UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ____________.

Commission file number 001-39253

Opendoor Technologies Inc.
(Exact name of registrant as specified in its charter)

Delaware	**30-1318214**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
410 N. Scottsdale Road, Suite 1600	
Tempe, AZ	**85288**
(Address of Principal Executive Offices)	(Zip Code)

(480) 618-6760
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	OPEN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of registrant’s common stock outstanding as of July 25, 2024 was approximately 703,004,574.

OPENDOOR TECHNOLOGIES INC.

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OPENDOOR TECHNOLOGIES INC.

As used in this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to “Opendoor,” the “Company,” “we,” “us,” and “our,” and similar references refer to Opendoor Technologies Inc. and its wholly owned subsidiaries following the Business Combination (as defined herein) and to Opendoor Labs Inc. prior to the Business Combination.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding: current and future health and stability of the real estate housing market and general economy; volatility of mortgage interest rates and expectations regarding future shifts in behavior by consumers and partners; the health and status of our financial condition; anticipated future results of operations or financial performance; priorities of the Company to achieve future financial and business goals; our ability to continue to effectively navigate the markets in which we operate; anticipated future and ongoing impacts and benefits of acquisitions, partnership channel expansions, product innovations and other business decisions; health of our balance sheet to weather ongoing market transitions and any expectation to quickly re-scale in the future upon market stabilization; our ability to adopt an effective approach to manage economic and industry risk, as well as inventory health; our expectations with respect to the future success of our partnerships and our ability to drive significant growth in sales volumes through such partnerships; our business strategy and plans, including plans to expand into additional markets; market opportunity and expansion and objectives of management for future operations, including statements regarding the benefits and timing of the roll out of new markets, products, or technology; and the expected diversification of funding sources, are forward-looking statements. When used in this Quarterly Report on Form 10-Q, words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “guidance,” “intend,” “may,” “might,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strategy,” “strive,” “target,” “vision,” “will,” or “would,” any negative of these words or other similar terms or expressions may identify forward-looking statements. The absence of these words does not mean that a statement is not forward-looking.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts and assumptions, which involve a number of judgments, risks and uncertainties, including without limitation, risks related to:

- the current and future health and stability of the economy, financial conditions and residential housing market, including any extended downturns or slowdowns;
- changes in general economic and financial conditions (including federal monetary policy, interest rates, inflation, actual or anticipated recession, home price fluctuations, and housing inventory), as well as the probability of such changes occurring, that may impact demand for our products and services, lower our profitability or reduce our access to future financings;
- our real estate assets and increased competition in the U.S. residential real estate industry;
- ability to operate and grow our core business products, including the ability to obtain sufficient financing and resell purchased homes;
- investment of resources to pursue strategies and develop new products and services that may not prove effective or that are not attractive to customers and real estate partners or that do not allow us to compete successfully;
- our ability to acquire and resell homes profitably;
- our ability to grow market share in our existing markets or any new markets we may enter;
- our ability to manage our growth effectively;
- our ability to expeditiously sell and appropriately price our inventory;
- our ability to access sources of capital, including debt financing and securitization funding to finance our real estate inventories and other sources of capital to finance operations and growth;
- our ability to maintain and enhance our products and brand, and to attract customers;
- our ability to manage, develop and refine our digital platform, including our automated pricing and valuation technology;
- our ability to comply with multiple listing service rules and requirements to access and use listing data, and to maintain or establish relationships with listings and data providers;
- our ability to obtain or maintain licenses and permits to support our current and future business operations;

- acquisitions, strategic partnerships, joint ventures, capital-raising activities or other corporate transactions or commitments by us or our competitors;
- actual or anticipated changes in technology, products, markets or services by us or our competitors;
- our success in retaining or recruiting, or changes required in, our officers, key employees and/or directors;
- the impact of the regulatory environment within our industry and complexities with compliance related to such environment;
- any future impact of pandemics or epidemics, including any future resurgences of COVID-19 and its variants, or other public health crises on our ability to operate, demand for our products or services, or general economic conditions;
- changes in laws or government regulation affecting our business; and
- the impact of pending or any future litigation or regulatory actions.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, including, without limitation, those described in the "Risk Factors" section of this Quarterly Report on Form 10-Q and on Part I. Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

OPENDOOR TECHNOLOGIES INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

		June 30, 2024	December 31, 2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 790	$ 999
Restricted cash		121	541
Marketable securities		19	69
Escrow receivable		24	9
Real estate inventory, net		2,234	1,775
Other current assets		61	52
Total current assets		3,249	3,445
PROPERTY AND EQUIPMENT – Net		71	66
RIGHT OF USE ASSETS		23	25
GOODWILL		4	4
INTANGIBLES – Net		2	5
OTHER ASSETS		23	22
TOTAL ASSETS	(1)	$ 3,372	$ 3,567
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and other accrued liabilities		$ 73	$ 64
Non-recourse asset-backed debt – current portion		315	—
Interest payable		1	1
Lease liabilities – current portion		4	5
Total current liabilities		393	70
NON-RECOURSE ASSET-BACKED DEBT – Net of current portion		1,739	2,134
CONVERTIBLE SENIOR NOTES		377	376
LEASE LIABILITIES – Net of current portion		18	19
OTHER LIABILITIES		—	1
Total liabilities	(2)	2,527	2,600
COMMITMENTS AND CONTINGENCIES (See Note 13)			
SHAREHOLDERS' EQUITY:			
Common stock, $0.0001 par value; 3,000,000,000 shares authorized; 698,843,166 and 677,636,163 shares issued, respectively; 698,843,166 and 677,636,163 shares outstanding, respectively		—	—
Additional paid-in capital		4,379	4,301
Accumulated deficit		(3,534)	(3,333)
Accumulated other comprehensive loss		—	(1)
Total shareholders' equity		845	967
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 3,372	$ 3,567

(1) The Company's consolidated assets at June 30, 2024 and December 31, 2023 include the following assets of certain variable interest entities ("VIEs") that can only be used to settle the liabilities of those VIEs: Restricted cash, $110 and $530; Real estate inventory, net, $2,183 and $1,735; Escrow receivable, $22 and $8; Other current assets, $21 and $10; and Total assets of $2,336 and $2,283, respectively.

(2) The Company's consolidated liabilities at June 30, 2024 and December 31, 2023 include the following liabilities for which the VIE creditors do not have recourse to Opendoor: Accounts payable and other accrued liabilities, $34 and $28; Current portion of non-recourse asset-backed debt, $315 and $—; Interest payable, $1 and $1; Non-recourse asset-backed debt, net of current portion, $1,739 and $2,134; and Total liabilities, $2,089 and $2,163, respectively.

See accompanying notes to condensed consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share amounts which are presented in thousands, and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUE	$ 1,511	$ 1,976	$ 2,692	$ 5,096
COST OF REVENUE	1,382	1,827	2,449	4,777
GROSS PROFIT	129	149	243	319
OPERATING EXPENSES:				
Sales, marketing and operations	116	124	229	312
General and administrative	48	44	95	110
Technology and development	37	39	78	79
Restructuring	—	10	—	10
Total operating expenses	201	217	402	511
LOSS FROM OPERATIONS	(72)	(68)	(159)	(192)
(LOSS) GAIN ON EXTINGUISHMENT OF DEBT	(1)	104	(1)	182
INTEREST EXPENSE	(30)	(53)	(67)	(127)
OTHER INCOME – Net	12	41	27	60
(LOSS) INCOME BEFORE INCOME TAXES	(91)	24	(200)	(77)
INCOME TAX EXPENSE	(1)	(1)	(1)	(1)
NET (LOSS) INCOME	$ (92)	$ 23	$ (201)	$ (78)
Net (loss) income per share attributable to common shareholders:				
Basic	$ (0.13)	$ 0.04	$ (0.29)	$ (0.12)
Diluted	$ (0.13)	$ 0.03	$ (0.29)	$ (0.12)
Weighted-average shares outstanding:				
Basic	693,445	646,062	687,951	646,750
Diluted	693,445	667,159	687,951	646,750

See accompanying notes to condensed consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
NET (LOSS) INCOME	$ (92)	$ 23	$ (201)	$ (78)
OTHER COMPREHENSIVE (LOSS) INCOME:				
Unrealized gain on marketable securities	—	1	1	2
COMPREHENSIVE (LOSS) INCOME	$ (92)	$ 24	$ (200)	$ (76)

See accompanying notes to condensed consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except number of shares)
(Unaudited)

	Shareholders' Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
BALANCE–March 31, 2024	688,560,794	$ —	$ 4,341	$ (3,442)	$ —	$ 899
Issuance of common stock for settlement of RSUs, net of shares withheld for participant taxes	10,197,935	—	—	—	—	—
Exercise of stock options	84,437	—	—	—	—	—
Issuance of common stock under employee stock purchase plan, net of shares withheld for participant taxes	—	—	—	—	—	—
Stock-based compensation	—	—	38	—	—	38
Other comprehensive income	—	—	—	—	—	—
Net loss	—	—	—	(92)	—	(92)
BALANCE–June 30, 2024	698,843,166	$ —	$ 4,379	$ (3,534)	$ —	$ 845

	Shareholders' Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
BALANCE–December 31, 2023	677,636,163	$ —	$ 4,301	$ (3,333)	$ (1)	$ 967
Issuance of common stock for settlement of RSUs, net of shares withheld for participant taxes	19,395,881	—	—	—	—	—
Exercise of stock options	193,794	—	—	—	—	—
Issuance of common stock under employee stock purchase plan, net of shares withheld for participant taxes	1,617,328	—	2	—	—	2
Stock-based compensation	—	—	76	—	—	76
Other comprehensive income	—	—	—	—	1	1
Net loss	—	—	—	(201)	—	(201)
BALANCE–June 30, 2024	698,843,166	$ —	$ 4,379	$ (3,534)	$ —	$ 845

OPENDOOR TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except number of shares)
(Unaudited)

	Shareholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
BALANCE–March 31, 2023	647,607,920	$ —	$ 4,198	$ (3,159)	$ (3)	$ 1,036
Issuance of common stock for settlement of RSUs, net of shares withheld for participant taxes	8,894,761	—	—	—	—	—
Exercise of stock options	834,885	—	1	—	—	1
Issuance of common stock under employee stock purchase plan, net of shares withheld for participant taxes	—	—	—	—	—	—
Stock-based compensation	—	—	25	—	—	25
Other comprehensive income	—	—	—	—	1	1
Net income	—	—	—	23	—	23
BALANCE–June 30, 2023	657,337,566	$ —	$ 4,224	$ (3,136)	$ (2)	$ 1,086

	Shareholders' Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
BALANCE–December 31, 2022	637,387,025	$ —	$ 4,148	$ (3,058)	$ (4)	$ 1,086
Issuance of common stock for settlement of RSUs, net of shares withheld for participant taxes	17,136,256	—	—	—	—	—
Exercise of stock options	2,169,854	—	2	—	—	2
Issuance of common stock under employee stock purchase plan, net of shares withheld for participant taxes	644,431	—	1	—	—	1
Stock-based compensation	—	—	73	—	—	73
Other comprehensive income	—	—	—	—	2	2
Net loss	—	—	—	(78)	—	(78)
BALANCE–June 30, 2023	657,337,566	$ —	$ 4,224	$ (3,136)	$ (2)	$ 1,086

See accompanying notes to condensed consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (201)	$ (78)
Adjustments to reconcile net loss to cash, cash equivalents, and restricted cash (used in) provided by operating activities:		
Depreciation and amortization	26	39
Amortization of right of use asset	3	4
Stock-based compensation	66	63
Inventory valuation adjustment	41	37
Changes in fair value of equity securities	4	(7)
Other	3	(1)
Proceeds from sale and principal collections of mortgage loans held for sale	—	1
Loss (gain) on extinguishment of debt	1	(182)
Changes in operating assets and liabilities:		
Escrow receivable	(15)	17
Real estate inventory	(498)	3,259
Other assets	(10)	(3)
Accounts payable and other accrued liabilities	7	(31)
Interest payable	—	(10)
Lease liabilities	(4)	(6)
Net cash (used in) provided by operating activities	(577)	3,102
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(16)	(17)
Proceeds from sales, maturities, redemptions and paydowns of marketable securities	47	61
Proceeds from sale of non-marketable equity securities	—	1
Net cash provided by investing activities	31	45
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of convertible senior notes	—	(270)
Proceeds from exercise of stock options	—	2
Proceeds from issuance of common stock for ESPP	2	1
Proceeds from non-recourse asset-backed debt	217	236
Principal payments on non-recourse asset-backed debt	(302)	(2,099)
Payment for early extinguishment of debt	—	(4)
Net cash used in financing activities	(83)	(2,134)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(629)	1,013
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – Beginning of period	1,540	1,791
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – End of period	$ 911	$ 2,804
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – Cash paid during the period for interest	$ 62	$ 126
DISCLOSURES OF NONCASH ACTIVITIES:		
Stock-based compensation expense capitalized for internally developed software	$ 10	$ 10
RECONCILIATION TO CONDENSED CONSOLIDATED BALANCE SHEETS:		
Cash and cash equivalents	$ 790	$ 1,120
Restricted cash	121	1,684
Cash, cash equivalents, and restricted cash	$ 911	$ 2,804

See accompanying notes to condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

Description of Business

Opendoor Technologies Inc. (the "Company" and "Opendoor") including its consolidated subsidiaries and certain variable interest entities ("VIEs"), is a managed marketplace for residential real estate. By leveraging its centralized digital platform, Opendoor is working towards a future that enables sellers and buyers of residential real estate to experience a simple and certain transaction that is dramatically improved from the traditional process. The Company was incorporated in Delaware on December 30, 2013.

The Company completed a business combination with Social Capital Hedosophia Holdings Corp. II ("SCH"), a Cayman Islands exempted company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (the "Business Combination"). The Business Combination, pursuant to which Opendoor Labs Inc. became a wholly owned subsidiary of SCH and SCH changed its name from "Social Capital Hedosophia Holdings Corp. II" to "Opendoor Technologies Inc.", was completed on December 18, 2020, and was accounted for as a reverse recapitalization, in accordance with GAAP.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to generally accepted accounting principles in the United States of America ("GAAP"). The condensed consolidated financial statements as of June 30, 2024 and December 31, 2023 and for the three and six month periods ended June 30, 2024 and 2023 include the accounts of Opendoor, its wholly owned subsidiaries and VIEs where the Company is the primary beneficiary. The accompanying unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements herein. Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period's presentation.

The accompanying interim condensed consolidated financial statements and these related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report") filed on February 15, 2024.

At-The-Market Equity Offering

In May 2024, the Company entered into an at-the-market equity offering sales agreement (the "ATM Agreement") with Barclays Capital Inc. and Virtu Americas LLC, as sales agents (the "Agents"), pursuant to which the Company may offer and sell, from time to time, through the Agents, shares of the Company's common stock having an aggregate offering price of up to $200 million. Under the ATM Agreement, the Agents may sell shares by any method deemed to be an "at-the-market offering." During the three and six months ended June 30, 2024, there was no activity pursuant to the ATM Agreement.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that have a material impact on the amounts reported in the financial statements and accompanying notes. Significant estimates, assumptions and judgments made by management include, among others, the determination of the fair value of common stock, share-based awards, warrants, and inventory valuation adjustment. Management believes that the estimates and judgments upon which management relies are reasonable based upon information available to management at the time that these estimates and judgments are made. To the extent there are material differences between these estimates, assumptions and judgments and actual results, the carrying values of the Company's assets and liabilities and the results of operations will be affected. The health of the residential housing market and interest rate environment have introduced additional uncertainty with respect to judgments, estimates and assumptions, which may materially impact the estimates previously listed, among others.

Significant Risks and Uncertainties

The Company operates in a dynamic industry and, accordingly, can be affected by a variety of factors. For example, the Company believes that changes in any of the following areas could have a significant negative effect on the Company in terms of its future financial position, results of operations or cash flows: its rates of revenue growth; its ability to manage inventory; engagement and usage of its products; the effectiveness of its investment of resources to pursue strategies; competition in its market; the stability of the residential real estate market; the impact of interest rate changes on demand for and pricing of its products and on the cost of capital; changes in technology, products, markets or services by the Company or its competitors; its ability to maintain or establish relationships with listings and data providers; its ability to obtain or maintain licenses and permits to support its current and future businesses; actual or anticipated changes to its products and services; changes in government regulation affecting its business; the outcomes of legal proceedings; natural disasters and catastrophic events, such as pandemics or epidemics (including any future resurgence of COVID-19 or its variants); scaling and adaptation of existing technology and network infrastructure; its management of its growth; its ability to attract and retain qualified employees and key personnel; its ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments; the protection of customers' information and other privacy concerns; the protection of its brand and intellectual property; and intellectual property infringement and other claims, among other things.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, restricted cash, and investments in marketable securities. The Company places cash and cash equivalents and investments with major financial institutions, which management assesses to be of high credit quality, in order to limit exposure of the Company's investments.

Significant Accounting Policies

The Company's significant accounting policies are discussed in *"Part II – Item 8 – Financial Statements and Supplementary Data – Note 1. Description of Business and Accounting Policies"* in the Annual Report. There have been no changes to these significant accounting policies for the six-month period ended June 30, 2024, except as noted below.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and definite-lived intangible assets, among other long-lived assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent the carrying amount of the underlying asset exceeds its fair value. The impairment loss recognized for the periods presented is primarily related to impairment of certain internally developed software projects. The impairment loss recognized during the periods presented is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Technology and development	$ —	$ 1	3	3
Total impairment loss	$ —	$ 1	$ 3	$ 3

Stock-Based Compensation

RSUs

Prior to its listing, the Company granted restricted stock units ("RSUs") with a performance condition, based on a liquidity event, as defined by the share agreement, as well as a service condition to vest, which was generally four years. The Company determined the fair value of RSUs based on the valuation of the Company's common stock as of the grant date. No compensation expense was recognized for performance-based awards until the liquidity event occurred in February 2021.

Subsequent to the occurrence of the liquidity event, compensation expense was recognized on an accelerated attribution basis over the requisite service period of the awards.

After the Company became listed, the Company began granting RSUs subject to a service condition to vest, which is generally two to four years. Compensation expense is recognized on a straight-line basis subject to a floor of the vested number of shares for each award. In the quarter ended March 31, 2024, the Company began granting RSUs to certain executive employees that contain a performance condition and service condition to vest. If the award is deemed probable of being earned, compensation expense is recognized on an accelerated attribution basis over the requisite service period of the award, which is generally three years. The Company reassesses the probability of achieving the performance condition at each reporting date during the performance period. The Company determines the fair value of RSUs based on the Company’s grant date closing stock price and recognizes forfeitures as they occur.

Recently Issued Accounting Standards

Recently Adopted Accounting Standards

In July 2023, the FASB issued ASU 2023-03 which amends various paragraphs in the Accounting Standards Codification pursuant to the issuance of Commission Staff Bulletin No. 120. These updates were effective immediately and did not have a material impact on the Company’s condensed consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In October 2023, the FASB issued ASU 2023-06 which is intended to clarify or improve disclosure and presentation requirements of a variety of topics. It will allow users to more easily compare entities subject to the U.S. Securities and Exchange Commission's ("SEC") existing disclosures with those entities that were not previously subject to the requirements and align the requirements in the FASB accounting standard codification with the SEC's regulations. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, or if the SEC has not removed the applicable disclosure requirement by June 30, 2027, the amendment will not be effective for any entity. Early adoption is prohibited. The Company is currently assessing the impact on the Company's disclosures.

In November 2023, the FASB issued ASU 2023-07, which expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance is effective for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and retrospective application to all prior periods presented in the financials is required. The Company is currently assessing the impact on the Company's condensed consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, which expands income tax disclosure requirements to include additional information related to the rate reconciliation of effective tax rates to statutory rates as well as additional disaggregation of taxes paid. This guidance is effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. The Company is currently assessing the impact on the Company's disclosures.

2. REAL ESTATE INVENTORY

The following table presents the components of inventory, net of applicable inventory valuation adjustments of $42 million and $27 million, as of June 30, 2024 and December 31, 2023, respectively (in millions):

	June 30, 2024	December 31, 2023
Work in progress	$ 406	$ 640
Finished goods:		
Listed for sale	1,343	882
Under contract for sale	485	253
Total real estate inventory	$ 2,234	$ 1,775

As of June 30, 2024, the Company was in contract to purchase 1,793 homes for an aggregate purchase price of $607 million.

During the three and six months ended June 30, 2024, the Company recorded inventory valuation adjustments for real estate inventory of $34 million and $41 million, respectively, in Cost of revenue in the condensed consolidated statements of operations. During the three and six months ended June 30, 2023, the Company recorded inventory valuation adjustments for real estate inventory of $14 million and $37 million, respectively, in Cost of revenue in the condensed consolidated statements of operations.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of cash, cash equivalents, and marketable securities as of June 30, 2024 and December 31, 2023, are as follows (in millions):

	June 30, 2024					
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Cash	$ 75	$ —	$ —	$ 75	$ 75	$ —
Money market funds	715	—	—	715	715	—
Corporate debt securities	8	—	—	8	—	8
Equity securities	11	—	—	11	—	11
Total	$ 809	$ —	$ —	$ 809	$ 790	$ 19

	December 31, 2023					
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Cash	$ 63	$ —	$ —	$ 63	$ 63	$ —
Money market funds	936	—	—	936	936	—
Corporate debt securities	55	—	(1)	54	—	54
Equity securities	15	—	—	15	—	15
Total	$ 1,069	$ —	$ (1)	$ 1,068	$ 999	$ 69

During the three and six months ended June 30, 2024, the Company recognized $2 million and $4 million of net unrealized losses, respectively in the condensed consolidated statements of operations related to marketable equity securities held as of June 30, 2024. During the three and six months ended June 30, 2023, the Company recognized $6 million and $7 million of net unrealized gains, respectively, in the condensed consolidated statements of operations related to marketable equity securities held as of June 30, 2023.

A summary of debt securities with unrealized losses aggregated by period of continuous unrealized loss is as follows (in millions):

	Less than 12 Months		12 Months or Greater		Total	
June 30, 2024	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ —	$ —	$ 6	$ —	$ 6	$ —
Total	$ —	$ —	$ 6	$ —	$ 6	$ —

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2023	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ —	$ —	$ 54	$ (1)	$ 54	$ (1)
Total	$ —	$ —	$ 54	$ (1)	$ 54	$ (1)

There were no material net unrealized losses of the Company's available-for-sale debt securities as of June 30, 2024. Net unrealized losses of the Company's available-for-sale debt securities as of December 31, 2023 were $1 million. These unrealized losses are associated with the Company's investments in corporate debt securities and were due to interest rate increases, and not credit-related events. The Company does not expect to be required to sell the investments before recovery of the amortized cost bases. As such, no allowance for credit losses is required as of June 30, 2024 or December 31, 2023.

The scheduled contractual maturities of debt securities as of June 30, 2024 are as follows (in millions):

June 30, 2024	Fair Value	Within 1 Year	After 1 Year through 5 Years
Corporate debt securities	$ 8	$ 8	$ —
Total	$ 8	$ 8	$ —

A summary of equity method investment balances as of June 30, 2024 and December 31, 2023 are as follows (in millions):

	June 30, 2024	December 31, 2023
Equity method investments	$ 20	$ 20
Total	$ 20	$ 20

4. VARIABLE INTEREST ENTITIES

The Company utilizes VIEs in the normal course of business to support the Company's financing needs. The Company determines whether the Company is the primary beneficiary of a VIE at the time it becomes involved with the VIE and reconsiders that conclusion on an on-going basis.

The Company established certain special purpose entities ("SPEs") for the purpose of financing the Company's purchase and renovation of real estate inventory through the issuance of asset-backed debt. The Company is the primary beneficiary of the various VIEs within these financing structures and consolidates these VIEs. The Company is determined to be the primary beneficiary based on its power to direct the activities that most significantly impact the economic outcomes of the SPEs through its role in designing the SPEs and managing the real estate inventory they purchase and sell. The Company has a potentially significant variable interest in the entities based upon the equity interest the Company holds in the VIEs.

The following table summarizes the assets and liabilities related to the VIEs consolidated by the Company as of June 30, 2024 and December 31, 2023 (in millions):

	June 30, 2024	December 31, 2023
Assets		
Restricted cash	$ 110	$ 530
Real estate inventory, net	2,183	1,735
Other[(1)]	43	18
Total assets	$ 2,336	$ 2,283
Liabilities		
Non-recourse asset-backed debt	$ 2,054	$ 2,134
Other[(2)]	35	29
Total liabilities	$ 2,089	$ 2,163

(1) Includes escrow receivable and other current assets.

(2) Includes accounts payable and other accrued liabilities and interest payable.

The creditors of the VIEs generally do not have recourse to the Company’s general credit solely by virtue of being creditors of the VIEs. However, certain of the financial covenants included in the inventory financing facilities to which the VIEs are party are calculated by reference to Opendoor Labs Inc. and its consolidated subsidiaries' assets and liabilities. As a result, under certain circumstances, this may limit the Company's flexibility to transfer assets from Opendoor subsidiaries to the Parent Company. See *“Note 5 — Credit Facilities and Long-Term Debt”* for further discussion of the recourse obligations with respect to the VIEs.

5. CREDIT FACILITIES AND LONG-TERM DEBT

The following tables summarize certain details related to the Company's credit facilities and long-term debt as of June 30, 2024 and December 31, 2023 (in millions, except interest rates):

		Outstanding Amount				
June 30, 2024	**Borrowing Capacity**	**Current**	**Non-Current**	**Weighted Average Interest Rate**	**End of Revolving / Withdrawal Period**	**Final Maturity Date**
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,000	$ —	$ —	— %	June 24, 2026	June 24, 2026
Revolving Facility 2018-3	1,000	162	—	8.27 %	September 29, 2026	September 29, 2026
Revolving Facility 2019-1	300	—	—	— %	August 15, 2025	August 15, 2025
Revolving Facility 2019-2	550	—	—	— %	October 3, 2025	October 2, 2026
Revolving Facility 2019-3	100	53	—	8.29 %	April 4, 2025	April 3, 2026
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	100	100	—	3.48 %	January 2, 2025	April 1, 2025
Term Debt Facility 2021-S2	400	—	300	3.20 %	September 10, 2025	March 10, 2026
Term Debt Facility 2021-S3	1,000	—	750	3.75 %	January 31, 2027	July 31, 2027
Term Debt Facility 2022-S1	250	—	250	4.07 %	March 1, 2025	September 1, 2025
Total	$ 4,700	$ 315	$ 1,300			
Issuance Costs		—	(9)			
Carrying Value		$ 315	$ 1,291			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	1,800	—	300	10.00 %	April 1, 2025	April 1, 2026
Term Debt Facility 2022-M1	500	—	150	10.00 %	September 15, 2025	September 15, 2026
Total	$ 2,300	$ —	$ 450			
Issuance Costs			(2)			
Carrying Value			$ 448			
Total Non-Recourse Asset-backed Debt	$ 7,000	$ 315	$ 1,739			

(Tabular amounts in millions, except share and per share amounts, ratios, or as noted)

	Outstanding Amount		
December 31, 2023	Current	Non-Current	Weighted Average Interest Rate
Non-Recourse Asset-backed Debt:			
Asset-backed Senior Revolving Credit Facilities			
Revolving Facility 2018-2	$ —	$ —	7.49 %
Revolving Facility 2018-3	—	—	6.82 %
Revolving Facility 2019-1	—	—	7.34 %
Revolving Facility 2019-2	—	—	6.83 %
Revolving Facility 2019-3	—	—	— %
Asset-backed Senior Term Debt Facilities			
Term Debt Facility 2021-S1	—	100	3.48 %
Term Debt Facility 2021-S2	—	300	3.20 %
Term Debt Facility 2021-S3	—	750	3.75 %
Term Debt Facility 2022-S1	—	250	4.07 %
Total	$ —	$ 1,400	
Issuance Costs	—	(12)	
Carrying Value	$ —	$ 1,388	
Asset-backed Mezzanine Term Debt Facilities			
Term Debt Facility 2020-M1	$ —	$ 600	10.00 %
Term Debt Facility 2022-M1	$ —	$ 150	10.00 %
Total	$ —	$ 750	
Issuance Costs		(4)	
Carrying Value		$ 746	
Total Non-Recourse Asset-backed Debt	$ —	$ 2,134	

Non-Recourse Asset-backed Debt

The Company utilizes inventory financing facilities consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities to provide financing for the Company's real estate inventory purchases and renovation. These inventory financing facilities are typically secured by some combination of restricted cash, equity in real estate owning subsidiaries and related holding companies, and, for senior facilities, the real estate inventory financed by the relevant facility and/or beneficial interests in such inventory.

Each of the borrowers under the inventory financing facilities is a consolidated subsidiary of Opendoor and a separate legal entity. Neither the assets nor credit of any such borrower subsidiaries are generally available to satisfy the debts and other obligations of any other Opendoor entities. The inventory financing facilities are non-recourse to the Company and are non-recourse to Opendoor subsidiaries not party to the relevant facilities, except for limited guarantees provided by an Opendoor subsidiary for certain obligations involving "bad acts" by an Opendoor entity and certain other limited circumstances.

As of June 30, 2024, the Company had total borrowing capacity with respect to its non-recourse asset-backed debt of $7.0 billion. Borrowing capacity amounts under non-recourse asset-backed debt as reflected in the table above are in some cases not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. Any amounts repaid for senior term and mezzanine term debt facilities reduce total borrowing capacity as repaid amounts are not available to be reborrowed. As of June 30, 2024, the Company had committed borrowing capacity with respect to the Company's non-recourse asset-backed debt of $2.3 billion; this committed borrowing capacity is comprised of $400 million for senior revolving credit facilities, $1.4 billion for senior term debt facilities, and $450 million for mezzanine term debt facilities.

Asset-backed Senior Revolving Credit Facilities

The Company classifies the senior revolving credit facilities as current liabilities on the Company's condensed consolidated balance sheets as amounts drawn to acquire and renovate homes are required to be repaid as the related real estate inventory is sold, which the Company expects to occur within 12 months.

The senior revolving credit facilities are typically structured with an initial revolving period of up to 24 months during which time amounts can be borrowed, repaid and borrowed again. The borrowing capacity is generally available until the end of the applicable revolving period as reflected in the table above. Outstanding amounts drawn under each senior revolving credit facility are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity dates and revolving period end dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under the senior revolving credit facilities accrue interest at various floating rates based on a secured overnight financing rate ("SOFR"), plus a margin that varies by facility. The Company may also pay fees on certain unused portions of committed borrowing capacity. The Company's senior revolving credit facility arrangements typically include upfront fees that may be paid at execution of the applicable agreements or be earned at execution and payable over time. These facilities are generally fully prepayable at any time without penalty other than customary breakage costs.

The senior revolving credit facilities have aggregated borrowing bases, which increase or decrease based on the cost and value of the properties financed under a given facility and the time that those properties are in the Company's possession. When the Company resells a home, the proceeds are used to reduce the outstanding balance under the related senior revolving credit facility. The borrowing base for a given facility may be reduced as properties age beyond certain thresholds or the performance of the properties financed under that facility declines, and any borrowing base deficiencies may be satisfied through contributions of additional properties or partial repayment of the facility.

Asset-backed Senior Term Debt Facilities

The Company classifies its senior term debt facilities as current or non-current liabilities on the Company's condensed consolidated balance sheets based on the applicable final maturity date.

The senior term debt facilities are typically structured with an initial withdrawal period up to 60 months during which the outstanding principal amounts are generally not required to be repaid when homes financed through those facilities are sold and instead are intended to remain outstanding until final maturity for each facility. Outstanding amounts drawn under each senior term debt facility are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity dates and withdrawal period end dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under the senior term debt facilities accrue interest at a fixed rate. The Company's senior term debt facilities may include upfront issuance costs that are capitalized as part of the facilities' respective carrying values. These facilities are fully prepayable at any time but may be subject to certain customary prepayment penalties.

The senior term debt facilities have aggregated property borrowing bases, which increase or decrease based on the cost and value of the properties financed under a given facility, the time those properties are in the Company's possession and the amount of cash collateral pledged by the relevant borrowers. The borrowing base for a given facility may be reduced as properties age or collateral performance declines beyond certain thresholds, and any borrowing base deficiencies may be satisfied through contributions of additional properties, cash or through partial repayment of the facility.

Asset-backed Mezzanine Term Debt Facilities

The Company classifies its mezzanine term debt facilities as current or non-current liabilities on the Company's condensed consolidated balance sheets based on the applicable final maturity date. These facilities are structurally and contractually subordinated to the related asset-backed senior debt facilities.

The mezzanine term debt facilities have been structured with an initial 42-month withdrawal period during which the outstanding principal amounts are generally not required to be repaid when homes financed through those facilities are sold and instead are intended to remain outstanding until final maturity. Outstanding amounts drawn under the mezzanine term debt facilities are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity date and withdrawal period end date reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under a given term debt facility accrue interest at a fixed rate. The mezzanine term debt facilities include upfront issuance costs that are capitalized as part of the facilities' respective carrying values. These facilities are fully prepayable at any time but may be subject to certain prepayment penalties.

The mezzanine term debt facilities have aggregated property borrowing bases, which increase or decrease based on the cost and the value of the properties financed under a given facility and time in the Company's possession of those properties and the amount of cash collateral pledged by the relevant borrowers. The borrowing base for a given facility may be reduced as properties age or collateral performance declines beyond certain thresholds, and any borrowing base deficiencies may be satisfied through contributions of additional properties or cash or through partial repayment of the facility.

Covenants

The Company's inventory financing facilities include customary representations and warranties, covenants and events of default. Financed properties are subject to customary eligibility criteria and concentration limits.

The terms of these inventory financing facilities and related financing documents require an Opendoor subsidiary to comply with customary financial covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth). Certain of these financial covenants are calculated by reference to Opendoor Labs Inc. and its consolidated subsidiaries' assets and liabilities. As a result, under certain circumstances, this may limit the Company's flexibility to transfer assets from Opendoor subsidiaries to the Parent Company. At June 30, 2024 and December 31, 2023, $266 million and $275 million, respectively, of the Company's net assets were restricted as they reflect minimum net asset requirements at Opendoor Labs Inc. As of June 30, 2024, the Company was in compliance with all financial covenants and no event of default had occurred.

Convertible Senior Notes

In August 2021, the Company issued 0.25% senior notes due in 2026 (the "2026 Notes") with an aggregate principal amount of $978 million. The tables below summarize certain details related to the 2026 Notes (in millions, except interest rates):

June 30, 2024	Remaining Aggregate Principal Amount	Unamortized Debt Issuance Costs	Net Carrying Amount
2026 Notes	$ 381	$ (4)	$ 377

June 30, 2024	Maturity Date	Stated Cash Interest Rate	Effective Interest Rate	Semi-Annual Interest Payment Dates	Conversion Rate	Conversion Price
2026 Notes	August 15, 2026	0.25 %	0.78 %	February 15; August 15	51.9926	$ 19.23

The 2026 Notes will be convertible at the option of the holders before February 15, 2026 only upon the occurrence of certain events. Beginning on August 20, 2024, the Company has the option to redeem the 2026 Notes upon meeting certain conditions related to price of the Company's common stock. Beginning on February 15, 2026 and until the close of business on the second scheduled trading day immediately preceding the maturity date, the 2026 Notes are convertible at any time at election of each holder. The conversion rate and conversion price are subject to customary adjustments under certain circumstances. In addition, if certain corporate events that constitute a make-whole fundamental change occur, then the conversion rate will be adjusted in accordance with the make-whole table within the Indenture. Upon conversion, the Company may satisfy its obligation by paying cash for the outstanding principal balance, and, a combination of cash and the Company's common stock, at the Company's election, for the remaining amount, if any, based on the applicable conversion rate.

During the year ended December 31, 2023, the Company entered into separate, privately negotiated transactions to repurchase a portion of the outstanding 2026 Notes ("Repurchased 2026 Notes"). The holders of the Repurchased 2026 Notes exchanged $597 million in aggregate principal amount for aggregate payments of $360 million in cash for full settlement of the principal value and accrued interest on such date. The Company accounted for the repurchase as a debt extinguishment. Accordingly, the Company: (i) reduced the carrying value of the Repurchased 2026 Notes by $597 million, (ii) reduced outstanding deferred issuance costs by $10 million, (iii) incurred fees of $2 million and (iv) recorded $225 million of gain on debt extinguishment. The Company elected to leave the Capped Calls associated with the Repurchased 2026 Notes outstanding.

For the three and six months ended June 30, 2024, total interest expense on the Company's convertible senior notes was less than $1 million and $1 million, respectively. For the three and six months ended June 30, 2023, total interest expense on the Company's convertible senior notes was $1 million and $3 million, respectively.

Capped Calls

In August 2021, in connection with the issuance of the 2026 Notes, the Company purchased capped calls (the "Capped Calls") from certain financial institutions at a cost of $119 million. The Capped Calls cover, subject to customary adjustments, the number of shares of the Company's common stock underlying the 2026 Notes. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event of a conversion of the 2026 Notes settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes its common stock price exceeds the conversion price. The Capped Calls have an initial strike price of $19.23 per share and an initial cap price of $29.59 per share or a cap price premium of 100%.

6. FAIR VALUE DISCLOSURES

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

Following is a discussion of the fair value hierarchy and the valuation methodologies used for assets and liabilities recorded at fair value on a recurring and nonrecurring basis and for estimating fair value for financial instruments not recorded at fair value.

Fair Value Hierarchy

Fair value measurements of assets and liabilities are categorized based on the following hierarchy:

Level 1 — Fair value determined based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value determined using significant observable inputs, such as quoted prices for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data, by correlation or other means.

Level 3 — Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

Estimation of Fair Value

The following table summarizes the fair value measurement methodologies, including significant inputs and assumptions, and classification of the Company's assets and liabilities.

Asset/Liability Class	Valuation Methodology, Inputs and Assumptions	Classification
Cash and cash equivalents	Carrying value is a reasonable estimate of fair value based on the short-term nature of the instruments.	Level 1 estimated fair value measurement.
Restricted cash	Carrying value is a reasonable estimate of fair value based on the short-term nature of the instruments.	Level 1 estimated fair value measurement.
Marketable securities		
Debt securities	Prices obtained from third-party vendors that compile prices from various sources and often apply matrix pricing for similar securities when no price is observable.	Level 2 recurring fair value measurement.
Equity securities	Price is quoted given the securities are traded on an exchange.	Level 1 recurring fair value measurement.
Non-recourse asset-backed debt		
Credit facilities	Fair value is estimated using discounted cash flows based on current lending rates for similar credit facilities with similar terms and remaining time to maturity.	Carried at amortized cost. Level 2 estimated fair value measurement.
Convertible senior notes	Fair value is estimated using broker quotes and other observable market inputs.	Carried at amortized cost. Level 2 estimated fair value measurement.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the levels of the fair value hierarchy for the Company's assets measured at fair value on a recurring basis (in millions):

June 30, 2024	Balance at Fair Value	Level 1	Level 2	Level 3
Marketable securities:				
Corporate debt securities	$ 8	$ —	$ 8	$ —
Equity securities	11	11	—	—
Total assets	$ 19	$ 11	$ 8	$ —

December 31, 2023	Balance at Fair Value	Level 1	Level 2	Level 3
Marketable securities:				
Corporate debt securities	$ 54	$ —	$ 54	$ —
Equity securities	15	15	—	—
Total assets	$ 69	$ 15	$ 54	$ —

Fair Value of Financial Instruments

The following presents the carrying value, estimated fair value and the levels of the fair value hierarchy for the Company's financial instruments other than assets and liabilities measured at fair value on a recurring basis (in millions):

	June 30, 2024			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 790	$ 790	$ 790	$ —
Restricted cash	121	121	121	—
Liabilities:				
Non-recourse asset-backed debt	$ 2,054	$ 2,065	$ —	$ 2,065
Convertible senior notes	377	308	—	308

	December 31, 2023			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 999	$ 999	$ 999	$ —
Restricted cash	541	541	541	—
Liabilities:				
Non-recourse asset-backed debt	$ 2,134	$ 2,150	$ —	$ 2,150
Convertible senior notes	376	296	—	296

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2024 and December 31, 2023, consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Internally developed software	$ 128	$ 124
Computers	10	12
Security systems	6	19
Office equipment	2	3
Furniture and fixtures	2	2
Leasehold improvements	2	2
Software implementation costs	1	4
Total	151	166
Accumulated depreciation and amortization	(80)	(100)
Property and equipment – net	$ 71	$ 66

Depreciation and amortization expense of $9 million and $18 million was recorded for the three and six months ended June 30, 2024, respectively. Depreciation and amortization expense of $9 million and $19 million was recorded for the three and six months ended June 30, 2023, respectively.

8. GOODWILL AND INTANGIBLE ASSETS

For the six months ended June 30, 2024 and the year ended December 31, 2023, there were no additions to goodwill. No impairment of goodwill was identified for the three and six months ended June 30, 2024 and 2023.

Intangible assets subject to amortization consisted of the following as of June 30, 2024 and December 31, 2023, respectively (in millions, except years):

June 30, 2024	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life (Years)
Developed technology	$ 17	$ (16)	$ 1	0.3
Customer relationships	7	(6)	1	0.2
Trademarks	5	(5)	—	0.2
Intangible assets – net	$ 29	$ (27)	$ 2	

December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life (Years)
Developed technology	$ 17	$ (13)	$ 4	0.8
Customer relationships	7	(6)	1	0.7
Trademarks	5	(5)	—	0.7
Intangible assets – net	$ 29	$ (24)	$ 5	

Amortization expense for intangible assets was $1 million and $3 million for the three and six months ended June 30, 2024, respectively. Amortization expense for intangible assets was $1 million and $3 million for the three and six months ended June 30, 2023, respectively.

As of June 30, 2024, expected amortization of intangible assets is as follows:

Fiscal Years	(In millions)
Remainder of 2024	$ 2
Total	$ 2

9. SHARE-BASED AWARDS

Stock options and RSUs

Option awards are generally granted with an exercise price equal to the fair value of the Company's common stock at the date of grant.

A summary of the stock option activity for the six months ended June 30, 2024, is as follows:

	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Balance-December 31, 2023	7,820	$ 2.44	3.3	$ 16
Exercised	(194)	1.10		
Expired	(17)	2.38		
Balance-June 30, 2024	7,609	$ 2.48	2.8	$ 3
Exercisable-June 30, 2024	7,609	$ 2.48	2.8	$ 3

A summary of the RSU activity for the six months ended June 30, 2024, is as follows:

	Number of RSUs (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested and outstanding-December 31, 2023	60,896	$ 4.05
Granted	24,133	2.63
Vested	(19,495)	4.14
Forfeited	(3,840)	5.08
Unvested and outstanding-June 30, 2024	61,694	$ 3.40

Restricted Shares

The Company has granted Restricted Shares to certain continuing employees, primarily in connection with acquisitions.

ESPP

The first offering period for the Company's 2020 Employee Stock Purchase Plan (“ESPP”) began on March 1, 2022. ESPP employee payroll contributions withheld as of June 30, 2024 were $2 million and are included within Accounts payable and other accrued liabilities in the condensed consolidated balance sheets. Payroll contributions withheld as of June 30, 2024 will be used to purchase shares at the end of the current ESPP purchase period ending on August 31, 2024.

The fair value of ESPP purchase rights is estimated at the date of grant using the Black-Scholes option-pricing valuation model. The following assumptions were applied in the model to estimate the grant-date fair value of the ESPP.

	Six Months Ended June 30, 2024
Fair value	$1.26 - $1.56
Volatility	88.7% - 89.6%
Risk-free rate	4.94% - 5.27%
Expected life (in years)	0.5 - 1.0
Expected dividend	$—

As of June 30, 2024, total estimated unrecognized compensation expense related to the ESPP was $3 million. The unamortized compensation costs are expected to be recognized over the remaining term of the offering period of 0.6 years.

Stock-based compensation expense

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. The following table summarizes total stock-based compensation expense by function as presented in the condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
General and administrative	$ 17	$ 5	$ 33	$ 32
Sales, marketing and operations	4	4	9	8
Technology and development	12	12	24	23
Total stock-based compensation expense	$ 33	$ 21	$ 66	$ 63

As of June 30, 2024, there was $179 million of unamortized stock-based compensation costs related to unvested RSUs. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 1.9 years.

10. WARRANTS

Marketing Warrants

On July 28, 2022, the Company entered into a warrant agreement with Zillow, Inc. (“Zillow”) in connection with a partnership arrangement that allows for Zillow to purchase up to 6 million shares of common stock that will vest in tranches (each, a “Tranche”) upon Zillow providing resale marketing services to the Company. As of June 30, 2024, no warrant shares had vested.

11. INCOME TAXES

The Company's tax provision and the resulting effective tax rate for interim periods is determined based upon its estimated annual effective tax rate adjusted for the effect of discrete items arising in that quarter.

The Company’s provision for income taxes, which consisted of state taxes in the United States and foreign income taxes in Canada and India was $1 million and $1 million for the three and six months ended June 30, 2024, respectively, with an effective tax rate of (0.65)% and (0.40)%, respectively. The Company's provision for income taxes was less than $1 million and $1 million for the three and six months ended June 30, 2023, respectively, with an effective tax rate of 1.48% and (0.77)%, respectively. The effective tax rate differs from the U.S. statutory tax rate primarily due to the recording of a full valuation allowance against the net deferred tax assets.

The Company evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets by jurisdiction. Based on the Company’s history of operating losses, including a three-year cumulative loss position, the Company believes that based on the weight of available evidence, it is more likely than not that all of the deferred tax assets in the U.S. will not be realized and recorded a full valuation allowance of its federal and state net deferred tax assets as of June 30, 2024 and December 31, 2023.

In December 2021, the Organization for Economic Co-operation and Development Inclusive Framework on Base Erosion Profit Shifting released Model Global Anti-Base Erosion rules (“Model Rules”) under Pillar Two. The Model Rules set forth the “common approach” for a Global Minimum Tax at 15 percent for multinational enterprises with a turnover of more than 750 million Euros. Rules under Pillar Two were effective from January 1, 2024. The Company does not expect adoption of Pillar Two rules to have a significant impact on its consolidated financial statements during fiscal year 2024.

12. NET (LOSS) INCOME PER SHARE

Basic net (loss) income per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted net (loss) income per share is computed based on the weighted average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. During the periods when there is a net loss, potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive. No dividends were declared or paid for the three and six months ended June 30, 2024 or 2023.

The Company uses the two-class method to calculate net (loss) income per share and apply the more dilutive of the two-class method, treasury stock method or if-converted method to calculate diluted net (loss) income per share. Undistributed earnings for each period are allocated to participating securities, based on the contractual participation rights of the security to share in the current earnings as if all current period earnings had been distributed. As there is no contractual obligation for participating securities to share in losses, the Company's basic net (loss) income per share is computed by dividing the net (loss) income attributable to common shareholders by the weighted-average shares of common stock outstanding during periods with undistributed losses.

The following table sets forth the computation of the Company's basic and diluted net (loss) income per share attributable to common shareholders for the three and six months ended June 30, 2024 and 2023 (in millions, except share amounts which are presented in thousands, and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Basic net (loss) income per share:				
Numerator:				
Net (loss) income	$ (92)	$ 23	$ (201)	$ (78)
Denominator:				
Weighted average shares outstanding – basic	693,445	646,062	687,951	646,750
Basic net (loss) income per share	$ (0.13)	$ 0.04	$ (0.29)	$ (0.12)
Diluted net (loss) income per share:				
Numerator:				
Net (loss) income	$ (92)	$ 23	$ (201)	$ (78)
Denominator:				
Weighted average shares outstanding – basic	693,445	646,062	687,951	646,750
Plus: Dilutive effect of employee stock-based awards	—	21,097	—	—
Weighted average shares outstanding – diluted	693,445	667,159	687,951	646,750
Diluted net (loss) income per share	$ (0.13)	$ 0.03	$ (0.29)	$ (0.12)

There were no preferred dividends declared or accumulated for the periods presented.

For both the three and six months ended June 30, 2024, 72,687 thousand shares were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period. For the three and six months ended June 30, 2023, 30,577 thousand and 80,603 thousand shares, respectively were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period.

13. COMMITMENTS AND CONTINGENCIES

Lease Commitments

In May 2023, the Company amended its Tempe, Arizona office lease to partially terminate the Company's obligation with respect to a portion of the leased premises ("Partial Lease Termination"). The Partial Lease Termination resulted in a decrease of undiscounted, future lease payments of $19 million. As a result of the Partial Lease Termination, the Company remeasured its operating lease liabilities and recorded a decrease of $10 million to reflect the reduced lease payments and termination penalties. The Company also recorded a decrease to right-of-use assets of $9 million based on the proportionate decrease in the right-of-use asset, which resulted in a gain of $1 million recognized in general and administrative expense on the consolidated statements of operations for the six months ended June 30, 2023.

Legal Matters

From time to time, the Company may be subject to potential liability relating to the ownership and operations of the Company's properties. Accruals are recorded when the outcome is probable and can be reasonably estimated.

There are various claims and lawsuits arising in the normal course of business pending against the Company, some of which seek damages and other relief which, if granted, may require future cash expenditures. In addition, from time to time the Company receives inquiries and audit requests from various government agencies and fully cooperates with these requests. The Company does not believe that it is reasonably possible that the resolution of these matters would result in any liability that would materially affect the Company's condensed consolidated results of operations or financial condition except as noted below.

On October 7, 2022 and November 22, 2022, purported securities class action lawsuits were filed in the United States District Court for the District of Arizona, captioned *Alich v. Opendoor Technologies Inc., et al.* (Case No. 2:22-cv-01717-JFM) ("Alich") and *Oakland County Voluntary Employee's Beneficiary Association, et al. v. Opendoor Technologies Inc., et al.* (Case No. 2:22-cv-01987-GMS) ("Oakland County"), respectively. The lawsuits were consolidated into a single action, captioned *In re Opendoor Technologies Inc. Securities Litigation* (Case No. 2:22-CV-01717-MTL). The consolidated amended complaint names as defendants the Company, Social Capital Hedosophia Holdings Corp. II (SCH"), certain of the Company's current and former officers and directors and the underwriters of a securities offering the Company made in February 2021. The complaint alleges that the Company and certain officers violated Section 10(b) of the Exchange Act and SEC Rule 10b-5, and that the Company, SCH, certain officers and directors and the underwriters violated Section 11 of the Securities Act, in each case by making materially false or misleading statements related to the effectiveness of the Company's pricing algorithm. The plaintiffs also allege that certain defendants violated Section 20(a) of the Exchange Act and Section 15 of the Securities Act, respectively, which provide for control person liability. The complaint asserts claims on behalf of all persons and entities that purchased, or otherwise acquired, Company common stock between December 21, 2020 and November 3, 2022 or pursuant to offering documents issued in connection with our business combination with SCH and the secondary public offering conducted by the Company in February 2021. The plaintiffs seek class certification, an award of unspecified compensatory damages, an award of interest and reasonable costs and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. The defendants filed motions to dismiss on June 30, 2023, which the court granted on February 27, 2024 without prejudice. On May 14, 2024, the court granted plaintiffs' motion for reconsideration of certain portions of the court's order dismissing the complaint. The court's orders on the motion to dismiss and motion for reconsideration dismissed all Exchange Act claims and Securities Act claims except for a portion of plaintiffs' claims brought under Section 11 and Section 15 of the Securities Act. Defendants filed answers to the complaint on July 12, 2024. The Company continues to believe that the allegations in the complaint are without merit and intends to vigorously defend itself in the matter.

On March 1, 2023 and March 15, 2023, shareholder derivative lawsuits were filed in the United States District Court for the District of Arizona, captioned *Carlson v. Rice, et al.* (Case No. 2:23-cv-00367-GMS) and *Van Dorn v. Wu, et al.* (Case No. 2:23-cv-00455-DMF), respectively, which were subsequently consolidated into a single action, captioned *Carlson v. Rice* (Case No. 2:23-CV-00367-GMS). Plaintiffs voluntarily dismissed the matter on June 22, 2023, and thereafter re-filed complaints in the Court of Chancery of the State of Delaware, captioned *Carlson v. Rice, et al.* (Case No. 2023-0642) and *Van Dorn v. Rice, et al.* (Case No. 2023-0643). The cases have been consolidated into a single action, captioned Opendoor Technologies Inc. Stockholder Derivative Litigation (Case No. 2023-0642). On June 29, 2023, a shareholder derivative lawsuit was filed in the United States District Court for the District of Delaware, captioned *Juul v. Wu, et al.* (Case No. 1:23-cv-00705-UNA). The complaints in each matter are based on the same facts and circumstances as *In re Opendoor Technologies Inc. Securities Litigation* and name certain officers and directors of the Company as defendants. The defendants are alleged to have violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 and breached fiduciary duties. The plaintiffs seek to maintain the derivative actions on behalf of the Company, an award of unspecified compensatory damages, an order directing the Company to reform its corporate governance and internal procedures, restitutionary relief, an award of interest and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. These derivative actions have been stayed pending further developments in *In re Opendoor Technologies Inc. Securities Litigation*.

On October 13, 2023, a shareholder derivative lawsuit was filed in the United States District Court for the District of Delaware, captioned *Woods, et al. v. Bain, et al*. (Case No. 1:23-cv-01158-UNA). The complaint is based on facts and circumstances related to *In re Opendoor Technologies Inc. Securities Litigation*. The plaintiffs have brought claims against certain current and former directors and officers of the Company for breach of fiduciary duty, contribution under Sections 10(b) and 21D of the Exchange Act, SEC Rule 10b-5, violations of Section 14(a) of the Exchange Act, and SEC Rule 14a-9 promulgated thereunder. The plaintiffs seek to maintain the derivative action on behalf of the Company, an award of unspecified compensatory damages, an order directing one of the defendants to disgorge monies allegedly obtained from certain personal sales of Company stock, equitable relief, an award of interest and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. This derivative action has been stayed pending further developments in *In re Opendoor Technologies Inc. Securities Litigation*.

On October 18, 2023, a shareholder derivative lawsuit was filed in the United States District Court for the District of Arizona, captioned *Gera v. Palihapitiya, et al*. (Case No. 2:23-cv-02164-SMB). The complaint is based on facts and circumstances related to *In re Opendoor Technologies Inc. Securities Litigation*, and names as defendants certain current and former officers and directors of the Company and SCH Sponsor II LLC. The complaint alleges that the defendants violated Section 14(a) of the Exchange Act, and SEC Rule 14a-9 promulgated thereunder. The plaintiff seeks to maintain the derivative action on behalf of the Company, an award of unspecified compensatory damages, an order directing the Company to reform certain corporate governance and internal procedures, restitution, an award of cost and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. The defendants filed motions to dismiss on February 8, 2024, which are pending before the court.

14. RESTRUCTURING

In 2023, the Company initiated workforce reductions, impacting approximately 680 employees. The Company provided severance and other termination benefits ("Post-Employment Benefits") to impacted employees.

The following table presents the activity of the restructuring liability as of June 30, 2024 (in millions):

	June 30, 2024
Balance-December 31, 2023	$ 3
Additions charged to expense	—
Cash payments	(3)
Balance- June 30, 2024	$ —

15. SUBSEQUENT EVENTS

On July 31, 2024, a consolidated subsidiary of the Company, Mainstay Labs Inc. ("Mainstay"), formerly Open Exchange Labs Inc., issued Series A Preferred Stock to third-party investors (the "Fundraise"). Mainstay is a market intelligence and transaction platform for the single-family rental industry. The Company will maintain less than 50% ownership, on a fully diluted basis, in Mainstay. The Company is in the process of assessing the financial statement impact of the Fundraise.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. The discussion should be read together with the historical condensed consolidated financial statements and related notes that appear in this Quarterly Report on Form 10-Q.

This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Forward-Looking Statements," "Risk Factors," or in other parts of this Quarterly Report on Form 10-Q, and in "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report").

Overview

Opendoor's mission is to power life's progress, one move at a time. Residential real estate is a trillion-dollar industry underpinned by a process that is complicated, time-consuming, stressful, and offline. We believe all consumers deserve to buy, sell, and move between homes with simplicity and confidence, and we have dedicated almost a decade to delivering on this vision. We have built unique pricing and operations capabilities to become one of the largest buyers and sellers of homes in the United States. Since our founding, we have helped customers to buy or sell homes in over 261,000 transactions and have expanded our footprint to 50 markets across the country.

Financial Highlights and Operating Metrics

(in millions, except percentages, homes purchased, homes sold, number of markets, and homes in inventory)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change
Revenue	$ 1,511	$ 1,976	$ (465)	$ 2,692	$ 5,096	$ (2,404)
Gross profit	$ 129	$ 149	$ (20)	$ 243	$ 319	$ (76)
Gross margin	8.5 %	7.5 %		9.0 %	6.3 %	
Net (loss) income	$ (92)	$ 23	$ (115)	$ (201)	$ (78)	$ (123)
Number of markets (at period end)	50	53	(3)	50	53	(3)
Homes sold	4,078	5,383	(1,305)	7,156	13,657	(6,501)
Homes purchased	4,771	2,680	2,091	8,229	4,427	3,802
Homes in inventory (at period end)	6,399	3,558	2,841	6,399	3,558	2,841
Inventory (at period end)	$ 2,234	$ 1,149	$ 1,085	$ 2,234	$ 1,149	$ 1,085
Percentage of homes "on the market" for greater than 120 days (at period end)	14 %	24 %		14 %	24 %	
Non-GAAP Financial Highlights [(1)]						
Contribution Profit (Loss)	$ 95	$ (90)	$ 185	$ 152	$ (331)	$ 483
Contribution Margin	6.3 %	(4.6)%		5.6 %	(6.5)%	
Adjusted EBITDA	$ (5)	$ (168)	$ 163	$ (55)	$ (509)	$ 454
Adjusted EBITDA Margin	(0.3)%	(8.5)%		(2.0)%	(10.0)%	
Adjusted Net Loss	$ (31)	$ (197)	$ 166	$ (111)	$ (606)	$ 495

(1) See "—*Non-GAAP Financial Measures*" for further details and a reconciliation of such non-GAAP measures to their nearest comparable GAAP measures.

(Tabular amounts in millions, except share and per share data and ratios, or as noted)

Current Housing Environment

The housing market remains challenging as mortgage rates continue to be elevated and volatile, keeping new listing volumes around decade lows and straining housing affordability for buyers. In the second quarter, overall volumes in the U.S. housing market remained depressed with seasonally adjusted annual existing home sales of just over four million, slightly below last year's levels and well below the 10-year average of over five million annual transactions. Additionally, resale clearance rates, meaning the percent of homes listed on the multiple listing services ("MLS") that enter into a sales contract per day, have slowed more quickly than is typical for this time of year and are down nearly 30% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. During the three months ended June 30, 2024 month-over-month home price appreciation made a meaningful departure to the downside, underperforming 2023 levels and crossing into slightly negative territory by mid-June, which is earlier in the summer selling season that we typically see. Further, in the back half of the second quarter, we saw an uptick in delisting rates, which are now at decade highs for this time of year. These increased delisting rates suggest that reported home price appreciation numbers are inflated relative to historical levels with many sellers failing to find an attractive clearing price.

The U.S. economy overall continues to show signs of resilience despite elevated interest rates. Inflation has been trending downward, which has increased the probability and quantum of expected rate cuts meaningfully since May. This could provide a boost to various sectors, including housing market activity. We remain flexible in setting spreads dynamically with the goal of optimizing our performance against the vectors of growth, margin, and risk. We believe this decision-making framework will allow us to act nimbly and respond to a range of macroeconomic outcomes.

Factors Affecting our Business Performance

Market Penetration in Existing Markets

Residential real estate is one of the largest consumer markets in the United States, of which less than 1% of the estimated $1.6 trillion of home value transacted annually is conducted online. Given the fact that we operate in a highly fragmented industry and offer a differentiated value proposition to the traditional offline selling process, we believe there is significant opportunity to expand our share in our existing markets. By providing a consistent, high-quality and differentiated experience to our customers, we hope to continue to drive positive word-of-mouth awareness and trust in our platform.

We are steadily growing our reach via our partnership channels with homebuilders, agents, and online real estate platforms. We have relationships with two of the largest online real estate platforms, Zillow and Redfin, which together reach millions of unique monthly visitors. We launched our partnership agreement with Zillow, Inc. in early 2023, allowing home sellers on the Zillow, Inc. platform to request an offer directly from Opendoor. We also have a partnership with eXp Realty, the largest independent real estate company in the world, which enables eXp Realty's agents to easily request an Opendoor cash offer on qualifying properties to present alongside the option of a market listing for their client's home. In addition to driving incremental acquisitions, we expect these partnerships to build our brand awareness and serve as additional avenues for sellers to learn about the benefits of our flagship cash offer.

A continued source of growth is re-engagement with our base of registered sellers, meaning sellers that have received an offer from Opendoor but have not yet sold their home. In the last ten years, we have sent millions of offers and, while not everyone is ready to act when they request an offer, we treat everyone as a potential future seller. We perpetually iterate on our reengagement strategies and believe that our registered customer base will continue to be an important source of home acquisition volumes.

Market Footprint

The following table represents the number of markets we operated in as of the periods presented:

	June 30,	March 31,	Year Ended December 31,		
(in whole numbers)	**2024**	**2024**	**2023**	**2022**	**2021**
Number of markets (at period end)	50	50	50	53	44

Due to the deteriorating macro environment in 2022 and 2023, we slowed down our new market expansion plans and are focused on expanding our share in our existing markets.

Adjacent Services

We believe home sellers and buyers value simplicity and certainty. To that end, we are building an online, integrated suite of home services, which currently includes title insurance, escrow services and real estate brokerage services.

Our success with title insurance and escrow services helps validate our view that customers prefer an online, integrated experience. We will continue to evaluate new ways to improve our end-to-end solution and expect to invest in additional adjacent products and services over time with the expectation that these adjacent services will continue to improve our unit economics.

Unit Economics

We view Contribution Margin as a key measure of unit economic performance. Contribution Margin is a non-GAAP financial measure. See “—*Non-GAAP Financial Measures*” for further details and a reconciliation of Contribution Margin to Gross Margin. Our long-term financial performance depends, in part, on continuing to maintain and expand unit margins through the following initiatives:

- Optimization and enhancements of our pricing engine;
- Platform efficiency improvements through greater automation and self-service;
- Incremental attach of services, which supplement the core transaction margin profile; and
- Expansion of our listing and marketplace product offerings, which will reduce our inventory exposure and capital intensity, and eliminate the holding and selling costs associated with taking ownership of the home.

Inventory Management

Effectively managing our overall inventory position and balancing growth, margin, and risk are critical to our financial performance. Since our inception, we have prioritized investment in our pricing capabilities across our home acquisition processes and our forecasting and resale systems, and will continue to do so. As part of our overall risk management framework, we consider both individual market and aggregate portfolio exposures. We typically seek to maximize the resale margin performance of our inventory in the context of managing overall risk and inventory health through monitoring sell-through rates, holding periods, and portfolio aging, and we will adjust down listed prices on our inventory when appropriate to stay in-line with market sell-through rates and drive resale clearance. We also adjust the spreads embedded in our offers to respond to current market conditions, both at a macro and local level. (Spreads are defined as total discount to our home valuation at time of offer less the Opendoor service fee of 5%.)

Real estate inventory is reviewed for valuation adjustments on a quarterly basis. If the carrying amount for a given home is not expected to be recovered, an inventory valuation adjustment is recorded to cost of revenue and the home’s carrying value is adjusted to its net realizable value. Inventory valuation adjustments are not offset by any expected gains and are not reversed or adjusted should the expected net realizable value subsequently increase. We recorded inventory valuation adjustments of $34 million and $41 million during the three and six months ended June 30, 2024, respectively, and $14 million and $37 million during the three and six months ended June 30, 2023, respectively. See “*Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Real Estate Inventory*” in our Annual Report on Form 10-K for the year ended December 31, 2023.

As one key measure of inventory management performance, we evaluate our portfolio metrics relative to the broader market (as observed on the MLS). One such metric is our percentage of homes “on the market” for greater than 120 days as measured from initial listing date. As of June 30, 2024, such homes represented 14% of our portfolio, compared to 15% for the broader market when filtered for 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 (which we refer to as our “buybox”).

Inventory Financing

Our business model is working capital intensive and inventory financing is a key enabler of our growth. We primarily rely on our access to non-recourse asset-backed debt, which consists of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities, to finance our home acquisitions. See “—*Liquidity and Capital Resources — Debt and Financing Arrangements*.”

Seasonality

The residential real estate market is seasonal, with greater demand and home price appreciation from home buyers in the spring and summer, and typically weaker demand and lower home price appreciation in late fall and winter. In general, we expect our financial results and working capital requirements to reflect seasonal variations over time. However, other factors, including growth, market expansion and changes in macroeconomic conditions, such as rising inflation and interest rate increases as recently observed, have obscured the impact of seasonality in our historical financials and we expect may continue to do so.

Non-GAAP Financial Measures

In addition to our results of operations below, we report certain financial measures that are not required by, or presented in accordance with, U.S. generally accepted accounting principles (“GAAP”).

These measures have limitations as analytical tools when assessing our operating performance and should not be considered in isolation or as a substitute for GAAP measures, including gross profit and net loss. We may calculate or present our non-GAAP financial measures differently than other companies who report measures with similar titles and, as a result, the non-GAAP financial measures we report may not be comparable with those of companies in our industry or in other industries.

Adjusted Gross Profit (Loss) and Contribution Profit (Loss)

To provide investors with additional information regarding our margins and return on inventory acquired, we have included Adjusted Gross Profit (Loss) and Contribution Profit (Loss), which are non-GAAP financial measures. We believe that Adjusted Gross Profit (Loss) and Contribution Profit (Loss) are useful financial measures for investors as they are supplemental measures used by management in evaluating unit level economics and our operating performance. 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 (Loss) 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.

Adjusted Gross Profit (Loss) and Contribution Profit (Loss) 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. 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 (Loss) / Margin

We calculate Adjusted Gross Profit (Loss) as gross profit under GAAP adjusted for (1) inventory valuation adjustment in the current period, and (2) inventory valuation adjustment in prior periods. 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. Adjusted Gross Margin is Adjusted Gross Profit (Loss) 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 (Loss) helps management assess home pricing, service fees and renovation performance for a specific resale cohort.

Contribution Profit (Loss) / Margin

We calculate Contribution Profit (Loss) as Adjusted Gross Profit (Loss), 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 (Loss) 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 (Loss) helps management assess inflows and outflows directly associated with a specific resale cohort.

The following table presents a reconciliation of our Adjusted Gross Profit (Loss) and Contribution Profit (Loss) to our gross profit, which is the most directly comparable GAAP measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except percentages)	**2024**	**2023**	**2024**	**2023**
Revenue (GAAP)	**$ 1,511**	**$ 1,976**	**$ 2,692**	**$ 5,096**
Gross profit (GAAP)	**$ 129**	**$ 149**	**$ 243**	**$ 319**
Gross Margin	8.5 %	7.5 %	9.0 %	6.3 %
Adjustments:				
Inventory valuation adjustment – Current Period[1][2]	34	14	38	18
Inventory valuation adjustment – Prior Periods[1][3]	(9)	(156)	(23)	(432)
Adjusted Gross Profit (Loss)	**$ 154**	**$ 7**	**$ 258**	**$ (95)**
Adjusted Gross Margin	10.2 %	0.4 %	9.6 %	(1.9)%
Adjustments:				
Direct selling costs[4]	(43)	(58)	(77)	(143)
Holding costs on sales – Current Period[5][6]	(5)	(6)	(16)	(31)
Holding costs on sales – Prior Periods[5][7]	(11)	(33)	(13)	(62)
Contribution Profit (Loss)	**$ 95**	**$ (90)**	**$ 152**	**$ (331)**
Contribution Margin	6.3 %	(4.6)%	5.6 %	(6.5)%

(1) Inventory valuation adjustment includes adjustments to record real estate inventory at the lower of its carrying amount or its net realizable value.

(2) Inventory valuation adjustment — Current Period is the inventory valuation adjustments recorded during the period presented associated with homes that remain in inventory at period end.

(3) Inventory valuation adjustment — Prior Periods is the inventory valuation adjustments recorded in prior periods associated with homes that sold in the period presented.

(4) Represents selling costs incurred related to homes sold in the relevant period. This primarily includes broker commissions, external title and escrow-related fees and transfer taxes.

(5) Holding costs include mainly property taxes, insurance, utilities, homeowners association dues, cleaning and maintenance costs. Holding costs are included in Sales, marketing, and operations on the Condensed Consolidated Statements of Operations.

(6) Represents holding costs incurred in the period presented on homes sold in the period presented.

(7) Represents holding costs incurred in prior periods on homes sold in the period presented.

Adjusted Net Loss and Adjusted EBITDA

We also present Adjusted Net 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-cash, not directly related to our revenue-generating operations, not aligned to related revenue, or not reflective of ongoing operating results that vary in frequency and amount.

Adjusted Net 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 (loss) income.

Adjusted Net Loss

We calculate Adjusted Net Loss as GAAP net (loss) income adjusted to exclude non-cash expenses of stock-based compensation, equity securities fair value adjustment, and intangibles amortization expense. It excludes expenses that are not directly related to our revenue-generating operations such as restructuring. It excludes loss (gain) on extinguishment of debt as these expenses or gains were incurred as a result of decisions made by management to repay portions of our outstanding credit facilities and the 0.25% convertible senior notes due in 2026 (the "2026 Notes") early; these expenses are not reflective of ongoing operating results and vary in frequency and amount. Adjusted Net 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 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 / Margin

We calculated Adjusted EBITDA as Adjusted Net 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 EBITDA Margin is Adjusted EBITDA as a percentage of revenue.

The following table presents a reconciliation of our Adjusted Net Loss and Adjusted EBITDA to our net (loss) income, which is the most directly comparable GAAP measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except percentages)	**2024**	**2023**	**2024**	**2023**
Revenue (GAAP)	**$ 1,511**	**$ 1,976**	**$ 2,692**	**$ 5,096**
Net (loss) income (GAAP)	**$ (92)**	**$ 23**	**$ (201)**	**$ (78)**
Adjustments:				
Stock-based compensation	33	21	66	63
Equity securities fair value adjustment[1]	2	(6)	4	(7)
Intangibles amortization expense[2]	1	1	3	3
Inventory valuation adjustment – Current Period[3][4]	34	14	38	18
Inventory valuation adjustment – Prior Periods[3][5]	(9)	(156)	(23)	(432)
Restructuring[6]	—	10	—	10
Loss (gain) on extinguishment of debt	1	(104)	1	(182)
Other[7]	(1)	—	1	(1)
Adjusted Net Loss	**$ (31)**	**$ (197)**	**$ (111)**	**$ (606)**
Adjustments:				
Depreciation and amortization, excluding amortization of intangibles	7	9	18	21
Property financing[8]	26	44	58	104
Other interest expense[9]	4	9	9	23
Interest income[10]	(12)	(34)	(30)	(52)
Income tax expense	1	1	1	1
Adjusted EBITDA	**$ (5)**	**$ (168)**	**$ (55)**	**$ (509)**
Adjusted EBITDA Margin	(0.3)%	(8.5)%	(2.0)%	(10.0)%

(1) Represents the gains and losses on certain financial instruments, which are marked to fair value at the end of each period.

(2) Represents amortization of acquisition-related intangible assets. The acquired intangible assets have useful lives ranging from 1 to 5 years and amortization is expected until the intangible assets are fully amortized.

(3) Inventory valuation adjustment includes adjustments to record real estate inventory at the lower of its carrying amount or its net realizable value.

(4) Inventory valuation adjustment — Current Period is the inventory valuation adjustments recorded during the period presented associated with homes that remain in inventory at period end.

(5) Inventory valuation adjustment — Prior Periods is the inventory valuation adjustments recorded in prior periods associated with homes that sold in the period presented.

(6) Restructuring costs consist primarily of severance and employee termination benefits and bonuses incurred in connection with employees’ roles being eliminated.

(7) Includes primarily gain or loss on the sale of available for sale securities, sublease income, gain or loss on the disposal of property and equipment, income from equity method investments, and gain on lease termination.

(8) Includes interest expense on our non-recourse asset-backed debt facilities.

(9) Includes amortization of debt issuance costs and loan origination fees, commitment fees, unused fees, other interest related costs on our asset-backed debt facilities, and interest expense related to the 2026 Notes outstanding.

(10) Consists mainly of interest earned on cash, cash equivalents, restricted cash and marketable securities.

Components of Our Results of Operations

Revenue

We generate the majority of our revenue from the sale of homes that we previously acquired from homeowners. In addition, we generate revenue from additional services we provide to both home sellers and buyers, which consists primarily of title insurance and escrow services and brokerage services.

Home sales revenue from selling residential real estate is recognized when title to and possession of the property has transferred to the buyer and we have no continuing involvement with the property, which is generally the close of escrow. The amount of revenue recognized for each home sale is equal to the sale price of the home net of any concessions.

Cost of Revenue

Cost of revenue includes the property purchase price, acquisition costs, and direct costs to renovate or repair the home. These costs are accumulated in real estate inventory during the property holding period and charged to cost of revenue under the specific identification method when the property is sold. Real estate inventory is reviewed for valuation adjustments at least quarterly. If the carrying amount for a given home is not expected to be recovered, an inventory valuation adjustment is recorded to cost of revenue and the home's carrying value is adjusted to its net realizable value. Additionally, for our revenue other than home sales revenue, cost of revenue consists of any costs incurred in delivering the service, including associated headcount expenses such as salaries, benefits, and stock-based compensation.

Operating Expenses

Sales, Marketing and Operations Expense

Sales, marketing and operations expense consists primarily of broker commissions (paid to the home buyers' real estate agents and third-party listing agents, if applicable), resale closing costs, holding costs related to real estate inventory including utilities, property taxes and maintenance, and expenses associated with product marketing, promotions and brand-building. Sales, marketing and operations expense also includes any headcount expenses in support of sales, marketing, and real estate operations such as salaries, benefits and stock-based compensation.

General and Administrative Expense

General and administrative expense consists primarily of headcount expenses, including salaries, benefits and stock-based compensation for our executive, finance, human resources, legal and administrative personnel, third-party professional services fees and rent expense.

Technology and Development Expense

Technology and development expense consists primarily of headcount expenses, including salaries, benefits and stock-based compensation for employees in the design, development, testing, maintenance and operation of our mobile applications, websites, tools, applications, and mobile apps that support our products. Technology and development expense also includes amortization of capitalized software development costs and third-party software and hosting costs.

Restructuring Expense

Restructuring expense consists primarily of severance and other termination benefits for employees whose roles have been eliminated.

(Loss) Gain on Extinguishment of Debt

(Loss) gain on extinguishment of debt is primarily related to the Company's partial repurchase of the 2026 Notes at a discount net of unamortized deferred costs associated with the 2026 Notes. (Loss) gain on extinguishment of debt also includes any gains or losses recognized in conjunction with the termination of debt facilities, partial debt extinguishments, and unamortized deferred costs associated with these facilities. See *Part I – Item 1. Financial Statements – Notes to Condensed*

Consolidated Financial Statements – Note 5. Credit Facilities and Long-Term Debt—Convertible Senior Notes for additional information regarding the 2026 Notes.

Interest Expense

Interest expense consists primarily of interest paid or payable and the amortization of debt discounts and debt issuance costs. Interest expense varies period over period, primarily due to fluctuations in our inventory volumes and changes in the floating benchmark interest rates ("Benchmark Rates"), based on the secured overnight financing rate ("SOFR"), plus an applicable margin, which impact the interest incurred on our senior revolving credit facilities (see "*— Liquidity and Capital Resources — Debt and Financing Arrangements*").

We expect our overall interest expense to increase as inventory increases. Subject to market conditions and cost of capital trade-offs, we will evaluate opportunities to expand our sources of financing over time, which may allow us to diversify our mix of financing sources to include more cost-effective financing relative to our higher cost mezzanine term debt facilities.

Other Income — Net

Other income — net consists primarily of interest income on our Cash and Restricted cash balances and from our investment in money market funds, time deposits, and debt securities as well as changes in fair value of, and dividend income from, our investment in equity securities.

Income Tax Expense

We record income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. We recognize the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

We record a valuation allowance to reduce our deferred tax assets and liabilities to the net amount that we believe is more likely than not to be realized. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance.

Results of Operations

The following table sets forth our results of operations for each of the periods presented:

	Three Months Ended June 30,		Change in	
(in thousands, except percentages)	**2024**	**2023**	**$**	**%**
Revenue	$ 1,511	$ 1,976	$ (465)	(24)%
Cost of revenue	1,382	1,827	(445)	(24)%
Gross profit	129	149	(20)	(13)%
Operating expenses:				
Sales, marketing and operations	116	124	(8)	(6)%
General and administrative	48	44	4	9 %
Technology and development	37	39	(2)	(5)%
Restructuring	—	10	(10)	(100)%
Total operating expenses	201	217	(16)	(7)%
Loss from operations	(72)	(68)	(4)	6 %
(Loss) gain on extinguishment of debt	(1)	104	(105)	N/M
Interest expense	(30)	(53)	23	(43)%
Other income-net	12	41	(29)	(71)%
(Loss) income before income taxes	(91)	24	(115)	(479)%
Income tax expense	(1)	(1)	—	— %
Net (loss) income	$ (92)	$ 23	$ (115)	(500)%

N/M - Not meaningful.

	Six Months Ended June 30,		Change in	
(in thousands, except percentages)	**2024**	**2023**	**$**	**%**
Revenue	$ 2,692	$ 5,096	$ (2,404)	(47)%
Cost of revenue	2,449	4,777	(2,328)	(49)%
Gross profit	243	319	(76)	(24)%
Operating expenses:				
Sales, marketing and operations	229	312	(83)	(27)%
General and administrative	95	110	(15)	(14)%
Technology and development	78	79	(1)	(1)%
Restructuring	—	10	(10)	(100)%
Total operating expenses	402	511	(109)	(21)%
Loss from operations	(159)	(192)	33	(17)%
(Loss) gain on extinguishment of debt	(1)	182	(183)	N/M
Interest expense	(67)	(127)	60	(47)%
Other income-net	27	60	(33)	(55)%
Loss before income taxes	(200)	(77)	(123)	160 %
Income tax expense	(1)	(1)	—	— %
Net loss	$ (201)	$ (78)	$ (123)	158 %

N/M - Not meaningful.

Revenue

Revenue decreased by $465 million, or 24%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in revenue was primarily attributable to lower sales volumes in the second quarter of 2024. We sold 4,078 homes during the three months ended June 30, 2024, compared to 5,383 homes during the three months ended June 30, 2023, representing a decrease of 24%. Revenue per home sold increased 1% between the same periods. The decrease in sales volumes was primarily a result of lower resale clearance rates during the three months ended June 30, 2024 compared to the three months ended June 30, 2023. In addition the Company entered the second quarter of 2024 with 5,706 homes in inventory as compared to 6,261 homes in inventory at the start of the second quarter of 2023, representing a 9% decrease of homes available for resale. This reduction was the result of proactively slowing our inventory acquisition pace beginning in the third quarter of 2022 via higher spreads embedded in our offers and lower marketing investment in reaction to volatility in the U.S. housing market.

Revenue decreased by $2.4 billion, or 47%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease in revenue was primarily attributable to lower sales volumes in the first half of 2024. We sold 7,156 homes during the six months ended June 30, 2024, compared to 13,657 homes during the six months ended June 30, 2023, representing a decrease of 48%. Revenue per home sold increased 1% between the same periods. The decrease in sales volumes was primarily attributable to the slowdown in inventory acquisition pacing discussed above. The Company entered 2024 with 5,326 homes in inventory as compared to 12,788 homes in inventory at the start of 2023, representing a 58% decrease of homes available for resale.

Cost of Revenue and Gross Profit

Cost of revenue decreased by $445 million, or 24%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in cost of revenue was primarily attributable to lower sales volumes and a 2% decrease in cost of revenue per home, excluding valuation adjustments on homes in inventory at period end, due to the slowdown in resale clearance and inventory acquisition pacing as discussed above.

Cost of revenue decreased by $2.3 billion, or 49%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease in cost of revenue was primarily attributable to lower sales volumes and a 3% decrease in cost of revenue per home, excluding valuation adjustments on homes in inventory at period end, due to the slowdown in inventory acquisition pacing as discussed above.

Gross profit decreased from $149 million to $129 million and gross margin increased from 7.5% to 8.5% for the three months ended June 30, 2023 and June 30, 2024, respectively. For the same periods, Adjusted Gross Margin increased from 0.4% to 10.2% and Contribution Margin increased from (4.6)% to 6.3%. The increase in gross margin, Adjusted Gross Margin and Contribution Margin reflects relative home price stabilization as well as higher spreads embedded in our acquisition offers beginning in the third quarter of 2022. Adjusted Gross Margin and Contribution Margin for the three months ended June 30, 2023 were impacted by the $156 million of inventory valuation adjustments recorded in prior periods on homes sold in the current period in order to reduce the carrying value of these homes to their net realizable value. Adjusted Gross Margin and Contribution Margin are non-GAAP financial measures. See "— *Non-GAAP Financial Measures*" for further details and a reconciliation of such non-GAAP measures to their nearest comparable GAAP measures.

Gross profit decreased from $319 million to $243 million and gross margin increased from 6.3% to 9.0% for the six months ended June 30, 2023 and June 30, 2024, respectively. For the same periods, Adjusted Gross Margin increased from (1.9)% to 9.6% and Contribution Margin increased from (6.5)% to 5.6%. The increase in gross margin, Adjusted Gross Margin and Contribution Margin reflects relative home price stabilization as well as higher spreads embedded in our acquisition offers beginning in the third quarter of 2022. Adjusted Gross Margin and Contribution Margin for the six months ended June 30, 2023 were impacted by the $432 million of inventory valuation adjustments recorded in prior periods on homes sold in the current period in order to reduce the carrying value of these homes to their net realizable value. Adjusted Gross Margin and Contribution Margin are non-GAAP financial measures. See "— *Non-GAAP Financial Measures*" for further details and a reconciliation of such non-GAAP measures to their nearest comparable GAAP measures.

Operating Expenses

Sales, Marketing and Operations. Sales, marketing and operations decreased by $8 million, or 6%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease was primarily attributable to a $15 million decrease in resale transaction costs and broker commissions, consistent with the 24% decrease in revenue during the same period. The decrease was partially offset by a $6 million increase in advertising expense, which increased from $15 million for the three months ended June 30, 2023 to $21 million for the three months ended June 30, 2024.

Sales, marketing and operations decreased by $83 million, or 27%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily attributable to a $66 million decrease in resale transaction costs and broker commissions, consistent with the 47% decrease in revenue during the same period. Property holding costs decreased by $7 million, consistent with decreased inventory levels compared to the six months ended June 30, 2023. In addition, for the same period, headcount expenses, including salaries and benefits, and contingent labor expenses decreased by $14 million, which was largely attributable to workforce reductions and a reduction in contingent labor in 2023. Advertising expense increased $6 million, from $42 million for the six months ended June 30, 2023 to $48 million for the six months ended June 30, 2024.

General and Administrative. General and administrative increased by $4 million, or 9%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The increase was mainly attributable to a decrease in stock based compensation during the three months ended June 30, 2023 due to the forfeiture of certain executive restricted stock units.

General and administrative decreased by $15 million, or 14%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was mainly attributable to a $5 million decrease in depreciation expense as more assets become fully depreciated and we slow our pace of fixed asset additions. In addition, headcount expenses, including salaries and benefits, decreased $4 million primarily due to workforce reductions in 2023 and rent expense decreased by $2 million.

Technology and Development. Technology and development changed by a nominal amount for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023.

Restructuring. Restructuring decreased by $10 million, for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023. Restructuring expense for the three and six months ended June 30, 2023 was attributable to the Company's April 2023 workforce reduction of approximately 22% of our workforce or 560 employees.

(Loss) Gain on Extinguishment of Debt

(Loss) gain on extinguishment of debt decreased by $105 million, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The gain on extinguishment of debt during the three months ended June 30, 2023 resulted from the Company's partial repurchase of its 2026 Notes in May 2023 at a discount net of unamortized deferred costs associated with the 2026 Notes, partially offset by expenses related to partial debt extinguishments. There were no repurchases during the three months ended June 30, 2024, therefore there was no corresponding gain or loss.

(Loss) gain on extinguishment of debt decreased by $183 million, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The gain on extinguishment of debt during the six months ended June 30, 2023 resulted from the Company's partial repurchase of its 2026 Notes in March and May 2023 at a discount net of unamortized deferred costs associated with the 2026 Notes, partially offset by expenses related to partial debt extinguishments.

Interest Expense

Interest expense decreased by $23 million, or 43%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease was primarily attributable to a significant decrease in average balances in our non-recourse asset-backed debt as well as a reduction in our weighted average interest rate as a result of a partial repayment of our outstanding mezzanine debt and repayment of all floating-rate senior revolving credit facilities.

Interest expense decreased by $60 million, or 47%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily attributable to a significant decrease in average balances in our non-recourse asset-backed debt as well as a reduction in our weighted average interest rate as a result of a partial repayment of our outstanding mezzanine debt and repayment of all floating-rate senior revolving credit facilities.

Other Income — Net

Other income — net decreased by $29 million, or 71%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease was primarily attributable to a change in fair value adjustments on marketable securities and to lower interest income due to a reduction in the average cash, cash equivalents and restricted cash balances.

Other income — net decreased by $33 million, or 55%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily attributable to a change in fair value adjustments on marketable securities and to lower interest income due to a reduction in the average cash, cash equivalents and restricted cash balances.

Income Tax Expense

Income tax expense changed by a nominal amount for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity have historically consisted of cash generated from our operations and from financing activities. As of June 30, 2024, we had cash and cash equivalents of $790 million, restricted cash of $121 million, and marketable securities of $19 million. The decrease in our cash, cash equivalents and marketable securities balance of $259 million as compared to December 31, 2023 resulted primarily from operating losses and an increase in real estate inventory. The decrease in our restricted cash balance of $420 million as compared to December 31, 2023 was primarily a result of the increase in real estate inventory and $85 million net principal payments on non-recourse asset-backed debt.

As of June 30, 2024, the Company had total outstanding balances on our asset-backed debt of $2.1 billion and aggregate principal outstanding from convertible senior notes of $381 million. In addition, we had undrawn borrowing capacity of $4.9 billion under our non-recourse asset-backed debt facilities (as described further below), of which $238 million was committed.

During the year ended December 31, 2023, the Company entered into separate, privately negotiated transactions to repurchase a portion of the outstanding 2026 Notes ("Repurchased 2026 Notes"). We repurchased approximately $597 million in aggregate principal amount of our 2026 Notes as further described in "*Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 5. Credit Facilities and Long-Term Debt – Convertible Senior Notes*" in this Quarterly Report on Form 10-Q. As market conditions warrant, we may, from time to time, repurchase additional outstanding debt securities in the open market, in privately negotiated transactions, by tender offer, by exchange transaction or otherwise. Such repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity and other factors and may be commenced or suspended at any time. The amounts involved and total consideration paid may be material.

In May 2024, the Company entered into an at-the-market equity offering sales agreement (the "ATM Agreement") with Barclays Capital Inc. and Virtu Americas LLC, as sales agents (the "Agents"), pursuant to which the Company may offer and sell, from time to time, through the Agents, shares of the Company's common stock having an aggregate offering price of up to $200 million. Under the ATM Agreement, the Agents may sell shares by any method deemed to be an "at-the-market offering." During the three and six months ended June 30, 2024, there was no activity pursuant to the ATM Agreement.

We have incurred losses from inception through June 30, 2024, with the exception of net income during the three months ended March 31, 2022 and three months ended June 30, 2023, and we expect to incur additional losses in the future. Our ability to service our debt and fund working capital, business operations and capital expenditures will depend on our ability to generate cash from operating activities, which is subject to our future operating success, and ability to obtain inventory acquisition financing on reasonable terms, which is subject to factors beyond our control, including potential economic recession, rising interest rates, inflation and general economic, political and financial market conditions.

Our working capital requirements may increase should our inventory balance increase. We believe our cash, cash equivalents and marketable securities, together with cash we expect to generate from future operations and borrowings, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this Quarterly Report on Form 10-Q.

Debt and Financing Arrangements

Our financing activities include: short-term borrowings under our asset-backed senior revolving credit facilities; the issuance of long-term asset-backed senior term debt, asset-backed mezzanine term debt, and convertible debt; and new issuances of equity. Historically, we have required access to external financing resources in order to fund growth, expansion into new markets and strategic initiatives and we expect this to continue in the future. Our access to capital markets can be impacted by factors outside our control, including economic conditions.

We primarily use non-recourse asset-backed debt, consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities, to provide financing for our real estate inventory purchases and renovations. Our business is capital intensive and maintaining adequate liquidity and capital resources is needed as we continue to scale and accumulate additional inventory. We intend to actively manage our relationships with multiple financial institutions and seek to optimize duration, flexibility, efficiency and cost of funds, but there can be no assurance that we will be able to obtain sufficient capital for our business or to do so on acceptable financial and other terms.

Our asset-backed facilities are each collateralized by a specified pool of assets, consisting of real estate inventory, restricted cash and equity interests in certain consolidated subsidiaries of Opendoor that directly or indirectly own our real estate inventory. The terms of our inventory financing facilities require an Opendoor subsidiary to comply with customary financial covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth). As of June 30, 2024, the Company was in compliance with all financial covenants.

Our property financing subsidiaries' assets and credit generally are not available to satisfy the debts and other obligations of any other Opendoor entities. Our asset-backed debt is non-recourse to Opendoor and our subsidiaries that are not party to the relevant financing arrangements, except for limited guarantees provided by an Opendoor subsidiary for certain obligations in situations involving "bad acts" by an Opendoor entity and certain other limited circumstances.

Our asset-backed senior debt facilities generally provide for advance rates of 75% to 90% against our cost basis in the underlying properties upon acquisition. Our mezzanine term facilities may finance up to 95% to 100% of our cost basis in the underlying properties upon acquisition. The maximum initial advance rates vary by facility and generally decrease on a fixed timeline that varies by facility based on the length of time a given property has been financed and other facility-specific adjustments, including adjustments based on collateral performance.

At times, we may be required to keep amounts in restricted cash accounts to collateralize our asset-backed term debt facilities if the property borrowing base is insufficient to satisfy the borrowing base requirements. These amounts may fluctuate due to seasonality, timing of property acquisitions and resales, and the outstanding loan balances under our asset-backed term debt facilities.

The following table summarizes certain details related to our non-recourse asset-backed debt and other secured borrowings as of June 30, 2024 (in millions, except interest rates):

June 30, 2024	Borrowing Capacity	Outstanding Amount: Current	Outstanding Amount: Non-Current	Weighted Average Interest Rate	End of Revolving / Withdrawal Period	Final Maturity Date
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,000	$ —	$ —	— %	June 24, 2026	June 24, 2026
Revolving Facility 2018-3	1,000	162	—	8.27 %	September 29, 2026	September 29, 2026
Revolving Facility 2019-1	300	—	—	— %	August 15, 2025	August 15, 2025
Revolving Facility 2019-2	550	—	—	— %	October 3, 2025	October 2, 2026
Revolving Facility 2019-3	100	53	—	8.29 %	April 4, 2025	April 3, 2026
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	100	100	—	3.48 %	January 2, 2025	April 1, 2025
Term Debt Facility 2021-S2	400	—	300	3.20 %	September 10, 2025	March 10, 2026
Term Debt Facility 2021-S3	1,000	—	750	3.75 %	January 31, 2027	July 31, 2027
Term Debt Facility 2022-S1	250	—	250	4.07 %	March 1, 2025	September 1, 2025
Total	$ 4,700	$ 315	$ 1,300			
Issuance Costs		—	(9)			
Carrying Value		$ 315	$ 1,291			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	1,800	—	300	10.00 %	April 1, 2025	April 1, 2026
Term Debt Facility 2022-M1	500	—	150	10.00 %	September 15, 2025	September 15, 2026
Total	$ 2,300	$ —	$ 450			
Issuance Costs			(2)			
Carrying Value			$ 448			
Total Non-Recourse Asset-backed Debt	$ 7,000	$ 315	$ 1,739			

Asset-backed Senior Revolving Credit Facilities

We classify the senior revolving credit facilities as current liabilities on our condensed consolidated balance sheets. In some cases, the borrowing capacity amounts under the asset-backed senior revolving credit facilities as reflected in the table are not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. As of June 30, 2024, we had committed borrowing capacity with respect to asset-backed senior revolving credit facilities of $400 million.

The revolving period end dates and final maturity dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. Certain of our asset-backed senior revolving credit facilities also have additional extension options that are subject to lender approval that are not reflected in the table above.

Asset-backed Senior Term Debt Facilities

We classify our senior term debt facilities as current or non-current liabilities in our condensed consolidated balance sheets based on the applicable final maturity date. The carrying value of the non-current liabilities is reduced by issuance costs of $9 million. In some cases, the borrowing capacity amounts under the asset-backed senior term debt facilities as reflected in the table are not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. As of June 30, 2024, we had committed borrowing capacity with respect to asset-backed senior term debt facilities of $1.4 billion.

The withdrawal period end dates and final maturity dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. Certain of our asset-backed senior term debt facilities also have additional extension options that are subject to lender approval that are not reflected in the table above.

Asset-backed Mezzanine Term Debt Facilities

In addition to the asset-backed senior revolving credit facilities and asset-backed senior term debt facilities, we have issued asset-backed mezzanine term debt facilities which are subordinated to the related senior facilities. The borrowing capacity amounts under the asset-backed mezzanine term debt facilities as reflected in the table are not fully committed and any borrowing above the committed amounts are subject to the applicable lender's discretion. As of June 30, 2024, we had committed borrowing capacity with respect to asset-backed mezzanine term debt facilities of $450 million.

Convertible Senior Notes

In August 2021, we issued the 2026 Notes with an aggregate principal amount of $978 million. The table below summarizes certain details related to our 2026 Notes (in millions), as of June 30, 2024, which includes certain repurchases:

June 30, 2024	Remaining Aggregate Principal Amount	Unamortized Debt Issuance Costs	Net Carrying Amount
2026 Notes	$ 381	$ (4)	$ 377

See "*Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 5. Credit Facilities and Long-Term Debt*" for additional information regarding our debt and financing arrangements.

Special Purpose Entities

The Company has established certain special purpose entities ("SPEs") for the purpose of financing the Company's purchase and renovation of real estate inventory through the issuance of asset-backed debt. The Company is the primary beneficiary of the various variable interest entities ("VIE") within these financing structures and consolidates these VIEs. See "*Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 4. Variable Interest Entities*" for additional information regarding our VIEs.

The following table summarizes the assets and liabilities related to the VIEs consolidated by the Company as well as the assets, liabilities and equity related to Opendoor Technologies Inc. (Parent Company Only) ("Parent Company") and subsidiaries that are not VIEs, as of June 30, 2024 (in millions):

		VIE	Non-VIE	Total
CURRENT ASSETS:				
Cash and cash equivalents		$ —	$ 790	$ 790
Restricted cash		110	11	121
Marketable securities		—	19	19
Escrow receivable		22	2	24
Real estate inventory		2,223	53	2,276
Inventory valuation adjustment		(40)	(2)	(42)
Real estate inventory, net		2,183	51	2,234
Other current assets		21	40	61
Total current assets		2,336	913	3,249
OTHER ASSETS	(1)	—	123	123
TOTAL ASSETS		$ 2,336	$ 1,036	$ 3,372
CURRENT LIABILITIES:				
Current asset-backed senior revolving credit		$ 215	$ —	$ 215
Current asset-backed senior term debt		100	—	100
Other current liabilities	(2)	35	43	78
Total current liabilities		350	43	393
Non-current asset-backed mezzanine term debt		448	—	448
Non-current asset-backed senior term debt		1,291	—	1,291
CONVERTIBLE SENIOR NOTES		—	377	377
LEASE LIABILITIES – Net of current portion		—	18	18
OTHER LIABILITIES		—	—	—
TOTAL LIABILITIES		$ 2,089	$ 438	$ 2,527
SHAREHOLDERS' EQUITY:		$ 247	$ 598	$ 845

(1) The Company's consolidated Other Assets include the following assets as shown in the Condensed Consolidated Balance Sheets: Property and Equipment - Net, $71 million; Right of Use Assets, $23 million; Goodwill, $4 million; Intangibles - Net, $2 million; and Other Assets, $23 million.

(2) The Company's consolidated Other Current Liabilities include the following liabilities as shown in the Condensed Consolidated Balance Sheets: Accounts Payable and Other Accrued Liabilities, $73 million; Interest Payable, $1 million; and Lease Liabilities – Current, $4 million.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,	
(in millions)	**2024**	**2023**
Net cash (used in) provided by operating activities	$ (577)	$ 3,102
Net cash provided by investing activities	$ 31	$ 45
Net cash used in financing activities	$ (83)	$ (2,134)
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (629)	$ 1,013

Net Cash (Used in) Provided by Operating Activities

Net cash (used in) provided by operating activities was $(577) million and $3.1 billion for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024, cash used in operating activities was primarily driven by the $498 million increase in real estate inventory and our net loss, net of non-cash items, of $57 million. For the six months ended June 30, 2023, cash provided by operating activities was primarily driven by the $3.3 billion decrease in real estate inventory, partially offset by our net loss, net of non-cash items, of $125 million.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was $31 million and $45 million for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024, cash provided by investing activities primarily consisted of a decrease in marketable securities of $47 million, partially offset by an $16 million increase in property and equipment principally related to the capitalization of internally developed software. For the six months ended June 30, 2023, cash provided by investing activities primarily consisted of a decrease in marketable securities of $61 million, partially offset by an $17 million increase in property and equipment principally related to the capitalization of internally developed software.

Net Cash Used in Financing Activities

Net cash used in financing activities was $83 million and $2.1 billion for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024, cash used in financing activities was primarily attributable to $85 million net principal payments on non-recourse asset-backed debt. For the six months ended June 30, 2023, cash used in financing activities was primarily attributable to $1.9 billion net principal payments on non-recourse asset-backed debt as well as $270 million related to the partial repurchase of the 2026 Notes.

Contractual Obligations and Commitments

There have been no material changes outside the ordinary course of business in our commitments under contractual obligations as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, except for the categories of contractual obligations included in the table below, which have been updated to reflect our contractual obligations as of June 30, 2024:

	Payment Due by Year				
(in millions)	Total	Less than 1 year	1 – 3 years	4 – 5 years	More than 5 years
Senior revolving credit facilities[1]	$ 219	$ 219	$ —	$ —	$ —
Senior and mezzanine term debt facilities[2]	2,053	196	1,105	752	—
Convertible senior notes[3]	383	1	382	—	—
Operating lease[4]	34	7	11	11	5
Purchase commitments[5]	607	607	—	—	—
Total	$ 3,296	$ 1,030	$ 1,498	$ 763	$ 5

(1) Represents the principal amounts outstanding as of June 30, 2024. Includes estimated interest payments, calculated using the variable rate in existence at period end over an assumed holding period of 90 days. Borrowings under the senior revolving credit facilities are payable as the related inventory is sold. The payment is expected to be within one year of June 30, 2024.

(2) Represents the principal amounts outstanding as of June 30, 2024 and estimated interest payments assuming the principal balances remain outstanding until maturity. The final maturity dates of the senior and mezzanine term debt facilities vary, as discussed above.

(3) Represents the principal amounts outstanding as of June 30, 2024 and interest payments assuming the principal balances remain outstanding until maturity.

(4) Represents future payments for long-term operating leases that have commenced, or have been executed but not yet commenced, as of June 30, 2024.

(5) As of June 30, 2024, we were under contract to purchase 1,793 homes for an aggregate purchase price of $607 million.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue, and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on the condensed consolidated financial statements. Based on this definition, critical accounting policies and estimates are discussed in "*Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates*" in the Annual Report on Form 10-K for the year ended December 31, 2023. There have been no significant changes to these critical accounting estimates during the first six months of 2024. In addition, we have other key accounting policies and estimates that are described in "*Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 1. Description of Business and Accounting Policies*" in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

For information on recent accounting standards, see "*Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 1. Description of Business and Accounting Policies*".

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily consist of fluctuations in interest rates and exposure to inflationary pressures.

Interest Rate Risk

We are subject to market risk by way of changes in interest rates on borrowings under our inventory financing facilities. As of June 30, 2024, we had total outstanding balances on our asset-backed debt of $2.1 billion, 90% of which was based on a fixed rate with an average duration of 2.2 years and the remaining 10% of which was based on a floating rate. Total property financing interest expense for the six months ended June 30, 2024 was $58 million, of which $57 million was fixed and $1 million was floating. As of June 30, 2024 we had outstanding borrowings of $215 million which bear interest at floating benchmark reference rates based on the secured overnight financing rate ("SOFR"), plus an applicable margin. Accordingly, fluctuations in market interest rates may increase or decrease our interest expense. We may use interest rate cap derivatives, interest rate swaps or other interest rate hedging instruments to economically hedge and manage interest rate risk with respect to our variable floating rate debt. Many of our floating rate debt facilities also have benchmark rate floors. Assuming no change in the outstanding borrowings on our credit facilities, we estimate that a one percentage point increase in applicable benchmark rates would increase our annual interest expense by approximately $2 million as of June 30, 2024.

Inflation Risk

We believe the inflation experienced in 2022 and 2023, which is still ongoing, has impacted the cost of goods and services that we consume, such as labor and materials costs for home repairs. We endeavor to offset these impacts in our business through appropriately considering them in our pricing and operational models. However, if our costs were to become subject to significant incremental inflationary pressure, we may not be able to fully offset such higher costs by adjusting our operational model or our pricing methodology. Our inability to do so could harm our business, results of operations and financial condition.

In addition, in response to ongoing inflationary pressures in the U.S., the Federal Reserve has implemented a number of increases to the federal funds rate since 2022. See "*Part I – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Current Housing Environment*" for a discussion of the impact of the increased federal funds rate on mortgage interest rates and our business.

Item 4. Controls and Procedures.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information required by this Item 1 is incorporated herein by reference to the discussion in *Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 13. Commitments and Contingencies – Legal Matters*.

In addition to the legal matters referenced above, we are currently and have in the past been subject to legal proceedings and regulatory actions in the ordinary course of business. We do not anticipate that the ultimate liability, if any, arising out of any such matters will have a material effect on our financial condition, results of operations or cash flows. In the future, we may be subject to further legal proceedings and regulatory actions in the ordinary course of business and we cannot predict whether any such proceeding or matter will have a material effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

In the course of conducting our business operations, we are exposed to a variety of risks. You should carefully consider the risks described below, the risks described in “Part I – Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), as well as the other information in this Quarterly Report on Form 10-Q, including our financial statements and related notes and “Item 2. Management’s Discussion and Analysis of Financial Condition and Result of Operations,” before deciding whether to invest in our common stock. Any of the risk factors we described in “Part I – Item 1A. Risk Factors,” in our Annual Report or in subsequent periodic reports, have affected or could materially and adversely affect our business, financial condition, results of operations, and prospects. The market price of shares of our common stock could decline, possibly significantly or permanently, if one or more of these risks and uncertainties occurs. Certain statements in “Risk Factors” are forward-looking statements. See “Forward-Looking Statements.”

There have been no material changes to our risk factors since the Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q.

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of September 15, 2020, by and among Social Capital Hedosophia Corp. II, Hestia Merger Sub Inc. and Opendoor Labs Inc.	8-K	001-39253	2.1	09/17/2020	

3.1	Certificate of Incorporation of Opendoor Technologies Inc.	8-K	001-39253	3.1	12/18/2020	
3.2	Amended and Restated Bylaws of Opendoor Technologies Inc.	8-K	001-39253	3.1	01/24/2023	
4.1	Specimen Common Stock Certificate of Opendoor Technologies Inc.	S-4/A	333-249302	4.5	11/06/2020	
4.2	Warrant Agreement, dated July 28, 2022, between Opendoor Technologies Inc. and Zillow, Inc.	8-K	001-39253	99.2	08/05/2022	
10.1	Sales Agreement, dated May 2, 2024, by and among Opendoor Technologies Inc., Barclays Capital Inc. and Virtu Americas LLC	S-3ASR	333-279080	1.2	05/02/2024	
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Interim Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Chief Executive Officer and Interim Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					*
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

\# Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OPENDOOR TECHNOLOGIES INC.

Date: August 01, 2024

By: /s/ Carrie Wheeler
Name: Carrie Wheeler
Title: *Chief Executive Officer*
(Principal Executive Officer)

Date: August 01, 2024

By: /s/ Christina Schwartz
Name: Christina Schwartz
Title: *Interim Chief Financial Officer*
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carrie Wheeler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Opendoor Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 01, 2024	By:	/s/ Carrie Wheeler
		Carrie Wheeler
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF INTERIM CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christina Schwartz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Opendoor Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 01, 2024

By: /s/ Christina Schwartz

Christina Schwartz
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND INTERIM CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Opendoor Technologies Inc. (the "Company") for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Carrie Wheeler, Chief Executive Officer of the Company, and Christina Schwartz, Interim Chief Financial Officer of the Company, each certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August 01, 2024	By:	/s/ Carrie Wheeler
			Carrie Wheeler
			Chief Executive Officer
			(Principal Executive Officer)

Date:	August 01, 2024	By:	/s/ Christina Schwartz
			Christina Schwartz
			Interim Chief Financial Officer
			(Principal Financial and Accounting Officer)