

For Sale

Opendoor

opendoor.com

Opendoor

November 2023 Investor Presentation

Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of Section 27A the Private Securities Litigation Reform Act of 1995, as amended. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking, including statements regarding the health of our financial condition, anticipated future results of operations and financial performance, priorities of Opendoor Technologies Inc. ("Company") to achieve future goals, Company's ability to continue to effectively navigate the markets in which it operates, anticipated future and ongoing impacts of our acquisitions and other business decisions, health of our balance sheet to weather ongoing market transitions, Company's ability to adopt an effective approach to manage economic and industry risk, as well as inventory health; business strategy and plans, including any plans to expand into additional markets, market opportunity and expansion and objectives of management for future operations, including our statements regarding the benefits and timing of the roll out of new markets, products or technology; and the expected diversification of funding sources. These forward-looking statements generally are identified by the words "anticipate", "believe", "contemplate", "continue", "could", "estimate", "expect", "forecast", "future", "guidance", "intend", "may", "might", "opportunity", "outlook", "plan", "possible", "potential", "predict", "project", "should", "strategy", "strive", "target", "vision", "will", or "would", any negative of these words or other similar terms or expressions. The absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties that can cause actual results to differ materially from those in such forward-looking statements. The factors that could cause or contribute to actual future events to differ materially from the forward-looking statements in this presentation include but are not limited to: the current and future health and stability of the economy, financial conditions and residential housing market, including any extended downturn or slowdown; changes in general economic and financial conditions (including federal monetary policy, interest rates, inflation, actual or anticipated recession, home price fluctuations, and housing inventory) that may reduce demand for our products and services, lower our profitability or reduce our access to future financings; actual or anticipated fluctuations in our financial condition and results of operations; changes in projected operational and financial results; 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/or partners or that do not allow us to compete successfully; the duration and impact of the ongoing COVID-19 pandemic (including variants) or other public health crises on our ability to operate, demand for our products or services, or general economic conditions; addition or loss of a significant number of customers; 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; ability to protect our brand and intellectual property; ability to obtain or maintain licenses and permits to support our current and future business operations; ability to operate and grow our 1P and 3P core business products, including the ability to obtain sufficient financing and resell purchased homes; 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 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 technology platform, including our automated pricing and valuation technology; 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; the impact of natural disasters and other catastrophic events; changes in laws or government regulation affecting our business; and the impact of pending or future litigation or regulatory actions. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 23, 2023, as updated by our periodic reports and other filings with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and, except as required by law, we assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. We do not give any assurance that we will achieve our expectations.

In addition, as set forth in this presentation, the Company has included an illustrative model showing how it could achieve breakeven Adjusted Net Income. Such illustrative model, including but not limited to the assumptions associated with revenue, contribution margin, adjusted operating expenses and net interest expenses necessary to generate breakeven Adjusted Net Income, is based on estimates and is subject to change due to a variety of factors, including certain factors outside of our control. For a description of the factors that could impact such estimates and this illustrative model generally, please see the above and the other risks and uncertainties described under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC on February 23, 2023. We can provide no assurance as to whether we will achieve, and when we may achieve, any of results set forth in the breakeven Adjusted Net Income illustrative model.

Non-GAAP Financial Metrics

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

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

Table of contents

- Overview
- Our delivery platform
- Proven playbook to attract sellers
- Path to positive Adjusted Net Income
- Investment highlights





Overview

Opendoor

The Goodens sold to Opendoor in St. Augustine, FL

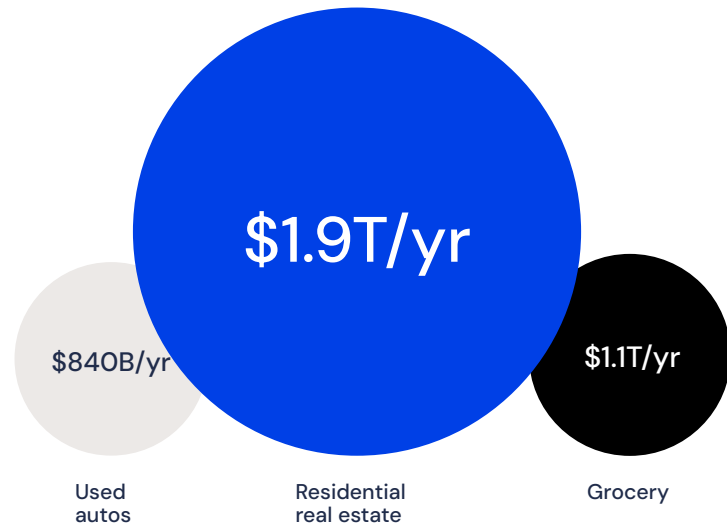
Opendoor

We're powering life's progress,
one move at a time.

Residential real estate is the largest category in the US, and it's highly fragmented

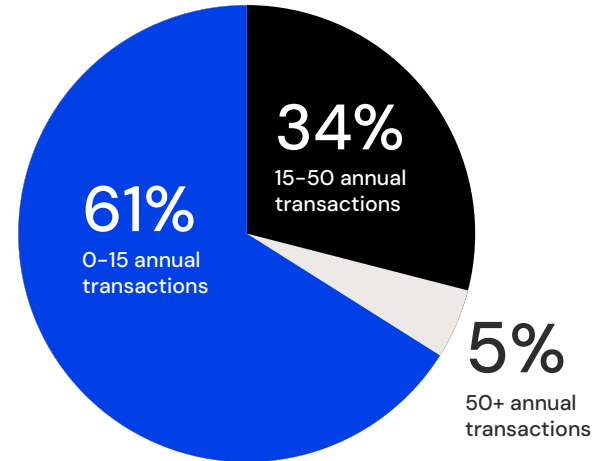
The market is massive

66% of Americans are homeowners
~5 million homes are sold annually



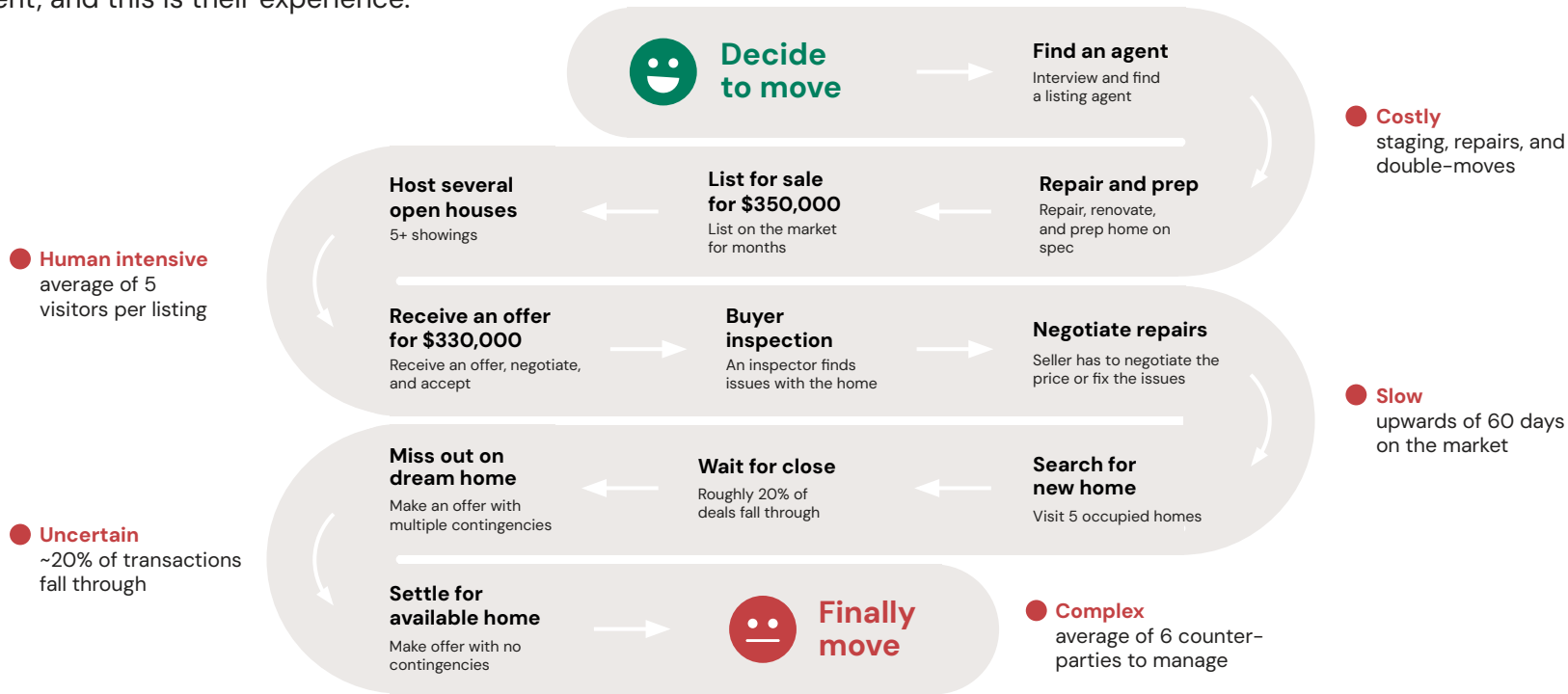
Market incumbents are highly fragmented

>3 million real estate agents
>20% of realtors have another occupation



The traditional process is complex, uncertain, time-consuming, and offline

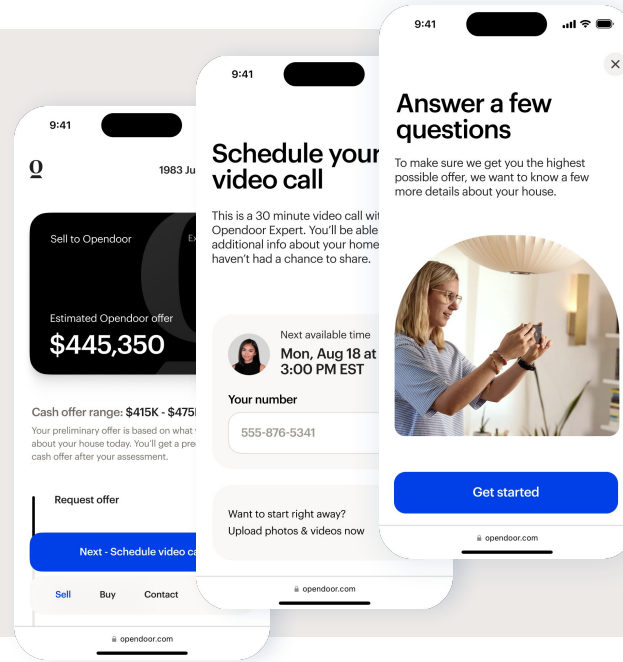
Today, **86%** of buyers and sellers use an agent, and this is their experience:



Opendoor transforms the home selling process into a simple and certain online experience

Simplicity

Skip showings, making repairs on spec, buyer negotiations, and managing multiple intermediaries



Certainty

Sell for a competitive cash offer on your timeline with no risk of fall-through

We make selling a home this simple

1

Get a preliminary offer in minutes

Preliminary offer

\$384,000



Estimated range: \$360K - \$410K
Show us your home for a more accurate offer.

Home details

[See all](#)

Type

Single family house

City

Tucson

Built in

1995

Price per sqft

Lot size

2

Complete a video walkthrough assessment

Schedule a video walkthrough

Mon, Nov 4 at 12:00PM

Time Scheduled!

Edit time

What to expect on your call

- A brief video call with an Opendoor Expert, sharing various parts of your home
- It should take about 30 minutes to complete

3

Get a final offer within days

Finalized offer

\$390,594

Service charge ⓘ 5% (\$19,530)

Est. closing costs ⓘ 1% (\$3,906)

Repair costs ⓘ (\$2,491)

Est. net payout **\$364,668**

Next - Sign Offer

4

Choose your closing date and move



You're selling your home!

Offer price
\$390,594

Close date
Nov 28, 2023

[See how simple it really is](#)

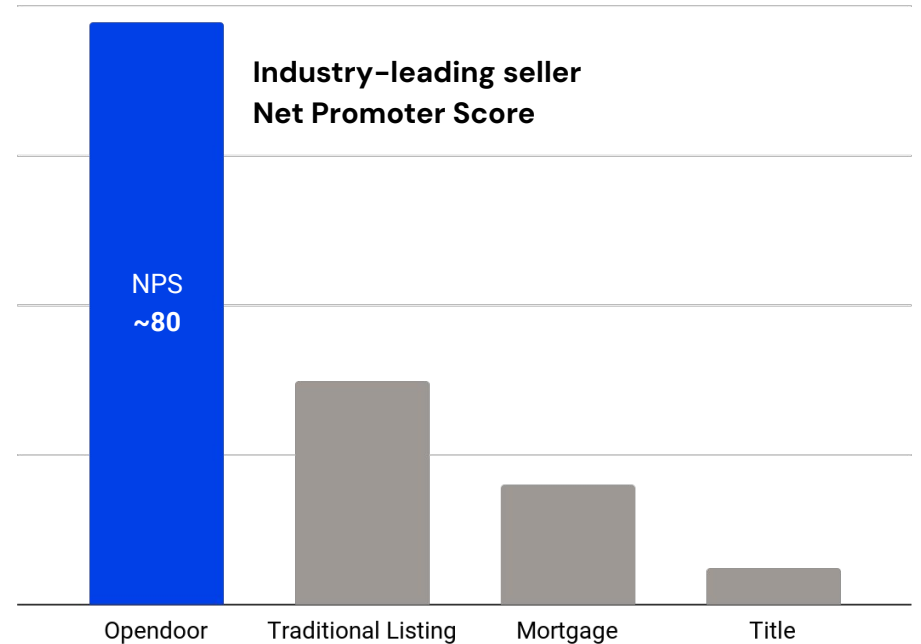
And our customers are delighted by the experience



“To Opendoor, it’s not about the sale, it’s about trying to help families move. They treated me like I was their only client, and I had that one-on-one attention.”

Charlisa Boyd

Sold to Opendoor in Raleigh, NC



We're creating innovative products so consumers can choose how they want to sell their home

1983 Juanita Ave

Sell to Opendoor Exp. 7 days

Estimated Opendoor offer

\$445,350

Cash offer range: \$415K - \$475K

Your preliminary offer is based on what we know about your house today. You'll get a precise cash offer after your assessment.

Request offer

Next - Schedule video call

CORE

Sell Direct to Opendoor

Bypass the traditional selling process by selling your home directly to Opendoor

How it works

- ✓ **Set up a call with an Opendoor expert**
Discuss your selling goals, show us what makes your home special, and get the details about your cash offer.
- ✓ **Secure your offer with Offer Lock**
When you list with us, your cash offer is good for 60 days—rather than just 7. Even if the market goes down, your offer will not.
- ✓ **You'll be guided every step of the way**
The agents we work with are local experts, who know the ins and out of selling in your neighbourhood.

EXPANDING

List with Opendoor

Use Opendoor to list your home on the MLS. You can secure an Opendoor cash offer backstop

Get a cash offer from Opendoor and we'll help you beat it

Get a higher offer from pre-qualified buyers in 30 days, or we'll increase your Opendoor cash offer by \$5,000.

125 W Muriel Dr [Go](#)

Takes a few minutes. Commitment free

Opendoor **\$480K**

Serious Buyer **↑ \$518K**

Serious Buyer **↑ \$512K**

PILOTING

Marketplace

Opendoor Exclusives connects sellers with qualified buyers

To do this, we rebuilt real estate from the ground up

Experience

Centralized sales and support teams to help customers at every step

Product

Simple and certain online experience for customers

Operations

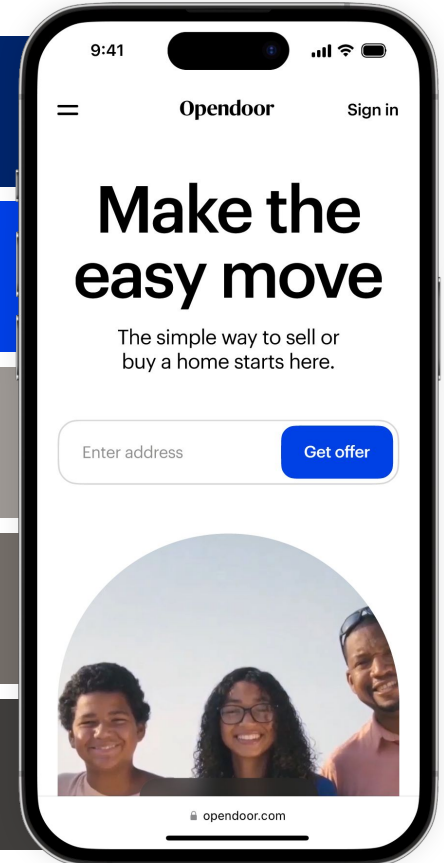
Technology-enabled assessments, repairs, maintenance, and listings of homes

Pricing

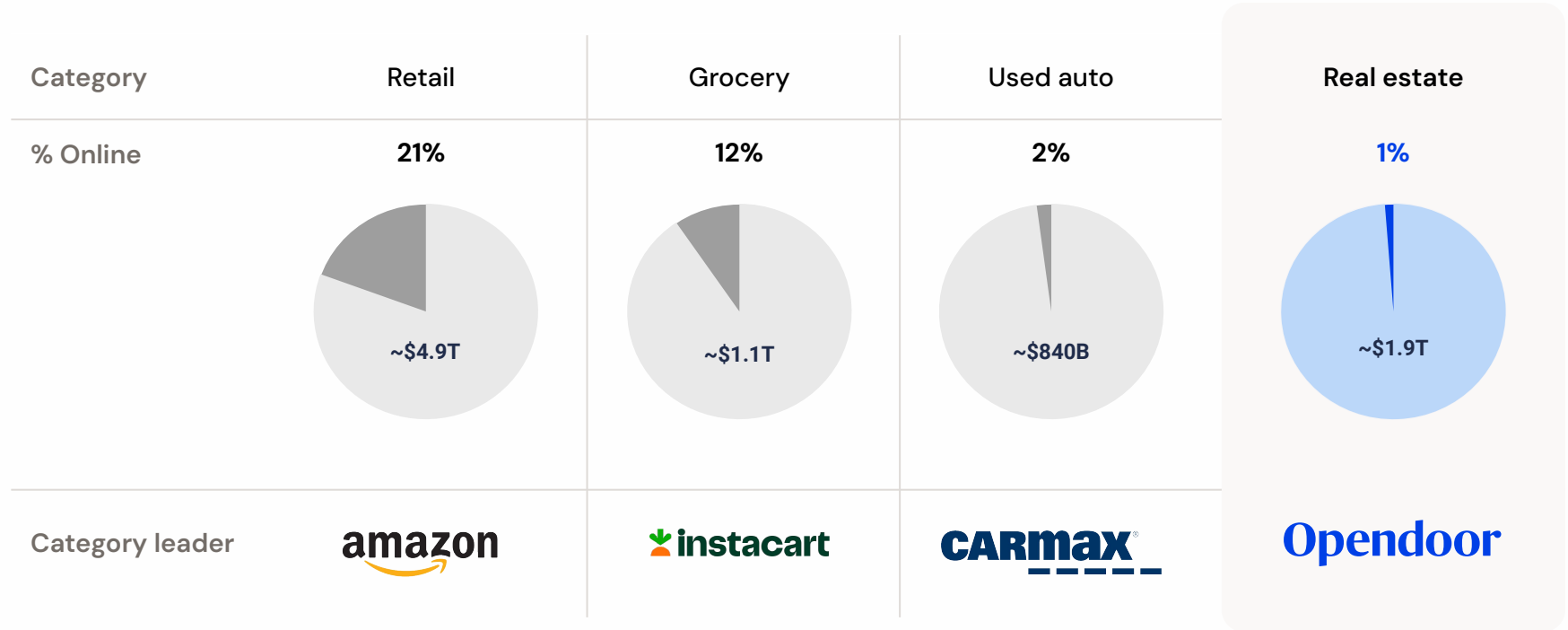
Real-time models to understand the value of a home based on millions of data points

Foundation of software and data science

Purpose-built platform refined over nine years and informed by over ten million offers



And we're just getting started, bringing real estate into the digital age



We're powering life's progress for families like the Blasingames



"It's pretty incredible thinking back on it now, but what Opendoor allowed us to do is sell our home to them, buy a new home, and keep the process as seamless as possible."

Stefen Blasingame

Sold to Opendoor and bought with Opendoor in Surprise, AZ

[See their full story](#)

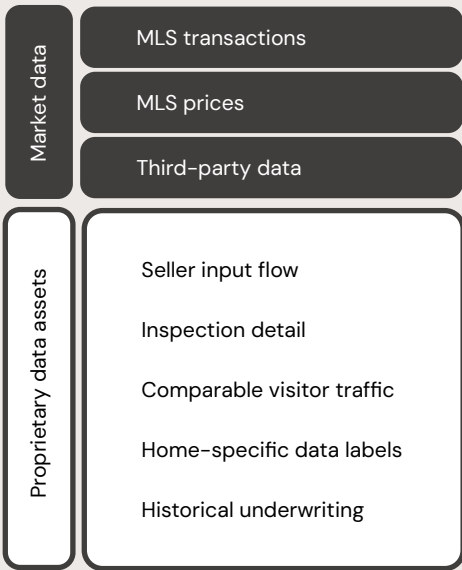
A person is seen from behind, holding a tablet computer. The tablet screen displays a virtual kitchen renovation project, showing a modern kitchen with stainless steel appliances and light wood cabinetry. The background of the image is a real kitchen with dark wood cabinets and a window looking out onto a street with a white truck.

Our delivery platform

Tools and technology we use to power the best pricing, inventory management, and operations

Home-level pricing: we collect proprietary data at scale to underwrite every home we purchase

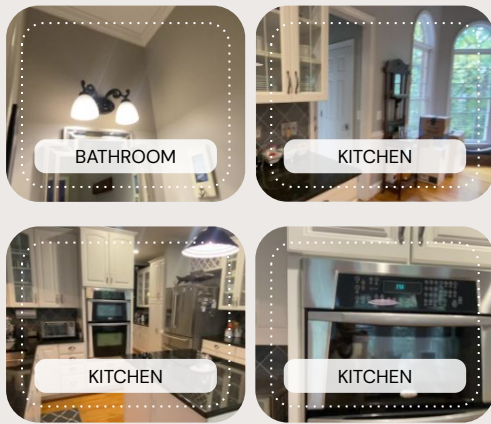
Third-party and proprietary offline data



Computer vision-based tools

Enricher: Internal tool used to enrich videos of home assessments

- Labels the type of room in the video
- Scores the condition of the room
- Allows us to process >500 videos / day

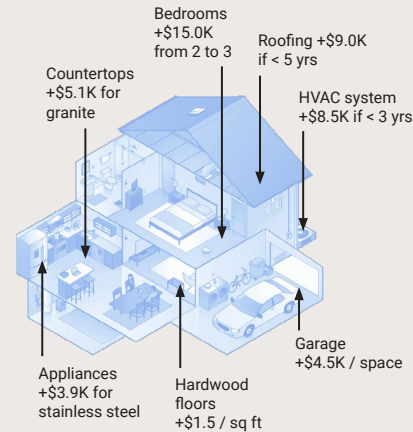


Feature-level home data

>150 unique features per inspection

>100M home level data inputs

>2B home level adjustments



Inventory management: we balance growth, margin, risk, and capital by optimizing inflows and outflows

Acquisition pricing

Demand and supply indicators

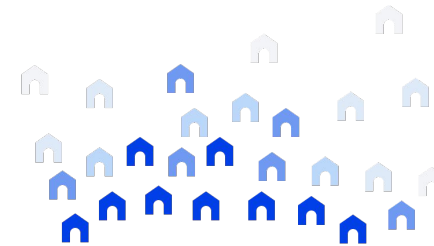
- Market visit appointments
- New listings pace
- Active comparables

Market liquidity

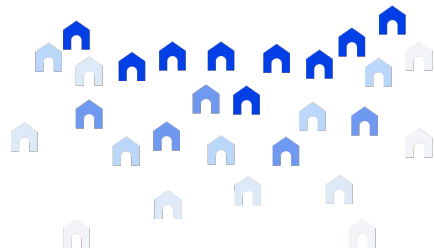
- Seller conversion
- Market clearance rates
- Home price seasonality

Portfolio allocation

- Market concentration
- Operational capacity
- Capital and liquidity



Portfolio optimization



Resale pricing

Home-specific visits

- Visits vs. market
- Time spent in home
- Offers per visit

Home-level pricing

- Initial list price vs. market
- Price drops vs. market
- Quality and condition adjustments

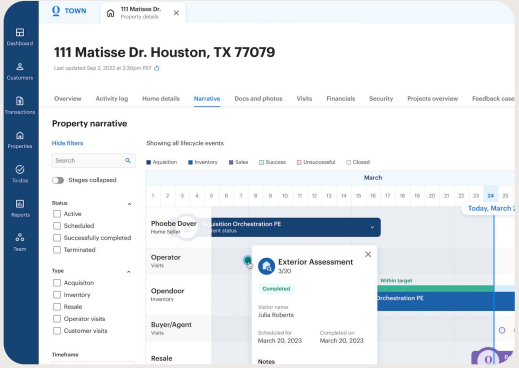
Structured visit feedback

- Curb appeal
- Home condition
- Cleanliness

Operations: we've built a vertically-integrated platform with proprietary tools, centralized data, and automation

Proprietary tooling

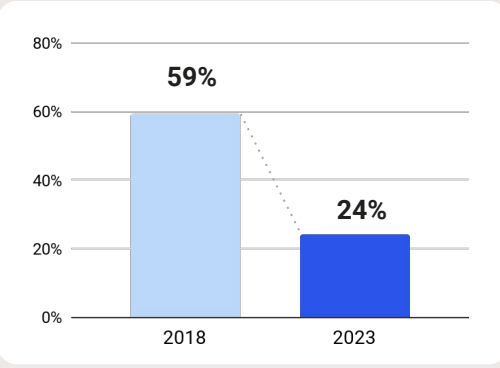
TOWN transaction hub



Transaction workflow management platform improves operator productivity

Centralization

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



Ability to centralize in-market roles, increasing efficiency and consistency

Automation

Vendor management platform

Browse trade partner matches

Browse and select a vendor based on their match score with this work order.

Trade Partner	Match Score	Match Score	Why this trade partner is a great match:	Capabilities: Gene	Classification: Part
Innovative Field Services - NY	10	10	Coverage: Services area Current Utilization: 66.7%	●	●
Innovative Field Services - NJ	9				
GES Construction LLC - NJ	9				
Brink's Tank and Environmental - NY	5				
Integrated Home Services Inc - LI	5				
A&A SOLUTIONS LLC - NJ	5				
Kando Group - NJ	4				
Build NY Construction Services - NY	3				
TJG Construction T/A Anthony Gallo - NJ	2				
Approved Contracting Corp.	2				

Current Utilization

Proprietary tool optimizing assignment of trade partner capacity for home repairs



Proven playbook to attract sellers

Today, we're in 50+ markets

50+

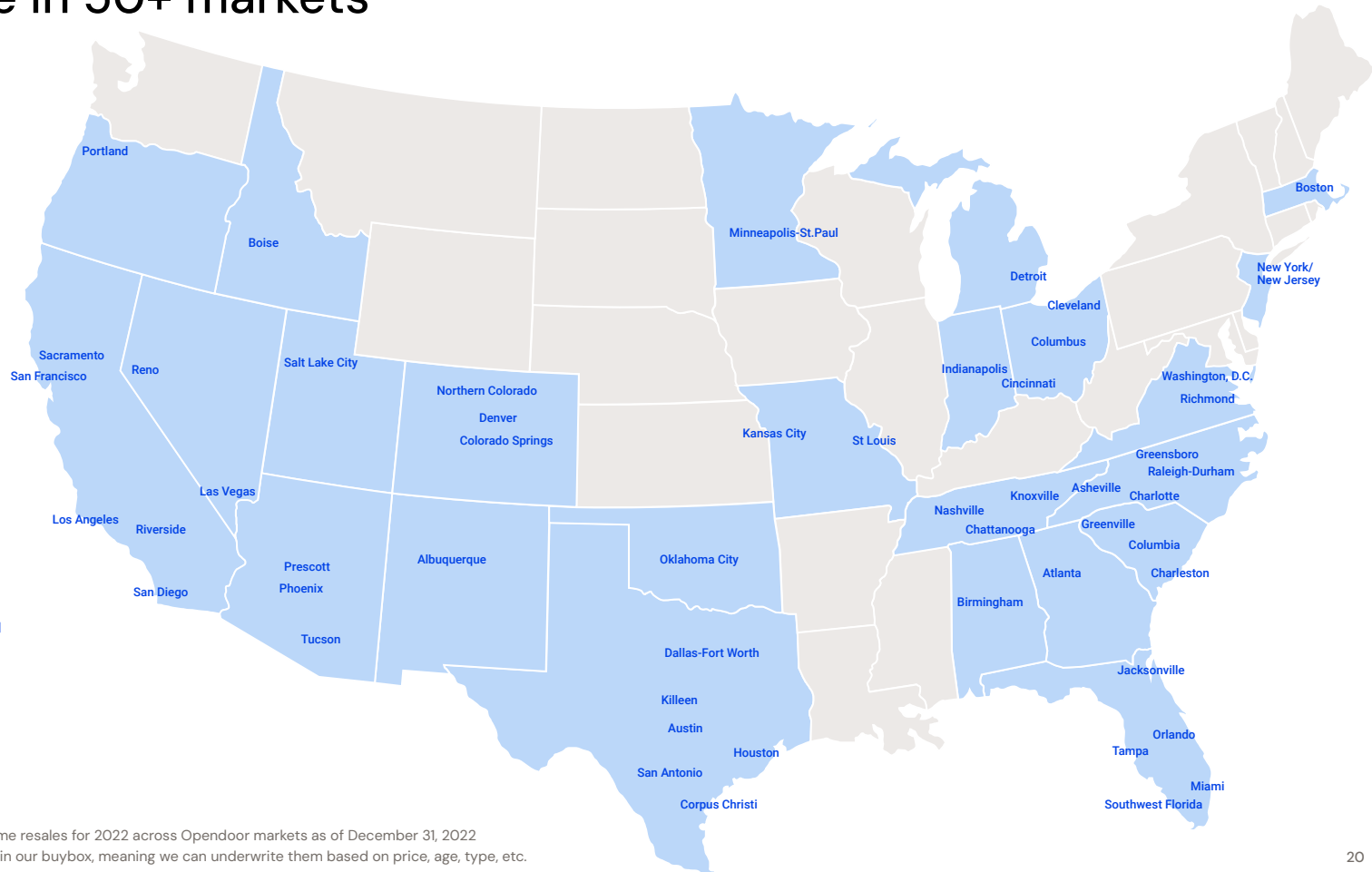
Markets

2%

2022 market share

30%+

Homes sold fall in our buybox



Note: Unit market share based on Company home resales for 2022 across Opendoor markets as of December 31, 2022
30% of homes sold in the U.S. in 2022 fell in our buybox, meaning we can underwrite them based on price, age, type, etc.

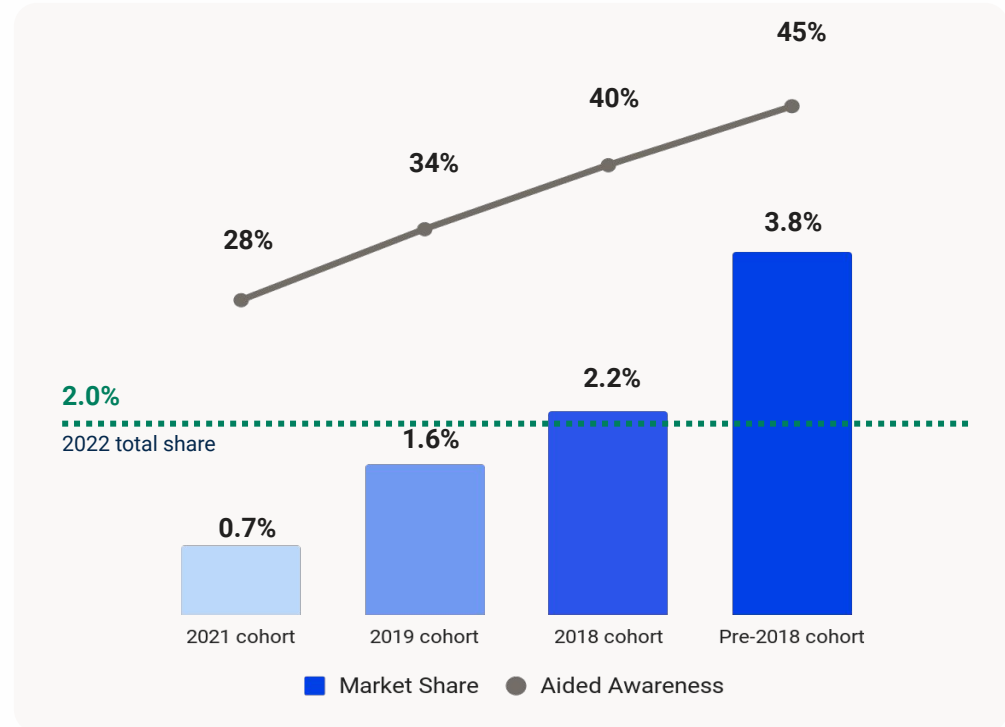
As markets mature, we gain share through marketing investments and a growing future customer base

Ability to extend pricing capabilities and acquisition playbook to new markets with brand and targeted marketing spend

Materially higher awareness in mature markets aids offer generation and conversion

Ability to grow retained customer base with active re-engagement of those who previously solicited offers

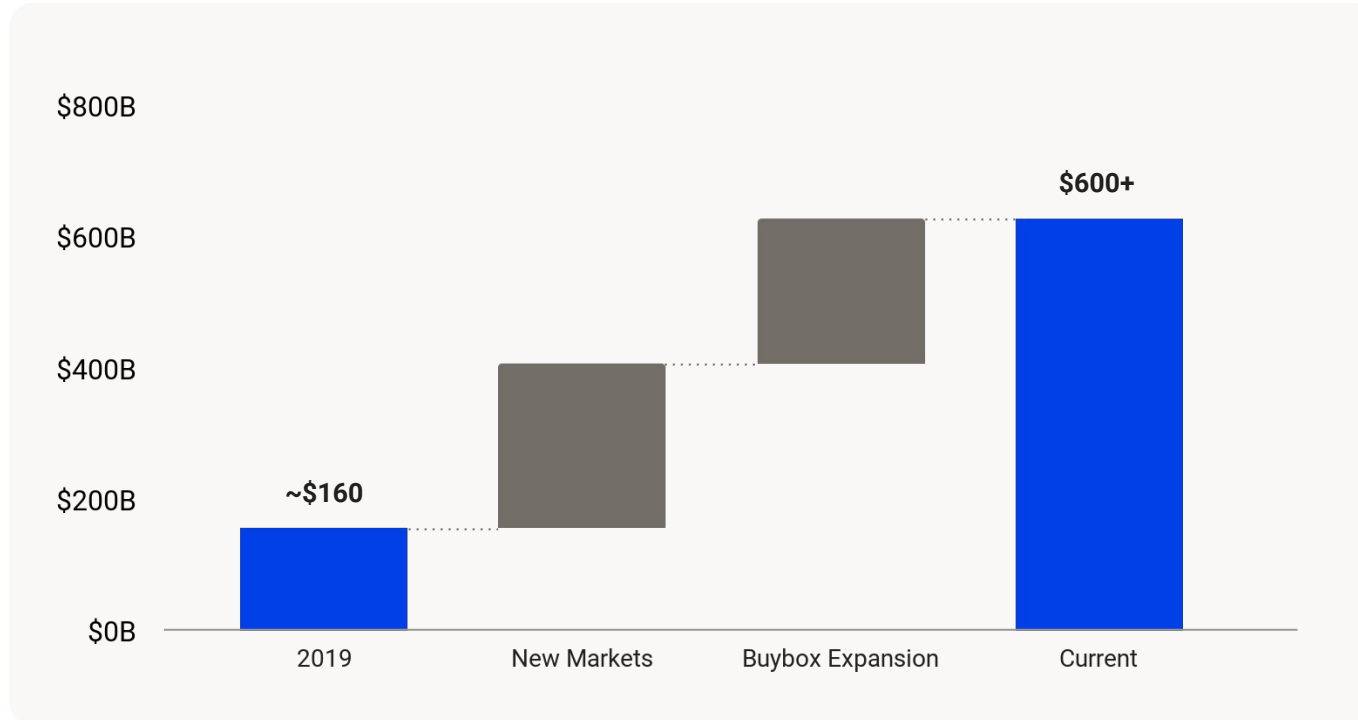
Expanding national footprint drives increasing ad spend efficiency relative to local media buys



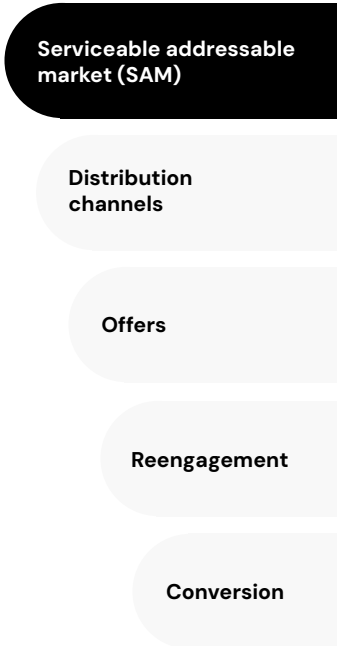
Note: 2022 market share based on Company resales as a % of MLS transaction data for respective markets

Cohorts indicate markets launched in each year. We did not launch any new markets in 2020 due to the impact of COVID-19

Our serviceable addressable market has increased ~4x since 2019 via market and buybox expansion



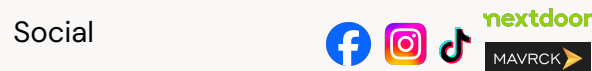
Our acquisition funnel:



Note: Serviceable addressable market ("SAM") is defined as total in-buybox transactions in MSAs in which Opendoor is active
 Buybox expansion has been achieved by addressing more zip codes and home characteristics such as price points, ages, and home types

We attract sellers through paid marketing and the expansion of our cost-efficient partnerships

Our paid marketing drives top of funnel traffic to our website



And we've grown our partnerships

	2019	2023
Homebuilders	54	90+
Repeat agents	61	800+
National agencies	–	
Online real estate platforms	–	

Our acquisition funnel:

Serviceable addressable market (SAM)

Distribution channels

Offers

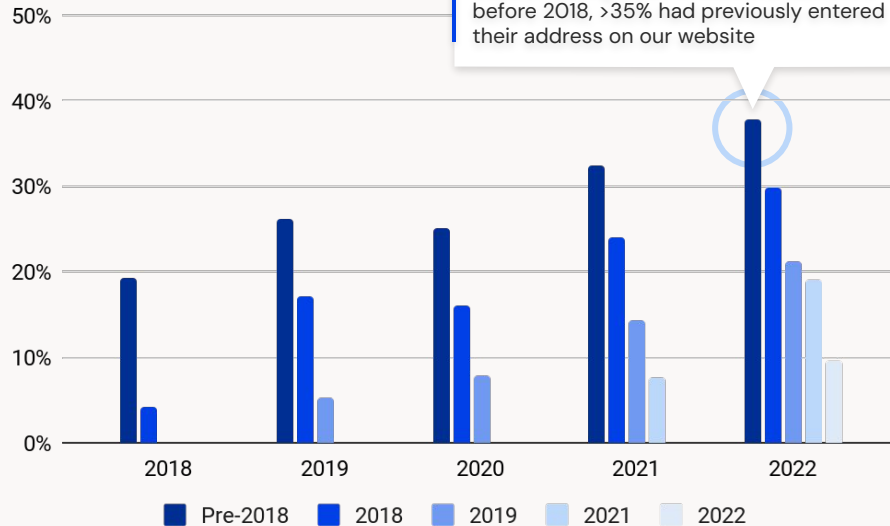
Reengagement

Conversion

Our growing base of potential customers provides ongoing opportunities to re-engage future sellers

We're seeing more engagement from potential customers

Address entry penetration by year of market launch



And they come back when they're ready to sell

63%

2019 contracts from repeat offers

74%

2023 YTD contracts from repeat offers

Our acquisition funnel:

Serviceable addressable market (SAM)

Distribution channels

Offers

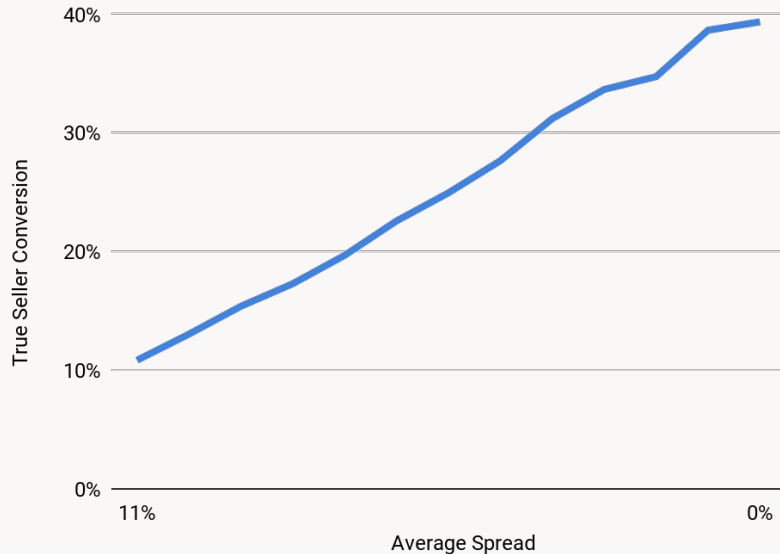
Reengagement

Conversion

We see improvements in conversion as we lower spreads and increase brand awareness

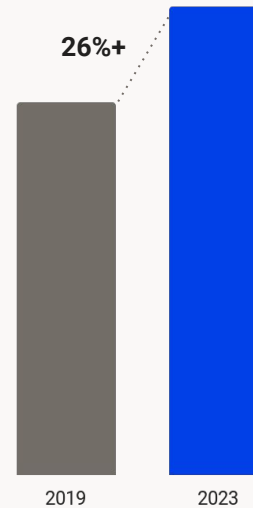
We understand how conversion responds to adjustments in our offer spreads

Spread vs. conversion



Increased awareness improves conversion

Brand awareness over time



Our acquisition funnel:


Serviceable addressable market (SAM)

Distribution channels

Offers

Reengagement

Conversion

A man and a woman are walking hand-in-hand on a concrete sidewalk in front of a modern, two-story house with a stone and brick facade. The man is wearing a plaid shirt and jeans, and the woman is wearing a black top and leggings. The house has a large front door, a garage, and several windows with shutters. The scene is set in a residential neighborhood with other houses visible in the background.

Path to positive Adjusted Net Income

with \$10B of run-rate revenue and performance at the high end of our annual financial targets

We're well positioned to deliver margin improvements in 2024 and beyond

We're building a new book of inventory with healthy margins

Performing in-line or better than our target margins

6,920

YTD new book homes sold

13.2%

YTD Adj. Gross Margin

9.4%

YTD Contribution Margin

The old book of homes is nearly behind us

Reducing longer-dated inventory

<150

Old book homes not in resale contract as of 9/30/23

(8.7)%

YTD Adj. Gross Margin

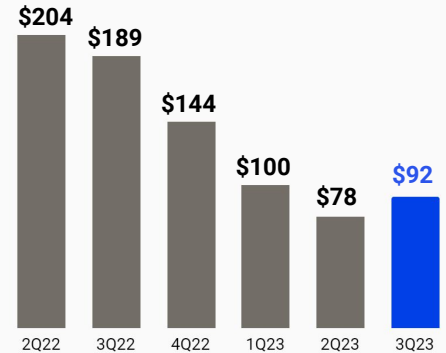
(13.7)%

YTD Contribution Margin

We've reduced our cost structure for near-term volumes

Creating a path for profitability at scale

Adjusted Operating Expenses (\$M)



Since 2019, we have significantly expanded our reach through increases to markets, buybox, and partnerships

	2019	Current
Markets	21	50+
In-market buybox coverage	~40%	~60%
Serviceable addressable market	\$160B	\$600B+
SAM share needed to achieve \$10B of revenue	6.3%	1.7%
% acquisitions from partnership channels	20%	40%+

Annualized Revenue **\$10B**

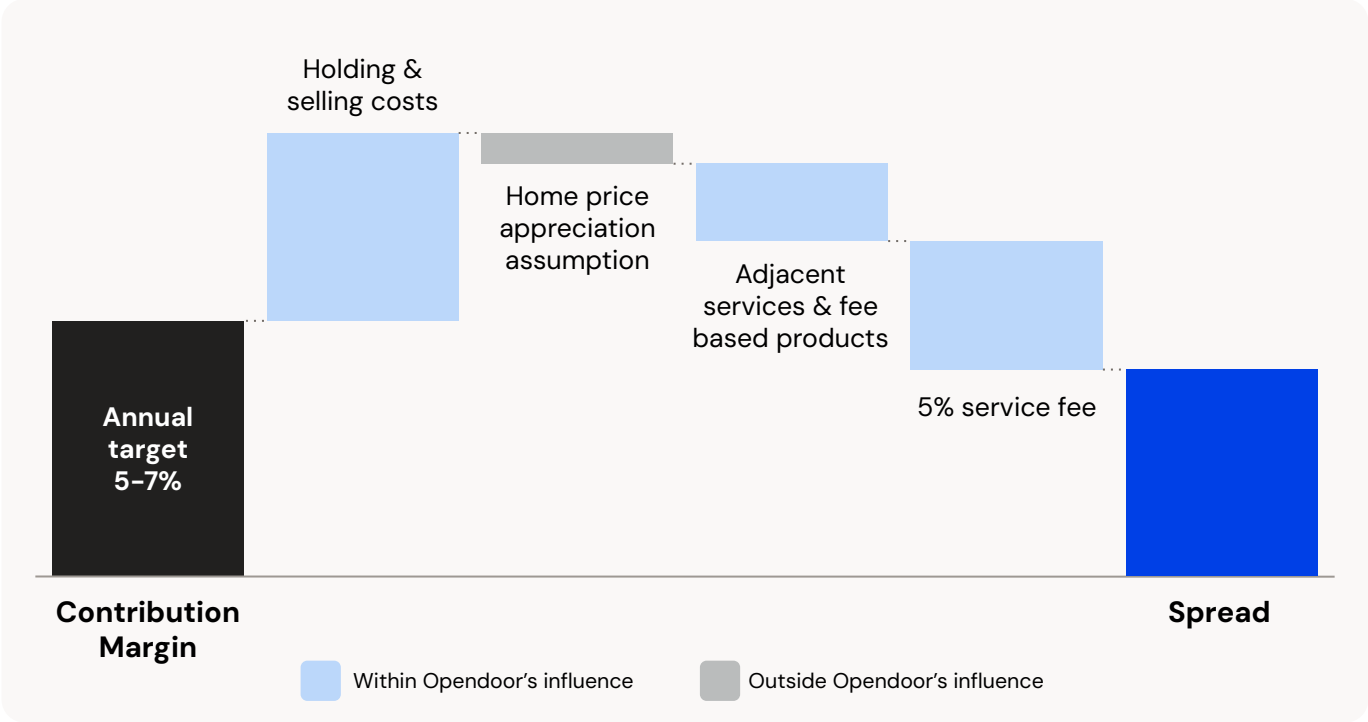
Contribution Margin **5-7%**

Adj. Operating Expenses **4-5%**

Net Interest Expense **2-3%**

Adj. Net Income breakeven

We adjust spreads to target an annual contribution margin of 5-7%

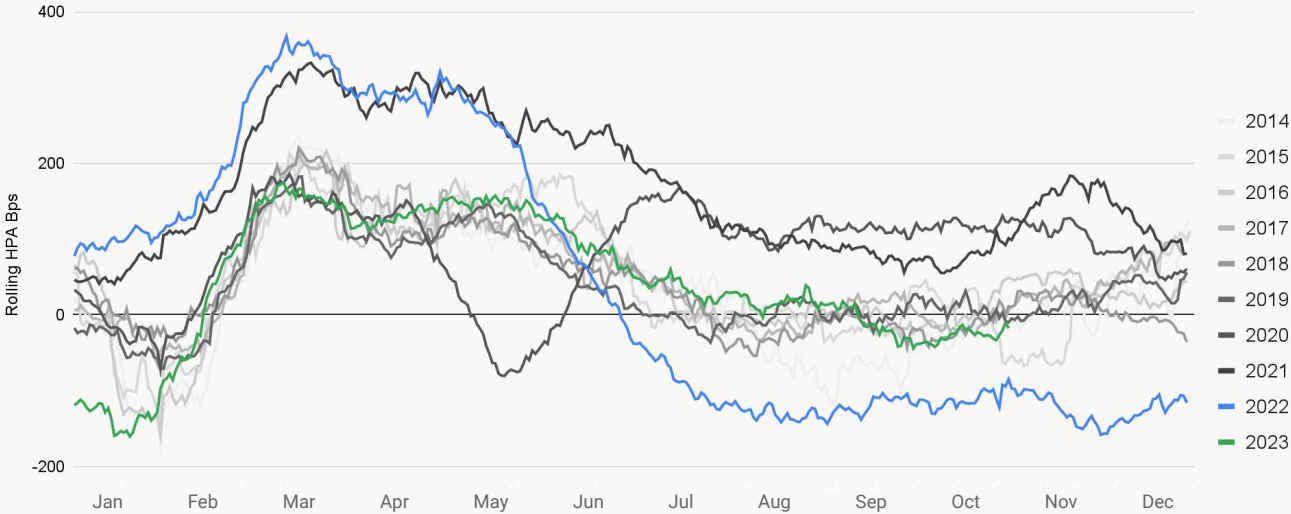


- Annualized Revenue **\$10B**
- Contribution Margin **5-7%**
- Adj. Operating Expenses **4-5%**
- Net Interest Expense **2-3%**
- Adj. Net Income breakeven

Note: Illustrative example

We incorporate annual home price seasonality into our spread assumption

Typically, majority of HPA realized in 1H, with flat to moderately negative HPA in 2H
30-day rolling month-over-month home price appreciation (HPA)

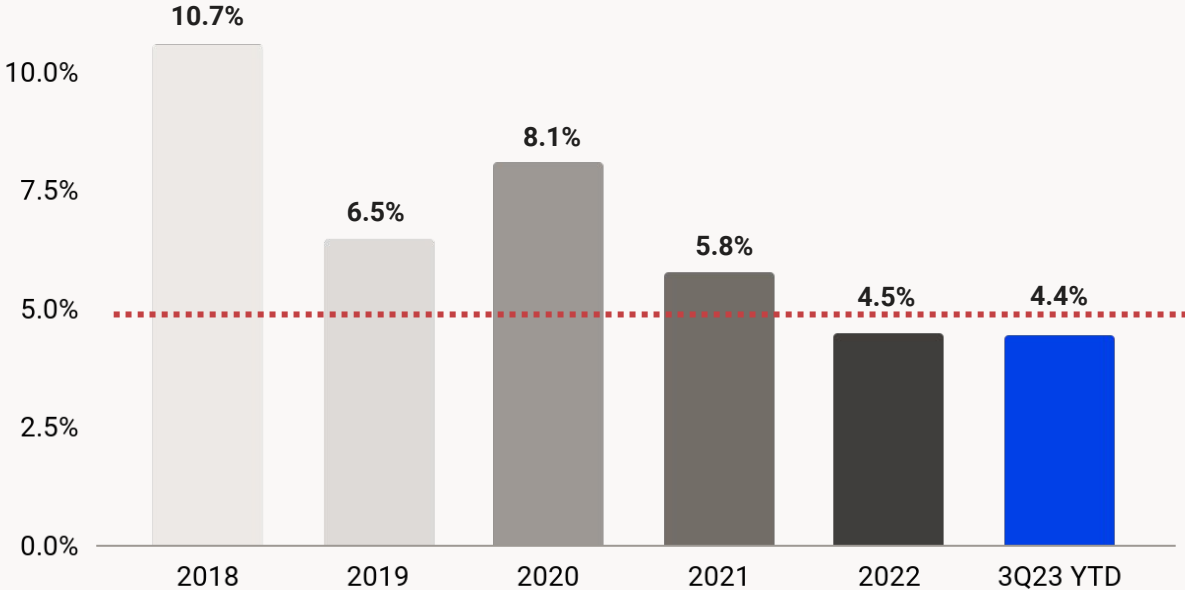


- Annualized Revenue **\$10B**
- Contribution Margin **5-7%**
- Adj. Operating Expenses **4-5%**
- Net Interest Expense **2-3%**
- Adj. Net Income breakeven

Note: Weighted to Opendoor markets; non-seasonally adjusted; as of November 1, 2023

We have a track record of leveraging our operating expenses over time

Adjusted Operating Expenses as a % of Revenue



Annualized Revenue **\$10B**

Contribution Margin **5-7%**

Adj. Operating Expenses **4-5%**

Net Interest Expense **2-3%**

Adj. Net Income breakeven

We target inventory turns of 3–4 times per year, mitigating the impact of interest rate changes at the transaction level

	9/30/23	+50bps	+100bps	+150bps
Weighted average interest rate	6.2%	6.7%	7.2%	7.7%
	Implied gross interest expense (% of cost):			
2.5x turns	2.5%	2.7%	2.9%	3.1%
3.0x turns	2.1%	2.2%	2.4%	2.6%
3.5x turns	1.8%	1.9%	2.1%	2.2%
4.0x turns	1.6%	1.7%	1.8%	1.9%

Annualized Revenue **\$10B**

Contribution Margin **5–7%**

Adj. Operating Expenses **4–5%**

Net Interest Expense **2–3%**

Adj. Net Income breakeven

We have a robust and dynamic capital structure, built to adapt for growth

Inventory turns

Increasing the number of turns per year reduces risk, interest costs, and capital requirements

Interest income

Our cash and restricted cash generate interest income, which offsets gross interest expense

Spread adjustment

Ability to offset changes in financing costs with changes in our spreads

Capital structure

Well capitalized to achieve our growth targets with \$2.3B of fixed-rate debt and \$3.9B in undrawn revolving capacity

Illustrative: we have a path to Adjusted Net Income breakeven at steady state run-rate of \$10B of revenue

\$10B Steady State Run-Rate

Avg. Home Price (\$)			\$375,000
# of Homes Acquired and Sold / month			~2,200
	P&L (\$M):	\$ per Home Sold	% of Revenue:
Revenue	\$10,000	\$375,000	
Contribution Margin	\$600-700	\$22,500-26,250	6-7%
Adj. Operating Expenses	\$(500-400)	\$(18,750-15,000)	(5-4)%
Net Interest Expense	\$(200)	\$(7,500)	(2)%
Adj. Net Income	\$0	\$0	(1)-1%

Annualized Revenue **\$10B**

Contribution Margin **5-7%**

Adj. Operating Expenses **4-5%**

Net Interest Expense **2-3%**

Adj. Net Income breakeven

Assumes higher end of annual contribution margin target range

Assumes lower end of net interest expense range



Investment highlights

Opendoor

The Whitlock family bought an Exclusives home from Opendoor in Austin, TX

Investment highlights

Massive, highly fragmented market

Residential real estate is the largest category, with only 1% online penetration

Superior consumer experience

We provide a simple and certain online solution as an alternative to the traditional, complex home selling process

Highly differentiated, purpose-built delivery platform

Our tools and technology allow us to more accurately underwrite homes, optimize our overall portfolio, and operate efficiently at scale

Proven playbook for expansion and a growing customer base

We've significantly grown our SAM and broadened our distribution channels, and a higher percentage of potential sellers are choosing our products

Path to positive Adjusted Net Income

With \$10B of steady state revenue, we have the potential to leverage operating expenses and generate positive Adjusted Net Income, a proxy for operating cash flow



Appendix

Opendoor

The Thousands sold their home to Opendoor in Cape Coral, FL and bought a new build with a partner builder

Non-GAAP references

Key Metric	Key Component	GAAP P&L Reference	Description
Total Revenue			Transaction revenue (net resale price x homes sold) + ancillary product revenue
	Less: Net purchase price	Cost of revenue	Headline purchase price net of service charge
	Less: Acquisition transaction costs	Cost of revenue	Transaction costs related to the purchase of the property
	Less: Net repairs	Cost of revenue	Reno / repair spend net of any repair charges to seller
	Less: Ancillary product COGS	Cost of revenue	COGS related to ancillary products such as Title & Escrow
	Less: Inventory valuation adjustment (adjusted for non-gaap)	Cost of revenue	Inventory valuation adjustment recorded during the current period and prior period on homes sold in the relevant period ("Resale Cohort")
Adjusted Gross Profit			Gross Profit related to homes sold in a specific period
	Less: Holding costs (adjusted for non-gaap)	Sales, marketing and operations	Property taxes, utilities, insurance, cleaning, and HOA dues recorded during the current period and prior period for the Resale Cohort
	Less: Selling costs (adjusted for non-gaap)	Sales, marketing and operations	Buyer broker commission, other transaction costs for the Resale Cohort
Total Contribution Profit			Contribution Profit related to homes sold in a specific period
	Less: Marketing spend	Sales, marketing and operations	Online, offline, and brand spend
	Less: Operations spend	Sales, marketing and operations	Primarily related to customer sales, support, and home operations
	Less: Fixed opex (adjusted for non-gaap)	General and administrative Technology and development Sales, marketing and operations	G&A, T&D, SM&O, and other overhead costs excluding Stock-based compensation, Intangibles amortization expense, Legal contingency accrual, and related expenses
	Less: Holding costs (adjusted for non-gaap) and other	Sales, marketing and operations	Primarily related to holding costs for homes in inventory. These costs move to Contribution Profit as homes are sold
Adjusted EBITDA			Adjusted EBITDA excludes non-cash / non-recurring costs / costs not directly related to our revenue-generating operations
	Less: Financing costs / D&A / taxes interest income / other		Depreciation and amortization, property financing, interest, tax expenses, and interest income
Adjusted Net Income			Adjusted Net Income is a proxy for operating free cash flow

Non-GAAP references

Nine Months Ended September 30, 2023

\$ IN MILLIONS	Old Book	New Book	Total
GAAP Gross Profit	\$112	\$303	\$415
<i>Gross Margin</i>	<i>3.0%</i>	<i>12.9%</i>	<i>6.8%</i>
Adjustments:			
Inventory Valuation Adjustment - Current Period	\$12	\$12	\$24
Inventory Valuation Adjustment - Prior Period	(\$447)	(\$3)	(\$450)
Adjusted Gross Profit (Loss)	(\$323)	\$312	(\$11)
<i>Adjusted Gross Margin</i>	<i>(8.7%)</i>	<i>13.2%</i>	<i>(0.2%)</i>
Direct Selling Costs	(\$103)	(\$68)	(\$171)
Holding Costs on Sales - Current Period	(\$24)	(\$17)	(\$41)
Holding Costs on Sales - Prior Period	(\$60)	(\$5)	(\$65)
Contribution Profit (Loss)	(\$510)	\$222	(\$288)
<i>Contribution Margin</i>	<i>(13.7%)</i>	<i>9.4%</i>	<i>(4.7%)</i>

Non-GAAP references

\$ IN MILLIONS	<u>Year Ended December 31,</u>					<u>Nine Months Ended</u>
	2018	2019	2020	2021	2022	September 30, 2023
Operating Expenses (GAAP)	\$297	\$549	\$406	\$1,298	\$1,598	\$686
Adjustments:						
Direct selling costs	(\$62)	(\$149)	(\$73)	(\$195)	(\$414)	(\$171)
Holding costs on sales included in contribution profit	(\$19)	(\$56)	(\$28)	(\$49)	(\$147)	(\$106)
Stock-based compensation	(\$15)	(\$13)	(\$38)	(\$536)	(\$171)	(\$94)
Intangibles amortization expense	(\$1)	(\$3)	(\$4)	(\$4)	(\$9)	(\$5)
Restructuring	-	(\$2)	(\$31)	-	(\$17)	(\$10)
Goodwill impairment	-	-	-	-	(\$60)	-
Payroll tax on initial RSU release	-	-	-	(\$5)	-	-
Legal contingency accrual	-	-	(\$4)	(\$14)	(\$46)	-
Depreciation and amortization, excluding amortization of intangibles	(\$5)	(\$15)	(\$22)	(\$33)	(\$41)	(\$30)
Other	\$1	(\$1)	\$2	\$5	-	-
Adjusted Operating Expenses	\$196	\$310	\$208	\$467	\$693	\$270
Revenue	\$1,838	\$4,741	\$2,583	\$8,021	\$15,567	\$6,076
<i>Adjusted Operating Expenses Margin</i>	<i>10.7%</i>	<i>6.5%</i>	<i>8.1%</i>	<i>5.8%</i>	<i>4.5%</i>	<i>4.4%</i>

Non-GAAP references

\$ IN MILLIONS	<u>Three Months Ended</u>					
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Operating Expenses (GAAP)	\$454	\$385	\$342	\$294	\$217	\$175
Adjustments:						
Direct selling costs	(\$100)	(\$100)	(\$78)	(\$85)	(\$58)	(\$28)
Holding costs on sales included in contribution profit	(\$34)	(\$32)	(\$37)	(\$54)	(\$39)	(\$13)
Stock-based compensation	(\$59)	(\$52)	\$7	(\$42)	(\$21)	(\$31)
Intangibles amortization expense	(\$3)	(\$2)	(\$2)	(\$2)	(\$1)	(\$2)
Restructuring	-	-	(\$17)	-	(\$10)	-
Goodwill impairment	-	-	(\$60)	-	-	-
Legal contingency accrual	(\$42)	-	(\$1)	-	-	-
Depreciation and amortization, excluding amortization of intangibles	(\$12)	(\$8)	(\$12)	(\$12)	(\$9)	(\$9)
Other	-	(\$2)	\$2	\$1	(\$1)	-
Adjusted Operating Expenses	\$204	\$189	\$144	\$100	\$78	\$92
Revenue	\$4,198	\$3,361	\$2,857	\$3,120	\$1,976	\$980
<i>Adjusted Operating Expenses Margin</i>	<i>4.9%</i>	<i>5.6%</i>	<i>5.0%</i>	<i>3.2%</i>	<i>3.9%</i>	<i>9.4%</i>

Non-GAAP reconciliations definitions

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 (loss).

Adjusted Gross Profit (Loss) / Margin

We calculate Adjusted Gross Profit (Loss) as gross profit (loss) 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. We define Adjusted Gross Margin as 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.

Adjusted Operating Expense

We present Adjusted Operating Expense, which is a non-GAAP financial measure that bridges the difference between Contribution Profit (Loss) and Adjusted EBITDA. We believe this measure provides investors and analysts meaningful period over period comparisons by showing the remaining operating expenses after the costs related to unit level performance are moved to contribution profit and certain charges that are non-recurring, non-cash, or not directly related to our revenue-generating operations are removed.

Adjusted Operating Expense is a supplemental measure of our operating expenditures and has important limitations. For example, this measure excludes the impact of certain costs required to be recorded under GAAP. This measure removes holding costs and direct selling costs incurred on homes sold during the current period, including holding costs recorded in prior periods, and moves these costs to contribution margin. This measure could differ substantially from similarly titled measures presented by other companies in our industry or in other industries. Accordingly, this measure should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of this measure to the most directly comparable GAAP financial measure, which is operating expenses.

We calculate Adjusted Operating Expense as GAAP operating expense adjusted to exclude direct selling costs and holding costs included in determining Contribution Profit (Loss). It excludes non-recurring goodwill impairment and payroll tax on initial RSU release. The measure also excludes non-cash expenses of stock-based compensation, depreciation and amortization, and intangibles amortization. It also excludes expenses that are not directly related to our revenue-generating operations such as restructuring charges and legal contingency accruals.

Opendoor

November 2023 Investor Presentation