

# Opendoor

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# Agenda

## Business overview

Eric Wu, Co-Founder and CEO

## Product overview

Tom Willerer, Chief Product Officer

## Pricing and technology platform

Ian Wong, Co-Founder and Chief Technology Officer

## Operations and fulfillment

Megan Meyer Toolson, Head of Operations

## Growth

Eric Wu, Co-Founder and CEO

## Financial overview

Carrie Wheeler, Chief Financial Officer

## Q&A





**My journey started at 2004 Mitchell Street**



# Seasoned, deep and experienced team



**Eric Wu**  
Co-Founder, CEO  
Head of Product, Trulia



**Andrew Low Ah Kee**  
President  
COO, GoDaddy



**Megan Meyer Toolson**  
Head of Operations  
Ops, Bain Capital



**Daniel Morillo**  
Chief Investment Officer  
Managing Director, Citadel



**Carrie Wheeler**  
Chief Financial Officer  
Partner, TPG



**Tom Willerer**  
Chief Product Officer  
VP Product, Netflix



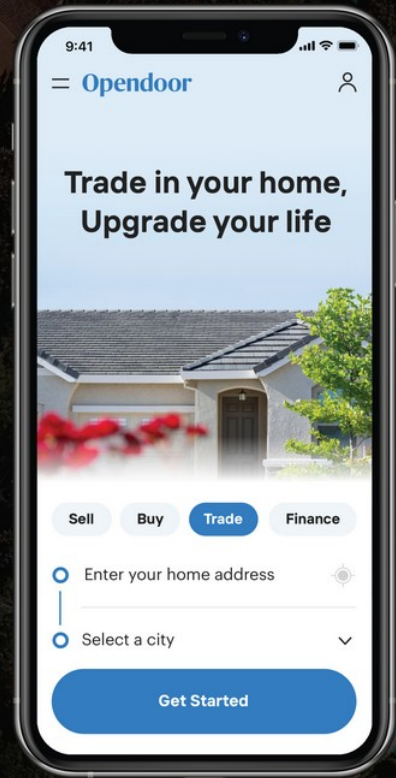
**Ian Wong**  
Co-Founder, CTO  
Head of Data Science, Square



Product	Engineering	Design & Marketing	Operations	Finance
<b>Brian Tolkin</b> Head of Seller Product Product, Uber 	<b>Mark Kinsella</b> Head of Engineering Director, Lyft 	<b>Paul Smith</b> Head of Design Director, Uber 	<b>Nadia Aziz</b> Head of Mortgages VP, Capital One 	<b>Rajiv Krishnarao</b> Head of Finance Director, Uber 
<b>David Sinsky</b> Head of New Products Product, FourSquare 	<b>Nelson Ray, PhD</b> Head of DS Research Data Scientist, Google 	<b>Reema Batta</b> Head of Marketing Marketing, Expedia 	<b>Brad Bonney</b> Market Operations Director T&S, Airbnb 	<b>Dod Fraser</b> Head of Capital Markets/Risk Principal, TPG 
<b>Judd Schoenholz</b> Head of Buyer Product CEO, OpenListings 	<b>Mike Chen</b> Head of Pricing Engineering Sr Engineer, Twitter 	<b>Annie Tang</b> Design Manager Design, Google 	<b>Merav Bloch</b> Head of Operational Excellence Director, Square 	<b>Christy Schwartz</b> Corporate Controller Controller, Yodlee 

# Unlock homeownership for millions of Americans

Buy, sell & move  
at the tap of a button



# We are the market innovator and leader

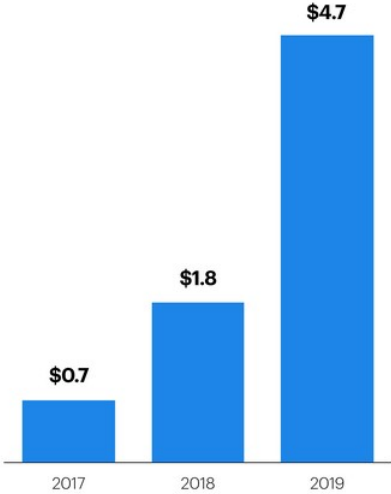
## Key metrics

**21**  
Markets

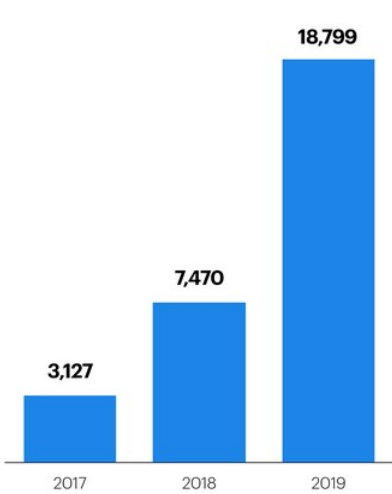
**80K**  
Homeowners served

**\$10B**  
Homes sold

## Revenue (\$B)



## Homes sold



Note: Markets, homeowners served and homes sold metrics since Company inception; homeowners served defined as number of home transactions

# The largest, undisrupted market in the U.S.

## Massive market

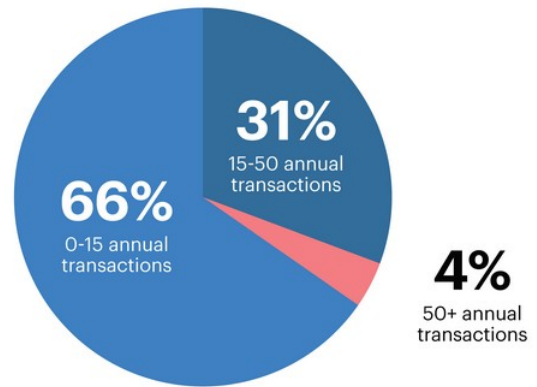
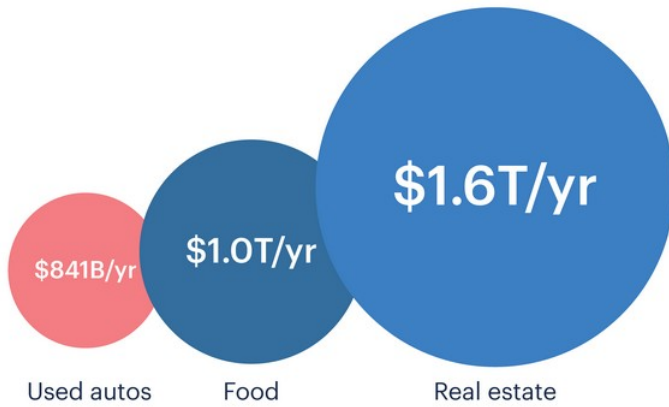
68% of Americans are homeowners

5 million homes sold annually

## Fragmented incumbents

2 million real estate agents

28% of realtors have another occupation



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



# We've rebuilt the entire real estate service stack



## Product

Simple, certain and fast experience for customers

## Pricing

Real-time models to predict the value of a home

## Operations

Inspections, repairs, renovations, and maintenance of homes

## Customer Experience

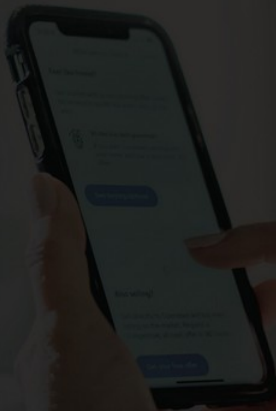
Centralized sales and support teams to manage the transaction end-to-end

Foundation of software and data science

# Product

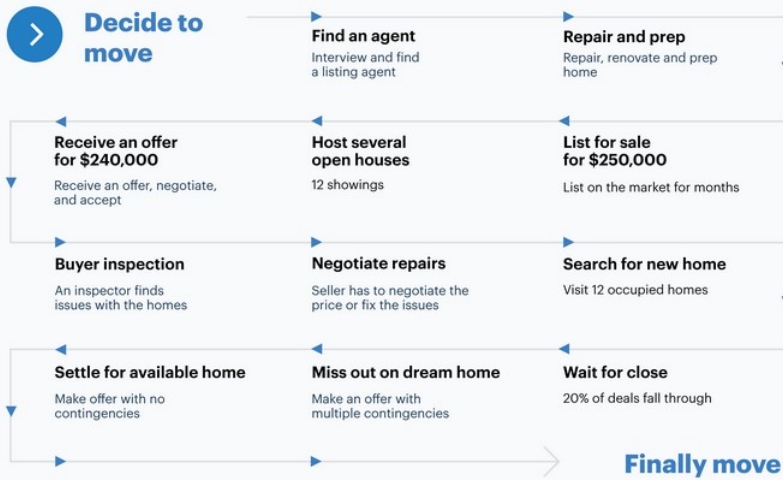


**Tom Willerer**  
Chief Product Officer



# Process is complex, uncertain, time-consuming and offline

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



Costing as much as **12%+** of the transaction

Item	Cost
Broker commission	\$13,750
Seller concessions	\$3,750
Closing costs	\$3,750
Home renovation/repairs	\$2,500
Double mortgage	\$2,500
Moving costs	\$1,259
Staging	\$1,185
Home warranty	\$936
<b>Total</b>	<b>\$29,630</b>

Note: Agent use, 89%, per National Association of Realtors report  
 List days, home visits and fall-through metrics based on analysis of Multiple Listing Service (MLS) and Company data  
 Per transaction \$ values indicative based on \$250K home value

# Offering greater simplicity, certainty, speed and safety

## Traditional sale

### Complex

Average of **6 counter parties** to manage

### Uncertain

**-20% of transactions fall through**  
Inflexible timelines to closing

### Slow

Average of **87 days to close**  
on the market

### Human intensive

Averaging **12 visitors per listing**  
with **months of open houses**

9:41 AM Wed Aug 24  
123 Main St, Phoenix, AZ  
Opendoor  
EH

YOUR OFFER

	Traditional Sale	Opendoor
Price	\$303,000-\$342,000	\$317,300
Fees	5.5%	7.0%
Est. Closing costs	1%	1%
Unforeseen costs	Up to 4%	0%
Net proceeds	\$271,185-\$306,090	\$291,916
Days on market	✗ 62 days	✓ 0
Closing date	✗ Depends on Buyer	✓ Up to you
Certainty	✗ Financing contingencies ✗ Appraisal contingencies	✓ All-cash offer

0

## Opendoor

### Simple

Integrated digital experience

### Certain

Guaranteed close on *your* timeline  
No unforeseen costs

### Fast

Flexible closing in as fast as 3 days

### Safe

Completely contactless sale

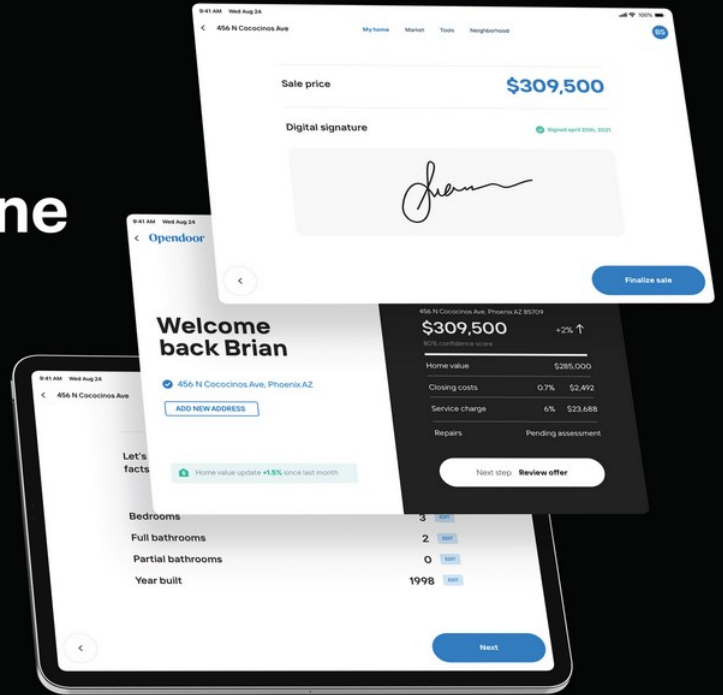
Note: Fall-through, days-on-market and visitors / listing based on analysis of MLS and Company data. Offer comparison reflects a comparison of Company's listing and sell direct products (figures based on illustrative home). Unforeseen costs assume 1% staging costs, 2% seller concessions and 1% overlap costs (moving, double mortgage)

# Receive an offer and sell on your timeline

Online cash offer

Flexible close date

Digital closing





# New experience to search, visit and buy thousands of homes

Self-tour homes

Financing in-app

Digital offer process



# Home sellers are choosing Opendoor

## High intent customers



## High conversion

**34%**  
2019 real seller conversion

**90%**  
Sell direct to us without agents

## Real seller conversion vs. fees



Note: Based on Company data for 2019. Real seller defined as unique lead who either accepts Opendoor offer or lists home on MLS within 60 days of receiving an offer

# Our customers want convenience and certainty



## Convenience sellers

Customers focused on simplicity, certainty and speed

**62%**

of sellers cite convenience and certainty as primary reasons to sell to Opendoor

**49%**

of Opendoor sellers have kids (higher than national average)



## Contingent buyers

Customers who need to unlock equity in current home in order to close on their next one

**63%**

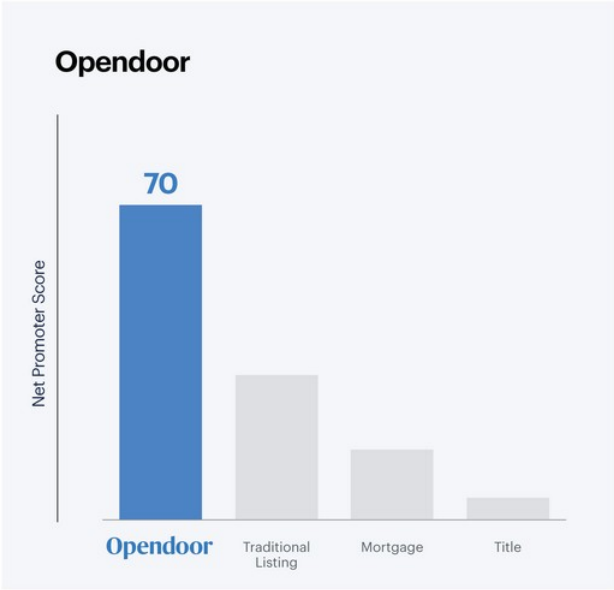
of Opendoor sellers also looking to buy another home

**50%**

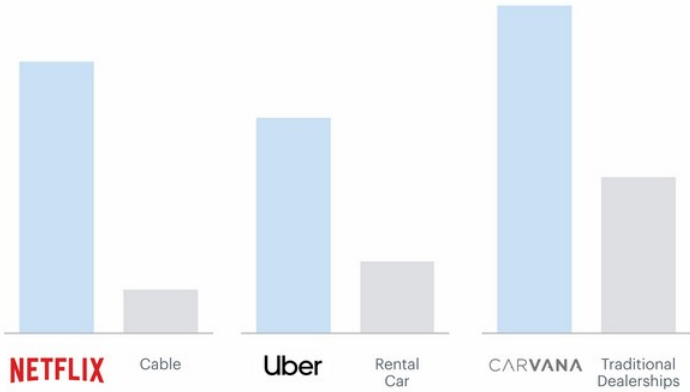
of Opendoor customers are selling their first home

Note: Sellers looking to buy another home from September 2018 Opendoor closed seller survey; all other metrics from October 2020 Opendoor closed seller survey

# And are delighted by our experience



### Category Leaders



Note: NPS metrics based on Company data from last twelve months, public filings and 3rd-party research

# Pricing and Technology Platforms



**Ian Wong**  
Co-Founder, CTO

Quality Score  
9.98  
+0.0%



# Pricing & data science objectives

Deliver competitive and accurate **home valuations** to sellers



Set **fees** that anticipate dynamic market conditions

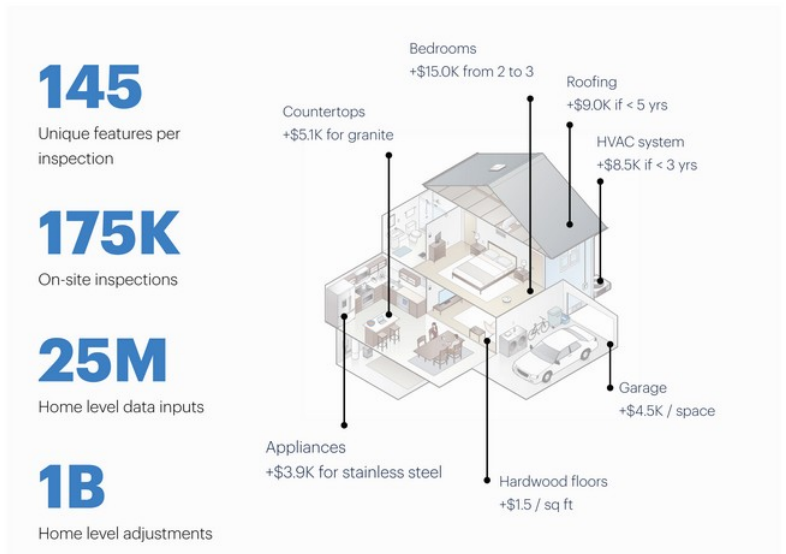


# Accuracy through proprietary, structured, hyper-local data

## Third party + in-house / offline data

Market data	MLS transaction
	MLS prices
	3rd party HPA
Proprietary data assets	Seller input flow
	Home assessment detail
	Visitor traffic
	Time spent in home
	Historical underwriting

## Feature level home data



Note: On-site inspections and home-level adjustment metrics reflect to-date company data as of August 2020; feature price adjustments are indicative

# With leading edge pricing models and tooling

Models and tooling at each step from acquisition to resale

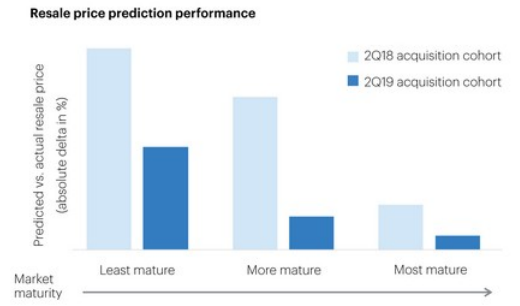


Acquisition

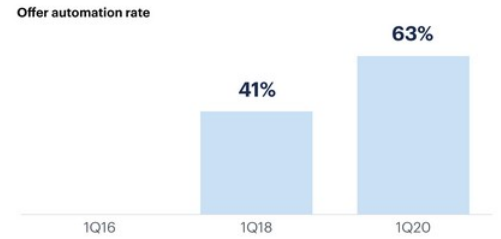
Resale

Tooling

Meaningful improvements in accuracy



With step-function increases in automation

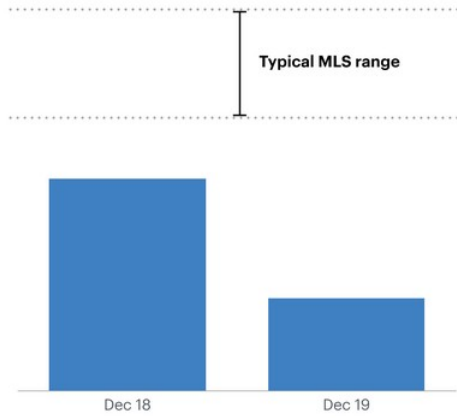


Note: Accuracy data based on expected resale price at time of underwriting vs. realized sale price. Automation rate based on percentage of offers sent without human intervention

# Highly scalable, predictive & accurate pricing engine

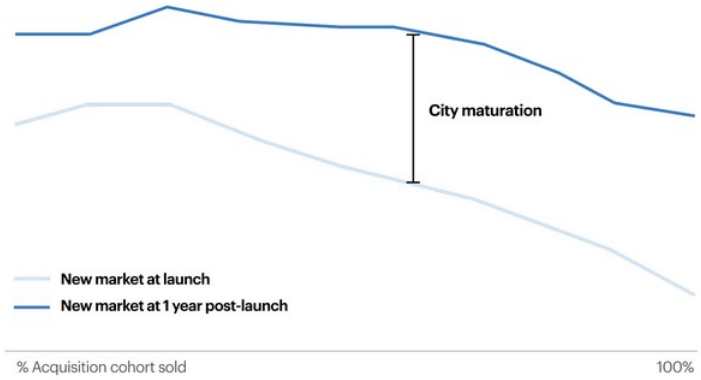
## Superior inventory health and risk profile

% Listings > 150 days on market



## Underwriting enhancements as cities mature

City Contribution Margin over time (cumulative)



Note: Days on market calculated as of month-end; MLS range based on Company estimates for current operating markets  
City contribution based on quarterly acquisition contract cohorts for a new market launched in 2018

# Operations and Fulfillment



**Megan Meyer Toolson**  
Head of Operations





# Low cost, repeatable and scalable transaction platform

## **Data-science driven decision making**

Collect proprietary structured data at every step to feed pricing engine, drive decision making and support automation

## **Centralization across the home journey**

Consolidate tasks online and leverage scale economies

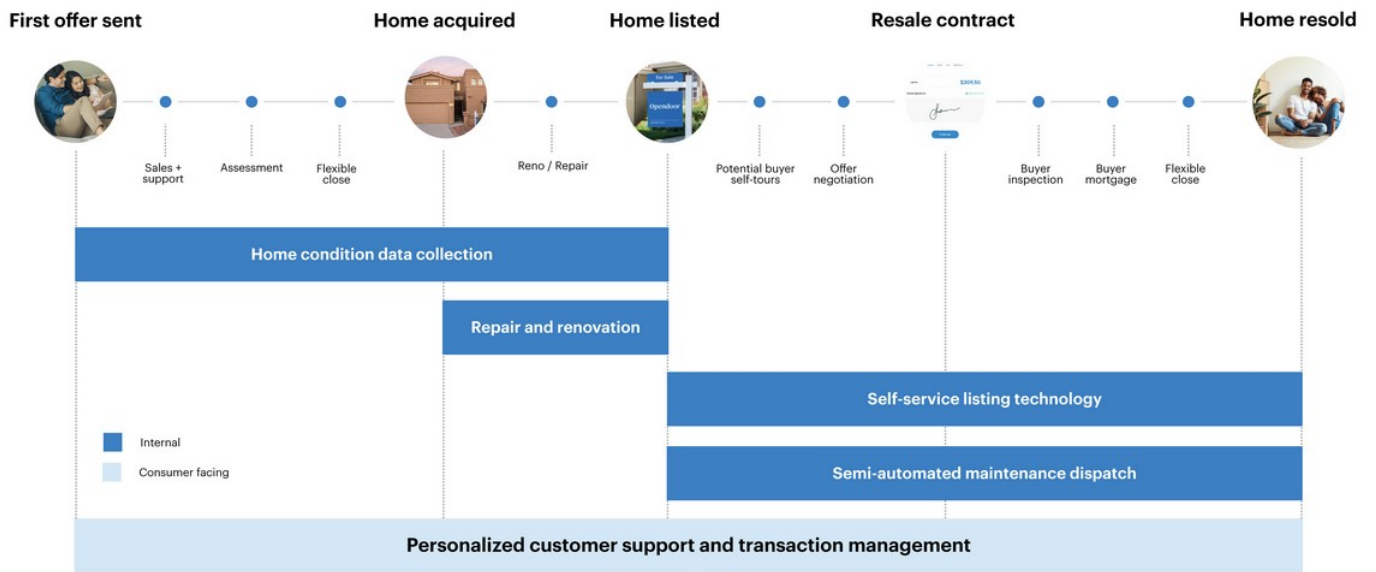
## **Software-enabled, streamlined processes**

Utilize software to enable accuracy, automation and remote workflows

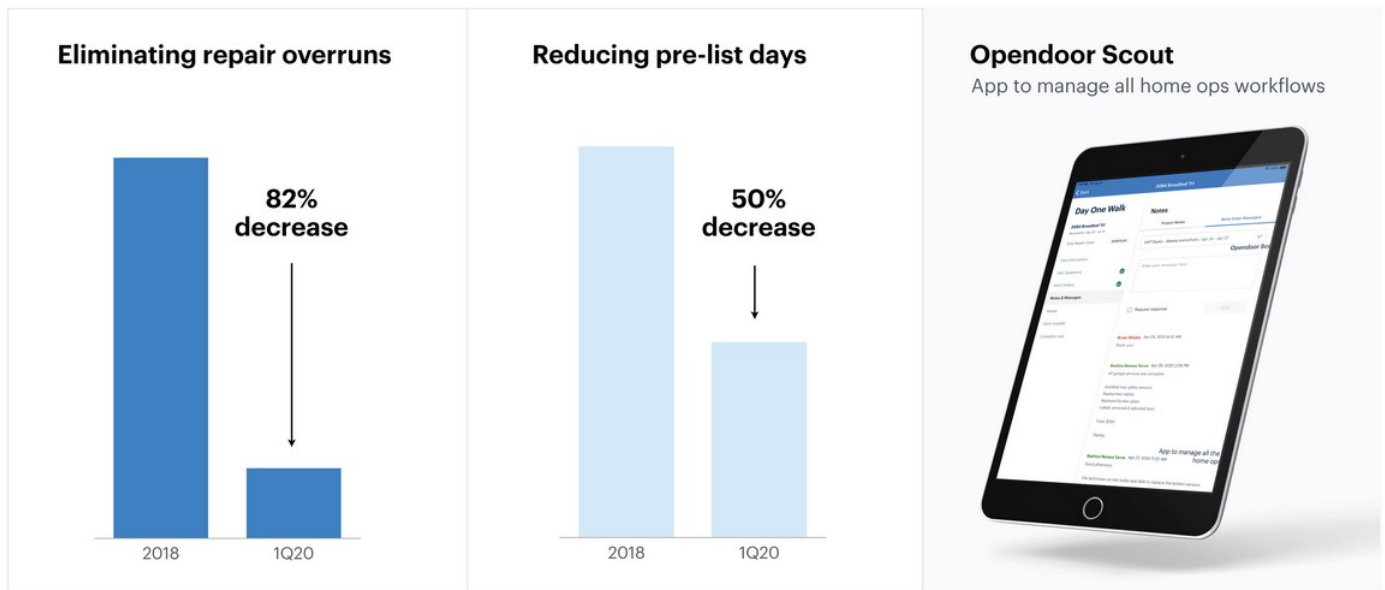
## **Scale economies to drive down costs**

Leverage scale to drive material and labor discounts

# The journey of a home from offer to resale

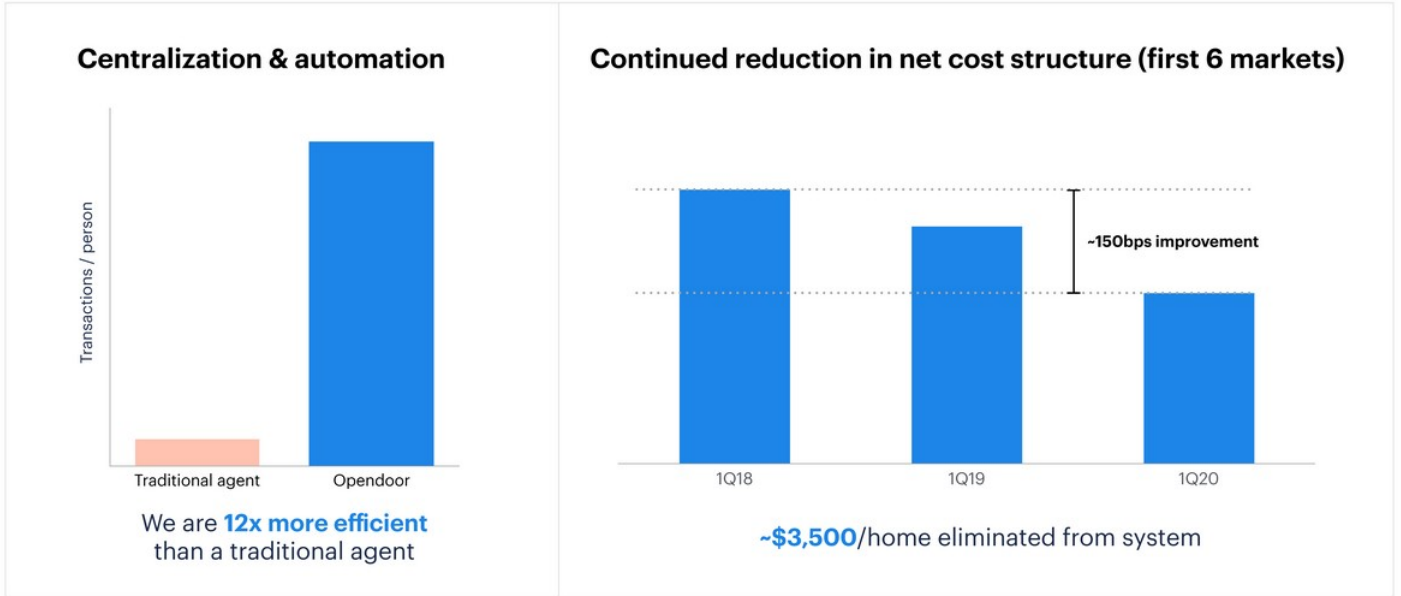


# Cost improvements in home repairs due to superior operational processes and software



Note: Performance data on repair overruns and pre-list days based on Opendoor acquisition cohorts

# Centralization & automation driving ongoing cost reductions



Note: Opendoor productivity based on 2019 total closes and average operator headcount; traditional agent based on National Association of Realtors report  
Net cost structure based on transaction costs, holding costs, buyer broker commissions and interest expense, net of services contribution

# Growth



**Eric Wu**  
Co-founder, CEO

# Our first 6 markets reached **\$2.7B** run-rate revenue in 1Q20

**6**

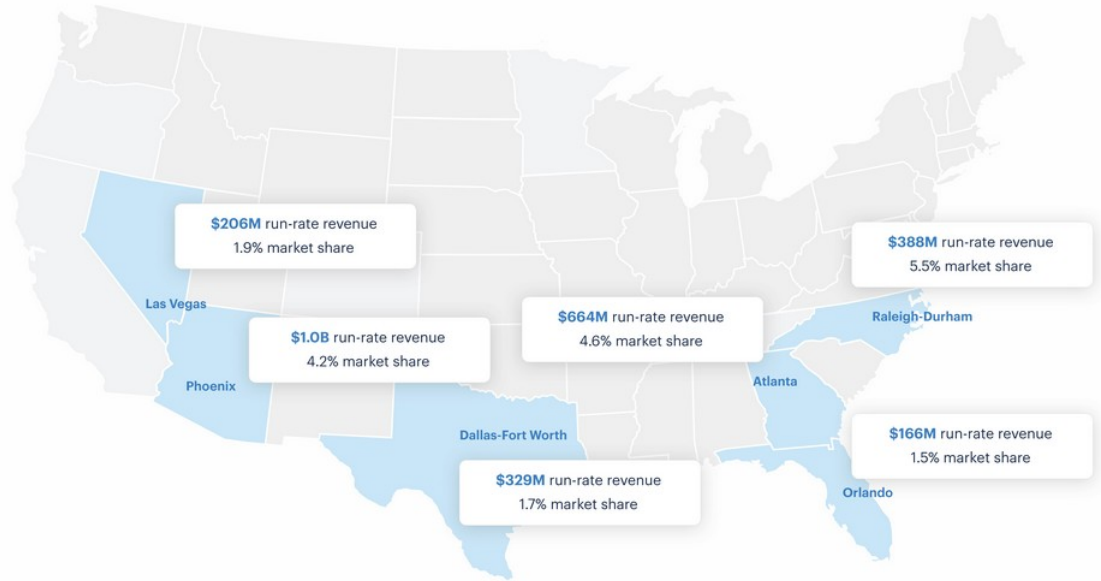
Markets

**3.2%**

Market share

**\$2.7B**

1Q20 Run-rate revenue



Note: Market share based on Company resales and MLS transaction data for respective markets as of 1Q20. 1Q20 run rates do not reflect the full impact of COVID-19; see Summary Financials for full-year 2020 projections

# Today, we are in 21 markets and just scratching the surface

**21**

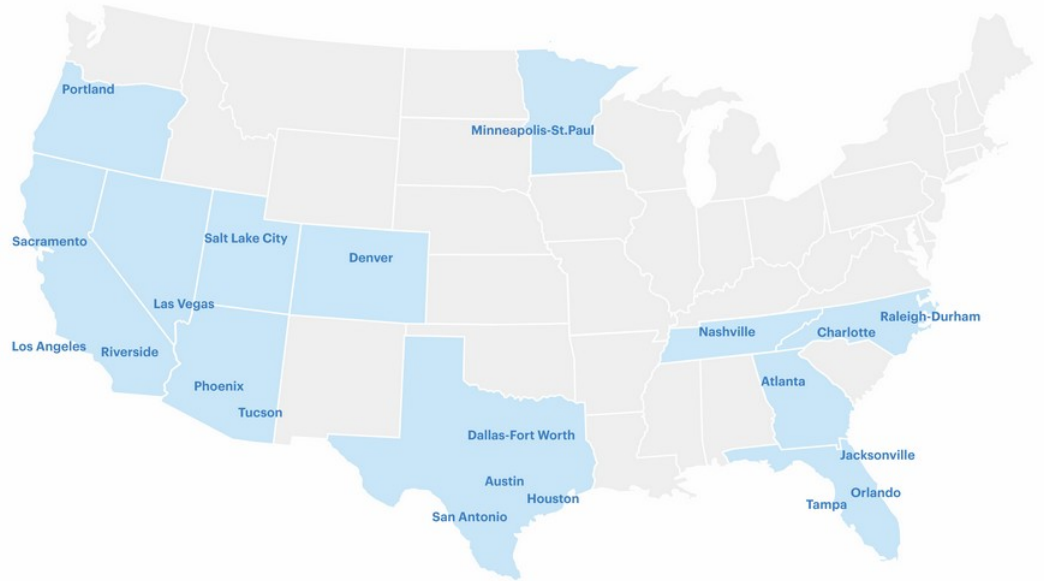
Markets

**2.0%**

Market share

**\$5.0B**

1Q20 Run-rate revenue



Note: Market share based on Company resales and MLS transaction data for respective markets as of 1Q20. 1Q20 run rates do not reflect the full impact of COVID-19; see Summary Financials for full-year 2020 projections



# Our current playbook takes us to **\$50B** in revenue

**4%**

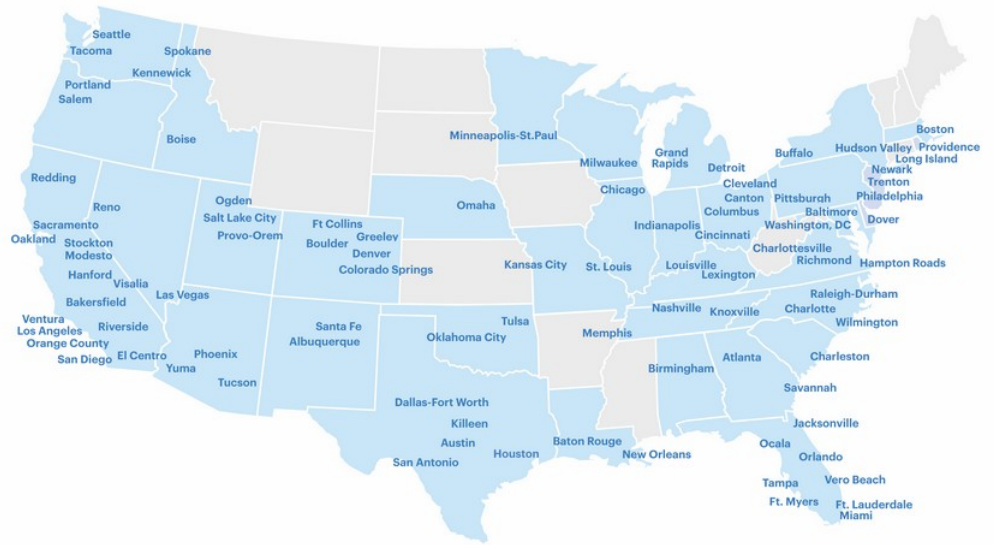
Market share

**100**

Markets

**\$50B**

Run-rate revenue



# With a U.S. market potential of **\$1.3T**

## 5M

Annual homes sold

## 87%

Homes in buy box of \$100K to \$750K

## \$1.3T

Total annual GMV



Note: Annual homes sold and sales distribution per National Association of Realtors (NAR)  
Gross Merchandise Value = annual homes sold x \$310k average sales price x 87%. Individual metrics per NAR

# Track record of new market launches

## Infrastructure in place to launch efficiently

### Centralized customer operations

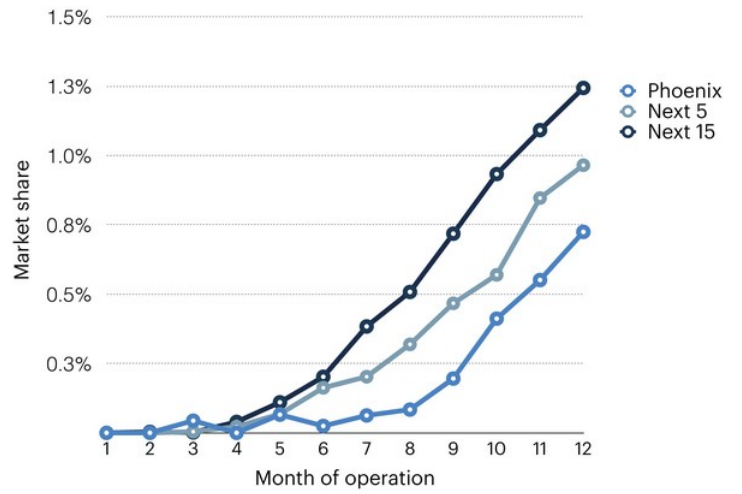
Centralized teams to service sellers and buyers end-to-end

### Scalable pricing systems

Mature market data improves pricing in new markets

### Small, efficient in-market launch teams

## Market share by market maturity



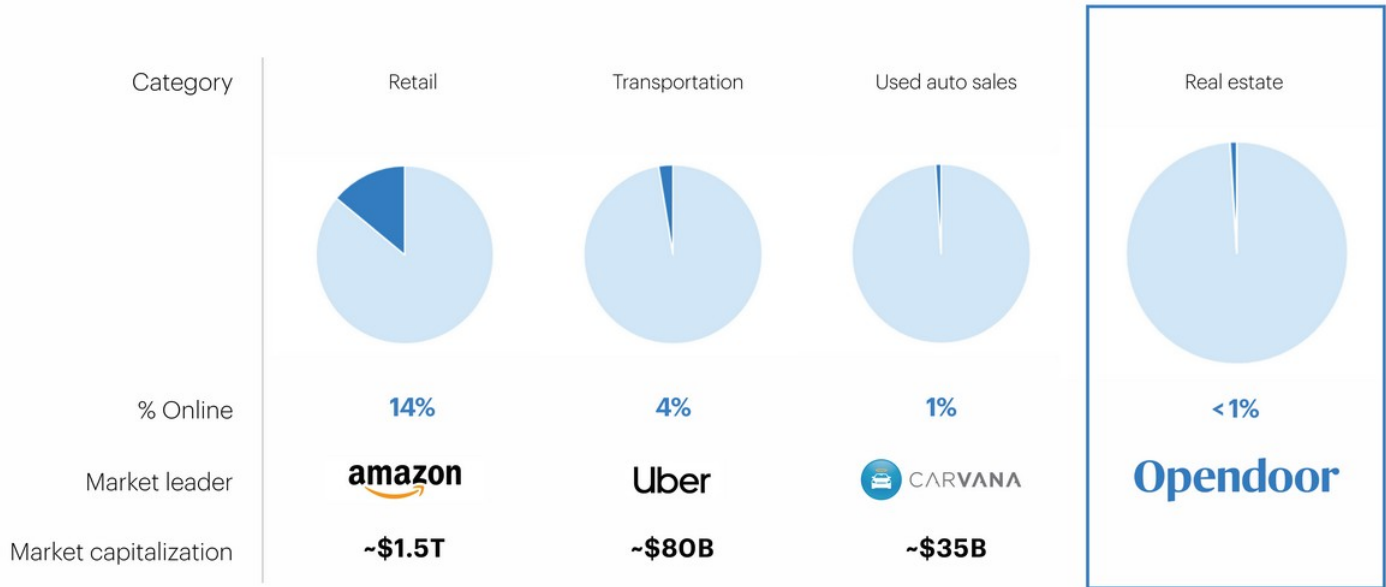
Note: Market share based on Company resale closes and MLS transaction data

# The Future



**Eric Wu**  
Co-founder, CEO

# Early stages of the digital transformation in real estate



Note: Online penetration metrics are based on public filings and third party research; online penetration for real estate based on available iBuyer information  
Market capitalization values are approximated as of November 11, 2020

# COVID-19 has accelerated shifts in consumer behavior

Customers are prioritizing safety

Customers are demanding digital first experiences

De-urbanization is occurring as buyers avoid dense areas

Demand for housing in our markets is strengthening

Opendoor provides a digital, contact-less way to buy and sell a home

Opendoor

# Consumers demand digital experiences for the services that revolve around the home

- Title and Escrow
- Financing
- Insurance
- Warranty
- Upgrades
- Home maintenance
- Moving services

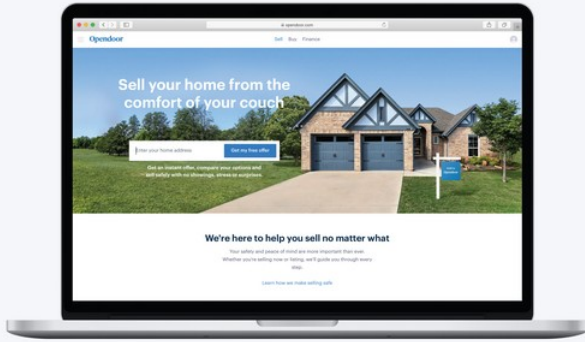




# As the market leader, we are just getting started

Today

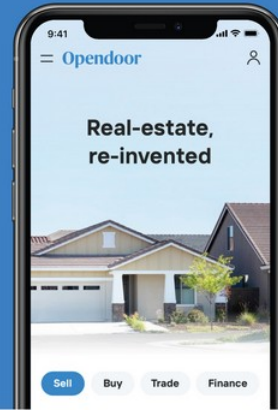
**We've transformed how people sell a home**



Sold in a few taps

Tomorrow

**We will transform how people move**



Digital one-stop shop to move

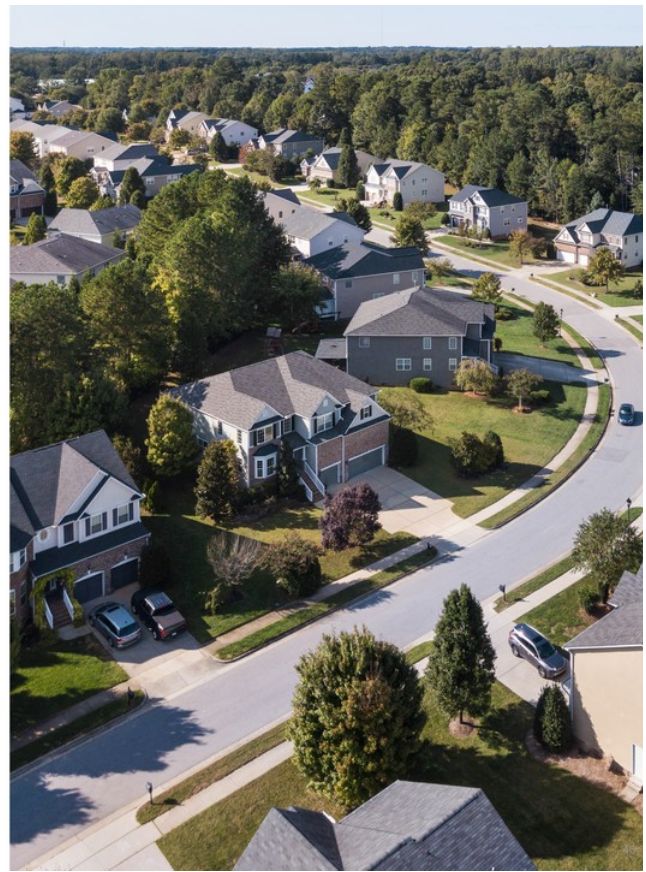
# Financial Overview



**Carrie Wheeler**  
CFO

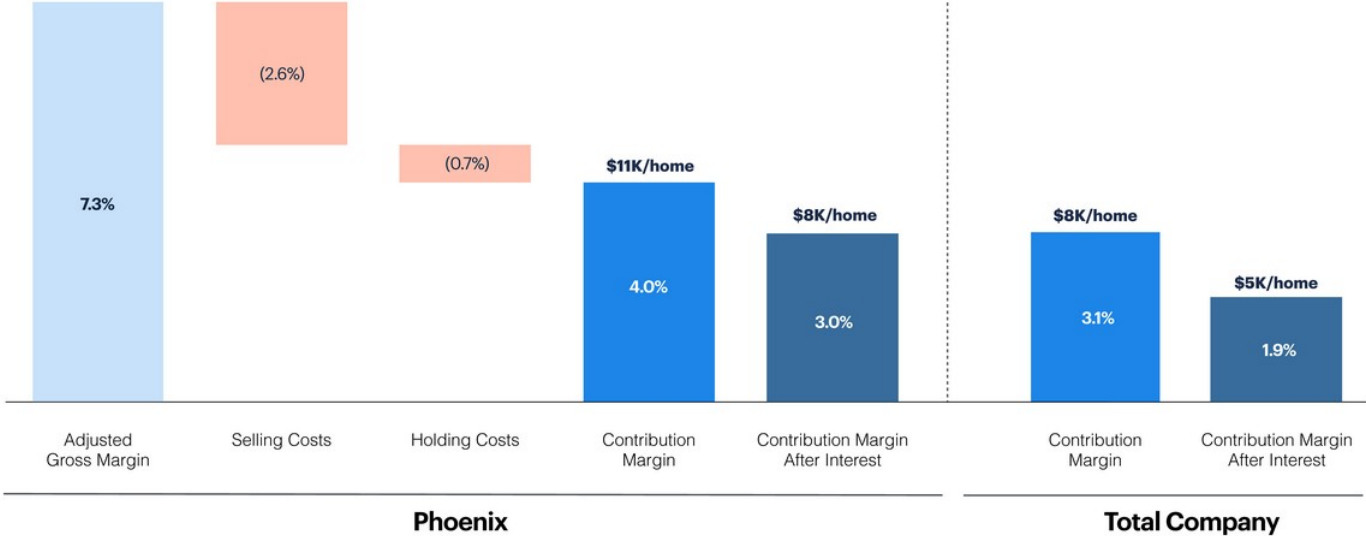
# Financial overview

- | Unit economics
- | Historical performance
- | 2020 and 2021 review
- | Balance sheet review
- | Projections



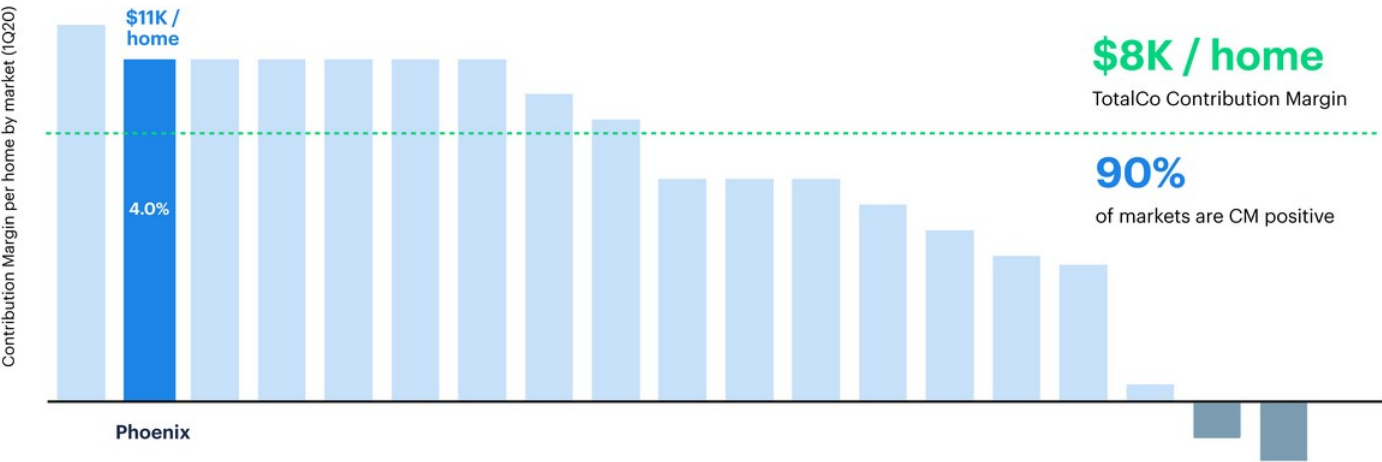
# We have proven, positive unit economics

## 1Q20 Margin Performance



Note: All metrics presented are non-GAAP, see reconciliation in Appendix for total company. Phoenix market metrics use same methodology as total company equivalents.

# The vast majority of our markets are CM positive



Note: All metrics presented are non-GAAP, see reconciliation in Appendix. Based on 1Q20 performance for 19 markets. Excludes ramping markets with fewer than 50 resale closes in 1Q20

# Demonstrated success in adding high margin services

## First proof point with title & escrow

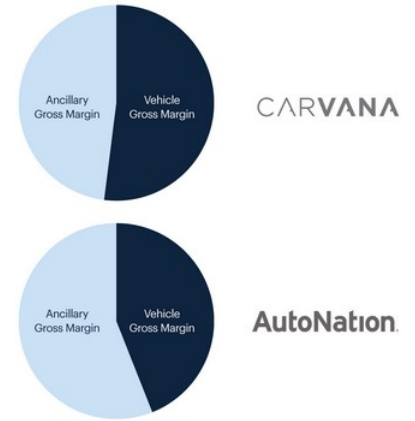
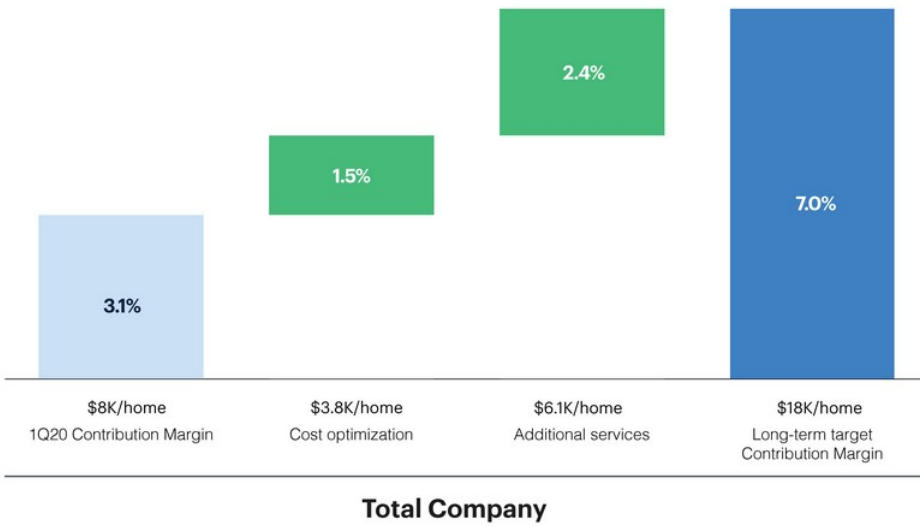


## Adjacent services roadmap

Established	Target CM / home
Title & Escrow	\$1,750
<b>Recently launched</b>	
Home Loans	\$5,000
Buy with Opendoor	\$5,000
List with Opendoor	\$3,750
<b>To be launched</b>	
Home warranty, upgrade & remodel, home insurance, moving services	\$7,500

Note: Attach rate based on total acquisition and resale closes in markets where Company title product is active, beginning 3Q17  
 Active adjacent services Contribution Margin / home based on Company forecasts assuming \$250K home. To be launched category reflects Company estimates

# Significant margin upside from additional services and cost optimization



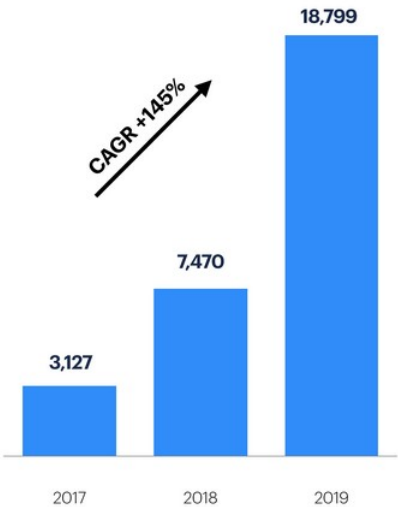
Expect ~50 / 50 long-term unit margin composition, similar to other "trade-in" business models

Note: Contribution Margin presented is non-GAAP; see reconciliation in Appendix  
 \$ amounts based on 1Q20 Revenue per home  
 Cost optimization includes selling cost and holding cost improvements  
 Carvana and AutoNation business mix based on public filings; AutoNation mix excludes parts and warranty services

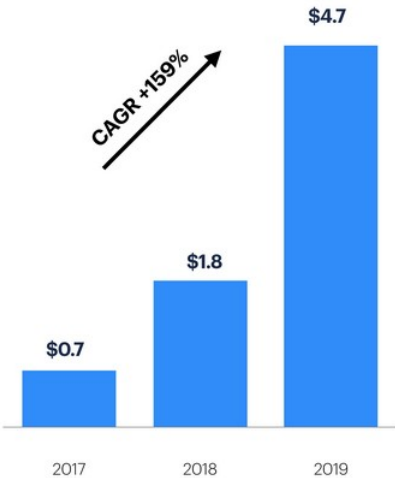


# Rapid growth at scale and improving profitability

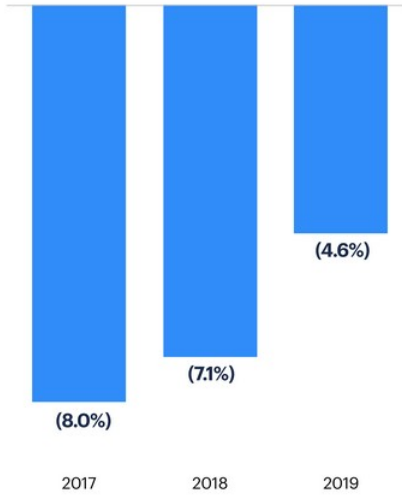
Homes sold



Revenue (\$B)



Adjusted EBITDA Margin



Note: Adjusted EBITDA Margin is a non-GAAP metric, see reconciliation in Appendix  
1Q20 run rates do not reflect the full impact of COVID-19; see Summary Financials for full-year 2020 projections

# Updated expectations for 2020

## Recent financial results

\$ in millions	YTD Sep-19	YTD Sep-20	3Q19	3Q20
<b>Homes Sold</b>	13,768	9,064	4,783	1,232
<b>Total Revenue</b>	\$3,485	\$2,334	\$1,211	\$339
<b>Adjusted Gross Profit</b> % Margin	\$226 6.5%	\$173 7.4%	\$80 6.6%	\$33 9.8%
<b>Total Contribution Profit</b> % Margin	\$74 2.1%	\$79 3.4%	\$29 2.4%	\$20 5.8%
<b>Adjusted EBITDA</b> % Margin	(\$159) (4.6%)	(\$71) (3.0%)	(\$53) (4.4%)	(\$21) (6.2%)

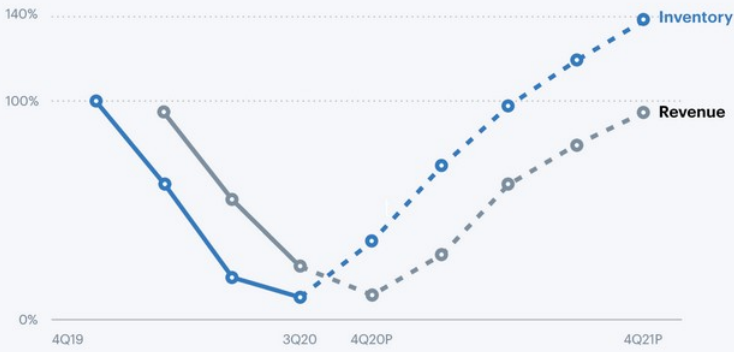
## Updated 2020 outlook

Prior 2020E	Updated 2020E
9,673	9,750
\$2,455	\$2,500
\$172 7.0%	\$190 7.6%
\$72 3.0%	\$90 3.6%
(\$141) (5.7%)	(\$120) (4.8%)

Note: Adjusted Gross Profit and Adjusted EBITDA are non-GAAP metrics, see reconciliation in Appendix for historical numbers

# 2021 Inventory and Revenue trajectory

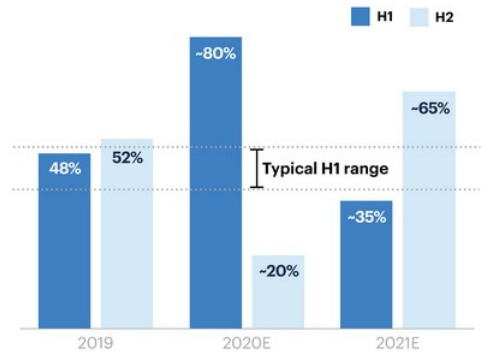
Inventory + Revenue performance indexed to 2019



Revenue performance highly correlated with prior period-end inventory levels

Expect strong sequential revenue growth throughout 2021 as we rebuild inventory

1H / 2H Revenue cadence



Inventory dynamics in 2020 and 2021 will drive revenue cadence for next year

Note: All ensuing inventory and Revenue data points indexed to 4Q19 Inventory

# Well capitalized with scalable, efficient financing in place

**Committed, non-recourse asset-backed facilities of \$3.4B<sup>(1)</sup>**

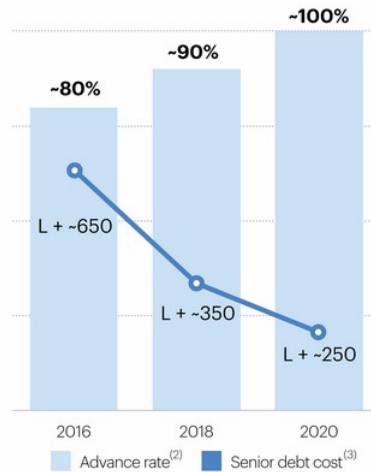
**Lender recovery based on collateral**

**Diversified and high quality lender base with staggered maturities**

**Proven ability to scale capacity and reduce costs**

- Increased advance rate from ~80% to ~100%
- Decreased interest spread from ~650 to ~250

## Attractive debt financing



## Pro forma equity capital



Note: (1) As of September 30, 2020, \$3.4bn in total borrowing capacity with \$2.0bn in committed capacity. Debt facilities are restricted use for the purchase of homes  
 (2) Advance rate and senior debt cost are representative. Advance rate represents the combined senior and mezzanine advance on the purchase price of homes at time of acquisition  
 (3) Interest rates presented are an approximate average, weighted by senior bank committed capacity  
 (4) Adjusted Equity is a non-GAAP metric. As of September 30, 2020, Adjusted Equity was equal to \$673M in GAAP equity plus \$6M in Warrant Liabilities  
 (5) Cash includes Unrestricted Cash and Marketable Securities as of September 30, 2020  
 (6) Assumes no redemptions

# Summary financials

	2017	2018	2019	2020P	2021P	2022P	2023P
<b>Homes Sold</b>	3,127	7,470	18,799	9,750	13,458	24,030	37,689
% YoY Growth	113%	139%	152%	(48%)	38%	79%	57%
<b>Total Revenue (\$B)</b>	\$0.7	\$1.8	\$4.7	\$2.5	\$3.5	\$6.2	\$9.8
% YoY Growth	109%	159%	158%	(47%)	38%	79%	58%
<b>Adjusted Gross Profit (\$M)</b>	\$66	\$146	\$297	\$190	\$269	\$521	\$892
% Margin	9.3%	7.9%	6.3%	7.6%	7.8%	8.4%	9.1%
<b>Contribution Profit (\$M)</b>	\$31	\$65	\$92	\$90	\$142	\$290	\$539
% Margin	4.4%	3.5%	1.9%	3.6%	4.1%	4.7%	5.5%
% YoY Growth	-	107%	42%	(2%)	58%	104%	86%
<b>Contribution Margin After Interest (\$M)</b>	\$24	\$43	\$27	\$60	\$116	\$239	\$458
% Margin	3.4%	2.4%	0.6%	2.4%	3.3%	3.9%	4.7%
% YoY Growth	-	82%	(36)%	118%	93%	106%	92%
<b>Adjusted EBITDA (\$M)</b>	(\$57)	(\$131)	(\$218)	(\$120)	(\$185)	(\$123)	\$9
% Margin	(8.0%)	(7.1%)	(4.6%)	(4.8%)	(5.4%)	(2.0%)	0.1%

Note: Adjusted Gross Profit, Contribution Margin, Contribution Margin After Interest and Adjusted EBITDA are non-GAAP metrics, see reconciliation in Appendix for historical numbers

# Breakdown of expected growth drivers



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

# Long-term margin targets

Metric	2018	2019	YTD 2020	Long-term target	Key drivers
<b>Total Contribution Margin</b>	3.5%	1.9%	3.4%	7 - 9% (\$20K/home) <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Maturation of existing, launched markets</li> <li>• Continuing optimization of cost structure</li> <li>• Penetration of high margin services</li> </ul>
<b>Contribution Margin After Interest</b>	2.4%	0.6%	2.2%	6 - 8% (\$17.5K/home) <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Assumes 100bps of steady-state interest expense</li> </ul>
<b>Adjusted EBITDA Margin</b>	(7.1%)	(4.6%)	(3.0%)	4 - 6%	<ul style="list-style-type: none"> <li>• Flow-through from improving contribution</li> <li>• Leverage on operations, marketing and fixed operating costs</li> </ul>

Note: All metrics presented are non-GAAP, see reconciliation in Appendix  
 (1) Assumes home sale price of \$250K



# Investment highlights

## Massive, fragmented market

U.S. real estate industry is ripe for disruption

## Superior consumer experience

Digital experience transforming a highly inefficient process

## Market innovator and leader with low cost transaction platform

Highly efficient platform to buy and sell real estate

## Rapid growth and scale

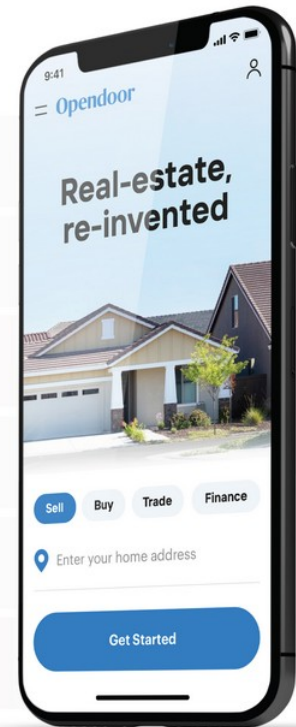
Demonstrated ability to grow rapidly and efficiently

## Strong unit economics

Proven, replicable margins across multiple markets

## Significant upside ahead

Revenue growth and margin improvement expected via market penetration and adjacent services



# Q&A



**Eric Wu**  
Co-founder, CEO



**Carrie Wheeler**  
CFO



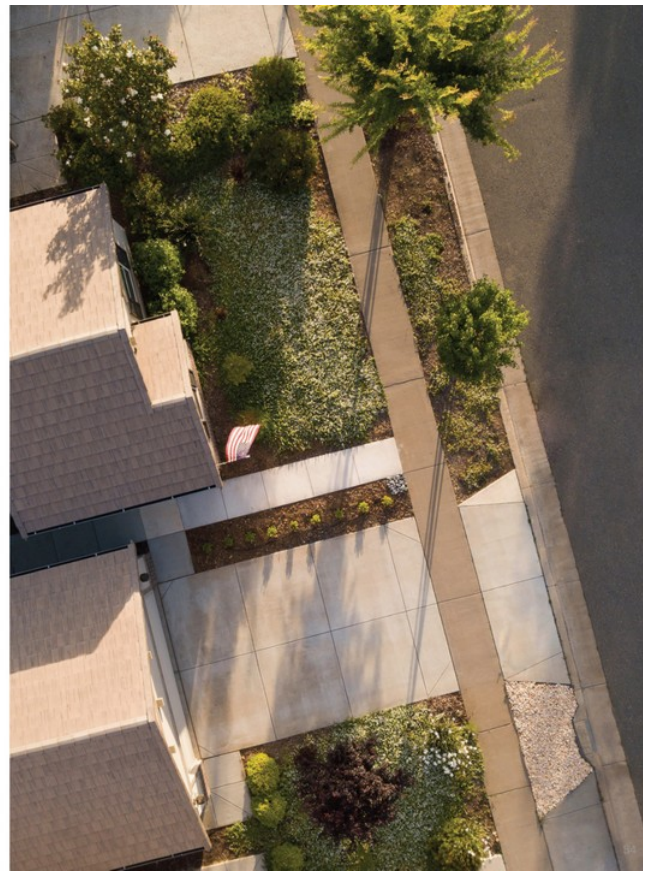
**Rajiv Krishnarao**  
Head of Finance



**Dod Fraser**  
Head of Capital Markets

# Appendices

1. Additional financial information
2. Inventory profile and management



# Non-GAAP Reference

Key Metric	Key Component	GAAP P&L Reference	Description
<b>Total Revenue</b>			<b>Transaction Revenue (Net Resale Price x Homes Sold) + Ancillary Product Revenue</b>
<i>Less:</i>	Net Purchase Price	Cost of Revenue	Headline Purchase Price net of Service Charge
<i>Less:</i>	Net Repairs	Cost of Revenue	Reno / repair spend net of any repair charges to seller
<i>Less:</i>	Ancillary Product COGS	Cost of Revenue	COGS related to ancillary products such as Title & Escrow
<b>Adjusted Gross Profit</b>			<b>Gross Profit related to homes sold in a specific period</b>
<i>Less:</i>	Holding Costs	Sales, marketing, and operations	Property taxes, utilities, insurance, cleaning, and HOA dues
<i>Less:</i>	Selling Costs	Sales, marketing, and operations	Buyer broker commission, other transaction costs
<b>Total Contribution</b>			<b>Contribution Margin related to homes sold in a specific period</b>
<i>Less:</i>	Marketing Spend	Sales, marketing, and operations	Online, offline, and PR spend
<i>Less:</i>	Operations Spend	Sales, marketing, and operations	Primarily related to customer sales, support, and home operations
<i>Less:</i>	Fixed Opex	General and administrative Technology and development	G&A, R&D, and other overhead costs
<i>Less:</i>	Timing adjustments / other	Sales, marketing, and operations	Primarily related to costs for homes in inventory vs. resale cohort
<b>Adjusted EBITDA</b>			<b>Adjusted EBITDA excludes non-cash / non-recurring costs</b>

# Non-GAAP reconciliations

	Annual			9 Months Ended		Quarterly		
	2017	2018	2019	9/30/2019	9/30/2020	1Q20	2Q20	3Q20
<b>GAAP Gross Profit (\$M)</b>	<b>\$66</b>	<b>\$133</b>	<b>\$301</b>	<b>\$227</b>	<b>\$181</b>	<b>\$91</b>	<b>\$55</b>	<b>\$36</b>
Adjustments:								
Net Impairment	\$0	\$13	(\$5)	(\$1)	(\$10)	(\$2)	(\$5)	(\$3)
Restructuring in Cost of Revenue	\$0	\$0	\$0	\$0	\$2	\$0	\$2	\$0
<b>Adjusted Gross Profit</b>	<b>\$66</b>	<b>\$146</b>	<b>\$297</b>	<b>\$226</b>	<b>\$173</b>	<b>\$89</b>	<b>\$51</b>	<b>\$33</b>
<i>Adjusted Gross Margin</i>	9.3%	7.9%	6.3%	6.5%	7.4%	7.1%	6.9%	9.8%
Direct Selling Costs	(\$26)	(\$62)	(\$149)	(\$111)	(\$68)	(\$37)	(\$22)	(\$9)
Holding Costs on Sales - Current Period	(\$7)	(\$16)	(\$43)	(\$29)	(\$15)	(\$5)	(\$7)	(\$4)
Holding Costs on Sales - Prior Period	(\$2)	(\$3)	(\$13)	(\$13)	(\$11)	(\$9)	(\$2)	\$0
<b>Contribution Profit</b>	<b>\$31</b>	<b>\$65</b>	<b>\$92</b>	<b>\$74</b>	<b>\$79</b>	<b>\$39</b>	<b>\$20</b>	<b>\$20</b>
<i>Contribution Margin</i>	4.4%	3.5%	1.9%	2.1%	3.4%	3.1%	2.8%	5.8%
Interest on Homes Sold - Current Period	(\$6)	(\$18)	(\$51)	(\$35)	(\$17)	(\$7)	(\$7)	(\$3)
Interest on Homes Sold - Prior Periods	(\$2)	(\$3)	(\$13)	(\$13)	(\$10)	(\$9)	(\$2)	\$0
<b>Contribution Profit After Interest</b>	<b>\$24</b>	<b>\$43</b>	<b>\$27</b>	<b>\$25</b>	<b>\$51</b>	<b>\$23</b>	<b>\$12</b>	<b>\$16</b>
<i>Contribution Margin After Interest</i>	3.3%	2.4%	0.6%	0.7%	2.2%	1.9%	1.6%	4.8%

Note: Financials may not sum due to rounding  
 Net Impairment reflects inventory valuation adjustments recorded during the period on homes remaining in inventory at period end net of inventory valuation adjustments recorded in prior periods related to homes sold in the period presented  
 YTD refers to year to date ending in September

# Non-GAAP reconciliations

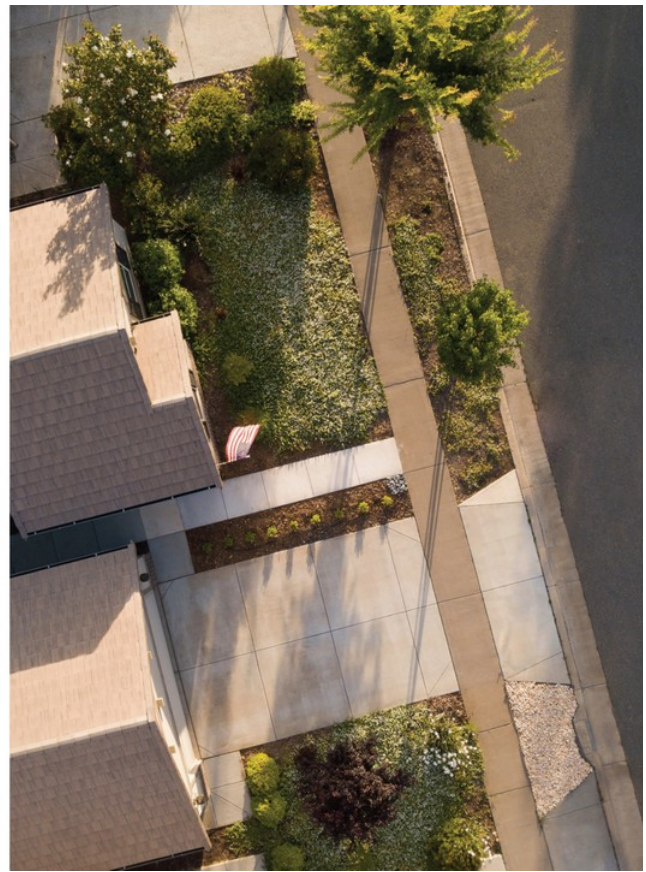
	Annual			9 Months Ended		Quarterly		
	2017	2018	2019	9/30/2019	9/30/2020	1Q20	2Q20	3Q20
<b>GAAP Net Income (\$M)</b>	<b>(\$85)</b>	<b>(\$240)</b>	<b>(\$339)</b>	<b>(\$247)</b>	<b>(\$199)</b>	<b>(\$62)</b>	<b>(\$56)</b>	<b>(\$81)</b>
Adjustments:								
Stock Based Compensation	\$4	\$15	\$13	\$10	\$9	\$3	\$4	\$3
Derivative and Warrant FV Adjustment	\$0	\$18	(\$6)	(\$7)	\$25	\$1	\$0	\$24
Intangibles Amort. Expense	\$0	\$1	\$3	\$2	\$3	\$1	\$1	\$1
Net Impairment	\$0	\$13	(\$5)	(\$1)	(\$10)	(\$2)	(\$5)	(\$3)
Restructuring	\$0	\$0	\$3	\$2	\$31	\$1	\$12	\$17
Convertible Note PIK Interest, Amort. and Derivative FV Adjustment	\$0	\$0	\$4	\$2	\$8	\$3	\$3	\$2
Other	\$0	\$1	\$0	(\$1)	\$0	\$0	\$0	\$0
<b>Adjusted Net Income</b>	<b>(\$81)</b>	<b>(\$192)</b>	<b>(\$327)</b>	<b>(\$240)</b>	<b>(\$134)</b>	<b>(\$56)</b>	<b>(\$42)</b>	<b>(\$36)</b>
Adjustments:								
Depreciation & Amortization	\$1	\$5	\$15	\$10	\$17	\$5	\$6	\$6
Property Financing	\$16	\$48	\$84	\$64	\$32	\$18	\$9	\$5
Other Interest Expense	\$7	\$12	\$21	\$16	\$18	\$7	\$6	\$5
Interest Income	(\$1)	(\$4)	(\$12)	(\$9)	(\$4)	(\$3)	(\$1)	(\$1)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted EBITDA</b>	<b>(\$57)</b>	<b>(\$131)</b>	<b>(\$218)</b>	<b>(\$159)</b>	<b>(\$71)</b>	<b>(\$28)</b>	<b>(\$22)</b>	<b>(\$21)</b>
<i>Adjusted EBITDA Margin</i>	<i>(8.0%)</i>	<i>(7.1%)</i>	<i>(4.6%)</i>	<i>(4.6%)</i>	<i>(3.0%)</i>	<i>(2.3%)</i>	<i>(2.9%)</i>	<i>(6.2%)</i>

Note: Financials may not sum due to rounding  
Other reflects Other Income, Other Expense, and Gain/(Loss) on Mortgage Rate Lock Commitment



# Appendices

1. Additional financial information
2. Inventory profile and management



# Inventory profile and management

Shorter duration real estate assets

Pricing systems built to react quickly to changing market conditions

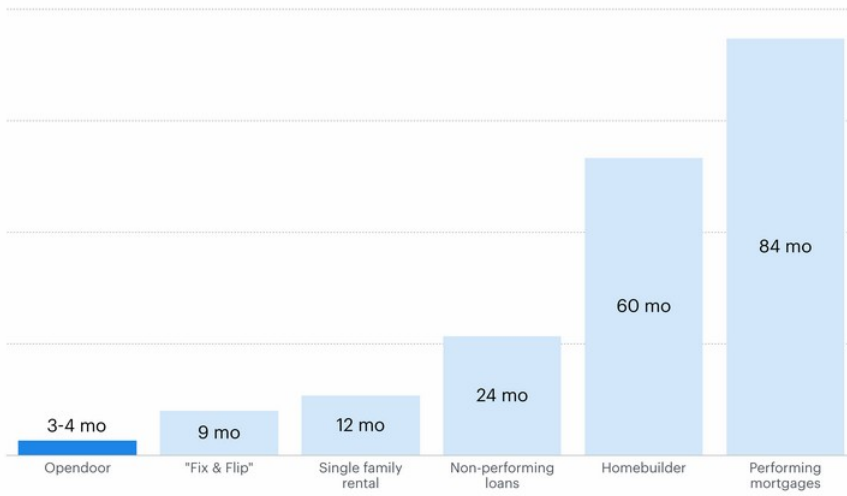
Residential real estate markets move slowly

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# Shorter duration real estate assets

Average hold time for selected residential real estate assets

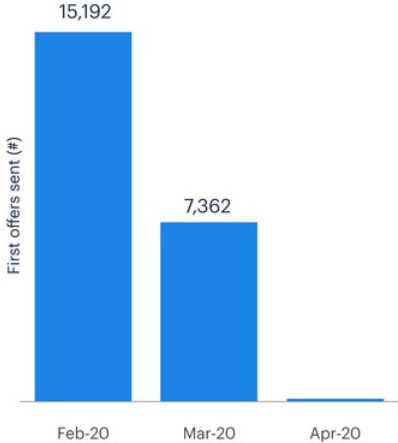


**of inventory under contract to be resold at any given time, reducing risk profile**

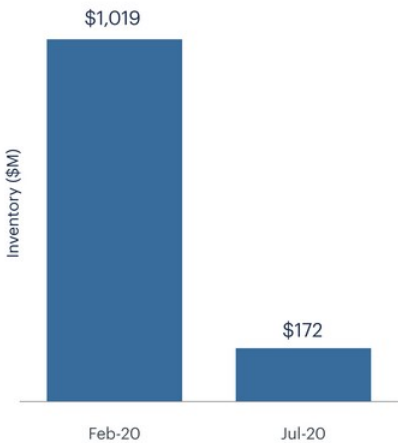
Note: Holding period duration representative of credit investor asset exposure  
Inventory under resale contract reflects 2019 average

# COVID-19: Systems built to react quickly to changing market conditions

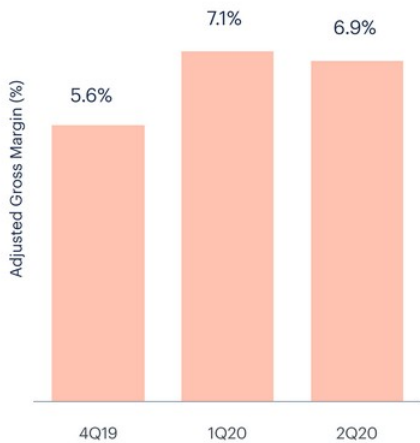
Paused offers



De-risked balance sheet

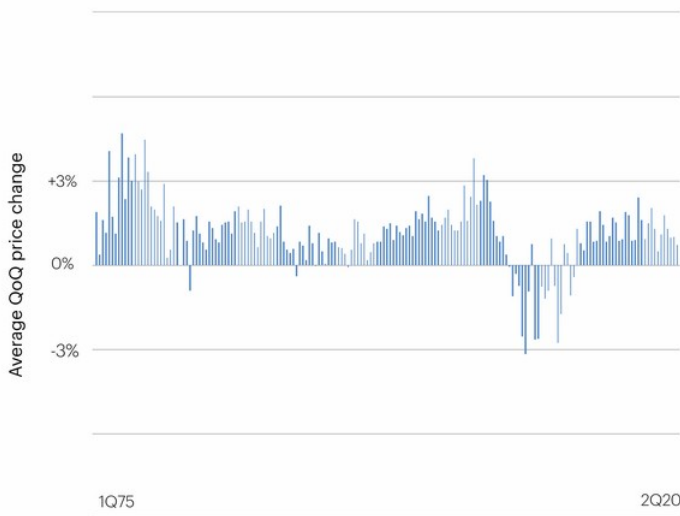


Maintained margins



Note: Adjusted Gross Margin is a non-GAAP metric, see reconciliation in Appendix

# Residential real estate prices move gradually



**Only one quarter where prices dropped more than 3% since 1975**

.....  
Even in the 2008 subprime housing crisis:

█ Peak-to-trough, home prices took 5+ years to decline

█ Annualized transaction volumes remained above 3.7M<sup>(1)</sup>

Note: Home price movements from Federal Housing Finance Agency (FHFA) All-Transactions Home Price Index (Not Seasonally Adjusted)  
(1) Seasonally adjusted annualized rate from National Association of Realtors data

# Opendoor

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