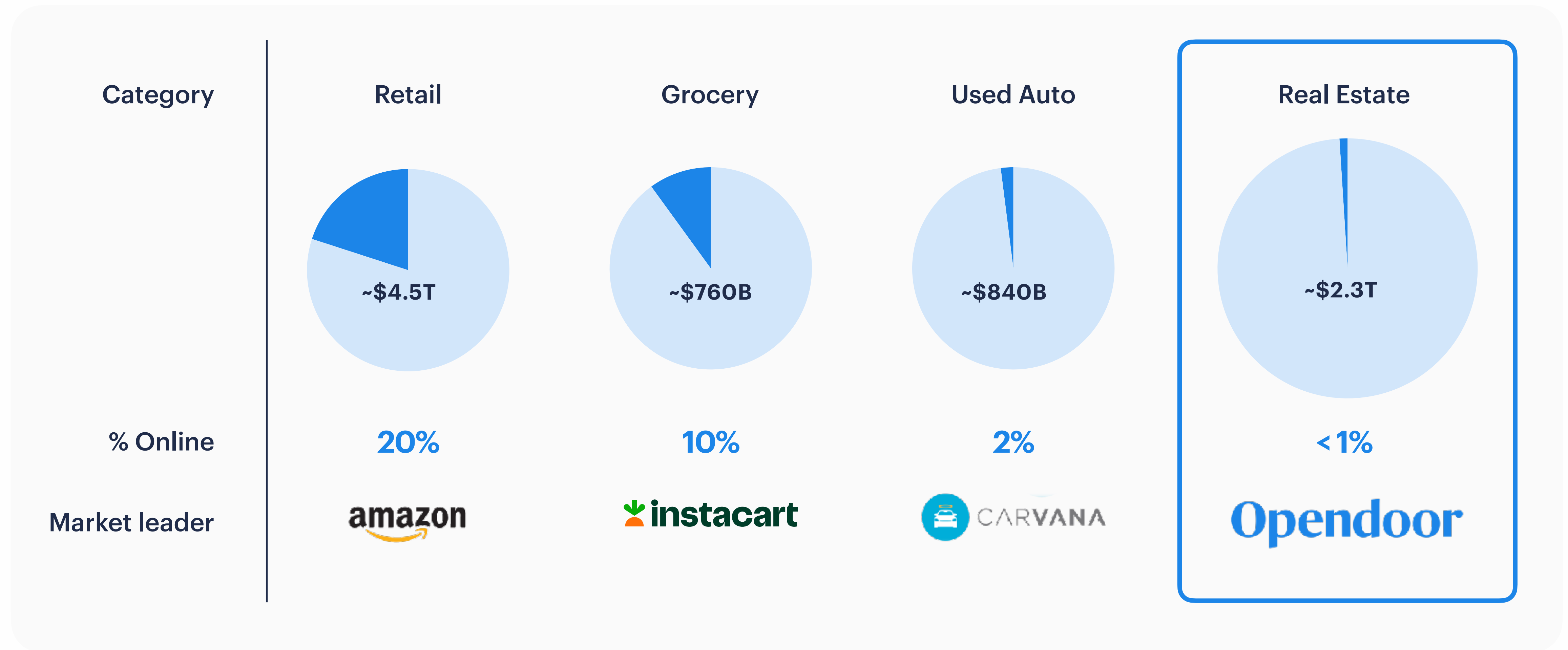
Costly

staging, repairs and double moves

Today, **89%** of buyers and sellers use an agent, and this is their experience:



We are in the early stages of digital transformation for real estate



Note: Industry sizes and online penetration metrics are based on public filings and third party research

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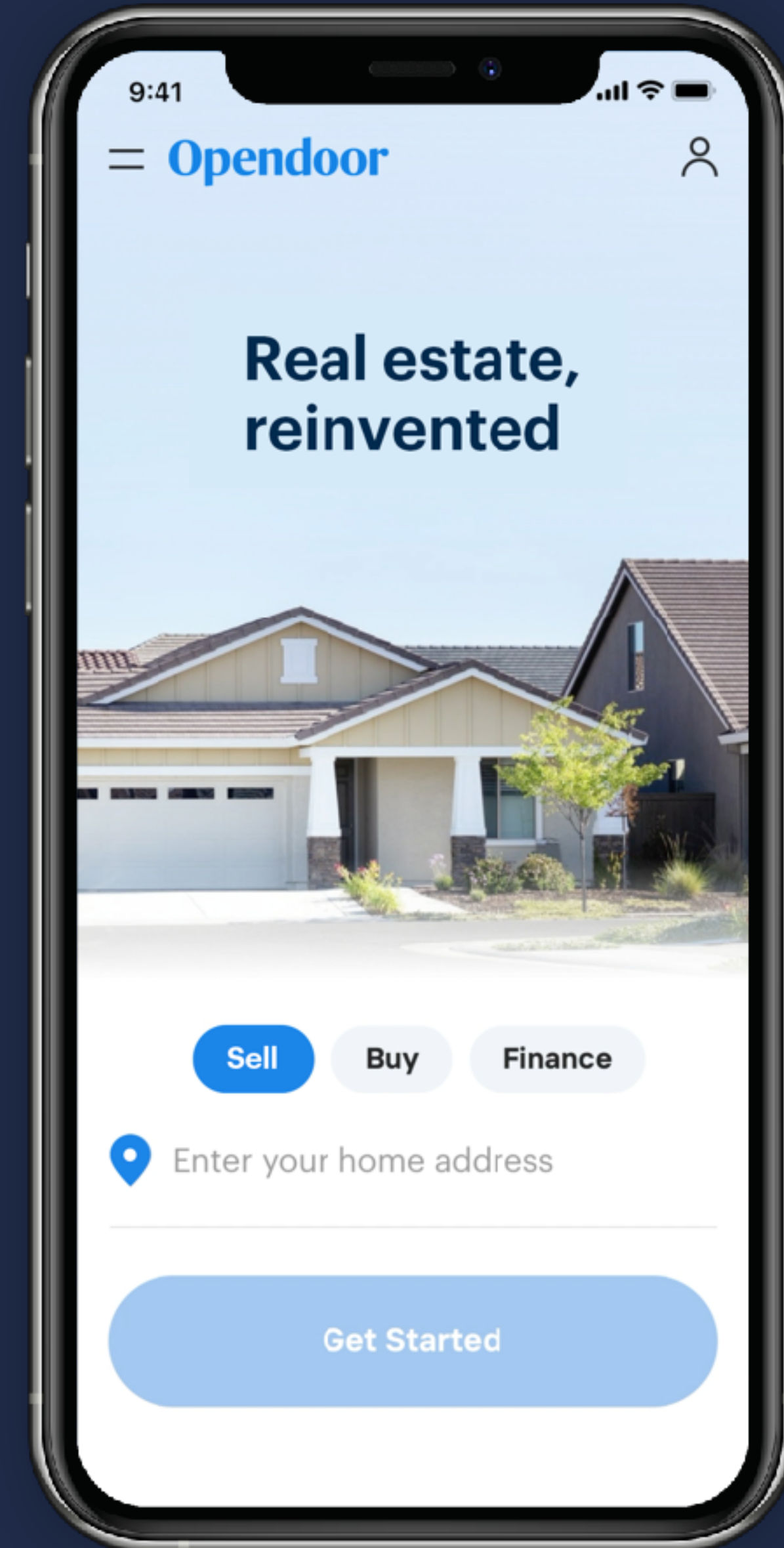
Durable financial profile across market cycles

Significant runway and upside ahead



Our vision

Buy, sell & move
at the tap of a button



Our solution transforms the traditional process into a simple online experience

Simplicity

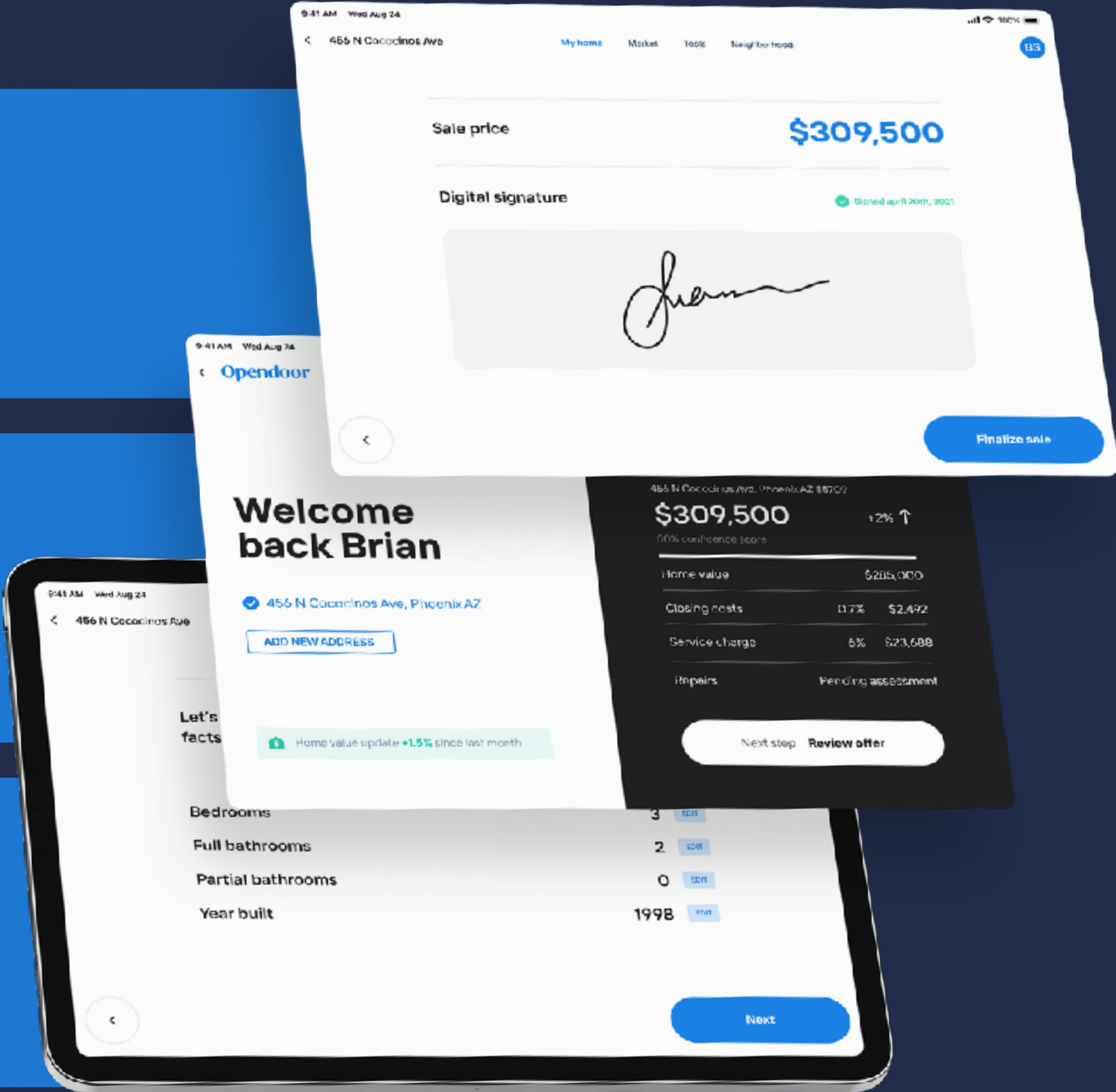
Skip showings, listings and making repairs

Certainty

Sell for a competitive cash offer

Speed

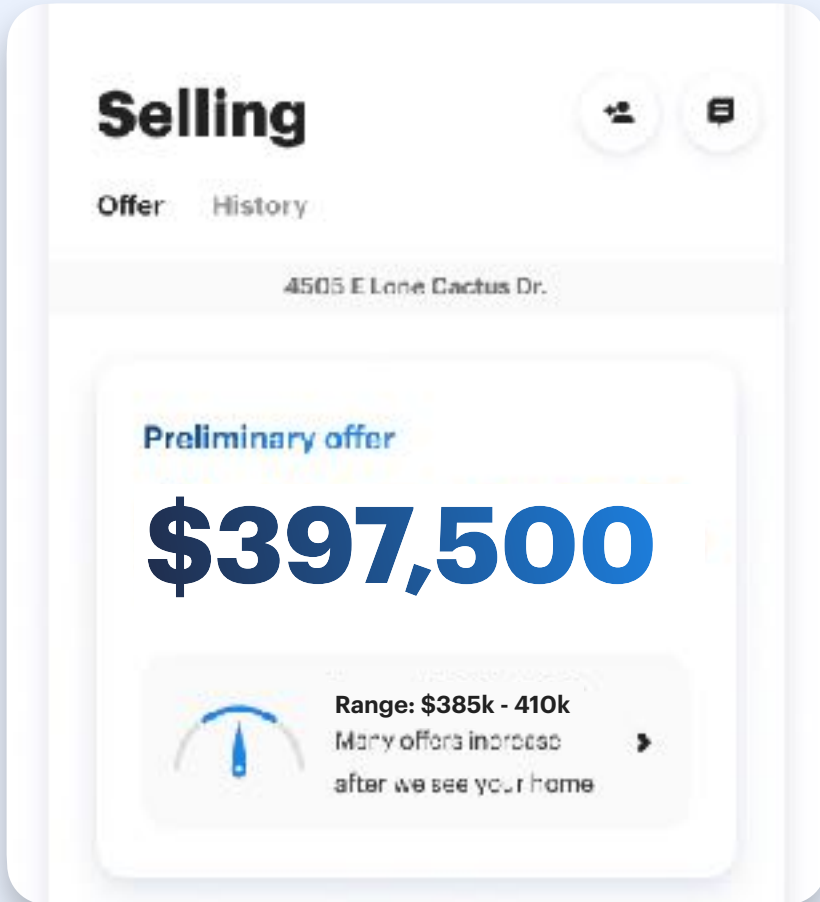
Get an offer in minutes, close when you want



Selling to Opendoor is four simple steps

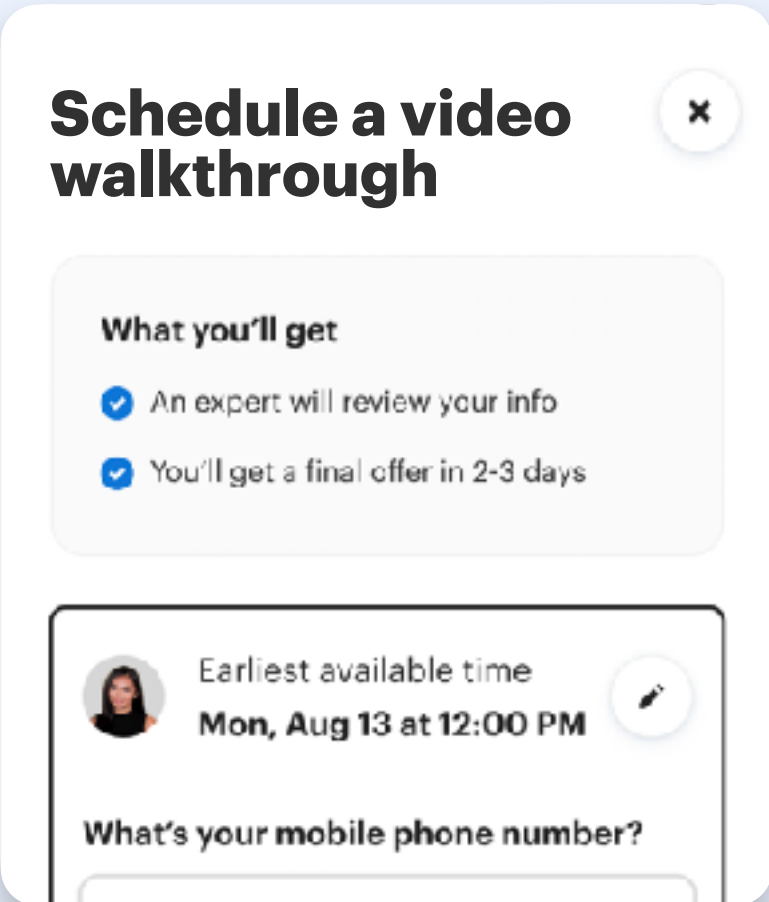
1

Get a preliminary offer



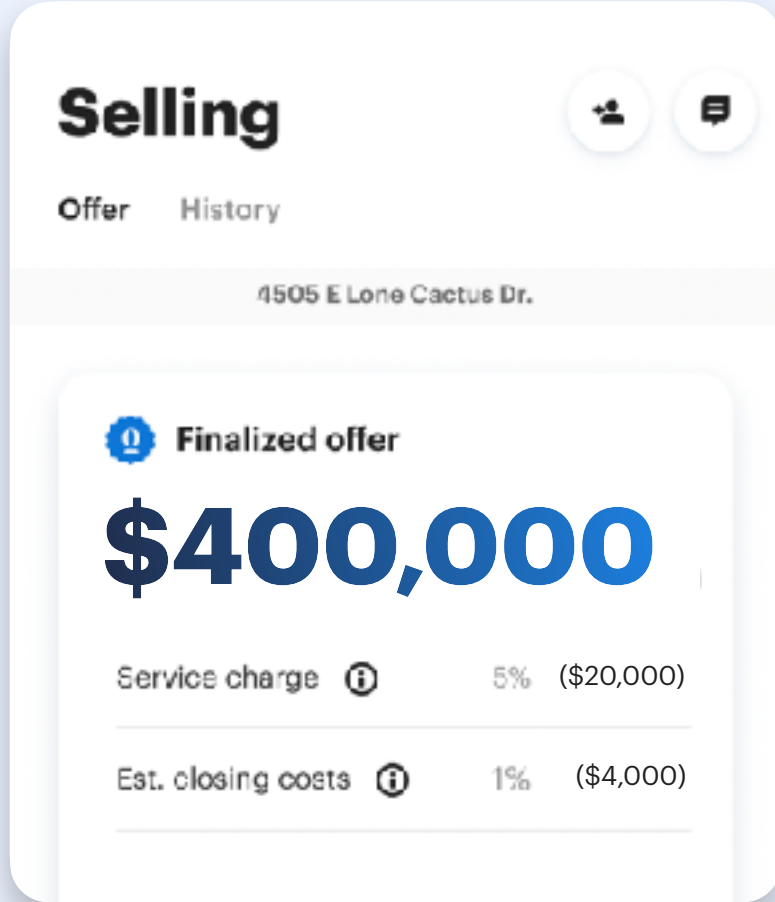
2

Conduct online home assessment



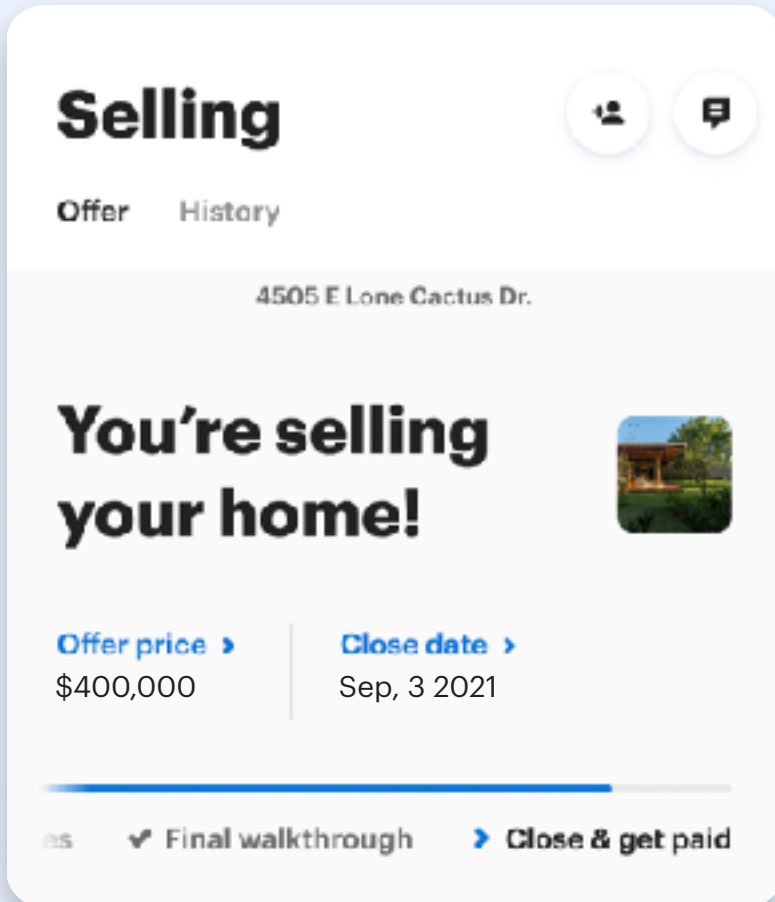
3

Finalize your offer



4

Select your closing date



> [See how simple it really is](#)

High converting seller product with industry-leading NPS

Direct customers

>80%

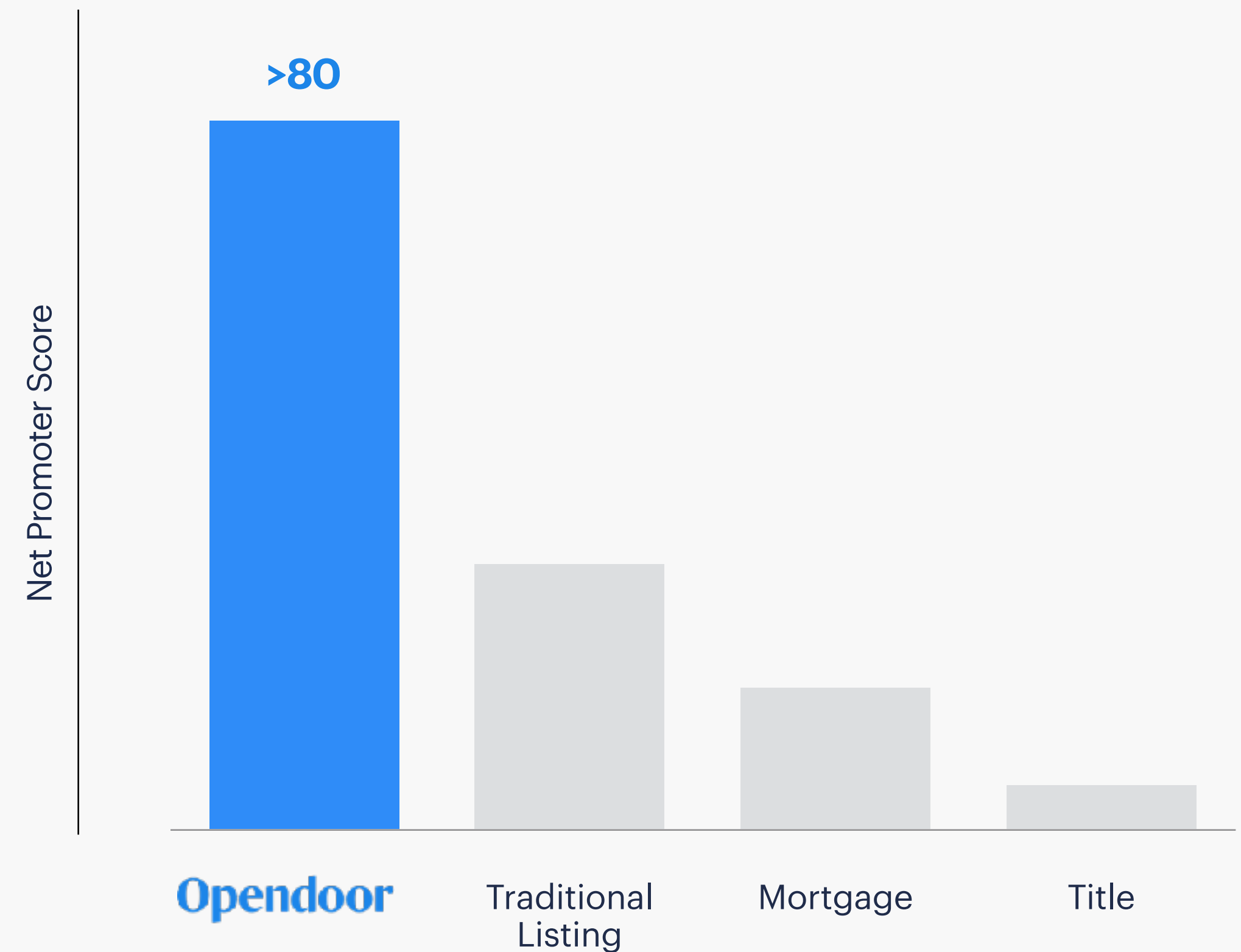
Sell direct to us without agents

High conversion

>35%

2021 real seller conversion

High NPS



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Julie and Bella Doumbia
Sold to Opendoor

We have rebuilt the entire real estate service stack



Product

Simple, certain and fast experience for customers

Pricing

Real-time models to predict the value of a home

Operations

Technology enabled assessments, repairs, maintenance and listings of homes

Customer Experience

Centralized sales and support teams to manage the transaction end-to-end

Foundation of software and data science

Pricing: Proprietary data collected at scale

Third party and proprietary offline data

Market data

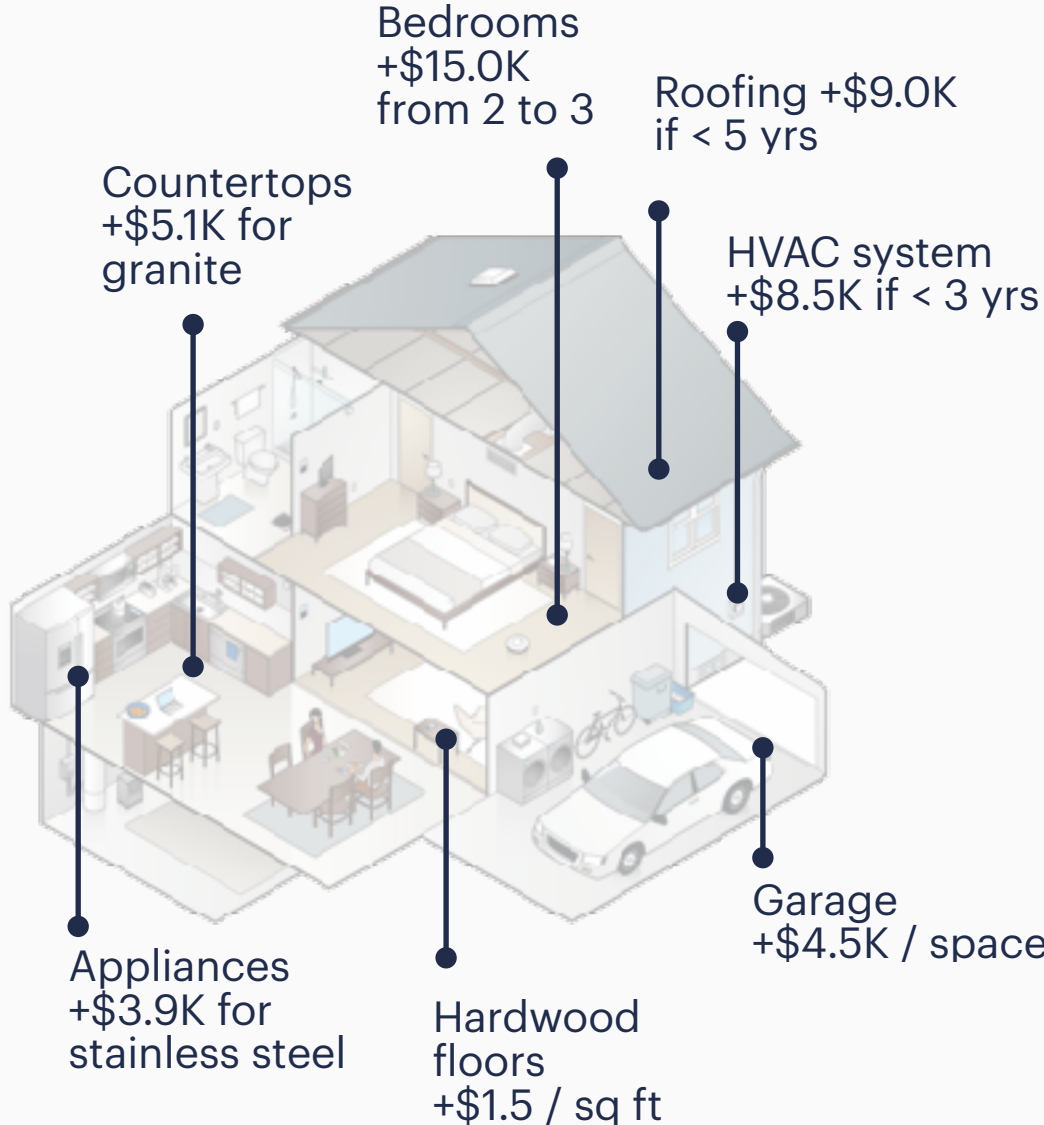
- MLS transactions
- MLS prices
- 3rd party data

Proprietary data assets

- Seller input flow
- Home assessment detail
- Visitor traffic
- Time spent in home
- Historical underwriting

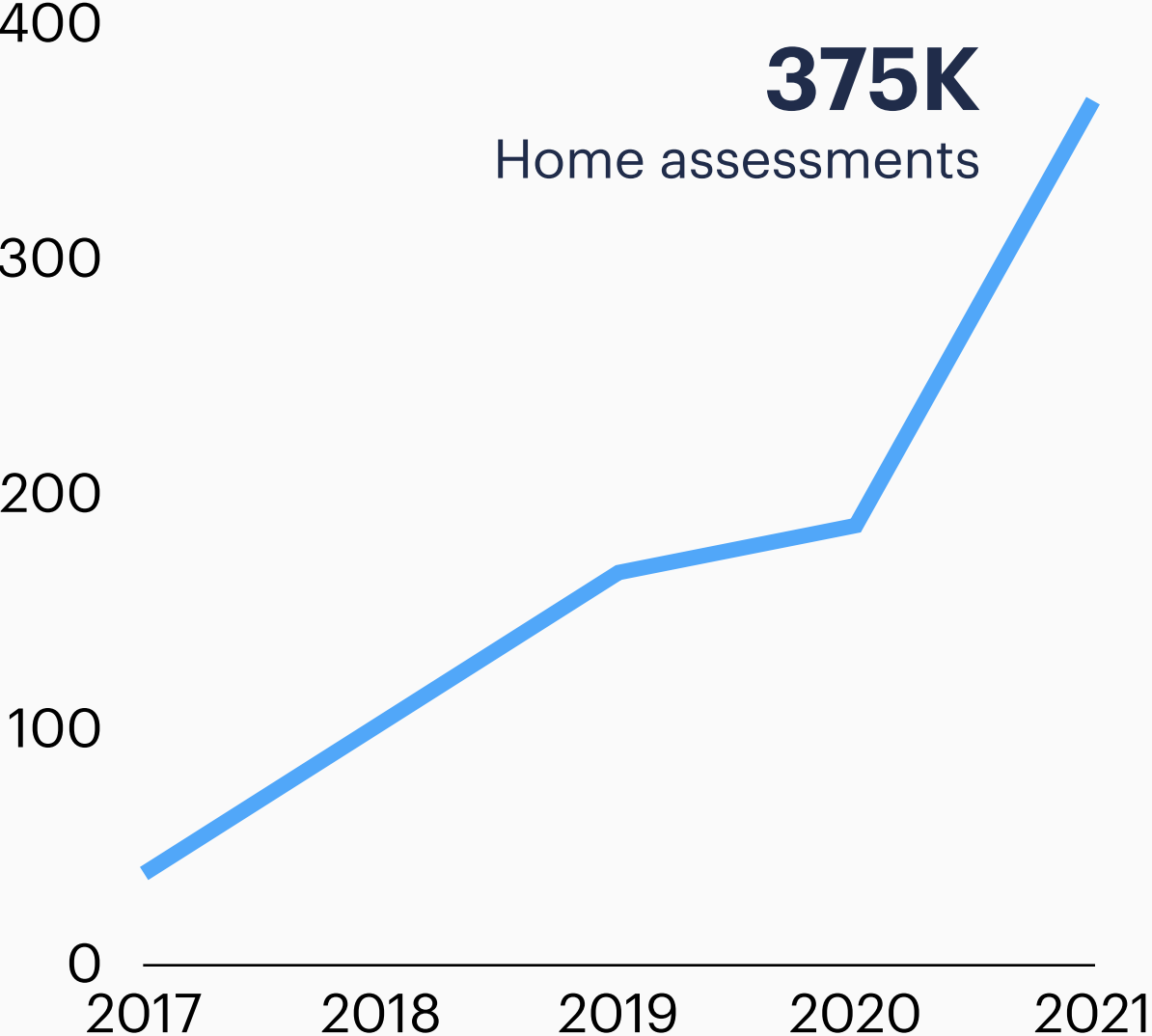
Feature level home data

>120 unique features per inspection **45M** home level data inputs **1.4B** home level adjustments



Home assessment data

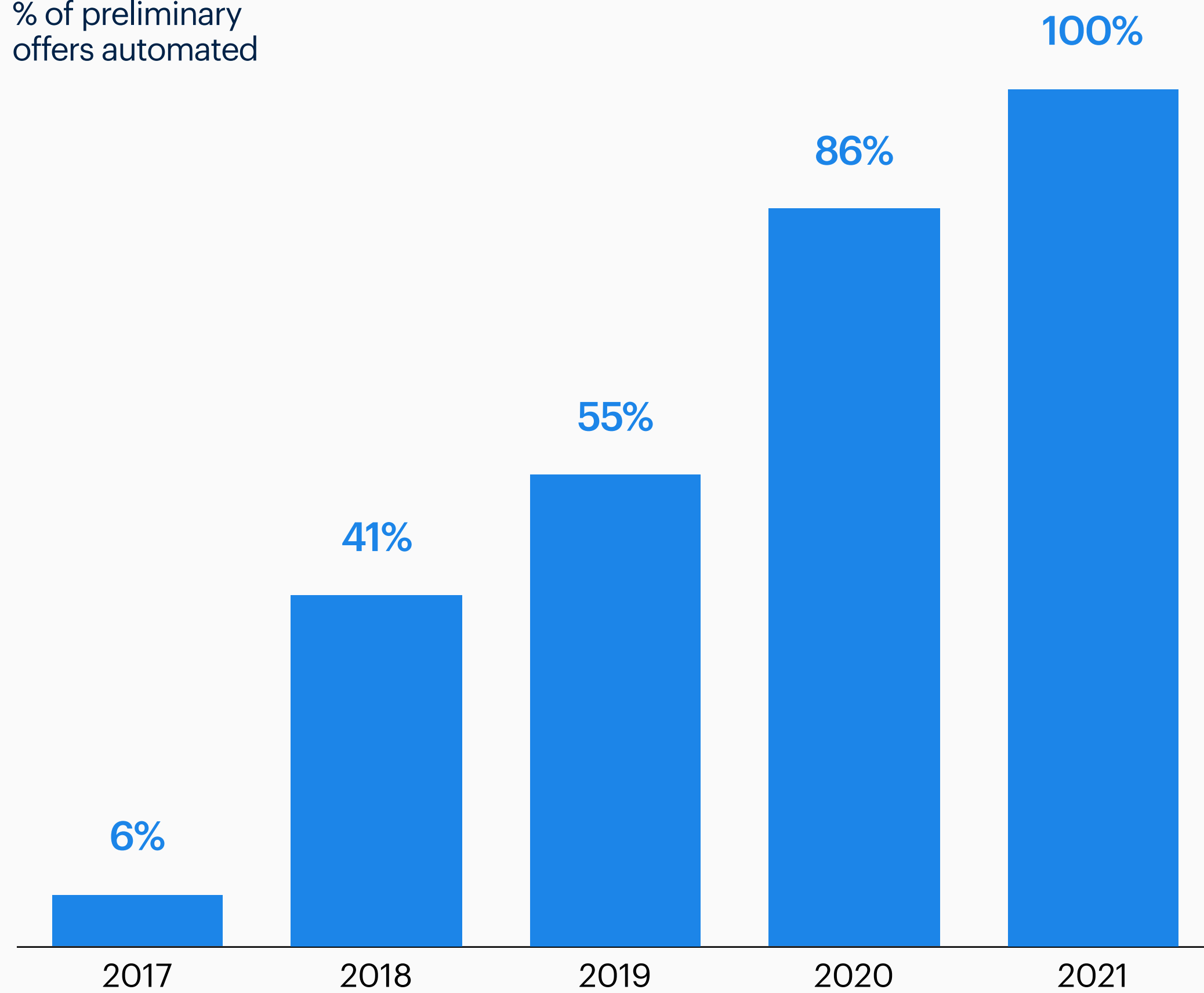
Cumulative home assessments ('000s)



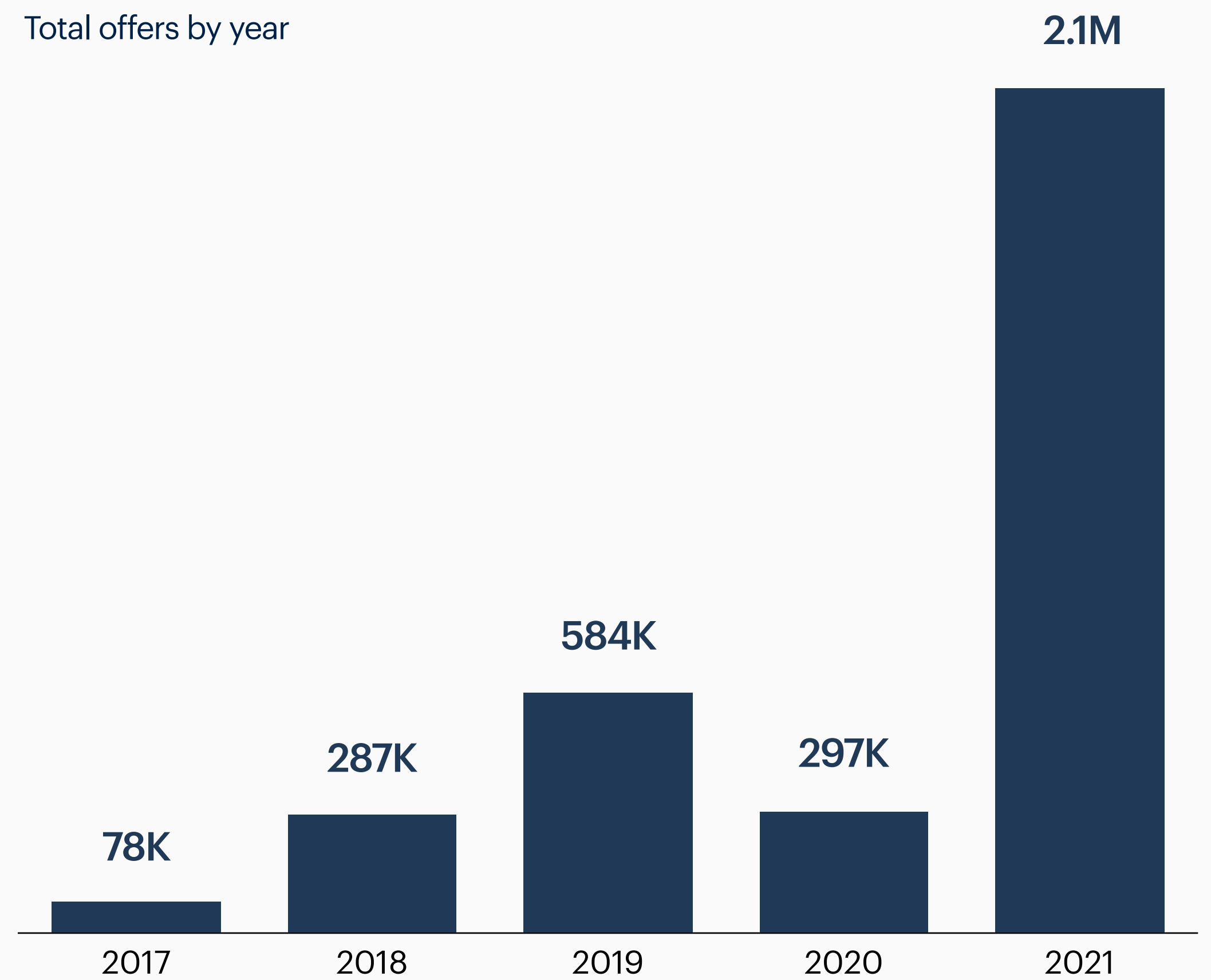
Note: Inspection and home-level adjustment metrics reflect company data as of April 2022; feature price adjustments are indicative. Home assessments include interior, exterior, and specialty

Pricing: Fully automated systems enabling offers at scale

% of preliminary offers automated

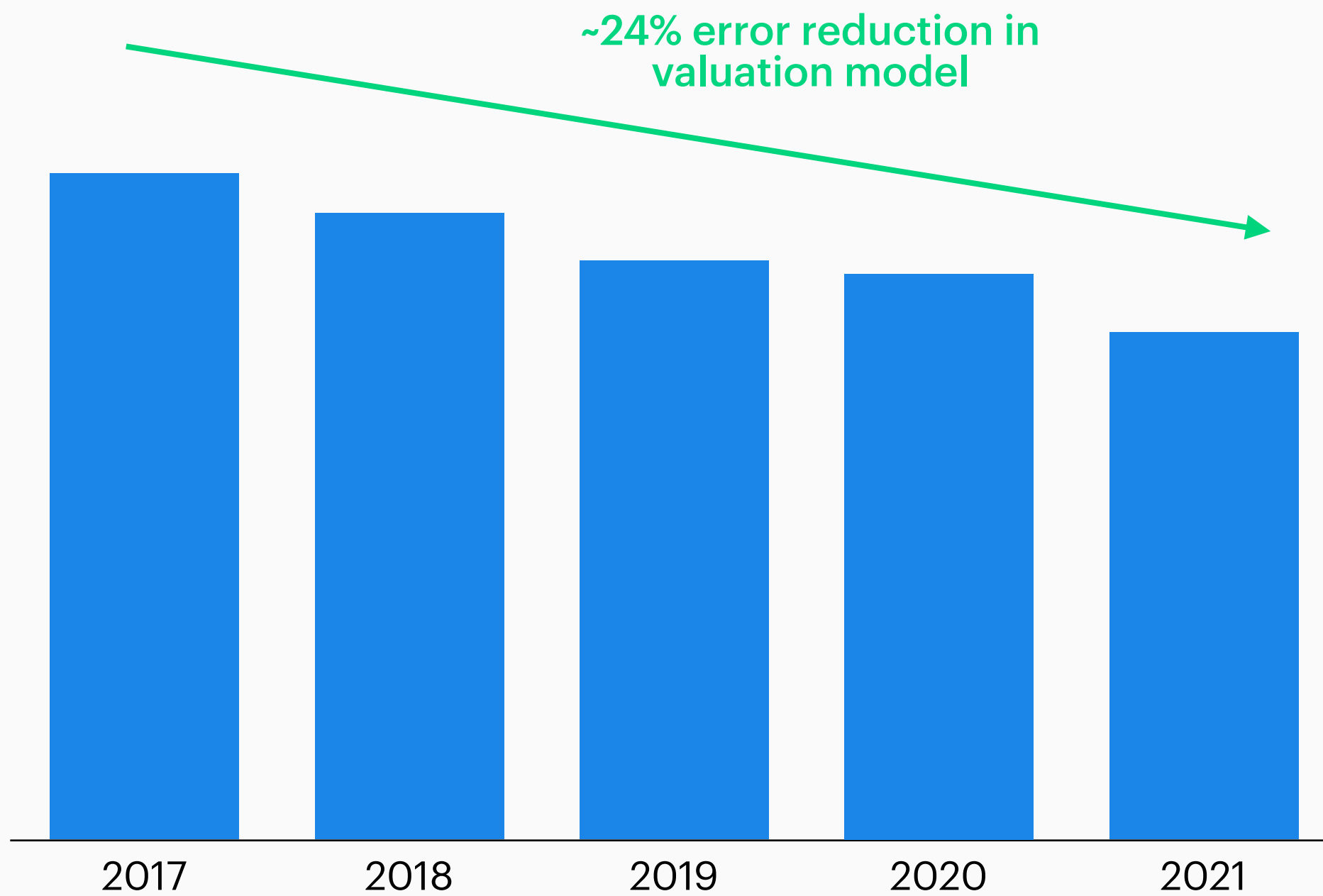


Total offers by year

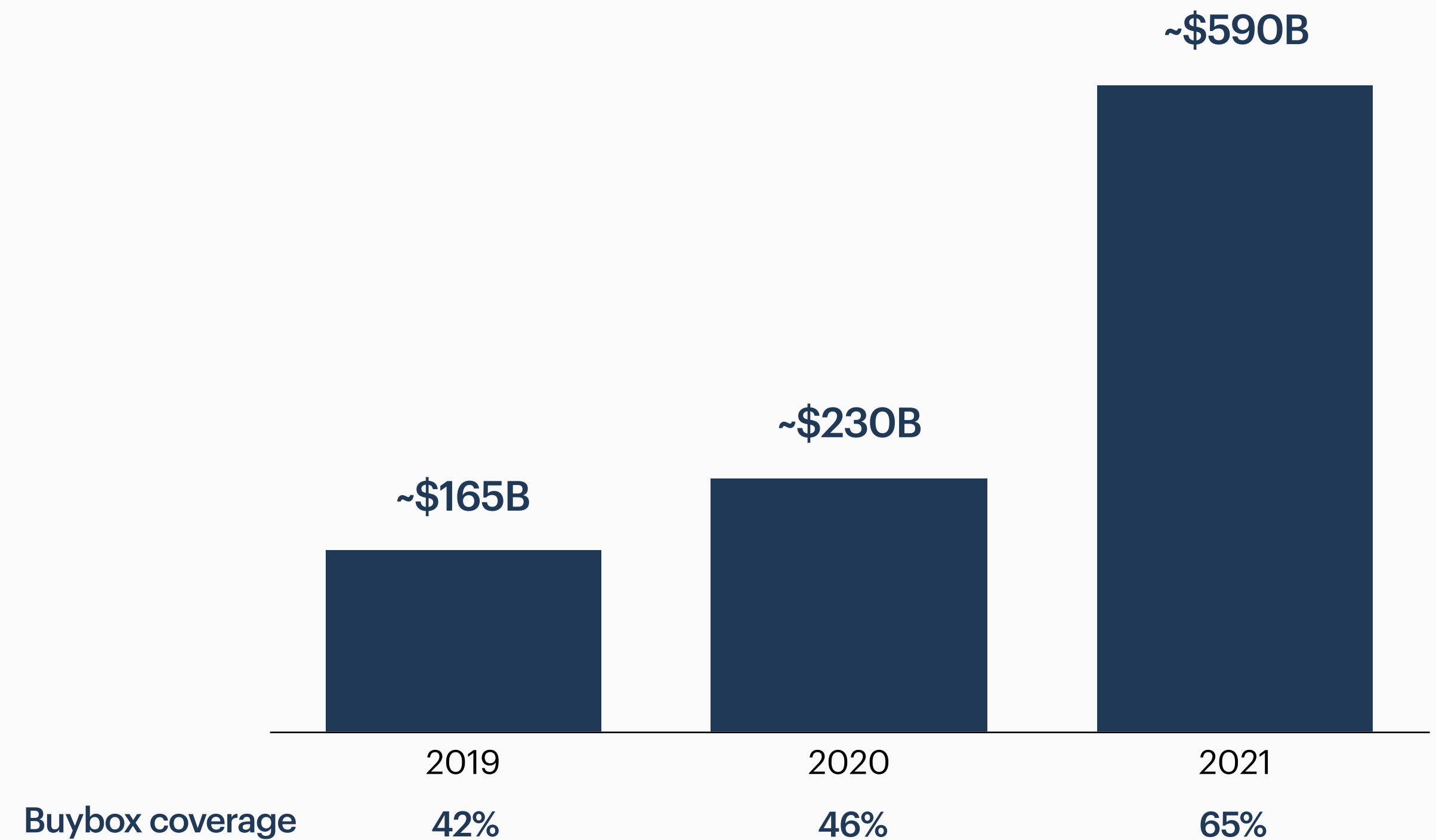


Pricing: Improving model performance while increasing buybox coverage

Absolute average error (normalized) by year



Total serviceable market



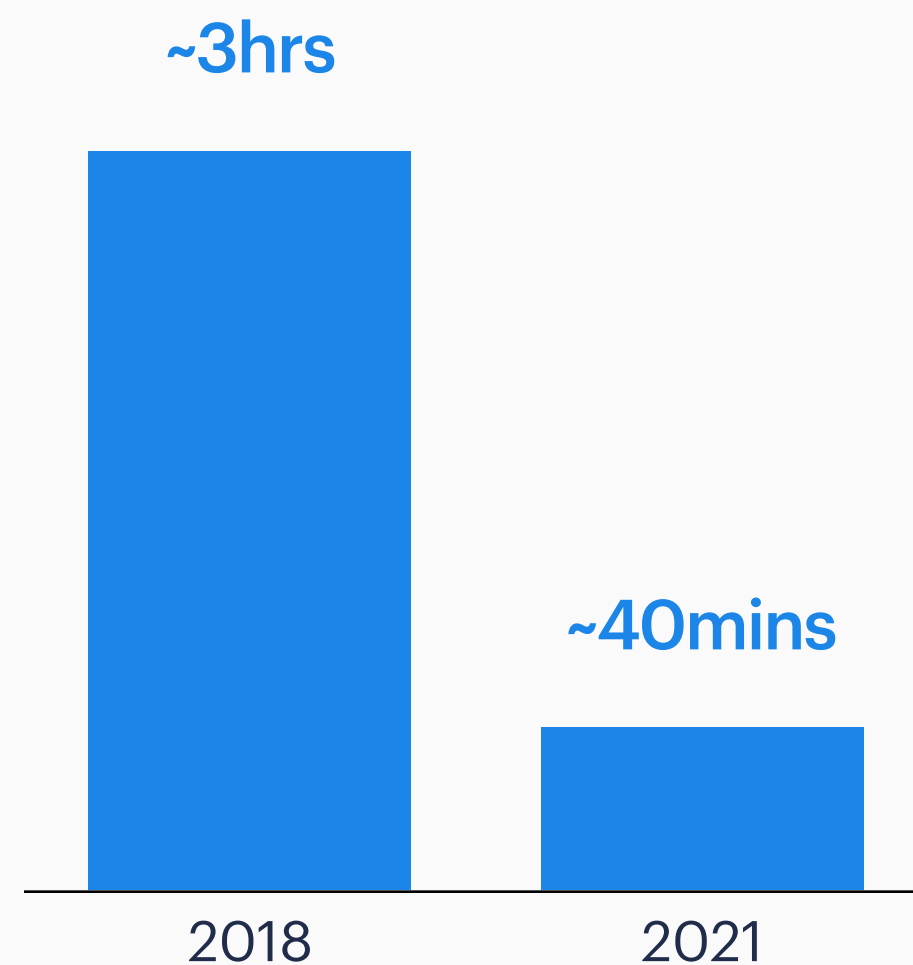
Note: Absolute average error (AAE) represents the change in backtested AAE from the production version of the Opendoor valuation model at year start versus year end, on MLS transactions in Opendoor's buybox at year start. Normalization refers to the fact that in each year, the same set of MLS transactions is used to compute the improvement in backtested error within that year; these relative within-year improvements are then successively applied to a starting value of 1.00 in 2017.

Buybox coverage is defined as the % of homes we are able to underwrite and acquire in a given market based on characteristics such as price range, home type, home location, year built, and lot size as of year end

Operations: Vertically integrated platform leveraging technology and centralization

Virtualization

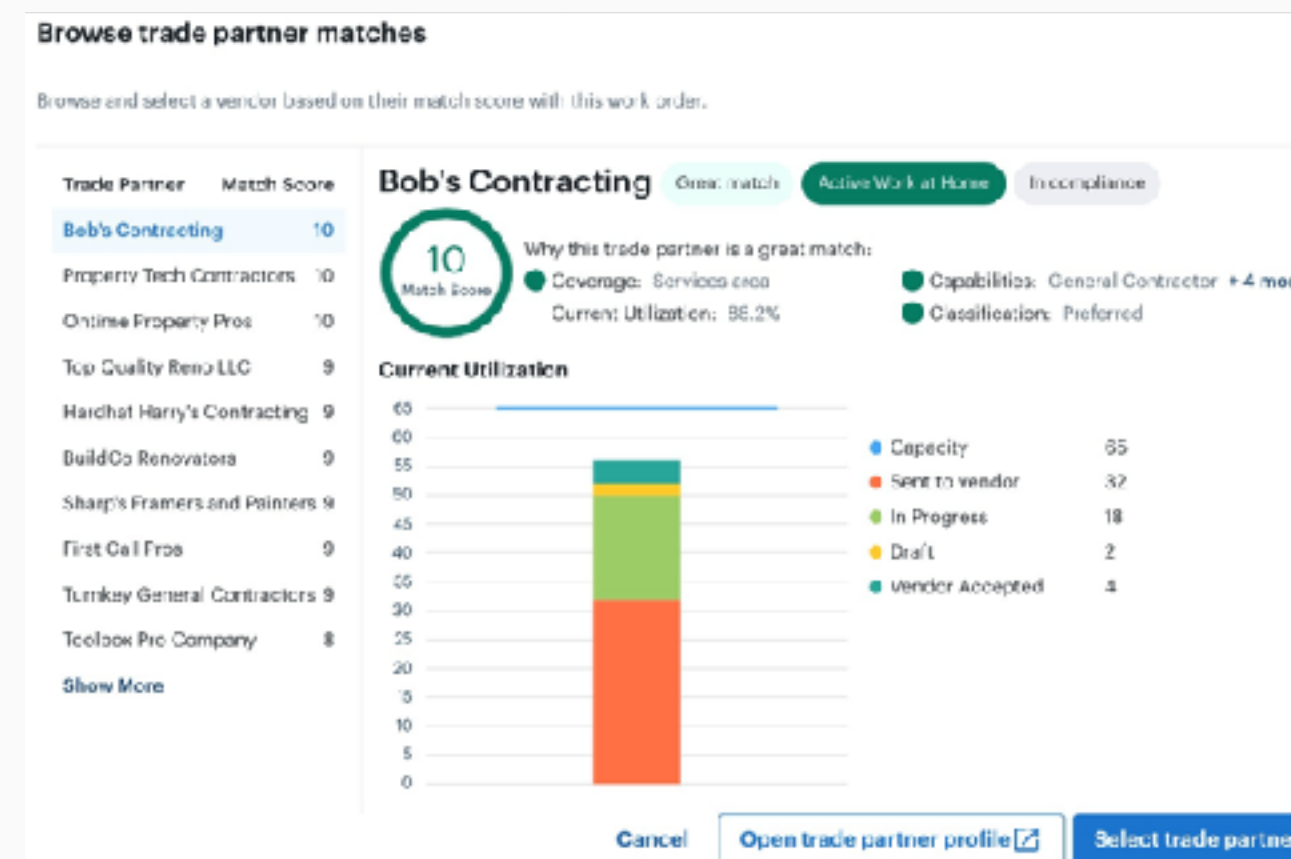
Average time to complete a home assessment



80% reduction in time to complete assessments after transition to virtual assessments

Automation

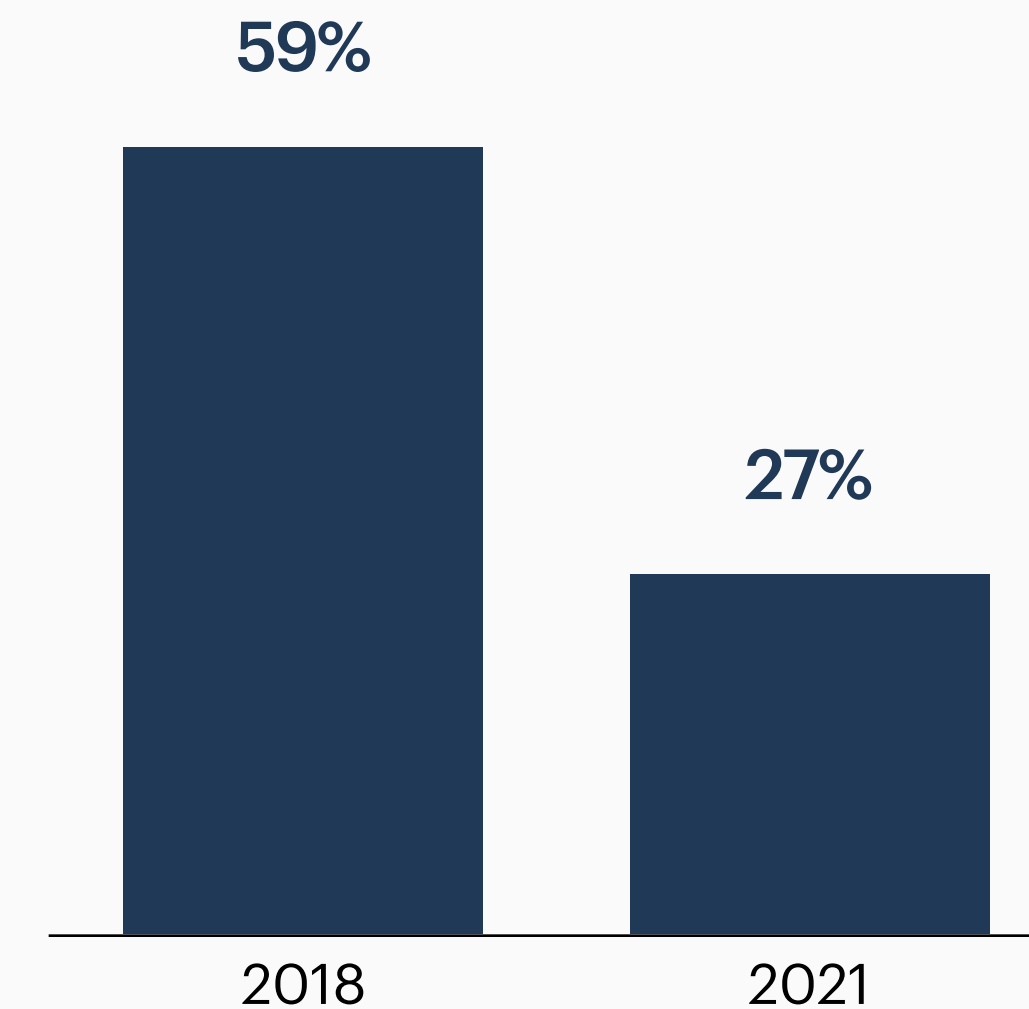
Vendor management platform



Proprietary tool automating and optimizing assignment of trade partner capacity for home repairs

Centralization

% of pricing, customer experience and home operations personnel based in local markets

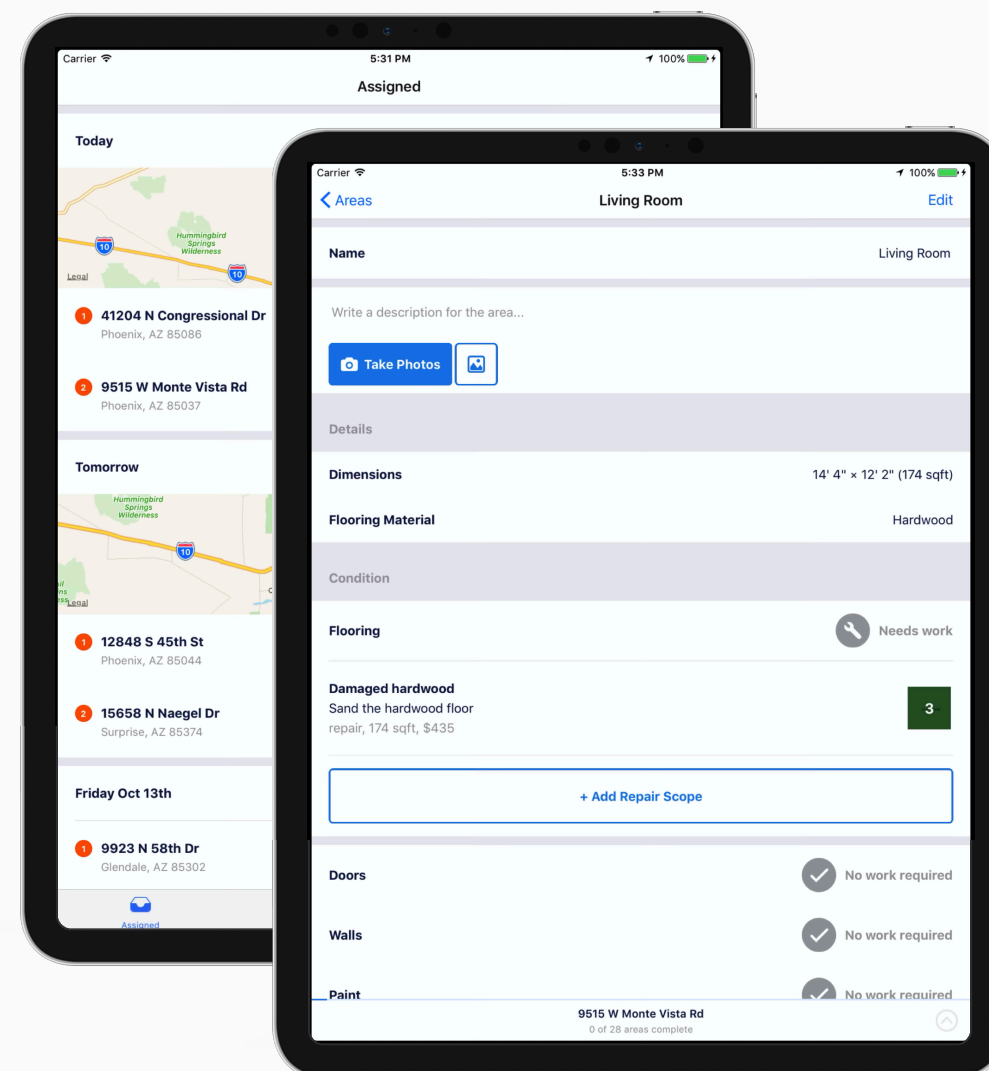


Centralization of previously in-market roles, increasing efficiency and throughput

Operations: Technology investments driving operational efficiencies

Proprietary software

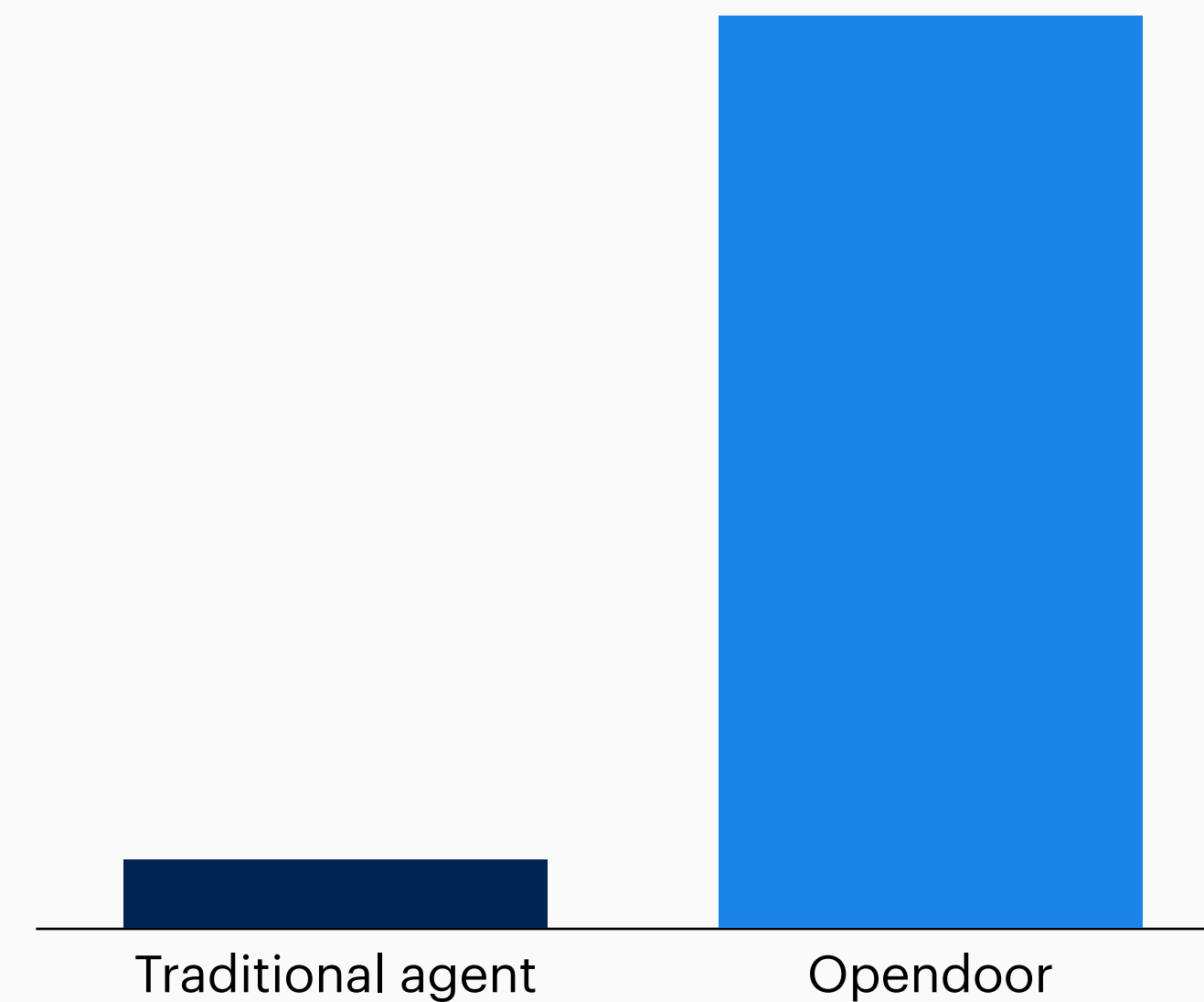
Opendoor Scout



Home workflow management platform streamlining and integrating all home servicing functions

Operational efficiency

Transactions completed per person



13x more efficient than the traditional agent

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Significant runway and upside ahead



Julie Damavandi
Sold to Opendoor

Well-honed market launch playbook with a track record of geographic expansion

Scalable, centralized pricing

leveraging mature market data to improve pricing in new markets

Efficient investment

given limited local team and fixed cost structure to launch new markets

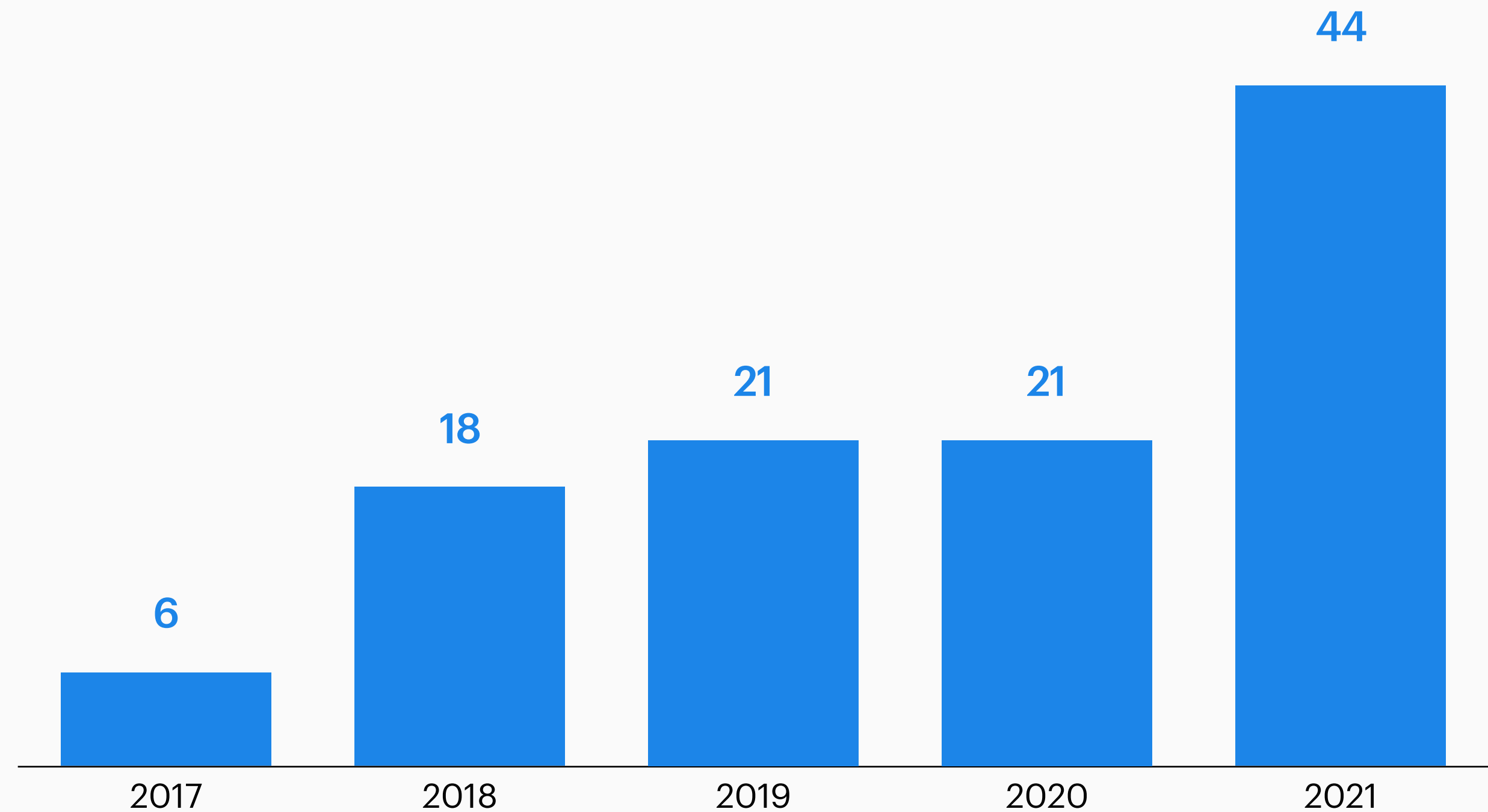
Metered acquisition pace

to test model performance before expanding investments

Centralized customer operations

serving sellers and buyers end-to-end

Total markets by year



Share gains as markets mature, driven by predictable marketing investment

Well-established acquisition playbook

with a mix of digital and top-of-funnel spend

Growing customer base unlocks re-engagement

driving significant sellers from past offer engagement

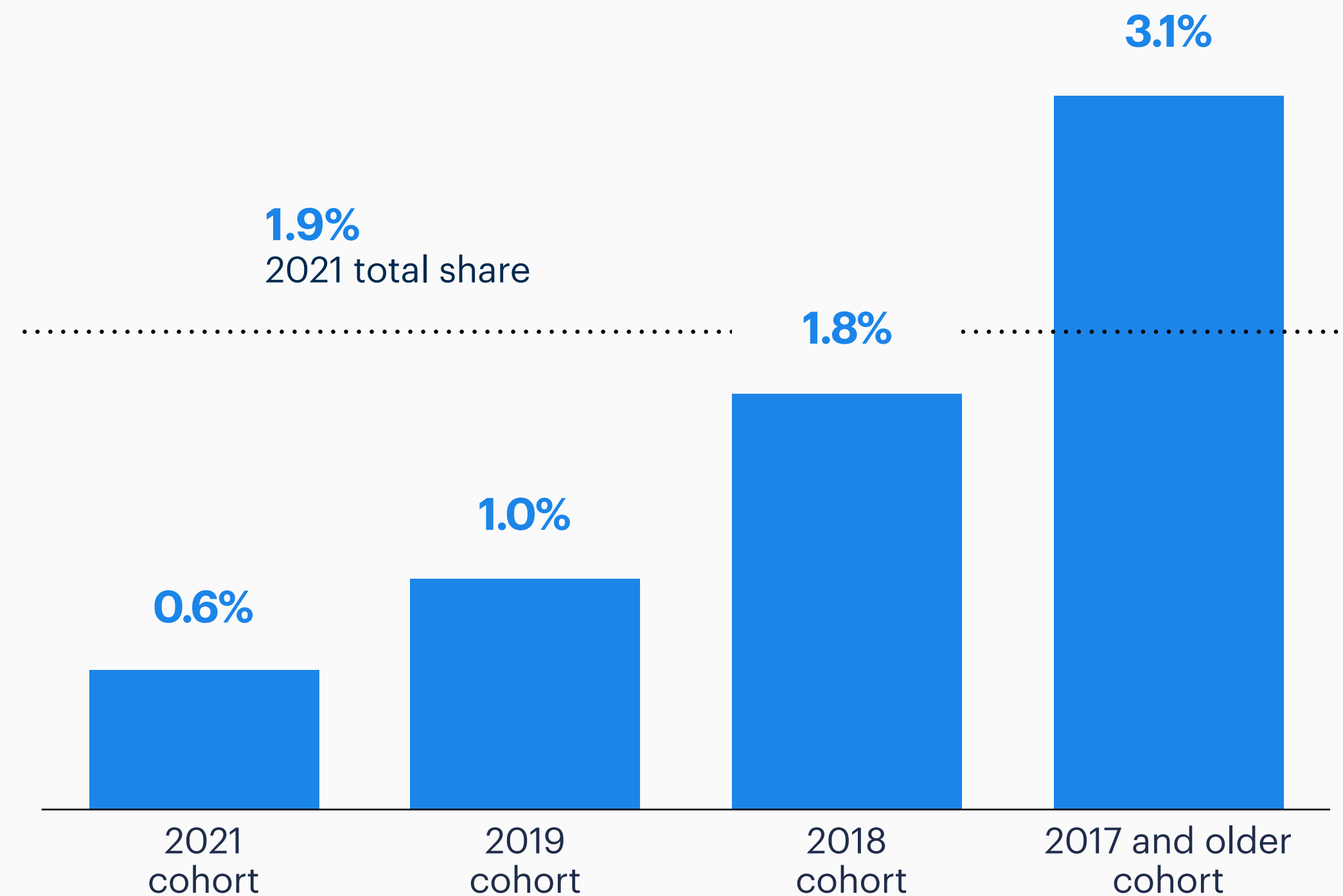
Increasing awareness aids conversion

with materially higher awareness in mature markets

Expanding national footprint drives ad spend efficiency

with national media more efficient than local media

2021 market share by year of market launch



Note: 2021 market share based on Company acquisitions as a % of MLS transaction data for respective markets
We did not launch any new markets in 2020 due to the impact of COVID-19

On track to reach \$50 billion in revenue

4%

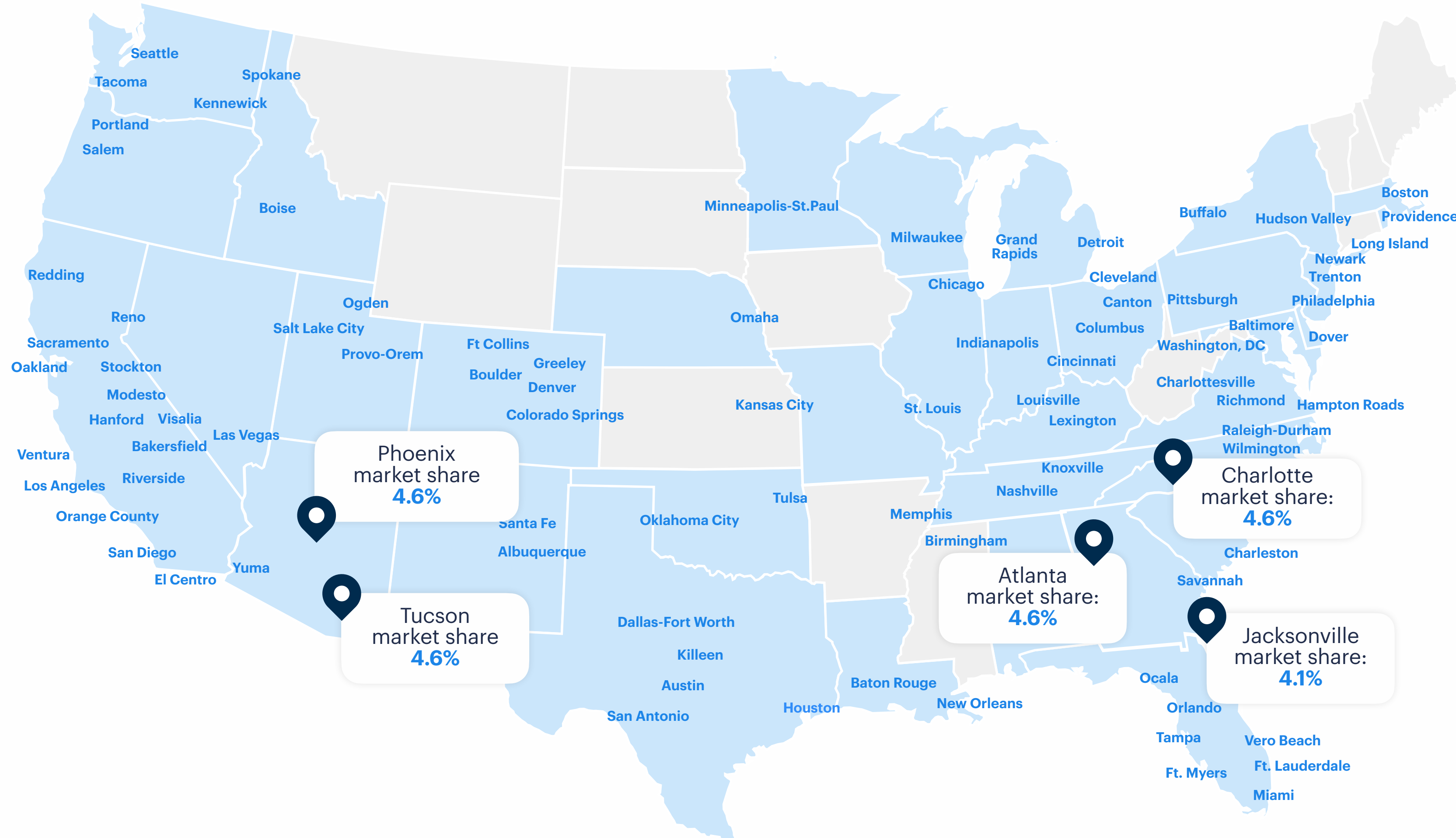
Market share

100

Markets

\$50B

Run-rate revenue



Note: Acquisition unit market share for 1Q22 for top five markets by share noted on map

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The Thomas Family
Sold and bought with Opendoor

Improving unit economics driven by 240bps of structural margin improvements

Reduction in resale costs

from improvements in holding costs and buyer broker commissions

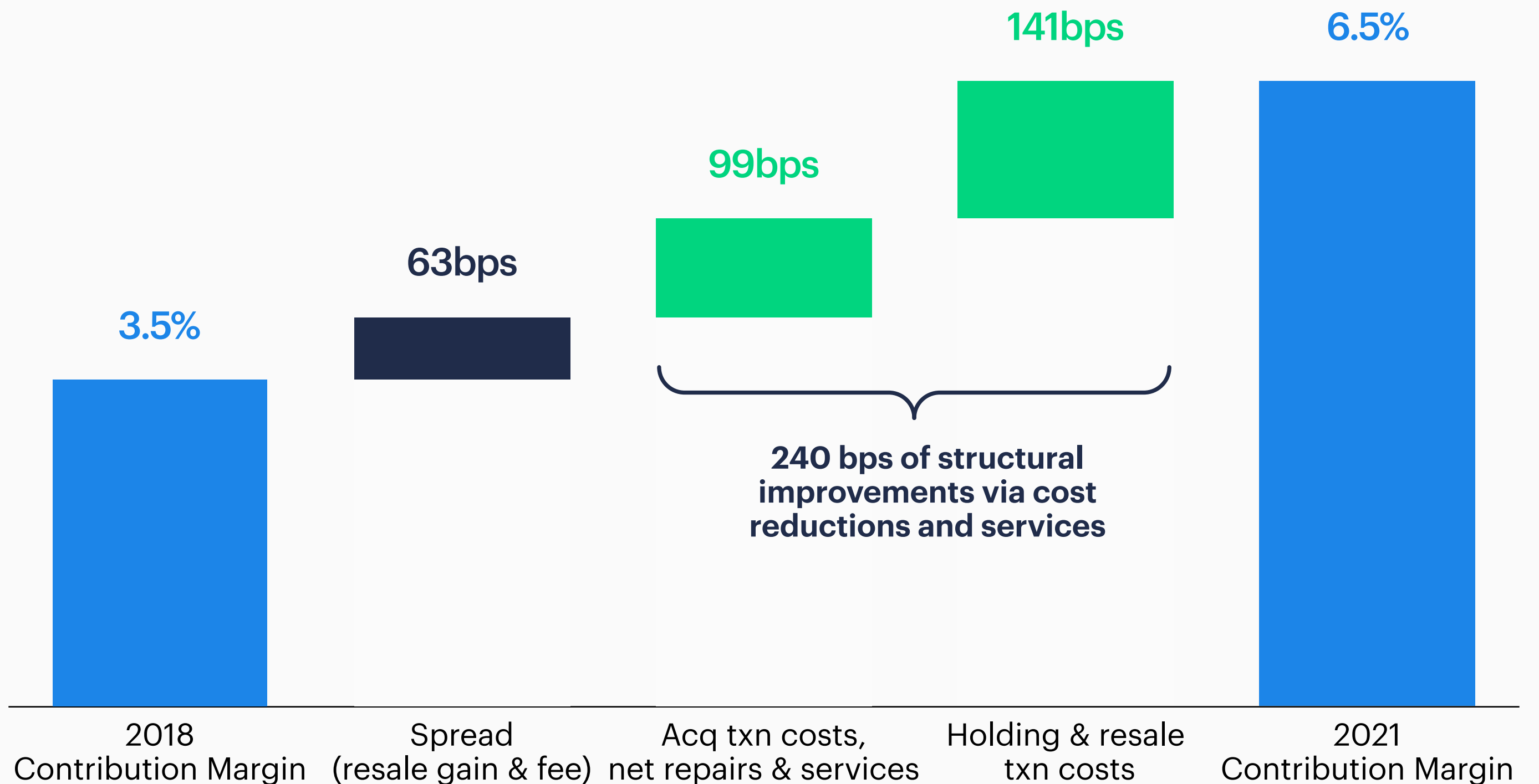
Lower acquisition transaction costs, offset by services

via improved processes for home inspections and repair scoping, offset by growing services attach

Limited contribution from increasing spreads

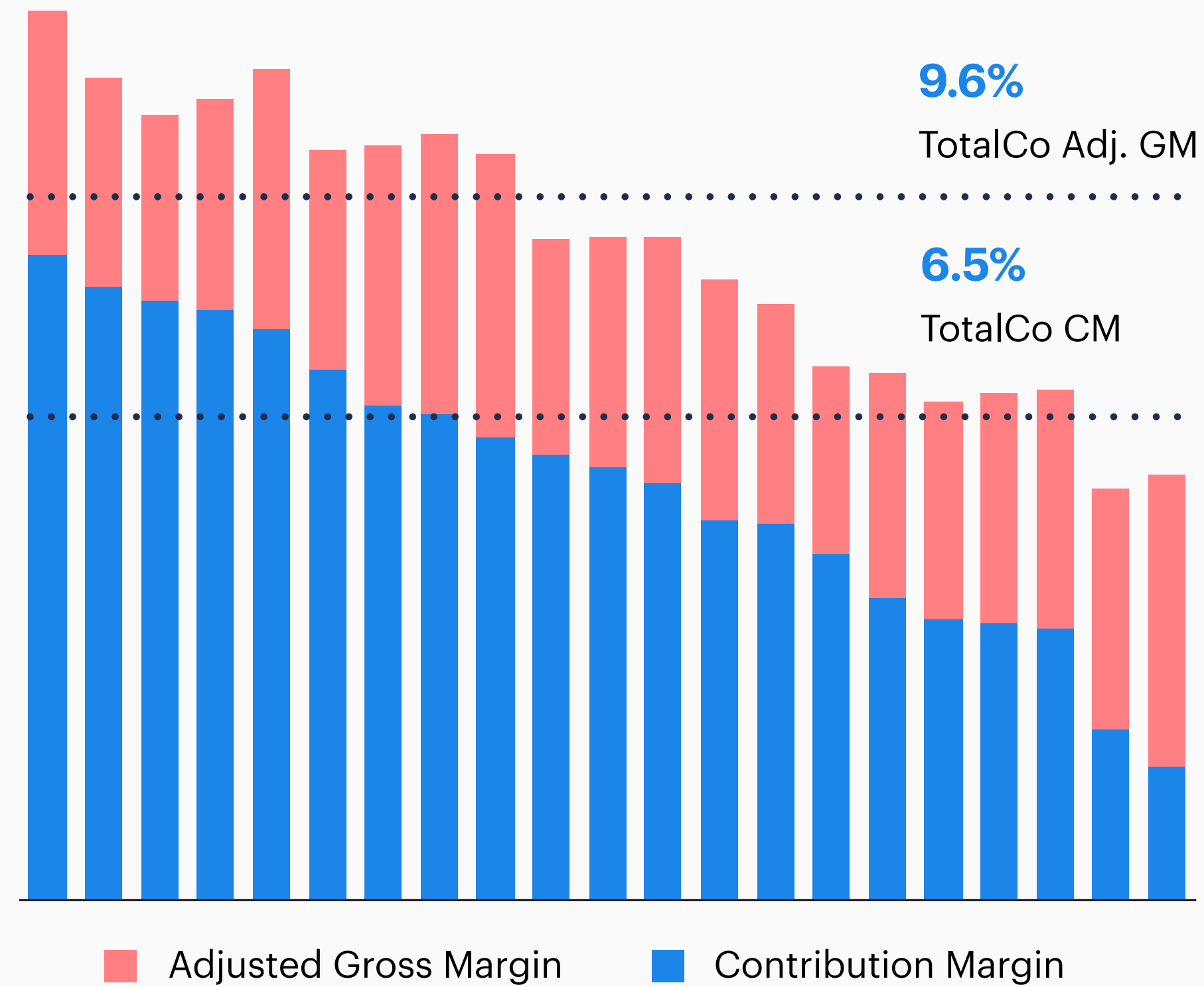
with HPA as a minor driver of margin improvement

Bridge of Contribution Margin improvements as % of revenue

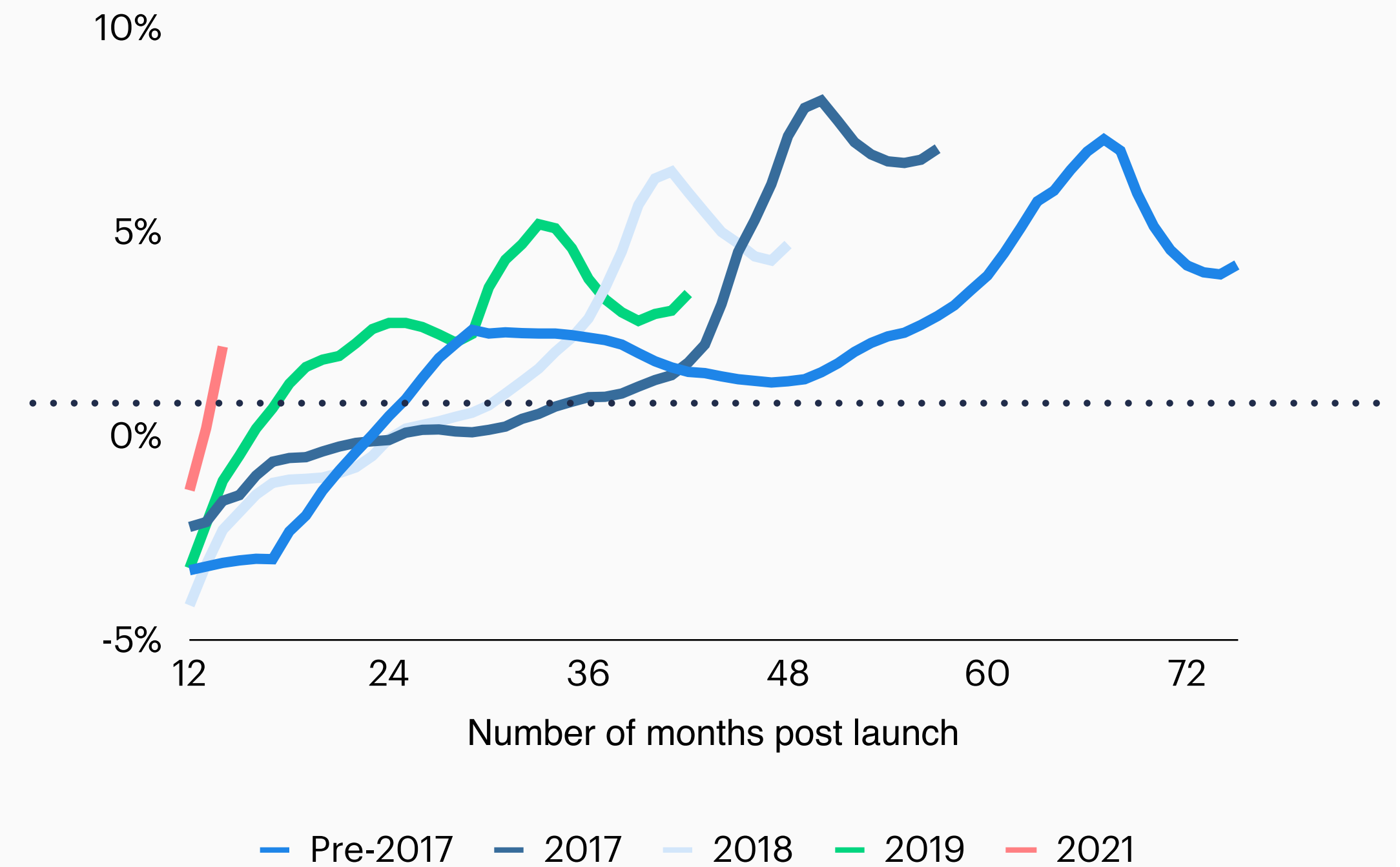


Positive margins across markets with improving profitability for successive cohorts

2021 Adjusted Gross Margin and Contribution Margin for pre-2021 markets



Contribution Margin (CM) less marketing expense as % of revenue by market cohort, trailing twelve months



Attractive unit level returns on investment

Illustrative unit level returns

	Unlevered	Levered
Illustrative home acquisition price		
Equity investment	\$350,000	\$350,000
Asset-level financing	—	\$52,500
		\$297,500
Contribution Profit per home	\$21,000	\$21,000
Contribution Margin	6.0%	6.0%
Interest expense	—	\$3,668
Contribution Profit per home after interest expense	\$21,000	\$17,332
Contribution Margin After Interest	6.0%	5.0%
Annual Contribution Profit after interest expense	\$76,650	\$63,263
Incremental return per home	~20%	~120%

Note: Asset-level financing assumed at 85% loan to cost
 Based on high end of baseline Contribution Margin range of 4 to 6%
 Assumed interest rate of 4.5%
 Assumed annual inventory turns of 3.65x based on holding period of 100 days

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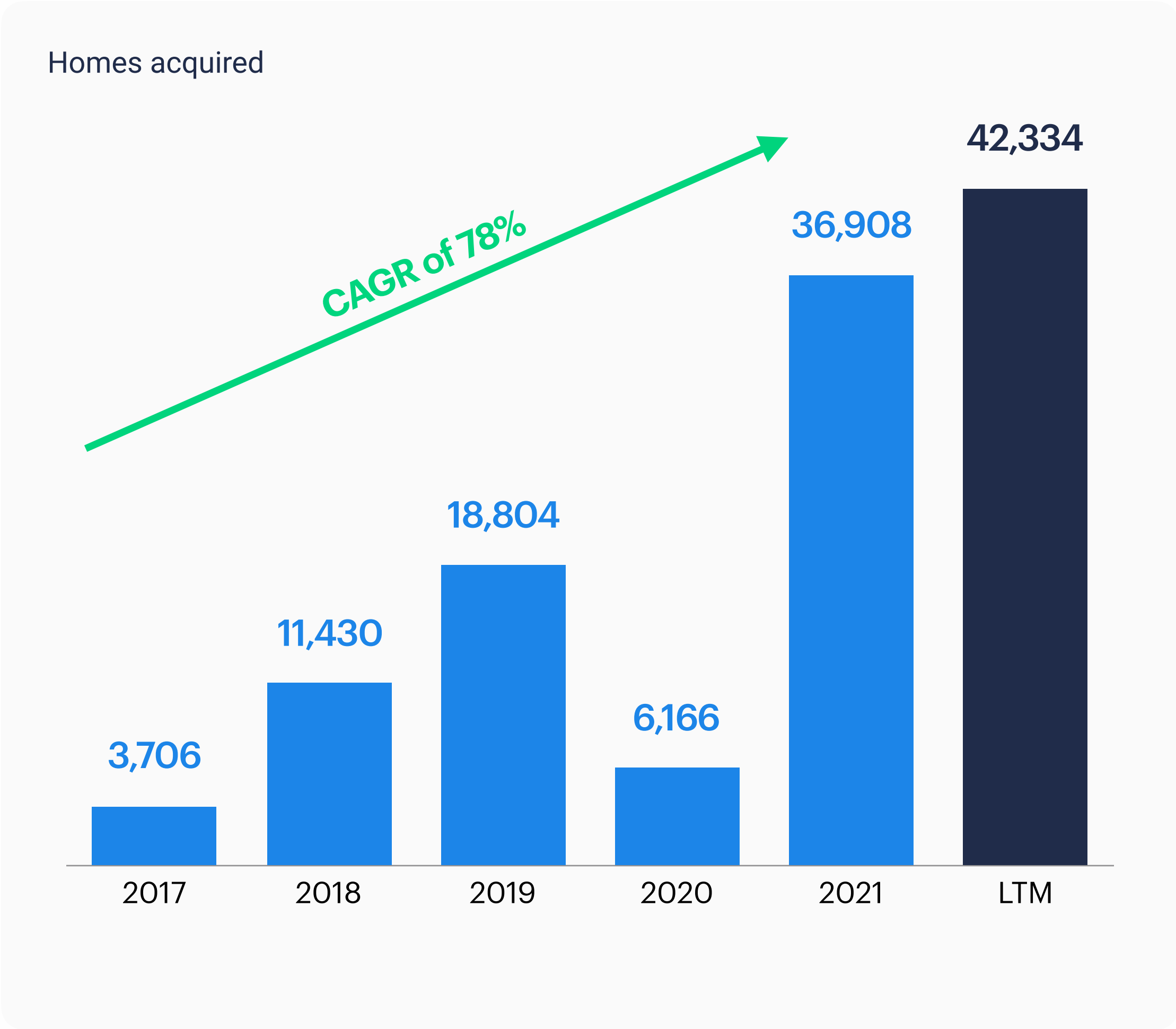
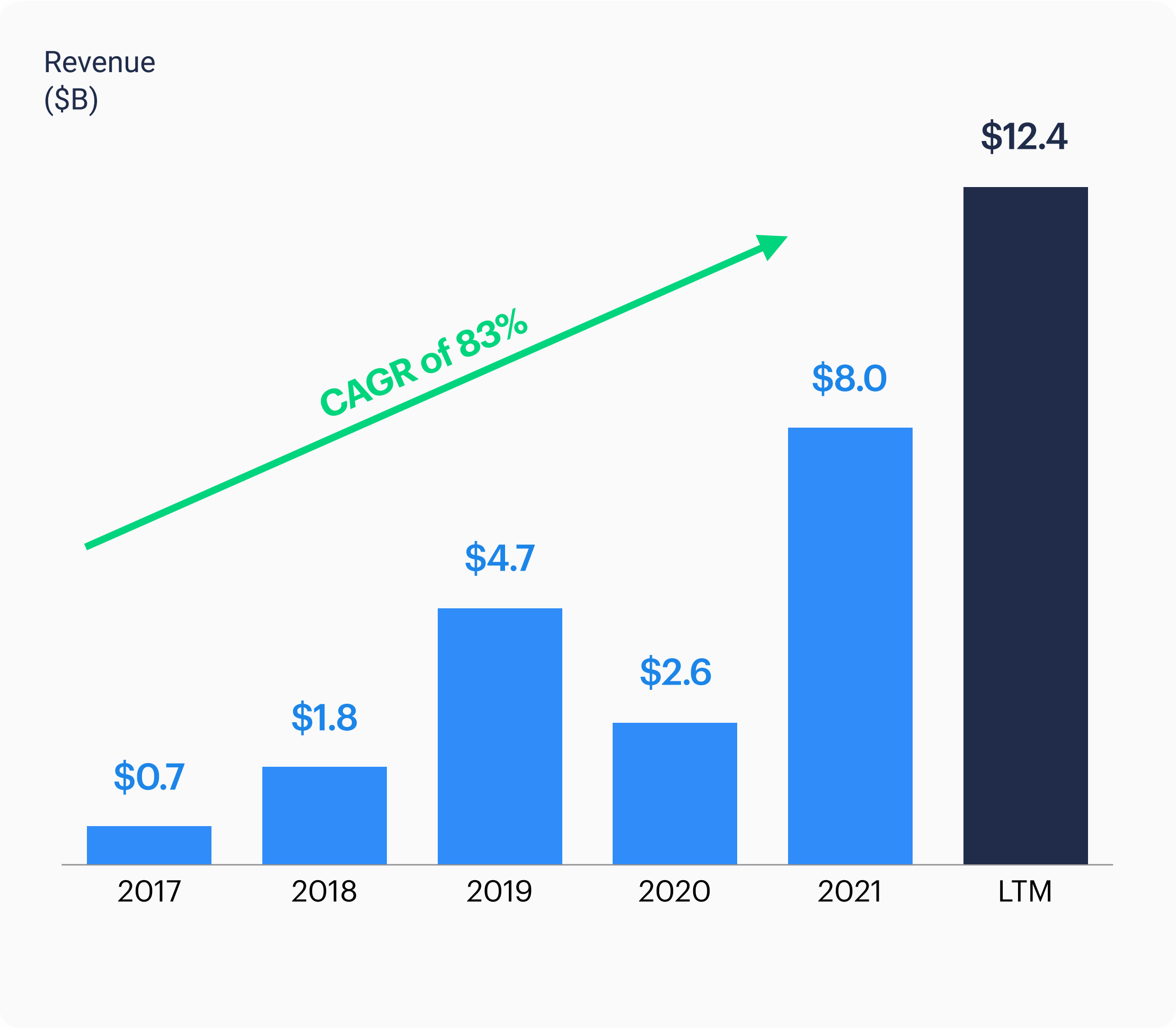
Durable financial profile across market cycles

Significant runway and upside ahead



Tyler and Tricia Botma
Sold and bought with Opendoor

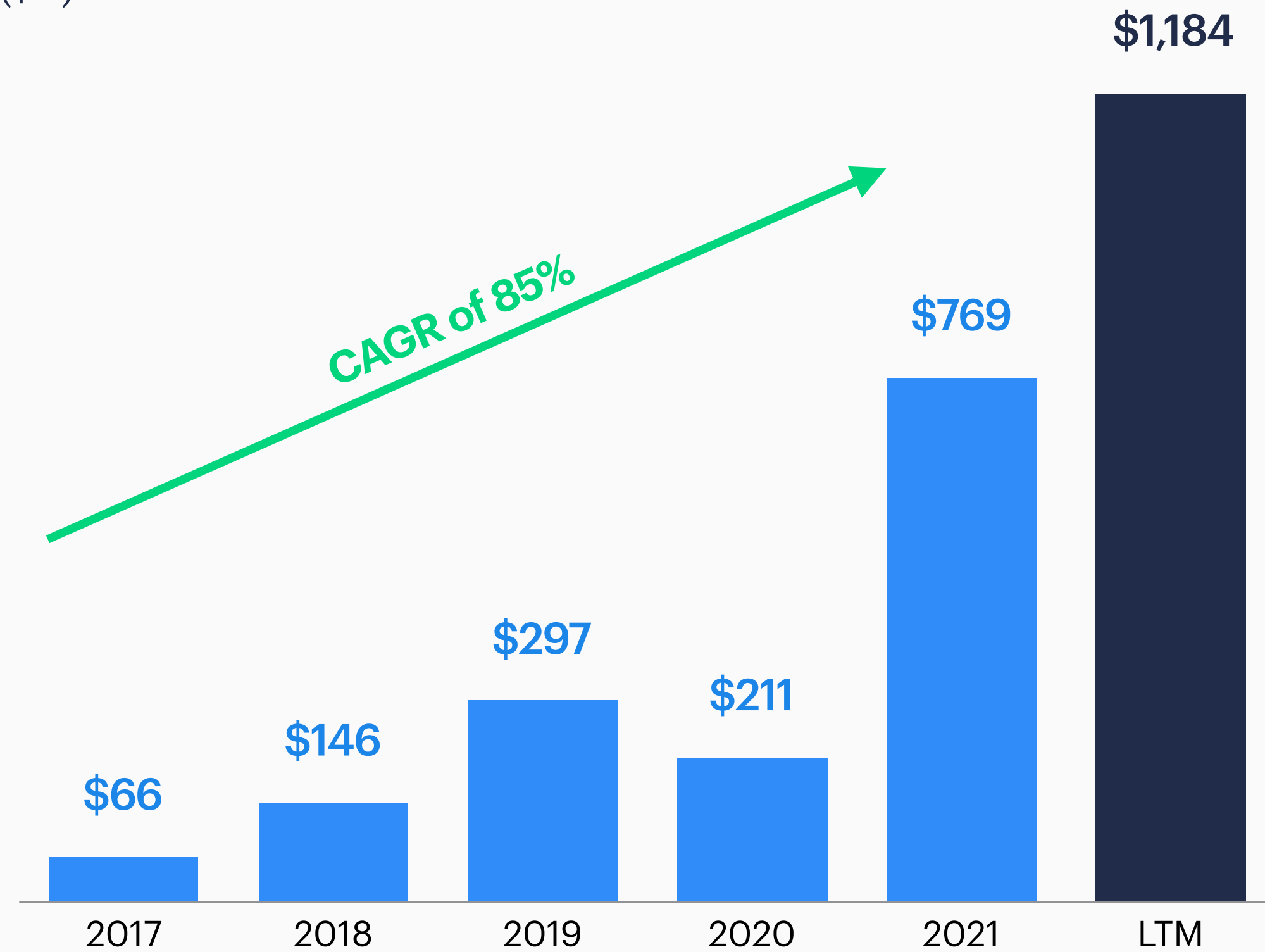
Rapid growth, pacing at \$20B in revenue



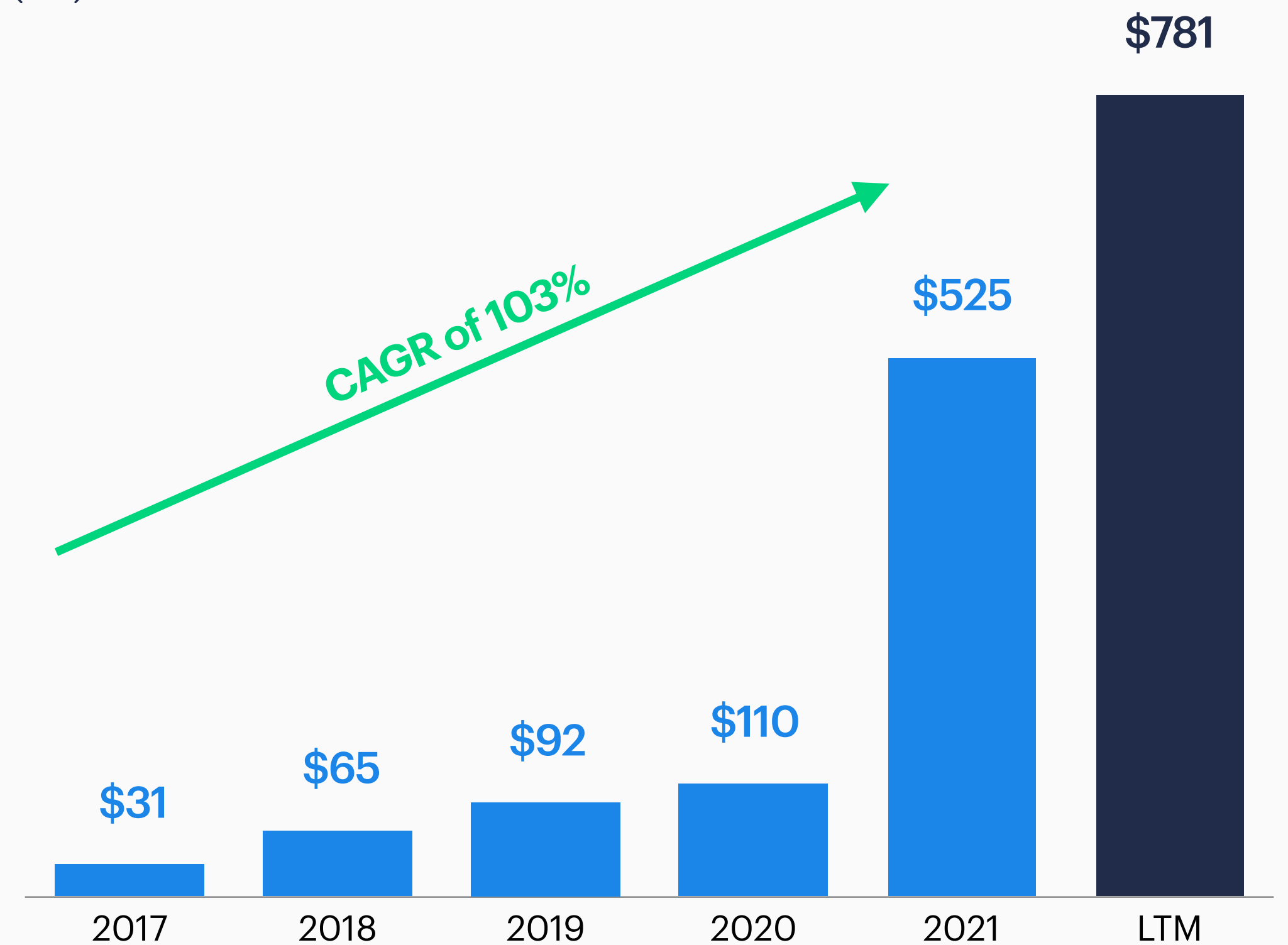
Note: Latest twelve months (LTM) as of 3/31/22

While driving increasing unit profitability

Adjusted Gross Profit
(\$M)



Contribution Profit
(\$M)

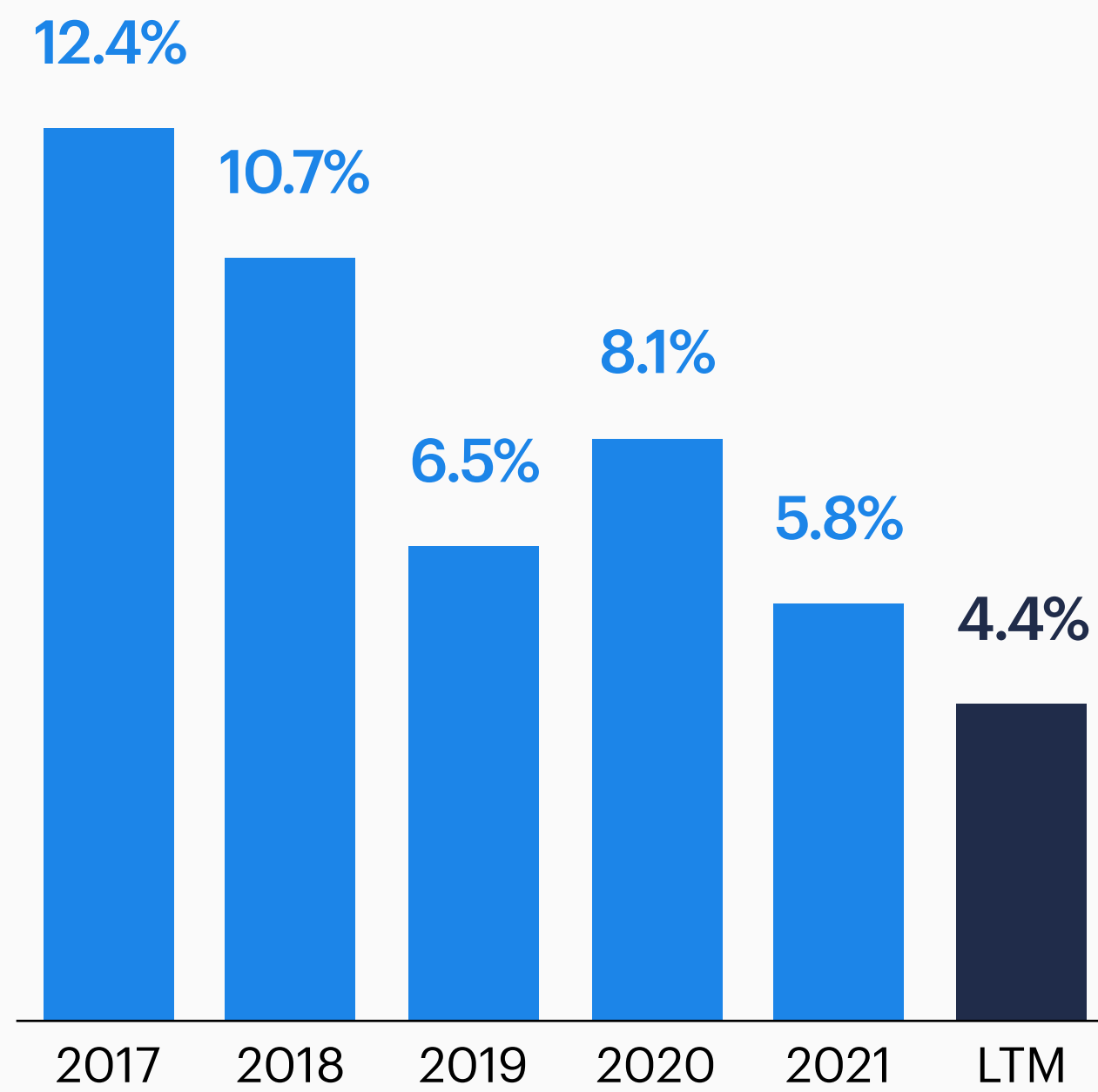


Note: Latest twelve months (LTM) as of 3/31/22

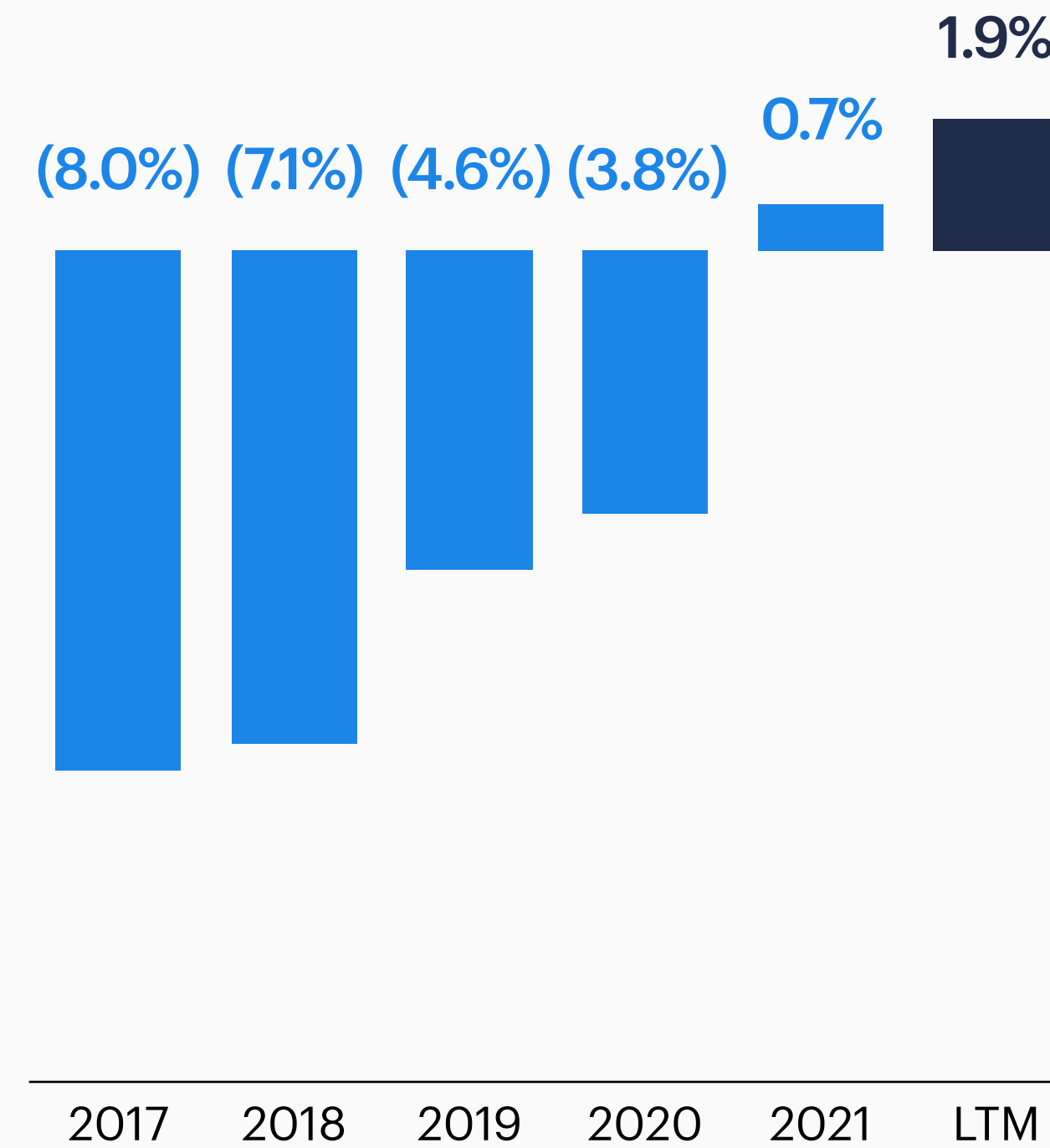
All metrics presented are non-GAAP, see reconciliation in Appendix

And demonstrating improving margin performance

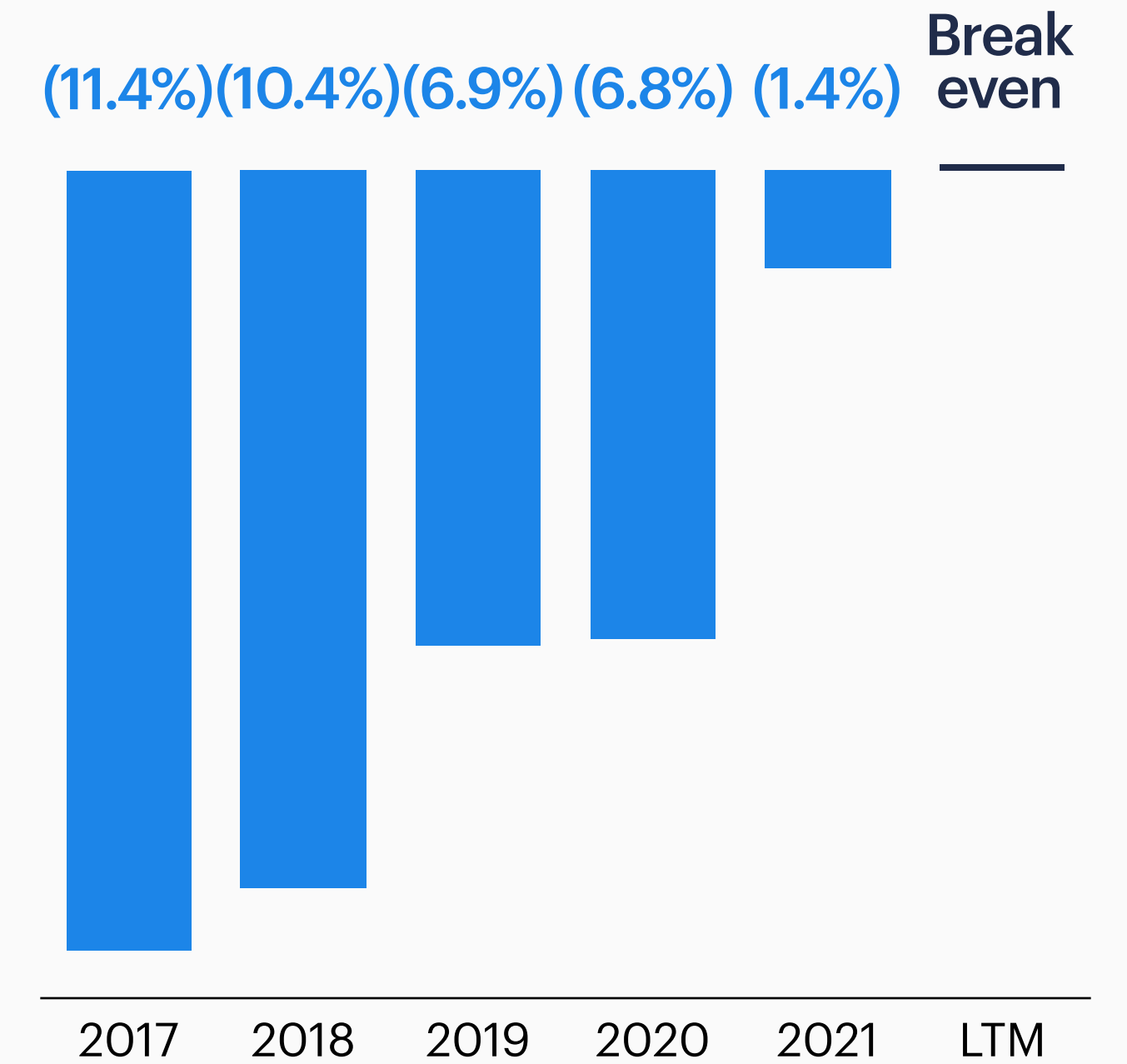
Adjusted Operating Expense
as % of revenue



Adjusted EBITDA
Margin (%)



Adjusted Net Income
Margin (%)



Note: Latest twelve months (LTM) as of 3/31/22
All metrics presented are non-GAAP, see reconciliation in Appendix

Robust risk management framework

Dynamic and responsive pricing

using high-frequency detailed metrics

Diversification and risk mitigation benefits

with scale across markets, price levels and home types

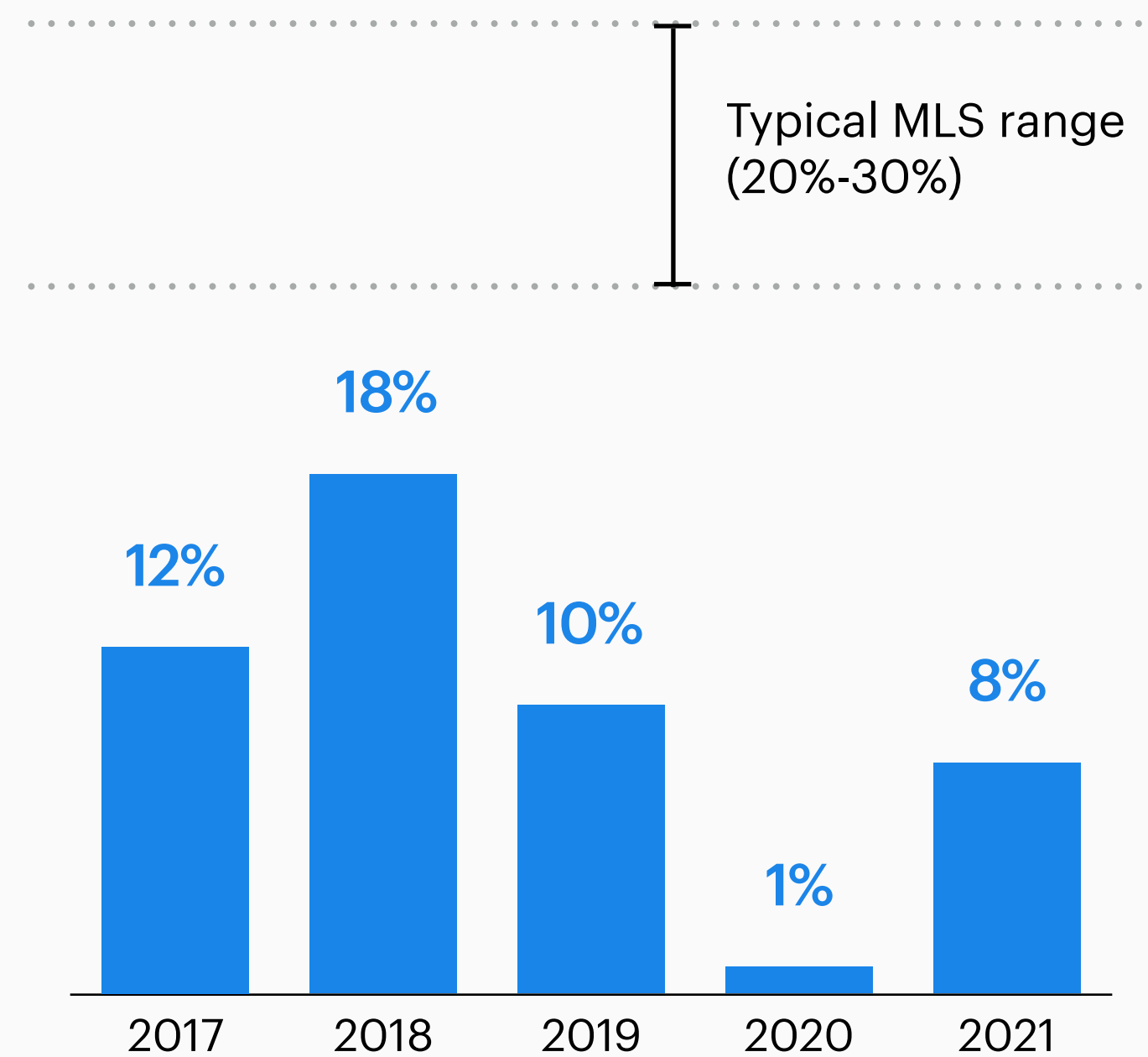
Centralized decision making

across pricing ensures consistency, scalability and appropriate controls

Human oversight

augments algorithmic valuations for all final offers

% of listings > 120 days-on-market



Superior inventory health and risk profile versus the market

Inventory sell-through

Year	OPEN vs. MLS*
2019	2.8x
2020	3.6x
2021	3.9x

*for sell-through of >120 days-on-market inventory

Consistently faster sell-through on aged inventory versus the market

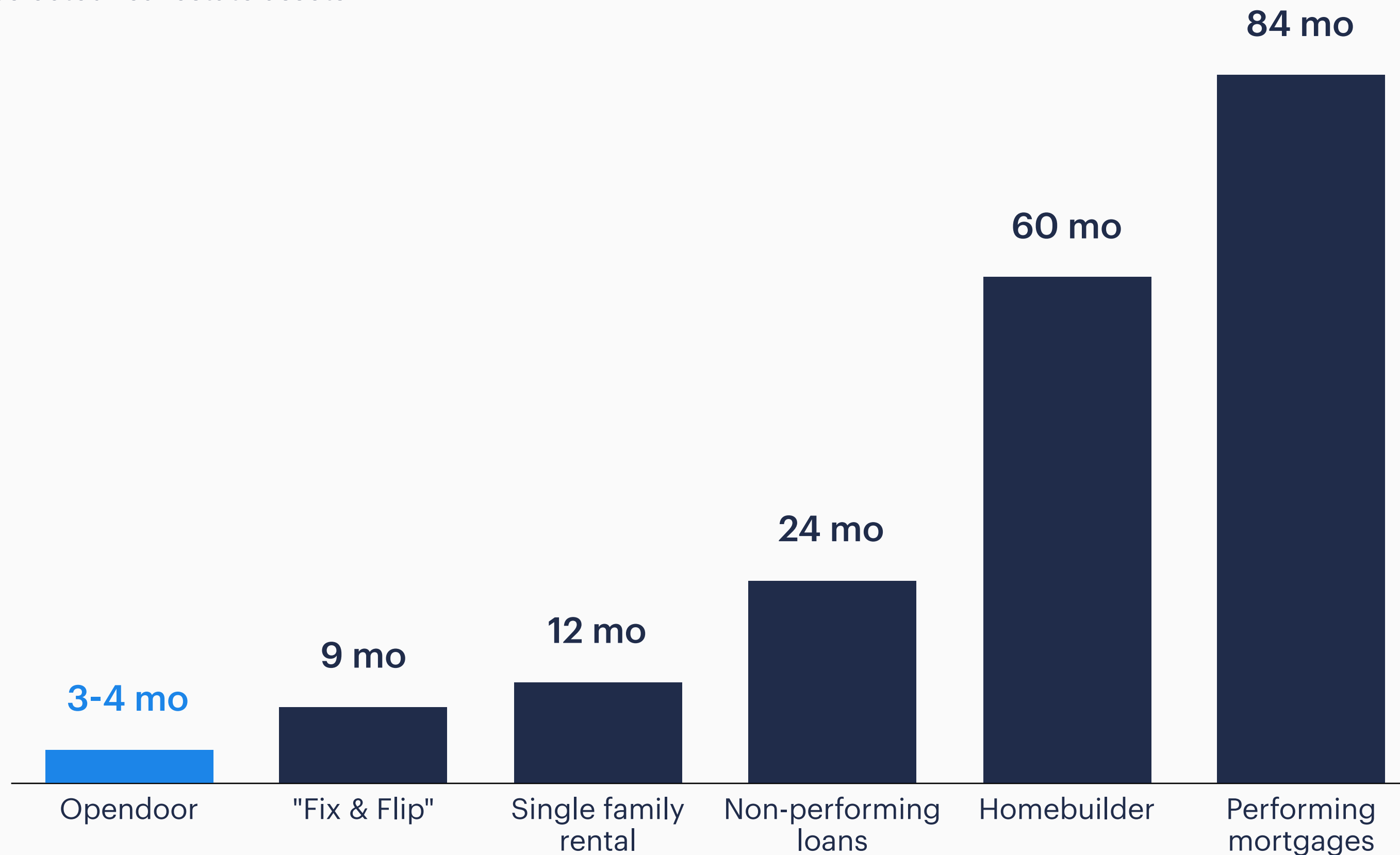
Note: Days on market as measured from initial listing date

Typical MLS range reflects the broader market filtered for our buybox, defined as the types of homes we are able to underwrite and acquire in a given market based on characteristics such as price range, home type, home location, year built and lot size

Inventory sell-through rate is based on the average across each given year

Short duration, liquid assets limit downside exposure

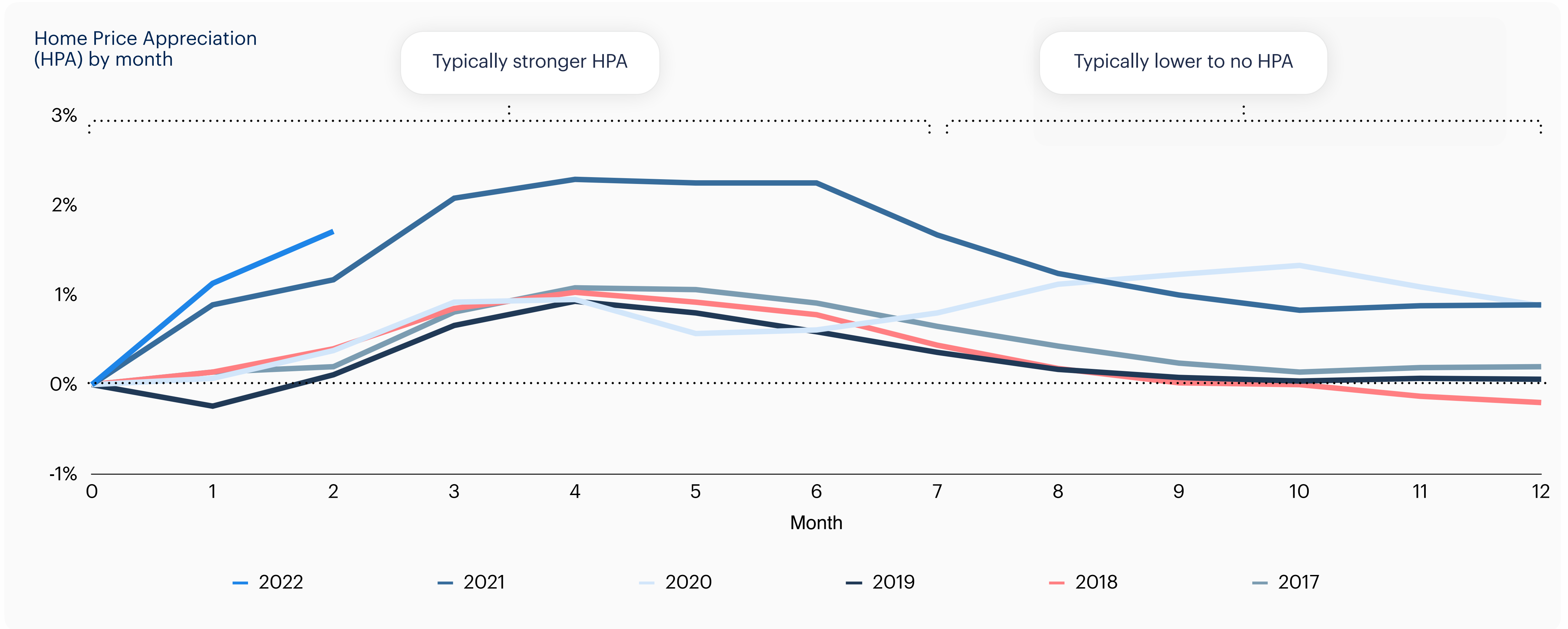
Average hold time for selected real estate assets



~35%

of our inventory is under resale contract at any given time, reducing risk profile

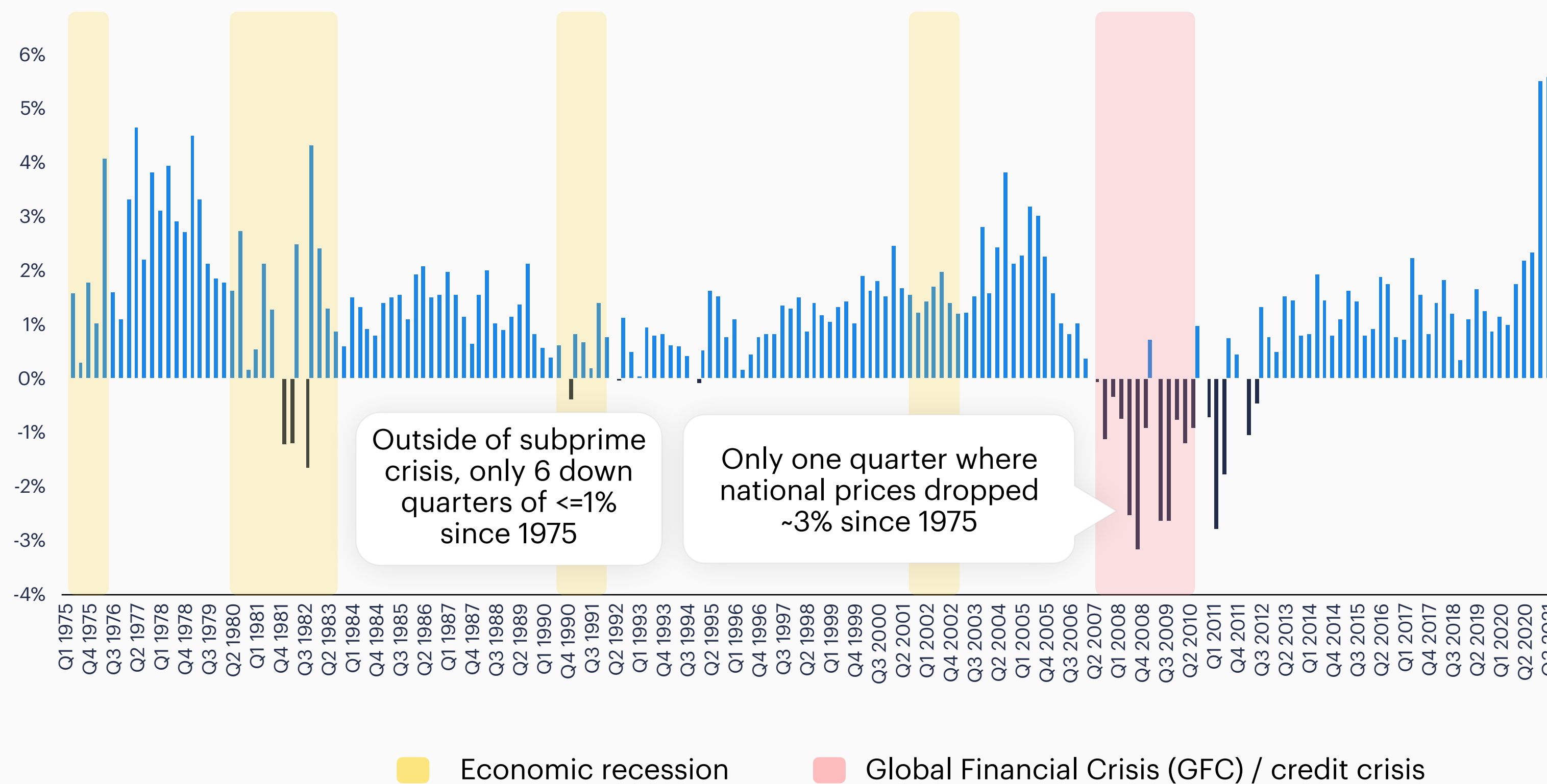
Strong track record managing through low HPA environments



We have delivered 21 consecutive quarters of positive Contribution Margin across periods of positive, flat and negative HPA

Real estate prices move slowly in market declines, and our margin structure gives us buffer

Quarterly home price changes



6

quarters with $\sim 1\%$ or less HPA declines ex. GFC

3%

worst quarterly price drop during GFC

4-6%

current baseline for Contribution Margin

Well capitalized with \$35 billion+ in home purchasing power

Non-recourse asset-backed facilities

with \$11.3B of capacity

Diversified base of over 30 lenders

with staggered maturities, allowing for ongoing upsizing

Lender recovery

based on collateral, no balance sheet risk to parent

Highly efficient financing structure

provides ability to finance up to 100% of home acq. price

Funding capacity as of 3/31/2022

\$2.8B

of cash + equivalents

\$11.3B

of non-recourse asset-backed debt facilities

\$35B+

in home purchase capacity

Facility structure

	Borrowing capacity
Senior revolving loans	\$5.6B
Senior term loans	\$2.3B
Mezzanine loans	\$3.5B
Total	\$11.3B

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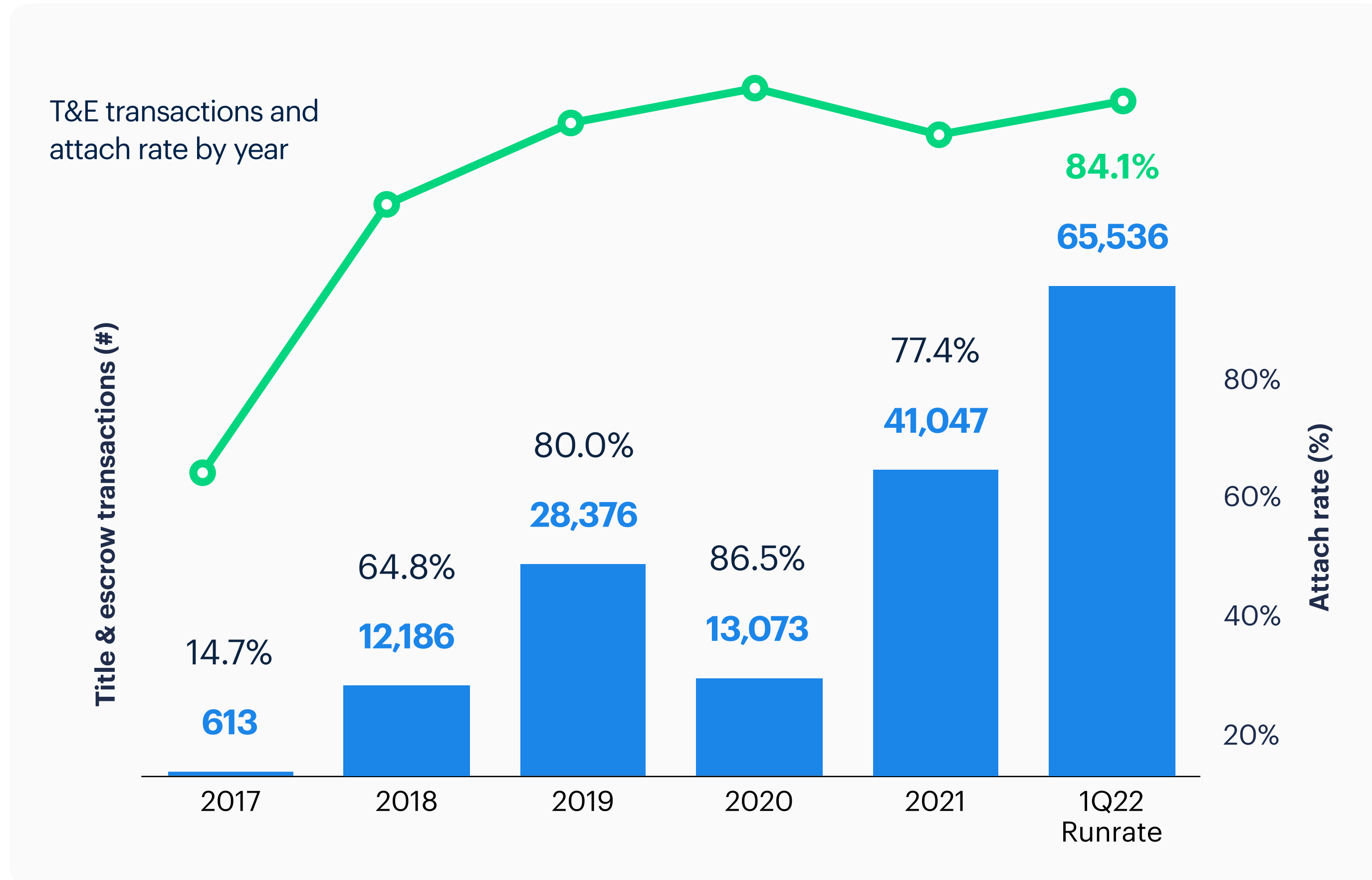
Durable financial profile across market cycles

Significant runway and upside ahead



Opportunity to attach high margin services that surround the home transaction

First proof point with Opendoor Title & Escrow



Long-term services roadmap

ESTABLISHED	Target CM / Home
Title & Escrow	\$2,500
RECENTLY LAUNCHED	
Home Loans	\$5,000
Buy with Opendoor	\$7,000
TO BE LAUNCHED	
Home warranty, upgrade & remodel, home insurance, moving services	\$7,500

Note: Attach rate based on total acquisition and resale closes in markets where Company title product is active
 T&E attach declined in 2021 due to the significant step up in transaction volume, leading to the use of third party providers to supplement capacity

Clear pathway to long-term margin targets

	2018	2019	2020	2021	LTM	Long-term target	Key drivers
Total Adjusted Gross Margin	7.9%	6.3%	8.2%	9.6%	9.5%	10 - 11%	<ul style="list-style-type: none"> Continued pricing and resale optimization and increasing penetration of services
Total Contribution Margin	3.5%	1.9%	4.3%	6.5%	6.3%	7 - 9%	<ul style="list-style-type: none"> Future margin expansion via decreasing resale costs and increasing penetration of higher margin services Operating against an annual baseline target of 4 to 6% today
Adjusted Operating Expenses	(10.7%)	(6.5%)	(8.1%)	(5.8%)	(4.4%)	~(3.0%)	<ul style="list-style-type: none"> Increasing marketing efficiency with growing national coverage Ongoing leverage against operations and fixed opex costs via investments in technology and automation
Adjusted EBITDA Margin	(7.1%)	(4.6%)	(3.8%)	0.7%	1.9%	~4 to 6%	<ul style="list-style-type: none"> Flow-through from improving contribution margins and opex leverage
Interest, D&A, Taxes	(3.3%)	(2.3%)	(3.0%)	(2.2%)	(1.9%)	~(2.0%)	
Adjusted Net Income Margin	(10.4%)	(6.9%)	(6.8%)	(1.4%)	0.0%	~2 to 4%	<ul style="list-style-type: none"> Appropriate proxy for operating free cash flow

Notes: All metrics presented are non-GAAP, see reconciliation in Appendix. Latest twelve months (LTM) as of 3/31/22.

Includes 3.65x inventory turns, 80% non-recourse leverage advance rate, and 4.5% blended cost of non-recourse funding and 30% corporate tax rate (illustrative) for long-term interest and tax assumption.

This slide includes long-term goals that are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the Company's registration statement on Form S-1. Nothing on this slide should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

Investment highlights

Massive, highly fragmented market

\$2.3T
Existing home sales

<1%
Online penetration

Superior consumer experience

>80
Seller NPS

>35%
True seller conversion

Highly differentiated, purpose-built platform

100%
Automated offers

13x
More efficient than agent

Proven playbook for growth at scale

83%
4-yr revenue CAGR

48
Markets and growing

Attractive unit economics

240bps
Structural margin improvements

100%+
Levered unit-levels returns

Durable financial profile across market cycles

21
Consecutive qtrs of +CM

~3.65x
Inventory turns per year

Significant runway and upside ahead

\$50B+
Revenue opportunity

7-9%
Long-term CM

OpenDoor

Appendix

Non-GAAP references

Key Metric	Key Component	GAAP P&L Reference	Description
Total revenue			Transaction revenue (net resale price x homes sold) + ancillary product revenue
<i>Less:</i>	Net purchase price	Cost of revenue	Headline purchase price net of service charge
<i>Less:</i>	Acquisition transaction costs	Cost of revenue	Transaction costs related to the purchase of the property
<i>Less:</i>	Net repairs	Cost of revenue	Reno / repair spend net of any repair charges to seller
<i>Less:</i>	Ancillary product COGS	Cost of revenue	COGS related to ancillary products such as Title & Escrow
Adjusted Gross Profit			Gross Profit related to homes sold in a specific period
<i>Less:</i>	Holding costs	Sales, marketing and operations	Property taxes, utilities, insurance, cleaning and HOA dues
<i>Less:</i>	Selling costs	Sales, marketing and operations	Buyer broker commission, other transaction costs
Total Contribution Profit			Contribution Margin related to homes sold in a specific period
<i>Less:</i>	Marketing spend	Sales, marketing and operations	Online, offline and brand spend
<i>Less:</i>	Operations spend	Sales, marketing and operations	Primarily related to customer sales, support and home operations
<i>Less:</i>	Fixed opex	General and administrative Technology and development	G&A, R&D and other overhead costs
<i>Less:</i>	Timing adjustments / other	Sales, marketing and operations	Primarily related to costs for homes in inventory vs. resale cohort
Adjusted EBITDA			Adjusted EBITDA excludes non-cash / non-recurring costs
<i>Less:</i>	D&A / taxes / other		Depreciation and amortization, property financing, interest, and taxes
Adjusted Net Income			Adjusted Net Income is a proxy for operating free cash flow

Non-GAAP reconciliations

	<u>Year Ended December 31,</u>					<u>Three Months</u>	<u>Twelve Months</u>
\$ IN MILLIONS	2017	2018	2019	2020	2021	March 31, 2022	March 31, 2022
GAAP Gross Profit	\$66	\$133	\$301	\$220	\$730	\$535	\$1,168
Adjustments:							
Impairment - Current Period	\$2	\$15	\$11	\$0	\$39	\$8	\$64
Impairment - Prior Period	(\$2)	(\$2)	(\$15)	(\$11)	-	(\$31)	(\$48)
Restructuring in Cost of Revenue	-	-	-	\$2	-	-	-
Adjusted Gross Profit	\$66	\$146	\$297	\$211	\$769	\$512	\$1,184
Adjusted Gross Margin	9.3%	7.9%	6.3%	8.2%	9.6%	9.9%	9.5%
Direct Selling Costs	(\$26)	(\$62)	(\$149)	(\$73)	(\$195)	(\$136)	(\$313)
Holding Costs on Sales - Current Period	(\$7)	(\$16)	(\$43)	(\$17)	(\$47)	(\$16)	(\$38)
Holding Costs on Sales - Prior Period	(\$2)	(\$3)	(\$13)	(\$11)	(\$2)	(\$28)	(\$52)
Contribution Profit	\$31	\$65	\$92	\$110	\$525	\$332	\$781
Contribution Margin	4.4%	3.5%	1.9%	4.3%	6.5%	6.4%	6.3%
Interest on Homes Sold - Current Period	(\$6)	(\$19)	(\$52)	(\$18)	(\$42)	(\$16)	(\$37)
Interest on Homes Sold - Prior Periods	(\$1)	(\$3)	(\$13)	(\$10)	(\$1)	(\$26)	(\$45)
Contribution Profit After Interest	\$24	\$43	\$27	\$82	\$482	\$290	\$699
Contribution Margin After Interest	3.3%	2.4%	0.6%	3.2%	6.0%	5.6%	5.6%

Non-GAAP reconciliations

\$ IN MILLIONS	Year Ended December 31,					Three Months	Twelve Months
	2017	2018	2019	2020	2021	Ended	Ended
						March 31, 2022	March 31, 2022
GAAP Net Income (Loss)	(\$85)	(\$240)	(\$339)	(\$253)	(\$662)	\$28	(\$364)
Adjustments:							
Stock-Based Compensation	\$4	\$15	\$13	\$38	\$536	\$67	\$364
Equity Securities FV Adjustment	-	-	-	-	(\$35)	\$22	(\$13)
Derivative and Warrant FV Adjustment	-	\$18	(\$6)	(\$8)	(\$12)	-	(\$27)
Intangibles Amortization Expense	-	\$1	\$3	\$4	\$4	\$2	\$6
Inventory valuation adjustment — Current Period	\$2	\$15	\$11	-	\$39	\$8	\$64
Inventory valuation adjustment — Prior Period	(\$2)	(\$2)	(\$15)	(\$11)	-	(\$31)	(\$48)
Restructuring	-	-	\$2	\$31	-	-	-
Convertible Note PIK Interest and Discount Amort.	-	-	\$4	\$8	-	-	-
Loss on extinguishment of debt	-	-	-	\$11	-	-	-
Gain on lease termination	-	-	-	-	(\$5)	-	-
Payroll tax on initial RSU release	-	-	-	-	\$5	-	\$5
Legal accrual	-	-	-	\$4	\$14	\$3	\$17
Other	-	\$1	-	\$1	-	-	-
Adjusted Net Income (Loss)	(\$81)	(\$192)	(\$327)	(\$175)	(\$116)	\$99	\$4
Adjusted Net Income (Loss) Margin	(11.4%)	(10.4%)	(6.9%)	(6.8%)	(1.4%)	1.9%	0.0%
Adjustments:							
Depreciation & Amortization	\$1	\$5	\$15	\$22	\$33	\$9	\$33
Property Financing	\$16	\$48	\$84	\$38	\$119	\$58	\$170
Other Interest Expense	\$8	\$12	\$22	\$22	\$24	\$10	\$30
Interest Income	(\$1)	(\$4)	(\$12)	(\$5)	(\$3)	-	(\$2)
Taxes	-	-	-	-	\$1	-	\$1
Adjusted EBITDA	(\$57)	(\$131)	(\$218)	(\$98)	\$58	\$176	\$236
Adjusted EBITDA Margin	(8.0%)	(7.1%)	(4.6%)	(3.8%)	0.7%	3.4%	1.9%

Non-GAAP reconciliations

\$ IN MILLIONS	<u>Year Ended December 31,</u>					<u>Twelve</u>
	2017	2018	2019	2020	2021	<u>Months Ended</u> March 31, 2022
Operating Expenses (GAAP)	\$128	\$297	\$549	\$406	\$1,298	\$1,373
<i>Adjustments:</i>						
Direct selling costs	\$26	\$62	\$149	\$73	\$195	\$313
Holding costs on sales included in contribution profit	\$9	\$19	\$56	\$28	\$49	\$90
Stock-based compensation	\$4	\$15	\$13	\$38	\$536	\$364
Intangibles amortization expense	-	\$1	\$3	\$4	\$4	\$6
Restructuring	-	-	\$2	\$31	-	-
Gain on lease termination	-	\$1	-	-	(\$5)	-
Payroll tax on initial RSU release	-	-	-	-	\$5	\$5
Legal contingency accrual	-	-	-	\$4	\$14	\$17
Depreciation and amortization, excluding amortization of intangibles	\$1	\$5	\$15	\$22	\$33	\$33
Other	-	(\$2)	\$1	(\$2)	-	-
Adjusted Operating Expenses	\$88	\$196	\$310	\$208	\$467	\$545
<i>Adjusted Operating Expenses Margin</i>	12.4%	10.7%	6.5%	8.1%	5.8%	4.4%

Non-GAAP reconciliations definitions

Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest

To provide investors with additional information regarding our margins and return on inventory acquired, we have included Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest, which are non-GAAP financial measures. We believe that Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest are useful financial measures for investors as they are supplemental measures used by management in evaluating unit level economics and our operating performance in our key markets. Each of these measures is intended to present the economics related to homes sold during a given period. We do so by including revenue generated from homes sold (and adjacent services) in the period and only the expenses that are directly attributable to such home sales, even if such expenses were recognized in prior periods, and excluding expenses related to homes that remain in inventory as of the end of the period. Contribution Profit provides investors a measure to assess Opendoor's ability to generate returns on homes sold during a reporting period after considering home purchase costs, renovation and repair costs, holding costs and selling costs. Contribution Profit After Interest further impacts gross profit by including senior interest costs attributable to homes sold during a reporting period. We believe these measures facilitate meaningful period over period comparisons and illustrate our ability to generate returns on assets sold after considering the costs directly related to the assets sold in a given period.

Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest are supplemental measures of our operating performance and have limitations as analytical tools. For example, these measures include costs that were recorded in prior periods under GAAP and exclude, in connection with homes held in inventory at the end of the period, costs required to be recorded under GAAP in the same period. These measures also exclude the impact of certain restructuring costs that are required under GAAP. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of these measures to the most directly comparable GAAP financial measure, which is gross profit.

Adjusted Gross Profit / Margin

We calculate Adjusted Gross Profit as gross profit under GAAP adjusted for (1) inventory valuation adjustment in the current period, (2) inventory valuation adjustment in prior periods, and (3) restructuring in cost of revenue. Restructuring in cost of revenue reflects the costs associated with the reduction in our workforce in 2020, a portion of which were related to personnel included in cost of revenue. Inventory valuation adjustment in the current period is calculated by adding back the inventory valuation adjustments recorded during the period on homes that remain in inventory at period end. Inventory valuation adjustment in prior periods is calculated by subtracting the inventory valuation adjustments recorded in prior periods on homes sold in the current period. We define Adjusted Gross Margin as Adjusted Gross Profit as a percentage of revenue.

We view this metric as an important measure of business performance as it captures gross margin performance isolated to homes sold in a given period and provides comparability across reporting periods. Adjusted Gross Profit helps management assess home pricing, service fees and renovation performance for a specific resale cohort.

Contribution Profit / Margin

We calculate Contribution Profit as Adjusted Gross Profit, minus certain costs incurred on homes sold during the current period including: (1) holding costs incurred in the current period, (2) holding costs incurred in prior periods, and (3) direct selling costs. The composition of our holding costs is described in the footnotes to the reconciliation table below.

Contribution Margin is Contribution Profit as a percentage of revenue.

We view this metric as an important measure of business performance as it captures the unit level performance isolated to homes sold in a given period and provides comparability across reporting periods. Contribution Profit helps management assess inflows and outflows directly associated with a specific resale cohort.

Contribution Profit / Margin After Interest

We define Contribution Profit After Interest as Contribution Profit, minus interest expense under our non-recourse asset-backed senior debt facilities incurred on the homes sold during the period. This may include interest expense recorded in periods prior to the period in which the sale occurred. Our asset-backed senior debt facilities are secured by our real estate inventory and cash. In addition to our senior debt facilities, we use a mix of debt and equity capital to finance our inventory and that mix will vary over time. In addition, we expect to continue to evolve our cost of financing as we include other debt sources beyond mezzanine capital. As such, in order to allow more meaningful period over period comparisons that more accurately reflect our asset performance rather than our evolving financing choices, we do not include interest expense associated with our mezzanine term debt facilities in this calculation. Contribution Margin After Interest is Contribution Profit After Interest as a percentage of revenue.

We view this metric as an important measure of business performance. Contribution Profit After Interest helps management assess Contribution Margin performance, per above, when burdened with the cost of senior financing.

Non-GAAP reconciliations definitions

Adjusted Net Income (Loss) and Adjusted EBITDA

We also present Adjusted Net Income (Loss) and Adjusted EBITDA, which are non-GAAP financial measures that management uses to assess our underlying financial performance. These measures are also commonly used by investors and analysts to compare the underlying performance of companies in our industry. We believe these measures provide investors with meaningful period over period comparisons of our underlying performance, adjusted for certain charges that are non-recurring, non-cash, not directly related to our revenue-generating operations or not aligned to related revenue.

Adjusted Net Income (Loss) and Adjusted EBITDA are supplemental measures of our operating performance and have important limitations. For example, these measures exclude the impact of certain costs required to be recorded under GAAP. These measures also include inventory valuation adjustments that were recorded in prior periods under GAAP and exclude, in connection with homes held in inventory at the end of the period, inventory valuation adjustments required to be recorded under GAAP in the same period. These measures could differ substantially from similarly titled measures presented by other companies in our industry or companies in other industries. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of these measures to the most directly comparable GAAP financial measure, which is net income (loss).

Adjusted Net Income (Loss)

We calculate Adjusted Net Income (Loss) as GAAP net income (loss) adjusted to exclude non-cash expenses of stock-based compensation, marketable equity securities fair value adjustment, warrant fair value adjustment, and intangibles amortization expense. It also excludes non-recurring restructuring charges, convertible note payment-in-kind ("PIK") interest and issuance discount amortization, loss on extinguishment of debt, gain on lease termination, payroll tax on initial RSU release and legal contingency accrual. Adjusted Net Income (Loss) also aligns the timing of inventory valuation adjustments recorded under GAAP to the period in which the related revenue is recorded in order to improve the comparability of this measure to our non-GAAP financial measures of unit economics, as described above. Our calculation of Adjusted Net Income (Loss) does not currently include the tax effects of the non-GAAP adjustments because our taxes and such tax effects have not been material to date.

Adjusted EBITDA

We calculated Adjusted EBITDA as Adjusted Net Income (Loss) adjusted for depreciation and amortization, property financing and other interest expense, interest income, and income tax expense. Adjusted EBITDA is a supplemental performance measure that our management uses to assess our operating performance and the operating leverage in our business.

Adjusted Operating Expense

We present Adjusted Operating Expense, which is a non-GAAP financial measure that bridges the difference between Contribution Profit and Adjusted EBITDA. We believe this measure provides investors and analysts meaningful period over period comparisons by showing how unit level performance translates into overall operating performance as our revenue and volumes scale.

Adjusted Operating Expense is a supplemental measure of our operating expenditures and has important limitations. For example, this measure excludes the impact of certain costs required to be recorded under GAAP. This measure could differ substantially from similarly titled measures presented by other companies in our industry or in other industries. Accordingly, this measure should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of this measure to the most directly comparable GAAP financial measure, which is operating expenses.

We calculate Adjusted Operating Expense as GAAP operating expense adjusted to exclude direct selling costs and holding costs included in determining Contribution Profit. The measure also excludes non-cash expenses of stock-based compensation, depreciation and amortization, and intangibles amortization. The measure excludes non-recurring gain on lease termination, payroll tax on initial RSU release, restructuring expenses, and legal contingency accrual.