

Problems at Porch Group (PRCH)

Part 1

Ticker:

PRCH

Stock Price 2/1/22:

\$10.60

Market Cap:

\$1.1bn

Short Interest % of float:

7%

(excluding convertible note hedges)

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Problems at PRCH: Executive Summary

PRCH is a rollup with aggressive accounting, a questionable business model, and a CEO who is potentially misleading investors

- **PRCH exemplifies the SPAC bubble.** It is a disjointed rollup that has been around for 10 years in search of a sustainable model, struggled to raise money in the private markets in a frothy VC environment, and had a going concern warning before the SPAC merger. Today, Porch is being valued at ~4x the 2020 Series C round, which was a meaningful down round.
- **PRCH claims to be a “Vertical Software and InsureTech” company with 90% recurring revenue. The real business mix appears significantly lower quality.**
- **Investors may not realize that ~20% of revenue is recognized on a gross/pass-through basis. This low/negative gross margin business appears to be driving an outsized portion of PRCH’s reported revenue growth.**
- **Segment margins, contribution margins, and unit economics are inflated as PRCH allocates significant Selling & Marketing and Product & Tech costs in “Corporate.”**
- **PRCH’s core “concierge” team (60% of total company headcount) is an outsourced call center in Mexico staffed with independent contractors. This is an area of high regulatory/compliance risk.** We believe PRCH’s leads are “cold” and thus PRCH is forced to outsource its core concierge team to independent contractors in Mexico in an attempt to make the economics work; but even despite this outsourcing, PRCH is unprofitable.
- **PRCH claims to have built “integrations” with service providers; primary research shows many of these integrations do not exist.**
- **PRCH’s entrance into insurance is concerning.** We are about to find out what happens when a company with a long history of aggressive and potentially unethical behavior attempts to turbocharge revenue growth by underwriting insurance in markets they have no experience in.
- **PRCH’s claims of a data advantage in insurance underwriting appear misleading.** Primary research indicates PRCH does not have the “data” or technology they claim they have.
- **PRCH’s claims of “zero CAC” are not credible.** What Porch really seems to have is a low “cost of acquiring consumer phone numbers and email addresses.” Porch walks a regulatory tightrope in how they obtain and use customer phone numbers and email addresses.
- **PRCH’s claims of “no competition” appear misleading. PRCH is an imitator of many companies with the same “moving concierge” business model.** Multiple competitors appear better positioned than PRCH.
- **Recent employee reviews tell the story and are shockingly consistent - highlighting alleged unethical practices, cold leads, constant pivoting and pumping up new dreams for investors, revolving door in key finance/legal roles.** CEO Matt Ehrlichman has run the same playbook for 15 years – acquire low quality assets, invest little in integration and product development, keep expanding the TAM/investor pitch.

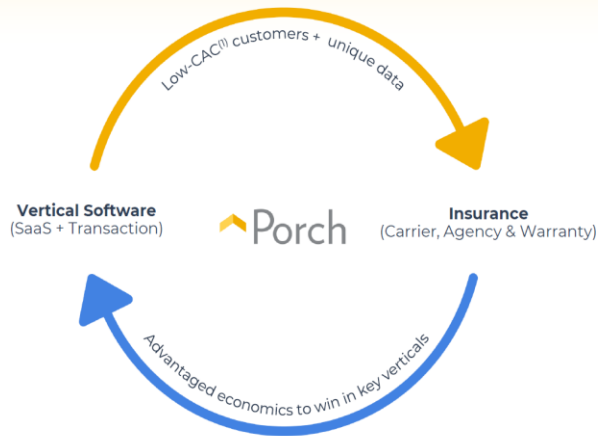
We believe PRCH is worth between \$0 and \$5.80 per share

Background

Business Overview

PRCH's goal is to simplify the moving process for consumers and monetize homebuyers in as many ways as possible. PRCH's core business is a B2B2C model where PRCH provides free/discounted back-office software to small businesses (mostly home inspectors), who in return provide PRCH with "access" to their customers (homebuyers). PRCH calls and emails homebuyers multiple times during their moving journey, attempting to sell insurance, moving services, home security, home repair services, etc. Porch monetizes these transactions in different ways and is now attempting to vertically integrate into insurance.

Porch, the Vertical Software Platform for the Home

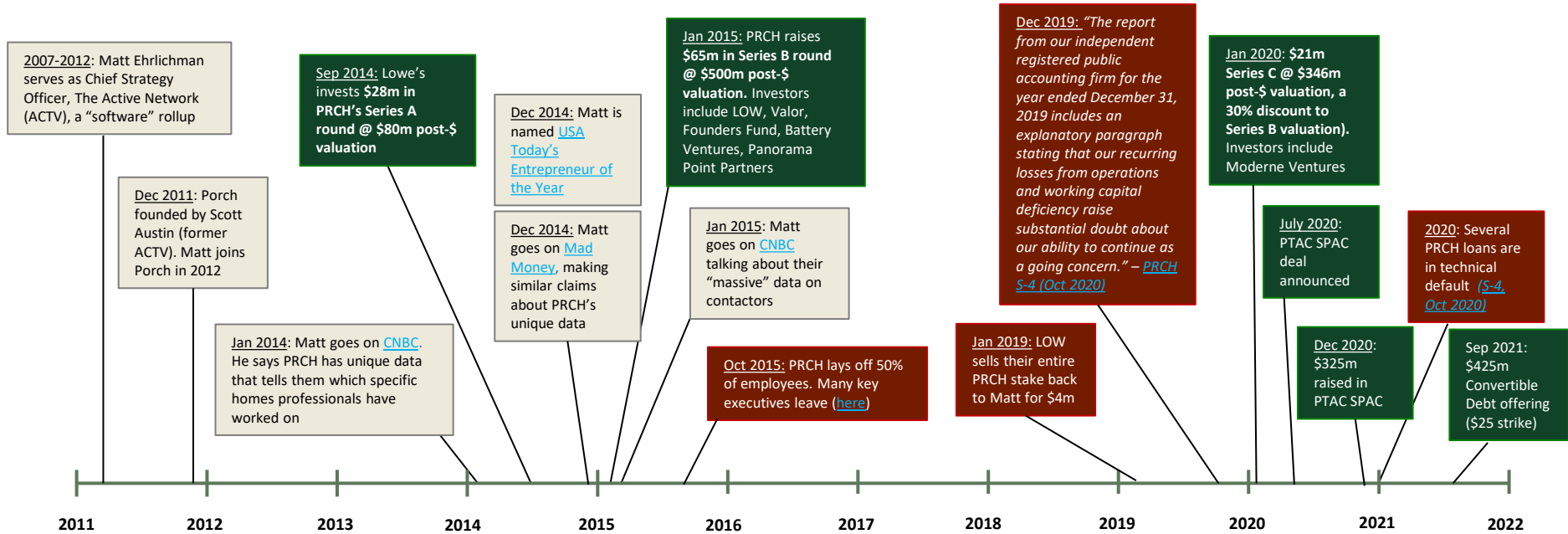


Porch provides end-to-end comparison & provisioning for key services

Insurance Recurring Revenue		Porch is a nationwide insurance agency selling home, auto, renters, flood and umbrella insurance. Additionally, Porch will operate as an MGA and carrier for home and soon auto and umbrella!
Warranty Recurring Revenue		Porch provides home warranty products in 45 states including an innovative three-year product
Moving Per job revenue		Porch is the leader in providing moving labor services (loading or unloading a moving truck) and spans to coordinate full-service long-distance moves.
Security Per install revenue		Porch helps ensure homes are protected with getting the right home security and home automation company scheduled to complete the installation.
TV/Internet Per install revenue		Porch helps consumers understand all of their options for Internet, TV and phone service for their new home, and helps the customer purchase and activate service.
Contractors Per lead/appointment revenue		Porch helps customers get inspection repairs done on their new home and complete ongoing maintenance and improvement tasks.

History

Porch has been around for 10 years in search of a sustainable model, struggled to raise money in the private markets in a frothy VC environment, and had a going concern warning before the SPAC merger.



Sources: Regulatory filings, Pitchbook, Geekwire

Management / Bull Case

Bulls believe PRCH is a high-quality business operating in a large TAM

- Porch has unique access to millions of homebuyers at the right time in their moving journey (at the time of home inspection). Moving is a complex process and there is opportunity for someone like Porch to consolidate the process.
- The TAM is large (>\$320 Bn) as homebuyers buy many services – insurance, contractor/repair services, home warranties, moving services, security systems, TV/internet, utilities.
- Porch has 2 huge advantages in insurance which they are leveraging to build a best-in-class “InsureTech”:
 - 1) Zero CAC
 - 2) Valuable/unique data (home inspection data)
- “In Matt we trust.” CEO Matt Ehrlichman is a visionary and also a strong executer who has beaten revenue guidance 5/5 times since coming public.
- The stock is cheap, trading at *only* 4x 2022E Revenue.

Problems at Porch Group (PRCH)

Part 1

Misleading Characterization of the Business

PRCH management, and 10/10 sellside analysts covering the stock who all rate it a BUY, describes PRCH as a “vertical software and insuretech” company with high quality recurring revenue. PRCH reports results in 2 segments: 1) Vertical Software and 2) Insurance (or “InsureTech” as they refer to it on earnings calls). We believe this framing of the business is highly misleading. Below is a more detailed breakdown of how PRCH makes money. The business is opaque (we believe by design) but we can break down the revenue from filings and releases.

Management’s claims

Matt Ehrlichman, 3Q '21 Earnings Call (Nov 2021)

“Approximately, 90% of our revenue is expected from our recurring and reoccurring revenue streams from our vertical software platform and insurance with only, approximately, 10% of revenues from nonrecurring post move transactional revenue.”

Reality

PRCH Revenue mix, pro-forma for announced M&A (3Q'21)

Revenue Source	Q3 Revenue (\$ m)	% of Total	Description
Traditional insurance (1)	16	23%	Traditional homeowners insurance companies that PRCH acquired for ~2x revenue (HOA and CSE). Attempting to grow in new states
Handyman and moving services (2)	14	20%	Low/negative gross margin business (“Managed Services”) where PRCH is recognizing gross pass through revenue
“Software and Subscription” (3)	13	18%	Mix of assets of various quality with limited disclosure. ISN, PRCH's crown jewel, does <\$10m in annual revenue (our estimate). Floify does \$10m in annual revenue
Insurance brokerage (4)	9	13%	Insurance broker. Primary research indicates these are high touch, low conversion leads (structurally low margin)
Consumer marketing	5	7%	V12. PRCH paid 1.0x Revenue in January 2021. V12 CEO was supposed to stay on and run this but left a few months later, leaving his \$6m earnout on the table
Other (mostly lead gen)	13	19%	Lead gen for home professional (plumbers, roofers, electricians) and home security companies. Also a small home warranty business
Revenue (pro-forma)	72	100%	

Sources: PRCH filings and management commentary

(1) HOA did \$10m in quarterly revenue and CSE will add \$6.25m in quarterly revenue (PRCH management). We can also back into this approximately, using GWP disclosure and the commissions %s that management talks about

(2) Managed Services revenue is disclosed in 10Qs/10K

(3) \$16m Software & Subscription revenue (10Q) minus \$5m V12 revenue (M&A call) plus \$2.5m Floify revenue (M&A call). ISN charges \$3-6 per inspection X ~28% market share X 5.5m total home inspections per year X ~50% of ISN customers pay with SaaS fees

(4) \$20m Insurance segment revenue (10Q) minus \$1m warranty revenue (M&A call) minus ~\$10m HOA revenue (M&A call). We can also back into this approximately, using GWP and the commissions %s that management talks about

A Disjointed Rollup of Low-quality Assets

PRCH has done ~20 acquisitions since 2017 and management has a stated strategy to run the business in a decentralized way with limited M&A integration. Below we show PRCH's acquisitions since 2017. PRCH has had a material weakness in financial controls since October 2020 (still unresolved), yet since then PRCH has acquired another 10 companies for ~\$350 million, adding >100% to its revenue base. We find the majority of PRCH's acquisitions to be low quality businesses. PRCH does not disclose organic growth rates.

Company Name	Close Date	Purchase Price (\$ m)	Revenue	EV / Revenue	PRCH Segment	Description	Details
CSE Insurance	Q3 2022	\$ 49	\$ 25	1.9x	Insurance	CA Property + Auto insurer	Traditional insurance business, >80% in CA. Purchased from Covea, a French insurance company. Appears to be shrinking and requiring capital from the parent
Floify	10/27/21	\$ 87	\$ 10	8.7x	Vertical Software	Mortgage software	Business process software. PRCH paying \$77m in cash + \$10m in stock with a guarantee that PRCH stock will double by the end of 2024 (to ~\$36). Competitive space
American Home Protect	9/9/2021	\$ 46	\$ 12	3.8x	Insurance	Home warranty	Home warranty company alleged to be a scam, negative EBITDA in 2021
Rynoh	May '21	\$ 35	\$ 8	4.4x	Vertical Software	Title insurance software	Audit / fraud software. Appears to have limited adoption. 18 employees on LinkedIn
Homeowners of America	4/6/21	\$ 100	\$ 40	2.5x	Insurance	TX insurance company	Traditional insurance business mostly in TX. PRCH to accelerate revenue growth by expanding in new states where they have no underwriting experience
Small Home Inspection Company	Jan-21	\$ 1	na	na	?	Home inspector	
V12	1/12/21	\$ 22	\$ 20	1.1x	Vertical Software	Marketing platform	Paid 1.0x revenue for something PRCH claims has a huge runway of growth. On the M&A call, Matt put a lot of focus on V12 CEO (Andy Frawley) who was introduced to investors as the man who would run this data business. Andy and Matt both spoke about the amazing opportunity. A few months later, Andy left PRCH and walked away from his \$6m earnout
iRoofing	12/31/21	<\$3m	na	na	Vertical Software	Roofing software	Adoption is extremely low, per industry contacts
Palm Tech	10/20/21	<\$3m	na	na	Vertical Software	Inspection report software	Largely obsolete software for inspection reports, per industry contacts.
Americas Call Center	12/28/20	na	na	na	Vertical Software	Call center	Call center for home inspectors
Kandela	2019	\$ 12	na	na	Vertical Software	Utility connection call center	Founders sued PRCH for misrepresenting the synergies (ie the quality of PRCH's leads) as framed at the time of deal and in their earnout
Hire A Helper	2019	\$ 11	na	na	Vertical Software	Moving services	Decent little business. Uhaul sued the founder for stealing their IP
Serviz	2018	na	na	na	Vertical Software	Home services	PRCH divested in 2Q 2020 for \$5m to Frontdoor
ISN (Inspection Support Network)	2017	na	\$ 5	na	Vertical Software	Home inspection software	Porch's "crown jewel" which they use to get access to customer contact information. Back office software (scheduling, email management, CRM, etc). We estimate ~\$5m in revenue
Home Owners Network	2017	na	na	na	Vertical Software	Home services business	
Done.com	2017	\$ 12	na	na	Vertical Software	Home services startup	
Robin Lawncare	2017	na	na	na	Vertical Software	Robotic lawn services	Porch acquired the "on-demand lawn service" piece of the business (likely worth \$0), Robin kept the core business/IP
GoSmith.com	2017	na	na	na	Vertical Software	Home improvement marketplace	Porch used GoSmith to conduct questionable activity such as lead scraping and robocalling. GoSmith is involved in multiple TCPA (Telephone Consumer Protection Act) lawsuits
Bolster	2017	na	na	na	Vertical Software	Home project estimator	Divested in 2019

Matt Ehrlichman Sept 2021 M&A call

"We organized our company in a decentralized operating model that doesn't require deep integration of acquisitions. We integrate only by layering transactional monetization on the software companies and our data platform as well as the key reporting functions such as finance, of course."

Matt Ehrlichman Jan 2021 M&A call

"There isn't that much integration to do, though, candidly." [referring to Homeowners of America—PRCH's largest acquisition ever and their first foray into traditional insurance]

Acquiring Low Quality, Alleged Scam Businesses

American Home Protect (“AHP”) is one of PRCH’s largest acquisitions to date - closed on 9/9/21. Multiple banks and 3rd party review sites warn consumers that AHP is a scam. There are >300 Better Business Bureau reviews complaining about AHP.

Porch Management, Sept 2021 American Home Protect M&A Call

“American Home Protect is a skilled provider with an experienced team of marketing, sales and claims handling professionals. With a nationwide presence in 45 states, AHP will be able to plug in the demand stream of Porch for early access customers.”

SCAM ALERT: Lapse of Home Warranty Coverage Letters from American Home Protect, LLC.



Aly Hess

Tuesday, June 4, 2019

Fraud

#Fraud, #Fraud Protection, #security

3Rivers members have reported receiving letters in the mail urging them to call a number about a time-sensitive matter on their mortgage. To their credit, something didn't seem right. We've reviewed copies of these letters and can confirm that this is a scam.

What do these letters look like and what do they say?

These letters appear to come from American Home Protect, LLC, and contain the line "RE: Three Rivers Fcu, Purchase Date... Potential Laps of warranty coverage."

The letter then asks the recipient to call 1-877-906-9725 and warns that failure to call this number could result in a potential lapse of coverage.

This scam is especially convincing since it's sent through the mail.

American Home Protect, LLC
2024 W. 10th St, Suite F346
Reno, NV 89505



Reference No.	[REDACTED]
Reference Date	May 21, 2019
Policy May Expire	SOON
To contact us	1-877-906-9725

RE: Three Rivers Fcu, Purchase Date of 05/2018, Potential Lapse of warranty coverage

Dear [REDACTED]

This is our **second attempt** to contact you. Please contact our office at 1-877-906-9725 within 10 days of receiving this letter regarding your home at [REDACTED]

Based on your purchase date you may have a Home Warranty policy that could expire SOON. You may qualify for coverage for up to 3 years.

**Failure to Call **

Failure to call and prevent a potential lapse of coverage could result in you being liable for all costs associated with any home repairs.

It is important for you to contact our firm at 1-877-906-9725 within 10 days of receiving this letter to avoid any unnecessary delays in your coverage.



Don't be Scammed! A few of our customers have made us aware that they received a mailed notice from American Home Protect, LLC. This notice is a SCAM. First Community Bank is not associated with this company. The notice asks you to call a 1-888 number within 10 days or your Home Warranty Policy will expire. If you should receive a mailed notice like this, please call your local First Community Bank and do not call any contact information on the notice provided. We want you and your personal information to be safe. Prior to giving out any of your personal information or financial information, always verify or know the person/company you are dealing with. For more information on Security and Fraud, visit us online at www.fcbeheartland.com and click on our Resource Center. **See less**



Scam Alert Center

January 21, 2020

SCAM ALERT: LAPSE OF WARRANTY COVERAGE LETTERS FROM AMERICAN HOME PROTECT, LLC.

We have recently received reports that Peoples Bank and Trust Company customers are receiving mailings from American Home Protect, LLC and contains the line "RE: Peoples BK&T Co, Purchase date...Potential Lapse of warranty coverage."

At Peoples Bank & Trust Company, we're committed to protecting our customers' personal information. Likewise, we do not sell or otherwise distribute it to non-affiliate third parties.

However, some information about mortgages, regardless of what lender the consumer works with, is public record. That's how scammers like this can obtain your contact information.

The best thing to do is disregard the letter and dispose of it, as you would any other junk mail you receive. In addition, you are always encouraged to contact us directly with any questions or concerns.



SCAM ALERT:

SCAM ALERT: LAPSE OF WARRANTY COVERAGE LETTERS FROM AMERICAN HOME PROTECT, LLC.

We have recently received reports that Citizens National Bank customers are receiving mailings from American Home Protect, LLC and contains the line "RE: Citizens National Bank, "Purchase date"...Potential Lapse of warranty coverage."


We would like to take this opportunity to state that, at Citizens National Bank, we are committed to protecting our customers' personal information. The bank does not sell or otherwise distribute personal information to non-affiliate third parties. However, some information about mortgages, regardless of what lender the consumer works with, is public record. That is how scammers can obtain your contact information.

The notice makes it seem as if the bank customer has a warranty policy that is expiring soon. While research does show that American Home Protect, LLC is a legitimate business, it appears their business practices are less than reputable.

The best thing to do is disregard the letter and dispose of it, as you would any other junk mail you receive. You are always welcome to contact us directly with any questions or concerns.

Perpetuating Low Quality, Alleged Scam Businesses

PRCH closed the AHP acquisition on 9/9/21. In almost 5 months under PRCH's ownership, there are 80 consumer reviews of the business on BBB; 99% of these reviews (79 out of 80) rate AHP 1 star out of 5 (there is no option for 0 stars) and complain about the company's practices.



Better Business Bureau®

Business Profile

Not BBB Accredited

American Home Protect, LLC
Extended Warranty Contract Service Companies

Contact Information

3460 Lotus Dr STE 150
Piano, TX 75075-7834
[Get Directions](#)
<http://www.ahpohomeprotects.com>
(877) 494-7483

Customer Reviews

★ ★ ★ ★ ★ **1.03/5**

Average of 334 Customer Reviews

[Read Reviews](#) [Start a Review](#)

Customer Complaints

222 complaints closed in last 3 years
49 complaints closed in last 12 months

[Read Complaints](#) [File a Complaint](#)

BBB Rating & Accreditation

A+

THIS BUSINESS IS NOT BBB ACCREDITED

Years in Business: 5

Customer Reviews are not used in the calculation of BBB Rating


[Overview of BBB Rating](#)



Gabriel S
★ ★ ★ ★ ★

01/13/2022


Scammers. They send official looking mail with things like "FINAL NOTICE" and your mortgage lenders name on the front to try and scare you into calling and then paying for whatever crap they offer. What they do should be illegal.



Joanne G
★ ★ ★ ★ ★

01/12/2022


This company is sending me multiple documents that they intentionally make look like a BILL. They say "SECOND NOTICE" and "THIRD NOTICE" - they tell you you MUST call or "failure to call and prevent a potential lapse in coverage could result in you being liable for all costs associated with any home repair job". Even more disturbing is that they referenced my mortgage company (which I'm sure they were able to get from public records online) and so it makes one think this is a legitimate bill. DO NOT BE CONNED BY THIS COMPANY INTO BUYING SOMTHING



Willem K
★ ★ ★ ★ ★

01/09/2022


My rating is really 0 (zero) this is a terrible company and the Attorney General of Texas should take some action to shut them down or fine them for trying to scare people into signing up for a home warranty policy that they don't need. They will send you periodic notices that are designed to frighten people by saying third notice and the envelope is vivid pink. They also mention your bank or credit union to make it appear you have to take this insurance if you were paying off a loan for your home. I will also send this to the Consumer Financial Protection Bureau and enclose the letter



Shannon
★ ★ ★ ★ ★

12/31/2021


0 would be my rating for them. This company scammed me. I received a letter stating I had 10 days before my warranty would expire. I called them and they had all of my information, told me my plan terms would not change, and went along with acting like they were my original warranty company. It wasn't until my bank draft that I noticed I was charged twice for a home warranty. I've never had an account with this company. The man on the phone said this was a "renewal". And now, of course, the phone number provided says every call I make is not during business hours (it most definitely was during business hours). This company is a scam and misleads people. The man on the phone knew I thought I was talking to my original warranty company and went along with it. Shame on this company.



Ron D
★ ★ ★ ★ ★

12/30/2021


They attempt to appear legitimate by putting publicly accessible data into a form letter, making a vague claim that your coverage will expire, so they can avoid responsibility for their false claims. As an example: They put a disclaimer at the bottom "Not all consumers have previous coverage... we are not affiliated with your current mortgage company" which to any reasonable person is in direct contravention with their claim "potential lapse of warranty", but is probably vague enough to remove liability. I just hope someone warns their parents, grandparents, and gullible friends who don't look into this further before buying a product they most likely don't need.



TJ
★ ★ ★ ★ ★

12/28/2021


SCAM! I'm glad I saw this BBB page when I searched. This appears so real, but when you really look, it's deceiving, scare-tactic marketing, leading you to believe your home warranty is about to expire and you need to immediately call them. The envelope we just received says THIRD NOTICE on the outside. The top of the pink letter (color usually reserved for late bills), has a reference number, and then says: RE: _____ (our mortgage company), Purchase date of ____/____/____. Potential Lapse of warranty coverage. (all of our real info) Dear _____, This is our third attempt (bolded and underlined, whoa!) to contact you. Please contact our office at 1-877-XXX-XXXX within 10 days of receiving this letter regarding your home at _____ Ave. Based on your purchase date you may have a Home Warranty policy that could expire SOON (in all caps). You may qualify for coverage for up to 3 years. Failure to call and prevent a potential lapse of coverage could result in you being liable for all costs associated with home repairs. It is important for you to contact our firm at 1-877-XXX-XXXX within 10 days of receiving this letter to avoid any unnecessary delays in your coverage.



Chantal
★ ★ ★ ★ ★

12/20/2021


They keep sending me fake letters impersonating my mortgage company and warning of a potential lapse of warranty coverage. Not sure how this is legal or how to get them to **** off. I am a class action litigator and plan to look into initiating a lawsuit against American Home Protect.



MC
★ ★ ★ ★ ★

01/18/2022

Wish I could give zero stars. I was lead to believe I had an existing warranty. After signing up I got a second and third notice in the mail. Never got my information of policy in mail so I got my bank involved. I also canceled my policy so why are they calling me still saying I'm past due? Very fishy.



Meredith B
★ ★ ★ ★ ★

01/11/2022

Scam. They sent a mailer with my mortgage bank name claiming I was about to lose coverage. Tried to speak with a marketing manager there and had no luck. Terrible.

Material Weakness in Financial Controls

Porch disclosed a material weakness in internal controls in their S-4 in October 2020. To date, this weakness has not been addressed. Since the weakness was disclosed, Porch has acquired 10 companies for ~\$350 million, adding >100% to its revenue base. Many of these acquisitions are in new and complex verticals such as insurance and home warranties. Porch does not disclose organic growth rates.

PRCH S-4 (October 2020)

*In connection with the preparation and audit of our consolidated financial statements for the year ended December 31, 2019, a **material weakness** was were [sic] identified in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses is as follows: **we do not have sufficient, qualified personnel to prepare and review complex technical accounting issues and effectively design and implement systems and processes that allow for the timely production of accurate financial information** in accordance with internal financial reporting timelines to support the current size and complexity (e.g., acquisitions, divestitures and financings) of the Company.*

← Readers of PRCH's filings may notice multiple typos. This one, while describing the material weakness in controls, is ironic

PRCH 10Q (November 2021)

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2021, which is the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures...were not effective as of September 30, 2021 due to the material weaknesses in internal control over financial reporting described in Part II, Item 9A of the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020 filed with the SEC on May 19, 2021.

Inflating Revenue and Growth Rates with Pass-through Recognition

23% of Porch's revenue is a low / potentially negative gross margin business that recognizes gross pass-thru sales as revenue. This business grew 546% yoy in Q3, driving a substantial portion of PRCH's revenue growth.

Porch markets itself as a "Vertical Software and InsureTech" company, and analysts value the company on revenue. However, 23% of total revenue in Q3 came from a business called "Managed Services" where Porch recognizes the gross project value as revenue. A few of PRCH's businesses recognize revenue this way: 1) "Porch Services" where Porch guarantees the work to the homeowner and then attempts to source a contractor/service professional, and 2) certain moving services where PRCH books the full value of the move as revenue.

	FY18 Dec-18	FY19 Dec-19	1Q20 Mar-20	2Q20 Jun-20	3Q20 Sep-20	4Q20 Dec-20	FY20 Dec-20	1Q21 Mar-21	2Q21 Jun-21	3Q21 Sep-21
Porch Revenue breakdown - 10Qs and 10Ks										
Core Services revenue	\$ 34	\$ 49	\$ 9	\$ 12	\$ 17	\$ 15	\$ 53	\$ 11	\$ 29	\$ 33
Managed Services revenue	14	22	4	4	2	2	12	5	10	14
Software and Subscription revenue	6	6	2	2	2	2	8	11	13	16
Revenue	54	78	15	17	22	19	72	27	51	63
yoy growth (including M&A)		43%					(7%)	77%	200%	192%
<u>% of Total Revenue</u>										
Core Services revenue	64%	64%	61%	68%	80%	80%	73%	41%	56%	53%
Managed Services revenue	26%	28%	27%	22%	9%	10%	16%	17%	19%	23%
Software and Subscription revenue	10%	8%	12%	10%	11%	10%	11%	41%	25%	25%
Managed Services - a closer look										
Managed Services Revenue	\$ 14	\$ 22	\$ 4	\$ 4	\$ 2	\$ 2	\$ 12	\$ 5	\$ 10	\$ 14
Total COGS (excl Insurance)	15	22	4	4	5	4	18	6	15	14

[PRCH 3Q '21 10Q](#)

Managed services revenue includes fees earned from providing a variety of services directly to the homeowner, including handyman and moving services. The Company generally invoices for managed services projects on a fixed fee or time and materials basis. **The transaction price represents the contractually agreed upon price with the end customer for providing the respective service.** Revenue is recognized as services are performed based on an output measure of progress, which is generally over a short duration (e.g., same day). Fees earned for providing managed services projects are non-refundable and there is generally no right of return.

The Company acts as the principal in managed services revenue as it is primarily responsible to the end customer for providing the service, has a level of discretion in establishing pricing, and controls the service prior to providing it to the end customer. This control is evidenced by the ability to identify, select, and direct the service provider that provides the ultimate service to end customers.

[PRCH 2021 10K](#)

Cost of revenue primarily consist of professional fees and materials under the Managed Services model and credit card processing fees, including merchant fees.

Managed Services revenue grew 546% yoy in Q3 '21!

Inflating Segment Margins and Unit Economics by Allocating Significant Opex to “Corporate”

While Porch does not make money on a GAAP basis, management points to strong segment level margins. However, the 10Q shows a “Corporate” segment which includes Sales & Marketing and certain Product & Technology Costs. We view this as an aggressive allocation of “Corporate” expenses.

Management’s Margin Metrics ([here](#))

Vertical Software Segment: Q3 2021 Financials

\$42.3M

Q3 Revenue

66%

Revenue Less
Cost of Revenue Margin

42%

Contribution Margin

18%

Adj. EBITDA Margin⁽¹⁾

Insurance Segment: 3Q 2021 Financial Performance & KPI's

\$20.5M

Q3 Revenue

\$108M

Q3 OWP⁽¹⁾

77%

Revenue Less
Cost of Revenue Margin

292K

Policyholders

54%

Contribution Margin

\$281

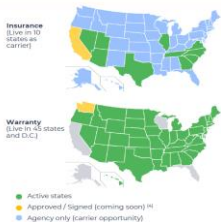
Annualized Revenue Per
Policyholder⁽²⁾

27%

Adj. EBITDA Margin⁽¹⁾

88%

Customer Retention⁽³⁾



Reality

3Q 2021 (Sept '21)- Segment Disclosure

	% Margin	
Vertical Software	42	
Insurance	20	
Revenue	63	

Vertical Software	18	42%
Insurance	11	54%
Corporate	(1)	
Contribution Margin	28	45%

<-- this is a non-GAAP metric that is highly discretionary

Vertical Software	5	11%
Insurance	4	20%
Corporate	(21)	(34%)
EBIT	(12)	(20%)

<-- \$80m of annualized corporate???

Porch 3Q 2021 10Q

Currently, we do not allocate any shared expenses to our reportable segments. We include these expenses in Corporate and Other. Corporate and Other includes shared expenses such as **sales and marketing**, certain **product and technology**, accounting, human resources, legal and general and administrative, and other income, expenses, gains and losses that are not allocated in assessing segment performance due to their function. Such transactions are excluded from the reportable segments results but included in reported consolidated results.

Inflated Historical Growth Rates pre-SPAC?

On a reported basis, PRCH's 2020 revenue declined -6% versus 2019. Yet PRCH showed +49% revenue growth in the SPAC deck for 2020. They calculate this by adjusting up 2020 revenue (+16%) due to a Covid assumption and adjusting down 2019 revenue (-27%) due to "divestitures."

There is limited disclosure around these divestitures that supposedly accounted for ~1/3 of PRCH's historical revenue

- The cash flow statement shows only \$750,000 in divestiture proceeds for 2018, 2019, and 2020 combined (source: [PRCH 10K](#))
- The [S-1](#) notes 2 divestitures in 2019
- The [10K](#) notes that one of the divested businesses was sold to a related party
- The SEC had a concern with Porch's attempted framing of these "divestitures" in adjusted metrics in the S-4 ([here](#))

We wonder if PRCH included shuttered / failed businesses in its historical revenue adjustment for "divestitures." For example, it appears PRCH shut down its subsidiary GoSmith in 2020 – a lead service being sued for selling fake leads and robocalling customers ([here](#)).

Porch SPAC Presentation ([here](#))



Reality

	FY18 Dec-18	FY19 Dec-19	FY20 Dec-20
Income Statement			
Revenue (reported)	54	78	73
yoy growth (incl. M&A)		43%	(6%)
Adjusted Revenue (SPAC deck)	36	57	85
yoy growth (incl. M&A)		58%	49%
Revenue Adjustment	(18)	(21)	12
% of reported revenue	(34%)	(27%)	16%
Cash Flow Statement			
Cash Flows from Operations	(31)	(29)	(49)
Capex	(1)	(0)	(0)
Capitalized software	(4)	(4)	(3)
Acquisitions	(3)	(1)	(8)
Divestitures	-	(1)	-
Other	-	1	0
Cash Flows from Investing	(8)	(5)	(11)
Cash Flows from Financing	36	34	260

PRCH claims to have divested material revenue in 2018-2019, to show higher 2020 "adjusted" revenue growth. Disclosure around these material divestitures is limited, and there was no cash inflow on the CFS.

Unprofitable, Despite Outsourcing the Core “Concierge” Team (~60% of Total Company Headcount) to Independent Contractors in Mexico

PRCH’s core “concierge” team is outsourced to independent contractors in Mexico. We believe PRCH is a high touch, low conversion business. In order to *try* to make the economics work, PRCH has to outsource their core consumer concierge team (the lifeblood of the business) to offshore independent contractors. PRCH loses money despite this outsourcing, and we doubt the economics can ever work. As of January 2021, Porch had 598 offshore independent contractors (mostly in Mexico) compared to only 350 full time employees (mostly in the US).

Matt Ehlichman, September 2020, Deutsche Bank Conference

“So our moving concierge team, we have a very large staff, full-time staff in Mexico”

PRCH S-1 (January 2021)

We have personnel that we classify as independent contractors for U.S. federal, state and international employment law purposes in certain positions in our business. We are not in a position to directly provide the same direction, motivation and oversight to our independent contractors as we would if such personnel were our own employees. As a result, our independent contractors may not comply with applicable law or our policies and procedures, including, but not limited to, our information security policies, or reflect our culture or values. Violations by our independent contractors of applicable law or of our policies and procedures in dealing with home services companies, consumers, service providers or other third parties or failure to meet our standards or reflect our culture could adversely affect our business, financial condition and results of operations. In addition, it is possible that a court could hold us civilly or criminally accountable based on vicarious liability because of the actions of our independent contractors. Furthermore, although we do enter into confidentiality and invention assignment agreements with each of our independent directors, our independent contractors are not subject to employment agreements with us and our ability to retain such personnel or enforce non-competes or other restrictions against them may be limited...

As of January 2021, we have approximately 581, 10 and 7 individual independent contractors located in Mexico, Costa Rica and India, respectively. *As a result, we are subject to certain additional risks related to independent contractors in foreign jurisdictions, including risks related to misclassification of such independent directors under local law, compliance with other applicable local labor laws, resistance of commercial partners to off-shoring of customer service functions and related consumer data, fluctuations in foreign currencies, changes in the economic strength of Mexico, Costa Rica and India, difficulties in enforcing contractual obligations and intellectual property rights, economic sanctions and social, political and economic instability. The remote work by independent contractors and the use of their own equipment makes compliance with and enforcement of our information security policies and procedures more difficult.* *We must also comply with applicable anti-corruption and anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and local laws prohibiting corrupt payments to government officials, which may present significant challenges in the jurisdictions in which we operate. We cannot guarantee compliance with all applicable laws, and violations could result in substantial fines, sanctions, civil or criminal penalties, competitive or reputational harm, litigation or regulatory action and other consequences that might adversely affect our business, financial condition and results of operations.*

A Regulatory / Compliance Ticking Time Bomb?

We believe that Porch's outsourcing of core concierge services to independent contractors in Mexico who are using their own equipment carries significant potential regulatory, compliance, and data security risks. Porch sells complex financial products to US consumers and claims that part of their secret sauce is their access to customer data. According to recent employees, Matt Ehrlichman has a history of aggressive and unethical behavior.

PRCH S-1 (January 2021)

"We are not in a position to directly provide the same direction, motivation and oversight to our independent contractors as we would if such personnel were our own employees. As a result, our independent contractors may not comply with applicable law or our policies and procedures, including, but not limited to, our information security policies, or reflect our culture or values.

The remote work by independent contractors and the use of their own equipment makes compliance with and enforcement of our information security policies and procedures more difficult."

New Home Sales Consultant Manager (current employee), 4/14/20, Glassdoor.com

"Sensitive customer information such as social security numbers being taken over the phone by agents in Mexico working out of their homes with no way of securing sensitive information."

Operating in a Changing Mexican Legal Environment

In April 2021, Mexico passed legislation that limits companies' ability to use independent contractors. In SEC filings, PRCH has called out this law in Mexico specifically as a risk to its business. As of January 2021, PRCH had 581 independent contractors in Mexico (~60% of total company headcount).

PRCH Prospectus filed July 13, 2021

*The Mexican Congress of the Union has recently **considered** a bill which would impose additional restrictions on independent contracting practices, which could make it more expensive or difficult to retain the services of independent contractors in Mexico.*

PRCH 10KA filed May 19, 2021

*The Mexican Congress of the Union has recently **considered** a bill which would impose additional restrictions on independent contracting practices, which could make it more expensive or difficult to retain the services of independent contractors in Mexico.*

We think investors and regulators deserve more information about how PRCH's Mexican outsourcing is structured, and how the legal environment in Mexico impacts the business. We are not sure why PRCH continued to highlight the Mexican bill as something being "considered" even after it was passed.

Americas



Mexico restricts labor subcontracting with new law

By Reuters and Noe Torres

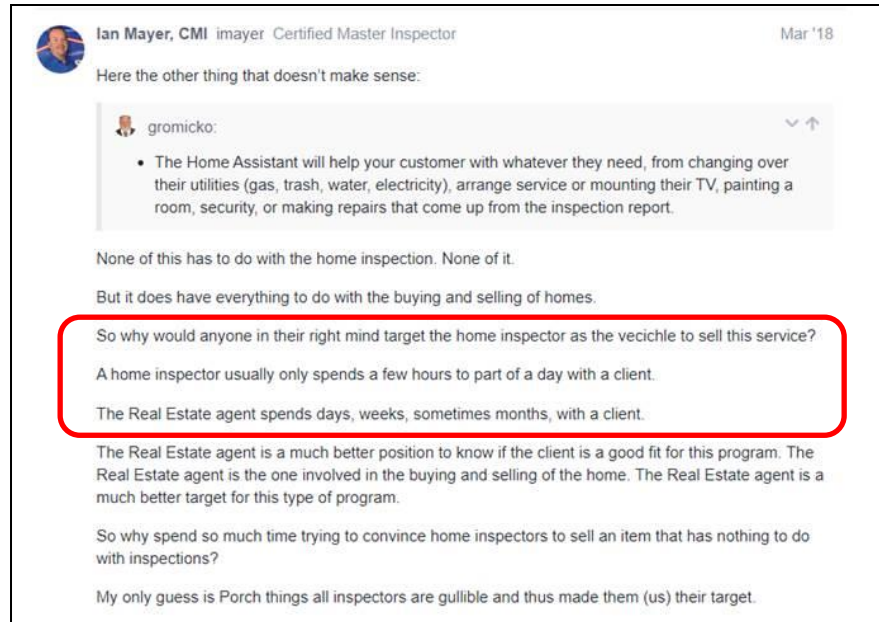
April 20, 2021

MEXICO CITY, April 20 (Reuters) - A Mexican bill that aims to bring more workers into the formal economy by sharply limiting companies' ability to subcontract labor cleared a final legislative hurdle on Tuesday, with a vote of approval in the Senate.

The government of Mexican President Andres Manuel Lopez Obrador had proposed the initiative in November, prompting concern in the private sector in both Mexico and the United States.

Low Quality “Leads”?

We believe PRCH is a high touch, low conversion business. PRCH provides free/discounted back-office software to home inspectors, who in turn provide PRCH with “access” to homebuyers. PRCH then calls and emails homebuyers repeatedly from a call center in Mexico. PRCH claims these are warm leads, but the home inspector channel is an unnatural source for leads to sell insurance, home warranties, and other services. As a home inspector himself says...the logical channel for these referrals is the real estate agent who is the trusted partner to the homebuyer. In fact, a number of competitors are partnered with real estate agents (more on this later).



Ian Mayer, CMI imayer Certified Master Inspector Mar '18

Here the other thing that doesn't make sense:

gromicko:

- The Home Assistant will help your customer with whatever they need, from changing over their utilities (gas, trash, water, electricity), arrange service or mounting their TV, painting a room, security, or making repairs that come up from the inspection report.

None of this has to do with the home inspection. None of it.

But it does have everything to do with the buying and selling of homes.

So why would anyone in their right mind target the home inspector as the vehicle to sell this service?

A home inspector usually only spends a few hours to part of a day with a client.

The Real Estate agent spends days, weeks, sometimes months, with a client.

The Real Estate agent is a much better position to know if the client is a good fit for this program. The Real Estate agent is the one involved in the buying and selling of the home. The Real Estate agent is a much better target for this type of program.

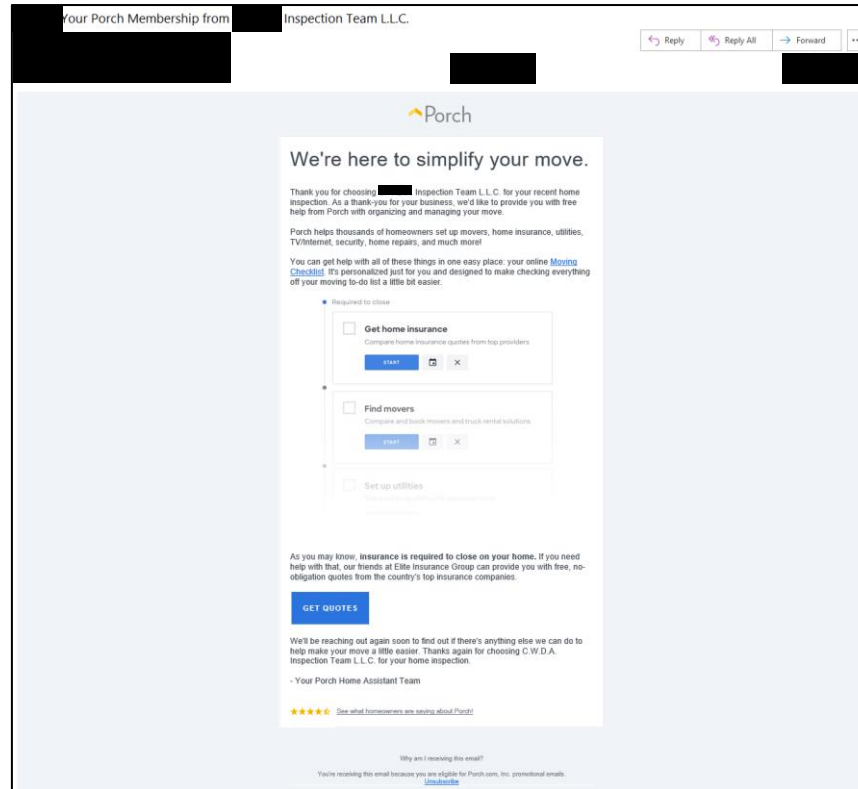
So why spend so much time trying to convince home inspectors to sell an item that has nothing to do with inspections?

My only guess is Porch thinks all inspectors are gullible and thus made them (us) their target.

Home inspectors complain about PRCH harassing their customers (on forums like [this](#), [this](#), [this](#) and in our industry conversations). Inspectors also complain that PRCH automatically opts them into sharing their customer data.

“Warm Leads” Look More Like Spam

We believe PRCH is a high touch, low conversion business. Below is what PRCH’s “concierge” emails look like. PRCH has no consumer brand and these emails are likely ignored / deleted. The time of home inspection is likely not the ideal time for a consumer to set up their utilities or buy insurance. Our research indicates that, as a result, PRCH has to contact the consumer repeatedly over multiple months from a Mexican call center to try to get a sale.



Questionable Consumer “Call Rights”

Porch's business relies on their ability to get consumer email + phone numbers from home inspectors and other businesses so Porch's Mexican call center can contact the customer. We believe PRCH walks a regulatory tightrope in how they acquire and use customer information. Per our conversations with inspectors, customers are auto “opted-in” to share their data with PRCH (apparently unwittingly) and all customers apparently get the email below from Porch (as well as multiple follow up calls). Porch has a history of aggressively harassing / robo-calling customers (14 TCPA lawsuits against the company).

Matt Ehrlichman March 2021 Investor Call

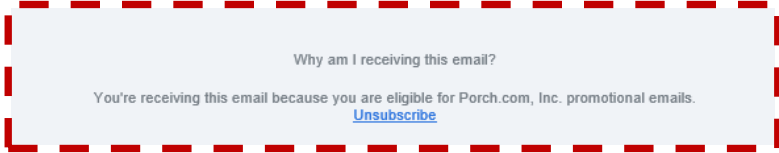
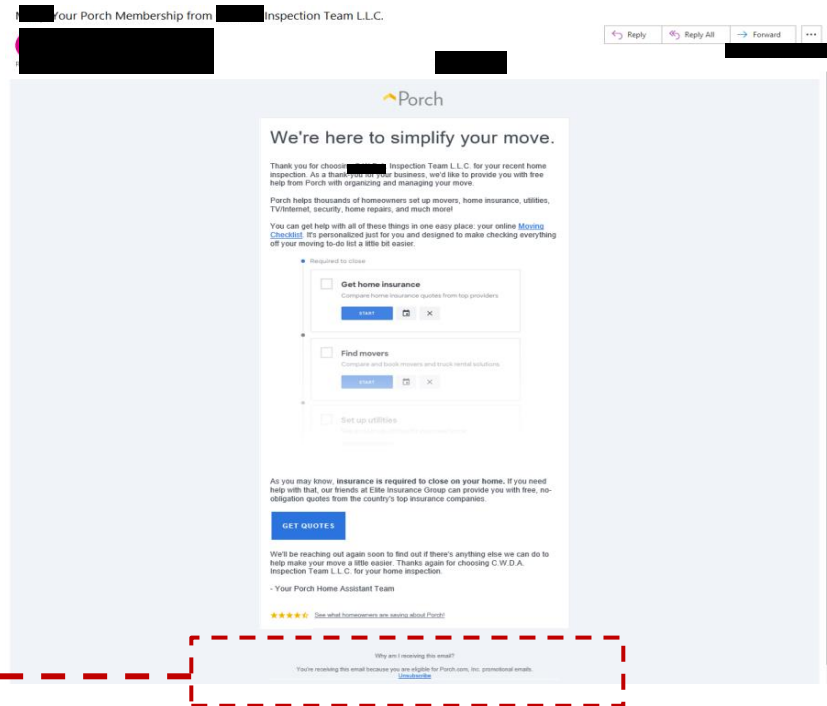
“We get all the TCPA rights directly from the consumer, but we still let the consumer opt out if they don't want us to follow up with them. And about 1% to 2% of the consumers will opt out, and then we give the consumer a ring”

Matt Ehrlichman Sept 2021 SPAC call

“Sometimes people asked me questions about data rights and access to the consumer. One important thing to note is that when consumers are going and signing up for their inspection or downloading an inspection report, they're doing all of that through our software today. So when an inspection company, as an example, starts to pay with customer access, we get all of the rights that we need from the consumer directly.

We get all TCPA rights that we need. We got all the terms with that consumer directly, so that we can be able to send that e-mail saying, here's your moving dashboard that you can self-serve. So, we can give them a call and introduce ourselves and talk to them about their inspection and how it went and answer any questions about it before then charting out everything that's going to happen over the six to eight weeks of their move.

And so that's the key thing we have to keep an eye on in terms of making sure we have all the appropriate rights for that consumer. “



Customers Tell The Story...To The FTC

We believe PRCH is a high touch, low conversion business that walks a regulatory tightrope in how they acquire and use customer information. FOIA requests reveal a number of recent customer complaints against Porch for harassment and misuse of customer information. These customers were frustrated enough with PRCH to go through the trouble of filing a formal complaint with the FTC.

Porch.com shared my personal contact information with contractors without notifying me. I was exploring services offered by them, but immediately realized that they sent my email and phone to many contractors in the area. I immediately got over 15 calls in matter of mins, 10+ texts and numerous emails. This violates my privacy and breaches terms of contract. I want them to immediately delete all my information from their system. Also stop all calls, emails and texts from contractors/businesses they shared information with. (2020)

We have ask them not to call, we are not interested in being on their list, we are a commercial company not residential, they said it would take 10 days to get us off the list. they call everyday, 4-5 a day, even after the 10 days (2021)

[] called me to congratulate me on my home purchase. He said he was working with [] asked him to contact me. He said that he was to help me with all aspects of my new home purchase. The issue is that I work for Kari Haas and I didn't buy a home. Kari is very upset that Porch is calling people and lying to them about their relationship with her and others. (2021)

Gentleman with Hispanic accent called asking for Frank. Frank is a fictitious name I gave out to a previous scammer. He said I was inquiring about flooring (not me). He said he's going to have a local contractor call me back. (2021)

4th call from porch.com today.. I keep telling them not to call me. This is a scam business that is passing my number around to anyone who says they are a contractor. I am scared!! (2020)

I called LOCAL contractors looking for home repair and received multiple calls from people i did not call. Modernize in TX and this one in Seattle WA [Porch.com]. They told me they somehow got my number but refused to tell me from where. Now, I'm getting calls from all over the state asking about needing a handyman and have my address. Anyone could pay these companies for this info!! I feel unsafe! I don't know what to do (2020)


Privacy issue with porch.com My name, cell phone, text and email and presumably my address are on a referral list that was sold to painting contractors. I have never contacted porch.com, have never heard of it until Wednesday morning, February 27,2019 when I received multiple text messages, cell phone calls and emails. I deleted them at first but they became more insistent and I finally talked to one man who told me he had paid porch.com for my referral. Later in the day, I spoke to another man who also said that he had paid for my contact information. These contractors are victims of fraud and my private information was sold without my knowledge or approval. The two men I spoke to told me that there were others with the same story as mine (2019)


Selling Leads and Sensitive Customer Data...to Anybody

Management claims to have unique data on home contractors, and they claim to verify licenses. We don't believe this is true. Home inspectors have pointed out in [forums](#) that anyone can pretend to be a contractor on Porch and buy leads, and many consumers have filed formal complaints with the FTC about unlicensed contractors on PRCH.

Matt Ehlrichman, CNBC, 2015:

"We've done a tremendous amount of work, here's a good example, to verify licenses...we've across all 50 states, we've actually gone and done the true verification at the state level. So we know who is licensed. Not just who is saying they are licensed. But who is truly licensed."

 James H. Bushart jbushart Mar '18

 gromicko

Porch is the contractor. They either hire contractors or employ them to do the work. Porch doesn't sell consumer data, they respond to consumer requests.

In our industry, there are only two sellers of consumer information that I am aware of. The second largest is Nathan. He actually re-sells consumer information.

Do you know who the largest seller of consumer information is?

Porch is a lead broker. They harvest data from home inspectors, process it, and sell it to contractors who agree to pay them for each lead they provide. I understand they are exploring the possibility of selling fart candles, too. It's a lead broker kinda thing, you know. 😊

By the way, I formed a roofing business about an hour ago. I filled out a profile for Porch, hit "send", and they immediately offered me two leads to buy from them for roofing jobs. They neither contracted with me or employed me to do the work before offering to sell me a lead for a roof installation for \$62.50 and a lead to fix a skylight for \$10. If I pay them for the leads I can contact the customer and set up the job.

BTW, I have since dissolved my one-hour old roofing business. I have never installed one and decided it might be a bit dangerous for me to train for this, so late in my life. Thus, I decided not to buy the leads from them.

Recent FTC Consumer Complaints Against Porch

I contacted my local BBB and found out [] had no business license at all, and that All Pro Landscapers is a fictitious company. On July 16 I sent [] an e-mail, asking for my money back, which he refuses to do. Porch.com, Inc. offers a \$1000 guarantee against theft of deposit money by professionals they refer. **They state that all their professional partners are licensed, insured, and background checked. This is patently false, as [] has a criminal record, no licenses, no actual business, and outstanding judgements.** (2020)

Porch.com is a company that you sign up with and when you have a project to be done you put it out there for either a porch representative will call and arrange everything to have a contractor complete my job or you can choose yourself to pick one of the referrals that match to my project and make all the arrangements. Porch does all the background check to ensure the contractors that either they set up or one I chose from the referrals they recommended to me are licensed and insured. They have a guarantee that if something goes wrong they will back you with \$1000 for any lost or damage that may happen when one of their contractor weather they step it up or I chose from the contractors they refer me to. I chose to pick my own contractor and arrange everything myself. After the work was done I asked the contractor about when they will inspect the deck and here we found out he never apply for permits and than when we went to the township office about what the contractor had done we found out he was not even licensed in PA. **On porch.com when you choose your contractor they refer you to they have the contractor info right there saying verified with his license number and PA district attorney verified info. So when I call them the after finding out about the contractor they refer was not licensed they said they could not help me. The guarantee doesn't apply....**They won't honor their guarantee as stated when I signed up. --- Consumer desired outcome: Reimburse me the cost of 5,200 that I paid a person they stated was a contractor and licensed in PA. (2021)

Selling Leads and Sensitive Customer Data...to Anybody

Still today, it appears that anyone can buy leads from Porch without being vetted (like PRCH claims).

Anyone can sign up as a handyman/contractor on Porch...

...and access as many consumers as they want

The screenshot shows the Porch.com account creation process. The form is titled "Account Creation" and includes sections for "Company Profile", "Lead Preferences", and "Vetted Pro Setup". The "Company Profile" section is active and contains the following fields:

- COMPANY DETAILS:**
 - Company Name: [Redacted]
 - Year Established: 2021 (checked)
 - Website: [Redacted]
 - Company Size: 0-9
- COMPANY CONTACT INFORMATION:**
 - Email Address: [Redacted] (checked)
 - Phone Number: [Redacted] (checked)
- COMPANY ADDRESS:**
 - Address: [Redacted] (checked)
 - City: [Redacted] (checked)
 - State: [Redacted] (checked)
 - Zip Code: [Redacted] (checked)
- PRIMARY TRADE:**
 - Primary Trade: General Contractor

A "CREATE PROFILE" button is located at the bottom right of the form. A callout box on the right side of the form reads: "Why this information matters to homeowners: Your Porch profile is the homeowner's main source of information on your business. Having a strong profile instills trust in the homeowners who view it, which can help you win more jobs."

The screenshot shows the Porch.com dashboard for a contractor. The "Conversation with [Redacted]" window is highlighted with a red circle. The conversation details include:

- PHONE:** [Redacted]
- ADDRESS:** [Redacted] (with a map view)
- SERVICE TYPE:** [Redacted]

On the right side of the dashboard, there is a "Send [Redacted] message or call [Redacted]" button. Below it, there is a "SEND MESSAGE" button and a "project request 1 minute ago" notification. A "Lead Preferences" pop-up is visible at the bottom right, stating: "Reaching out to customers in multiple ways can increase your chances of connecting. We recommend calling at least twice in the first 72 hours."

Anybody can buy leads from PRCH (without a license) and access customer data – name, address, phone number, home project, etc.

Fake “Integrations?” Selling leads?

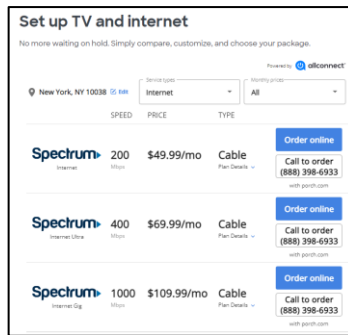
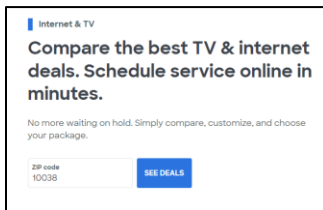
Management claims to have built integrations with cable and utility companies. To test this, we signed up for Porch’s moving concierge service in various large cities and used PRCH’s TV/internet dashboard. Every zip code we tried on Porch.com sent us to the cable company’s website where we had to start the process over (enter address, compare packages, call to schedule an appointment, wait on hold, etc). We don’t see any “integration” with Porch. In some zip codes, PRCH linked us to a 3rd party TV/internet reseller called AllConnect. Management also claims they do not sell leads or customer information; however, after signing up for PRCH we received emails and phone call from Spectrum.

Matt Ehrlichman – March 2021:

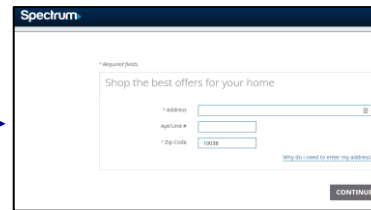
“When companies, like inspection companies, provide their customers a moving concierge and provide us access to those customers, we really have provided a great, very warm experience for those consumers. We give them tools, they can manage their move on their own with self-service dashboards...and it's not like we sell this consumer out as a lead...no, we've actually done the work to integrate with all of these major service providers so that we can help consumers compare their options and provision services directly for them. So through us, they don't have to go wait on the phone with Comcast or they don't have to go call every single insurance carrier. We'll provide them all of their choices and help provision that directly to make the move easy for those consumers.

One thing I would note, we never sell that consumer off as a lead. So that consumer is never bombarded with calls by insurance companies or moving companies or TV/Internet companies. We have done all this integration work across these different industries...

Porch.com ([here](#))...



Sends us to cable company website...




And the cable company contacts us...

The next day I received a call on my personal cell phone from Spectrum sales, and an email to my personal email address with an offer from Spectrum.



Fake “Integrations?”

Management claims to have built integrations with cable and utility companies. Below are recent emails from the Porch “concierge” team to consumers, where you can see there is no apparent integration with the utility companies.



Hi TBD,

Thanks for chatting with me and letting me help with your move!

I'm excited that you have taken advantage of the Porch Home Assistant Program. We're here to help out with all the extra tasks that come with moving (you know, the ones you don't really want to think about or handle yourself).

As promised, I've researched your local utility providers. Below, you can find information on those providers and how to set up service with them.

If you have any questions please don't hesitate to reach out anytime. My direct line is [\(425\) 657-3615](tel:425-657-3615). If it goes to voicemail that means I'm helping someone else, but leave a message and I'll be sure to call you back shortly.
It's our goal to have made your move a little easier!

I wish you the happiest of times in your new home and look forward to working with you in the future.

Warmest Regards,
Jose Leon
[Porch.com](mailto:jose.leon@porch.com)
[\(425\) 657-3615](tel:425-657-3615)

City of Renton (WA)

Services Provided: Water, Sewer, Waste Management
Description: To set up services you can contact the number listed below. Office hours are Monday through Friday from 8 a.m to 5 p.m. You will need your Name, proof of ownership and Phone number. A deposit is not required.

Phone: [\(425\) 430-6400](tel:425-430-6400)
Website: <https://rentonwa.gov/>

From: [REDACTED] <[\[REDACTED\]@porch.com](mailto:[REDACTED]@porch.com)>
Date: [REDACTED] 2021 at [REDACTED]
Subject: Porch Home Assistance
To: [REDACTED]

Hi [REDACTED]

Thanks for chatting with me and letting me help with your move!

I'm excited that you have taken advantage of the Porch Home Assistant Program. We're here to help out with all the extra tasks that come with moving (you know, the ones you don't really want to think about or handle yourself).

As promised, I've researched your local utility providers. Below, you can find information on those providers and how to set up service with them.

If you have any questions please don't hesitate to reach out anytime. My direct line is [REDACTED]. If it goes to voicemail that means I'm helping someone else, but leave a message and I'll be sure to call you back shortly.
It's our goal to have made your move a little easier!

I wish you the happiest of times in your new home and look forward to working with you in the future.

Warmest Regards,
[REDACTED]
[Porch.com](mailto:[REDACTED]@porch.com)
[REDACTED]

National Grid (NY: Long Island- Including Rockaway Peninsula)

Services Provided: Gas
Description: To apply for service, please call the provider at 1-800-930-5003 or 1-631-755-6200. You will be asked to supply personal identification information: social security number, date of birth, etc. There should not be a deposit required for residential customers. Depending on availability, they may need one or two days to set up service. We recommend that you call them a few days in advance to get service set up the day you need. They are open Mon-Fri from 8 a.m. to 8 p.m.

Phone: [+1-800-930-5003](tel:+1-800-930-5003)
Website: <https://www.nationalgridus.com/Long-Island-NY-Home/Default>

Village of Rockville Centre (NY)

Services Provided: Power, Water, Sewer, Waste Management
Description: To find out what day your trash is picked up click here <http://www.rcvny.us/recycle/recycle.html>. Water accounts must be in the name of the property owner. If the Electric service at the same location is in the name of the owner then there is no need to fill out a separate Water service application. Water deposits are only necessary for the few properties that are serviced outside the Village. Please call for information on deposit requirements at (516) 678-9323. Electric Service Application: Applications must be filled out in person at the cashier window in Village Hall. Residential service: \$200.00 deposit + \$5.43 application fee

Phone: [\(516\) 678-9323](tel:516-678-9323)
Website: <http://www.rcvny.us/water.html>
Address: Village Hall is located on 1 College Place.

“CAC-Free”...Or Buying Leads?

Management claims to have a “CAC free” stream of customers that they can cross sell multiple services to. What PRCH really seems to have is a low cost of acquiring homebuyer phone numbers and email addresses. Acquiring a customer’s phone number is different from acquiring a customer. We believe PRCH is a high touch, low conversion business and the real CAC is much higher than management claims. PRCH also reveals in filings that they purchase 3rd party leads.

Matt Ehrlichman: Jan '21 M&A Call

*“With Porch’s **CAC-free** demand and our unique property data for improving pricing, we believe we will have strong long-term economic advantages.*”

Matt Ehrlichman: Mar '21 Investor Call

*“We have very strong unit economics on the home inspection industry, **30x LTV to CAC** as an example. And the reason is, is that we have typical SMB software sales in the go-to market. So that CAC is fairly consistent with what you’d see.”*

*“And the fact that we meet these consumers in this **CAC-free model**, it gives us this really durable advantage.”*

PRCH 2021 10KQ

Selling and marketing expenses primarily consist of third-party data leads, affiliate and partner leads, paid search and search engine optimization (“SEO”) costs, policy acquisition and other underwriting expenses, payroll, employee benefits and stock-compensation expense and other headcount related costs associated with sales efforts directed toward companies and consumers.

YTD 2021, PRCH has spent \$61m or 63% of Gross Profit on “Selling and Marketing.” That is a large amount for a company that claims to have a “CAC-free” model. Purchasing leads from third parties sounds to us like...CAC.

“InsureTech”...With No Insurance Analyst Coverage

Nearly 50% of PRCH’s EBIT (pre-Corporate) is generated from insurance. It is also a core element of the bull case. Yet out of 10 sellside analysts recommending PRCH stock, not a single analyst covers the insurance industry. All 10 analysts rate PRCH stock a BUY, and many of them recommend it as their single best idea. Credit to Matt on his ability to spin a story.

Firm	Rec.	Price Target (\$)	Analyst covers the insurance industry?	Analyst industry coverage
Stephens	BUY	38	No	Real Estate Services
Craig-Hallum	BUY	34	No	Internet
Cantor Fitzgerald	BUY	33	No	Random SPACs
Benchmark	BUY	32	No	Internet/Media
Oppenheimer	BUY	30	No	Internet
Loop	BUY	30	No	Software
Northland	BUY	30	No	Financials/ Payments
Guggenheim	BUY	30	No	Software
Wedbush	BUY	21	No	Internet
Berenberg	BUY	21	No	Real Estate Services

“Never invest in a business you cannot understand”
– Warren Buffet

“InsureTech”...Seeking Tech

Management claims to be a “technology company” and wants to be valued like an “InsureTech.” PRCH’s careers page suggests a different story...

Matt Ehrlichman: Jan '21 M&A Call

“We are a technology company at our core and have already invested significantly in the tools to make that quoting and that binding process easy and automated for homebuyers. And we’ve invested deeply in our data platform”

From Porch’s careers [page](#) (2/1/22)

The screenshot shows the Porch Group careers page. At the top, there is a navigation menu with links for Overview, Story, Our Companies, Team, Investors, News, and Careers. Below the navigation, there is a section titled "Join the team" with the text: "A world-class crew. Meaningful work. A bold vision. If that sounds like your dream job, you've come to the right place." Underneath, there is a section titled "Current positions" which lists two roles: "Executive" and "Investor Relations & Treasury Manager". The "Executive" role is highlighted with a dashed blue box and includes the text: "CIO, Porch Insurtech Division" and "Remote, USA".

CIO, Porch Insurtech Division

at Porch (View all jobs)

Remote, USA

Porch Group is a family of technology and SaaS companies that offer innovative software and service solutions to more than 14,000 companies across the country.

Our mission is to completely transform the way people buy, sell, move, and manage their homes throughout their home journey. Sure, it's a tall order to transform a \$320 billion industry, but we're already well on our way. Since we were founded in 2013, we've stuck to our values and our commitment to foster a "No Jerks, No Egos" culture, which is a big reason we've gone from a scrappy startup to a Nasdaq-listed company and the industry-leading partner for the home in less than eight years.

At Porch, no two days will ever be the same and you'll have the opportunity to help solve big problems, with a refreshing balance of team support and ownership of your work!

The future is bright for the Porch Group, and we'd love for you to be a part of it as our **CIO, Porch Insurtech Division**.

Porch Group acquired **Homeowners of America**, a large regional insurance property focused insurance carrier and MGA, earlier this year and is in the process of acquiring CSE, a California focused home and auto carrier. In addition, Porch has an independent agency (**EIG**) serving consumers, with a focus on consumers who are buying a new home.

All of these businesses have limited or no software engineering staff and limited IT operations that needs to be improved to match our rapid profitable growth. The division is in need of strategy and execution to deliver on agent experience, consumer experience, and back office processes as well as improved technology resilience and security.

A successful CIO will create a culture of software product ownership linked to customer and financial outcomes where each software product team is focused on the most meaningful investments and proud of their business results.

These insurance businesses combine for nearly 50% of PRCH's EBIT. While Matt tells investors PRCH is a “tech company,” PRCH is currently searching for an executive to run these businesses that have “limited or no software engineering staff and limited IT operations”

Competition (Which Management Doesn't Acknowledge) Appears Better Positioned

PRCH management doesn't acknowledge competition. We believe PRCH is an imitator of many companies with the same "moving concierge" business model. Multiple competitors appear better positioned than PRCH. HomeGuage for example is the leading inspection report writing software, owned by one of the largest insurance companies in the US. Other competitors have relationships with real estate agents - trusted partners to homebuyers (vs PRCH trying to leverage home inspectors for leads).

Matt Ehrlichman – March 2021:

"So, we're very unique in the home services space. **There's nobody like us with this model in this space.** But it's a very similar flywheel to an OpenTable as an example where they would provide software to restaurants, get access to the consumer, monetize the transactions and drive demand back to those companies. Fortunately for us, our TAM is just massively larger."

Matt Ehrlichman – Jan 2021 M&A Call

"The competitive landscape – interesting question – it's an interesting one, just because **there really isn't anyone that's like Porch.** We really are a unique platform."

Moving Concierge Competitors:

HomeGuage

- **Leading inspection report writing software.** *This is the actual software that writes reports, not Porch's scheduling/back office software*
- **Purchased in 2017 by American Family – one of the largest US Insurance Companies** (Connect, The General, Homesite, Main Street America)
- **Similar model to PRCH where they use leads from home inspectors to sell insurance and home security.** But unlike PRCH, they only reach out to homebuyers who opt-in via a very transparent "opt-in" button

Updater

- **Moving concierge.** Raised \$60m in November 2021 ([here](#)) and \$250m to date. Added >100 employees in the last 12mo focused on product, design, engineering.
- **Investors include Softbank and the NAR (National Association of Realtors)**
- **Claims to be the market leader with >25% of moves**
- Originally focused more on multifamily vs single family moves, but backing from the NAR is very powerful as real estate agents are the trusted source for homebuyers

MooveGuru

- **Moving concierge service that goes to market primary through real estate brokerages (the trusted partner for homebuyers)**
- Integrated with many of the largest brokerages, accessing ~400k consumers / year and growing
- Currently raising a Series B round

Inspector Services Group

- **Provider of multiple services to home inspectors including home warranties and concierge services**
- Run by Nathan Thornberry – a popular and successful entrepreneur in the home inspection industry

HomeGuage

HomeGuage Extra Care

Working together for the benefit of your Buyers

updateit.



There's a better way to move

UPDATER

updateit.

MARKET TO MOVERS



FULL CONCIERGE

A Questionable “Data” Advantage for Insurance

Management claims they have a unique and material advantage in underwriting insurance because of their “proprietary” data from on home inspections. This is key to the bull case.

Matt Ehrlichman – Mar ‘21 Investor Call

“But imagine other insurtech companies. Already on a stand-alone basis, we blow other insurtech companies out of the water there. Imagine if those insurtech companies had this CAC-free stream, this reoccurring stream of demand of homebuyers who have to purchase insurance. Or imagine if like from the inspection report, they had the stream of property data where we know everything about the home. Like we know if the roof is old or there’s a big crack in the foundation or all the make/model serial numbers of all the appliances, if the hot water system is going to go bad soon.”

Matt Ehrlichman – Jan 2021 M&A Call

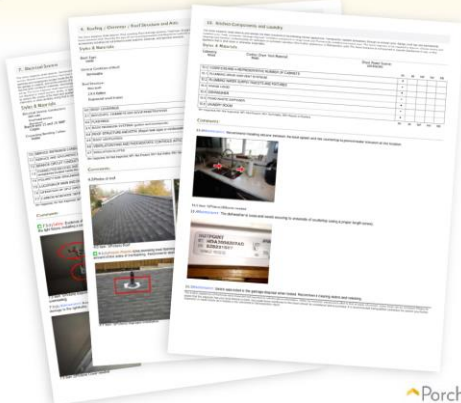
First, it starts with the vertical software platform. We have early access to homebuyers at scale, which becomes CAC-free demand. And the vertical software platform also gives us unique proprietary data that no one else has nor will be able to have. The fact that we have all of this data about home properties creates the ability for us to price insurance and understand risk better than anybody else. And actually, I would note also on that data, it’s not static data in that we get this reoccurring flow of new and refreshed data at massive scale every single month.

Porch Management – Nov 2021 Earnings Call

“We have proprietary data that helps in each of these areas: roof quality; make, model, age of appliances systems, et cetera. We are investing in our data platform and pricing teams with the goal of better personalizing policies for each customer. This can improve margins and allow us to lower prices for the right customers accelerating growth”...“I think one of the examples we talk a lot about when we talked about loss, we talked about both roofing. So the roof is on the surface of the home. It’s a common way that a peril enters the home and we have a loss. The other is escape of water and water heaters can often be the cause of escape of water. And so we have data about those.”

Porch Has Unique Property Data to Better Assess Risk

- Make, model and serial number of appliances
- Roof type, quality, and issues
- Interior issues (drywall, electrical, etc.)
- Exterior issues (windows, foundation, etc.)
- Water risks (water system location, pipe type, sump pump, etc.)
- Home insurance company and premium paid
- Mortgage company and rate paid
- Home warranty company being used (if any)



Value of Proprietary Data for Claims Mitigation

Insurance Warranty



Wind & Hail
~34%⁽¹⁾ of industry loss

Example: Older roofs are more easily damaged; replacing can exceed **\$10K⁽²⁾**

✓ Data Advantage: Up to date roof type, age and quality



Water Damage
~29%⁽¹⁾ of industry loss

Example: Water heater failure typically costs **\$7.5K⁽²⁾**

✓ Data Advantage: Make, model, serial number, age of water heater



Fire & Lightning
~29%⁽¹⁾ of industry loss

Example: Appliance failure and faulty wiring are among key loss drivers

✓ Data Advantage: Quality of electrical; make, model, serial number, and age of appliances



Systems & Appliances
~95%+ of warranty losses⁽²⁾

Example: Avg. appliance loss – HVAC: **~\$725+⁽²⁾**, washer: **~\$350+⁽²⁾**

✓ Data Advantage: Make, model, serial number, and age of systems and appliances

A Questionable “Data” Advantage for Insurance

Management’s claims about a data advantage appear misleading for a number of reasons:

- **PRCH’s software (ISN) is not used to write home inspection reports.** It is a back-office software used mostly for scheduling. The report writing software that PRCH acquired is called PalmTech and according to industry contacts it is largely obsolete
- **Data does not appear to “flow” through PRCH’s software like management says.** Instead PRCH receives unstructured and inconsistent PDFs of *some* home inspection reports
- **Extracting / structuring data from various PDFs in a way that can be used to underwrite insurance is extremely difficult.** There are ~35,000 home inspectors across the US, using a variety of report writing software that is not owned by PRCH. Some inspectors write reports in MS Word; some take pictures while others don’t; some use specific legends and symbols; some use “thumbs up/down”
- **PRCH has limited other data / technology.** PRCH is buying legacy insurance companies with limited technology, and claiming they can turn them into the best “insuretech.” There are lots of data points and history required to underwrite insurance. PRCH intends to grow by expanding in new states where they have no experience underwriting insurance

ISN Inspection Support Network Home **Features** Pricing Company Free Trial Login Resources

MANAGEMENT
Whether you are managing a small or large company you must have all of your needed information and automated processes in place to be successful, grow and compete in today's marketplace. From your office to your smart phones the ISN delivers.
[\[read more\]](#)

SCHEDULING
Accessing new orders directly or from your website must be fast, user friendly and easy to understand for you and your clients, agents, insurance companies, escrow officers or lenders. Is it easy for people to do business with you?
[\[read more\]](#)

COMMUNICATION
Professional order confirmations, reminders and follow up emails that are automated but look personally done are a must for today's growing business. If you want to be consistent and professional with your communication to your clients and agents let the ISN do it for you!
[\[read more\]](#)

INFORMATION
Immediately view how many inspections each agent or office has done with you and much more. The ISN stores all your business information safely while providing every business report you will ever need. Information at your fingertips!
[\[read more\]](#)

Features

AUTOMATE
Use the ISN to automate all of the things that cost you time: emailing customers, follow-up emails, payment collection, signature capture, survey delivery, reminder SMS messages and more.
[\[read more\]](#)

MOBILE
Access the Inspection Support Network from any mobile device. We support Android, iPhone (iOS), iPad, Palm/ie, BlackBerry and more. Access to your business from everywhere 24x7.
[\[read more\]](#)

INTEGRATE
Integrate directly with your favorite vendors, we work with RecallTech, Quickbooks, Systems, Twilio, Google and much more!
The ISN works with any reporting software and we directly integrate with inspections, Home Inspector Pro, 3D, ReportHost, Whipper Solutions, Palm-Tech, Inspector, HomeGauge, and Horizon.

BUSINESS REPORTING
The ISN offers the most robust business reporting feature set in the business. If data is entered into your Inspection Support Network any desired report can be created.
[\[read more\]](#)

ISN, PRCH’s software for home inspectors, is not a report writing software. It is a back-office software used mostly for scheduling. Inspectors pay \$3.00-\$6.00 per appointment.

“Make, Model, and Serial Numbers of Appliances”...Unlikely

Management claims they have a data advantage because home inspection reports tell them “all the make, model, serial numbers of all the appliances” in a home. This claim is dubious; home inspectors are not required to record this data during a home inspection.

Matt Ehrlichman's claims

Matt Ehrlichman – Sep 2021 M&A Call

“We have talked previously about how operating warranties to our large base of homebuyers will be a natural and exciting fit, particularly given the unique data we know about properties, an example being the make model serial numbers of appliances.”

Matt Ehrlichman – Mar '21 Investor Call

“Like we know if the roof is old or there's a big crack in the foundation or all the make/model serial numbers of all the appliances”

Porch Has Unique Property Data to Better Assess Risk

- Make, model and serial number of appliances
- Roof type, quality, and issues
- Interior issues (drywall, electrical, etc.)
- Exterior issues (windows, foundation, etc.)
- Water risks (water system location, pipe type, sump pump, etc.)
- Home insurance company and premium paid
- Mortgage company and rate paid
- Home warranty company being used (if any)



Reality

Home Inspection Standards of Practice
NACHI (International Association of Certified Home Inspectors)

3.10.IV.S. *The inspector is not required to inspect appliances.*

“Make, Model, and Serial Numbers of Appliances”...Unlikely

We looked at >30 home inspection reports. Inspectors rarely record the “make, model, serial numbers” of appliances like PRCH claims

Appliances

The house appliances consisted of a refrigerator/freezer with ice maker, two half-dishwashers, two gas ovens and a gas range, a wine cooler, a clothes washer and clothes dryer.

The appliances generally appeared to be in satisfactory condition and were working at the time of the inspection. We note, however, that the washer and dryer were only briefly operated, therefore, we cannot say that they were working properly through an entire cycle.



Kitchen Hoods: Cooking produces a heat plume that can contain water vapor, grease vapor, smoke and sometimes by-products of combustion all of which should ideally be exhausted to the exterior. This home had a conventional, wall-mounted range hood. In general, these hoods provide satisfactory performance; however, there are a number of style variations, each with different levels of performance. The hood in this house was operational when turned on.

ADVISORY: You are advised to always turn off the water to a washing machine when not using it. The washer and dryer were stacked close to the wall preventing easy access to the valves. Our recommendation when valves are not accessible, is to install an 'automatic washing machine shutoff valve,' which closes the water supply valves when the washer shuts off or when water is detected on the floor. There is also a type of braided hose for sinks, laundry machines and dishwashers that has an automatic shutoff “flood-safe” device, which you can obtain from a plumbing products supplier.

The dryer duct was also not observable. Current code mandates that dryer exhaust ducts be of smooth metal interior to minimize fire hazards that arise from corrugated-type vents which, by their nature, often trap lint in their ridges and convolutions (thus allowing heat to build up and ignite the lint).

It is advised that you check that all appliances are working properly just before closing.

APPLIANCES & ELECTRICAL DEVICES

The following appliances and electrical devices were checked for their general condition and, where possible, their start cycle or general function. The complete cycles and/or complete function were not checked. Items not listed were not checked. Timers, heat sensors, thermostats, accessories were not checked. Low voltage systems such as: intercom, speakers, central vacuuming wiring, lawn sprinkler system, burglar and fire alarm system and doorbells, are generally not checked as part of this inspection.

Present owner should review operational procedure of all systems and/or electrical appliances that could not be checked at the time of this inspection. Normal lifespan for appliances is 10 years. IT IS RECOMMENDED THAT THE CONTRACT STIPULATE THAT ALL APPLIANCES AND ELECTRICAL DEVICES BE IN PROPER WORKING ORDER AT THE TIME OF CLOSING-OF-TITLE.

APPLIANCE AND ELECTRICAL DEVICES OPERATION CAN CHANGE. IT IS RECOMMENDED THAT PRIOR TO CLOSING OF TITLE ALL UNITS BE CHECKED DURING THE FINAL CLOSING WALK-THROUGH AND/OR HAVE PRESENT OWNER DEMONSTRATE SAME.

KITCHEN APPLIANCES

AGE: Most units are within their normal 10 year lifespan. Check with owner if any service contracts are in effect and obtain if transferable.

TYPE: Appliances were operational unless otherwise noted.

- Gas range. Pilotless igniters are installed, i.e., no pilot lights.
- Electric oven. A double oven is installed.
- Kitchen exhaust, vented to the outside.
- Refrigerator. An ice maker is installed.
- Dishwasher.

LAUNDRY EQUIPMENT

AGE: Units are within their normal 10 year lifespan. Check with owner if any service contracts are in effect and obtain if transferable.

TYPE: Laundry equipment was present as noted.

- Washing machine.
- Gas clothes dryer. Unit is vented to the outside.

ELECTRICAL DEVICES

TYPE: The following electrical device(s) was/were present.

- Bathroom exhaust.
- Burglar alarm system was noted, but not checked for operation. Present service contractor and/or owner should review operational procedures, contact points and maintenance, and monthly or yearly fees of service for system. This should be completed prior to closing of title. Associated smoke and or heat alarms should be checked for proper operation immediately after or just prior to closing of title. SYSTEM SHOULD BE SERVICED, CHECKED FOR ITS OPERATION AND KEY/CODE CHANGED IMMEDIATELY AFTER CLOSING OF TITLE.

Kitchen

Limitations: The following items are not included in this inspection: household appliances such as stoves, ovens, cook tops, ranges, warming ovens, griddles, broilers, dishwashers, trash compactors, refrigerators, freezers, ice makers, hot water dispensers and water filters; appliance timers, clocks, cook functions, self and/or continuous cleaning operations, thermostat or temperature control accuracy, and lights. Any comments made regarding these items are as a courtesy only. Note that the inspector does not provide an estimate of the remaining life of appliances, and does not determine the adequacy of operation of appliances. The inspector does not note appliance manufacturer's, models or serial numbers and does not determine if appliances are subject to recalls. Areas and components behind and obscured by appliances are inaccessible and excluded from this inspection.

1. Cabinets

Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Observations: • Appeared functional and in satisfactory condition at time of inspection.

2. Countertops

Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Observations: • Solid Surface tops noted. • There is normal wear noted for the age of the counter tops.

3. Dishwasher

Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Observations: • operated briefly.

4. Doors



Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

5. Garbage Disposal

Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

6. Microwave

Cond.	Oper.	Pres.	Acc.	Inst.	Notes
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Observations: • Functioning condition at the time of the inspection.

“Make, Model, and Serial Numbers of Appliances”...Unlikely

We looked at >30 home inspection reports. Inspectors rarely record the “make, model, serial numbers” of appliances like PRCH claims

9: KITCHEN

		IN	NI	NP	O
9.1	Electrical Outlets	X			
9.2	Cabinets	X			
9.3	Countertops	X			
9.4	Sink	X			
9.5	Appliances	X			
9.6	Ventilation	X			

IN = Inspected NI = Not Inspected NP = Not Present O = Observations

Information

Electrical Outlets: Type 3 Prong	Cabinets: Material Wood	Countertops: Material Laminite
Sink: Material Coated steel	Sink: Type Flush Mount	Sink: Leaks No Leaks
Sink: Hot water noted at tap Yes	Appliances: Appliances Noted Oven, Stove, Refrigerator, Dishwasher	Ventilation: Type Recycling Vent

Phase 11: Laundry Appliances

Includes Inspection of: clothes washers, clothes dryers, hot & cold water supplies, drainage components, venting, power/fuel source, and laundry tub sinks.

Styles & Materials

Washer: AGED	Dryer: AGED
------------------------	-----------------------

Items

10.8 Laundry Appliances

Comments: Inspected

Laundry appliances are operational but appear aged and in poor condition. Anticipate future replacement. Clothes dryers require metal venting hose to building exterior and annual vent cleaning to reduce risk of safety hazard.

Phase 13: Kitchen

Includes Inspection of: floors surfaces, wall & ceiling surfaces, windows & doors, lighting & receptacles, sinks/faucets & drains, counter tops & cabinets, and basic operation of major appliances.

Styles & Materials

Cabinets: Wood	Counter Tops: Quartz	Dishwasher: Kitchen Aid
Range/Oven: Kitchen Aid	Refrigerator: Kitchen Aid	Heating Source: Radiant

Items

KITCHEN

Inspection of stand alone freezers and built-in ice makers are outside the scope of the inspection. No opinion is offered as to the adequacy of dishwasher operation. Ovens, self or continuous cleaning operations, cooking functions, clocks, timing devices, lights and thermostat accuracy are not tested during this inspection. Appliances are not moved during the inspection. Portable dishwashers are not inspected, as they require connection to facilitate testing.

PRIMARY KITCHEN:

KITCHEN SINK:

The sink appears serviceable. Quantity two (2).

BUTLER'S PANTRY SINK:

Stainless Steel. The sink appears serviceable.

POT FILLER:

The pot filler appears serviceable.

RANGE / COOK TOP / OVEN:

Propane. Combination. Appears serviceable.
Electric. Cabinet Mount. Appears serviceable.

VENTILATION:

External. The fanhood is operational.

REFRIGERATOR:

The unit appears serviceable.

DISHWASHER:

There are two (2) dishwashers installed. Appears serviceable.

GARBAGE DISPOSAL:

Appears serviceable. Quantity two (2).

MICROWAVE:

Appears serviceable.

WINE COOLER:

The unit appears serviceable.

ICE MAKER:

Appears serviceable.

INSTANT HOT WATER

DISPENSER:

Appears serviceable.

COUNTERS:

The counters are a stone material. Appear serviceable.

CABINETS:

Cabinets appear serviceable.

FLOOR:

The floor covering is wood. Wear noted.

SWITCHES / FIXTURES /

OUTLETS:

Appear serviceable.

SECOND KITCHEN:

LOCATION:

Basement kitchenette.

KITCHEN SINK:

Porcelain. The sink appears serviceable.

500

EAT-IN KITCHEN

The kitchen inspection is a combination of visual and functional. Appliances are operated, if power is supplied. Calibrations to cooking systems are not evaluated nor life expectancies given to dishwashers. **Note: Dishwashers can fail at any time due to their complexity.** Our review is to determine if the system is free of leaks and excessive corrosion.

501 Floor:	Serviceable; Wide plank.
502 Walls:	Serviceable; Drywall, ceramic tile, and beadboard.
503 Ceilings:	Serviceable; Drywall.
504 Doors:	Serviceable; Wood thermopane and solid.
505 Window/Screens:	Serviceable; Fixed, double hung, and awning.
506 Cabinets:	Serviceable; Wood.
507 Counter Tops:	Serviceable; Marble.
508 Electrical:	Serviceable; Operable GFI.
509 Sinks:	Serviceable; Two stainless steel sinks.
510 Faucets:	Serviceable.
511 Traps/Drains:	Serviceable; Supply valves provided. Metal trap.
512 Disposal:	None.
513 Dishwasher:	Two "Bosch." Dishwashers most commonly fail internally, at the pump, motor or seals. While, unless otherwise noted, this unit appears to be in serviceable condition, we do not disassemble these units to inspect the above mentioned components. Our inspection is limited to operating the unit on "normal Wash" cycle only.
514 Stove & Cook Top:	Serviceable; Gas "Viking."
515 Oven:	Serviceable; Same unit.
516 Hood/Fan:	Serviceable; Exhaust type. Stainless steel with heat lamps.
517 Microwave:	Serviceable; "GE" built in.
518 Comments:	Hot air heat provided. Noted alarm pad. Wine cooler provided. Bun warmer noted. Smoke detector with alarm.

“Make, Model, and Serial Numbers of Appliances”...Unlikely

We looked at >30 home inspection reports. Inspectors rarely record the “make, model, serial numbers” of appliances like PRCH claims

Phase 9: Plumbing Components

Includes inspection of: Interior water supply and distribution system, piping materials, fixtures and faucets; functional flow; leaks; and cross connections. Waste drainage, and vent system, including: traps; drain, waste, vent piping, and functional drainage. Hot water systems including: water heating equipment. Operation of all plumbing fixtures, and testing of sump pumps.

The home inspector is not required to: State the effectiveness of anti-siphon devices; Determine whether water supply and waste disposal systems are public or private; Operate automatic safety controls; Operate any valve except water closet flush valves, fixture faucets, and hose faucets; Observe: Water conditioning systems; Fire and lawn sprinkler systems; On-site water supply quantity and quality; On-site waste disposal systems; Foundation irrigation systems; Spas, except as to functional flow and functional drainage; Swimming pools; Solar water heating equipment; or Observe the system for proper sizing, design, or use of proper materials.

Styles & Materials

Limitations: Concealed Components No Crawl Space Access	Water Source: Public Supply	Water Pressure: Typical
Plumbing Water Supply Main: Galvanized	Plumbing Waste System: Cast iron Galvanized Steel PVC	Waste Drainage Performance: Normal
Water Heater Power Source: Fuel Oil	Water Heater Capacity: 50 Gallon	Manufacturer: Bock
Water Heater Age: 5-10 Years		



fig. 41



fig. 42



fig. 43

WATER HEATER

WATER HEATER

14.1 LOCATION:

The water heater is installed in the basement.

14.2 VISUAL CONDITION:



Insulator flue connector

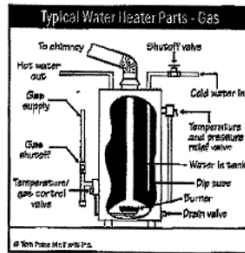
The flue pipe is in adequate, but in some aspects, unsatisfactory condition. The pipe discharges into the heating system flue pipe as opposed to the chimney. (See the adjacent photo). This configuration would not comply with modern building standards. A competent contractor should be consulted to more thoroughly evaluate the condition and to perform repairs as are necessary.

14.3 APPROXIMATE AGE:

The water heater is believed to have been installed/manufactured in 2005.

14.4 TYPE:

The gas-fired water heater appears to be in serviceable condition. No indication of leakage was observed. Operating and safety controls were installed. A unit of this type has a life expectancy in the neighborhood of 8-12 years prior to the need for replacement.



14.5 SIZE:

40 Gallons.

14.6 SAFETY RELEASE VALVE:

The water heater is equipped with the required temperature and pressure release valve TPRV (see above diagram). The installation appears satisfactory.

14.7 COMBUSTIBLE CLEARANCE:

There is adequate clearance between the flue pipe and combustible materials.

14.8 VENTING:

The combustion and exhaust venting appear to be Good.

14.9 TANK DRAIN VALVE:

The lower tank drain valve is currently not dripping.

HOT WATER

TYPE:

A gas fired water heater is utilized to heat domestic water. Average lifespan is 10 years.



CAPACITY/ADEQUACY:

75 gallons. Adequately sized for the normal usage of this structure and the plumbing fixtures installed.

AGE:

Unit is within its normal lifespan.

CONDITION:

Appears serviceable. Temperature/pressure relief valve was noted, but not tested.

Domestic Hot Water Heater

Water Heater Type: Standard Tank.

Water Heater size: gallons: 50

Heating Method/Fuel: Natural Gas.

Age: 9 years

Typical Service Life: 8-10 years

Condition:

- Functional on the date of inspection, *but approaching the end of designed service life.*

Recommendations:

- Anticipate the need for replacement of the hot water heater in the near future. Proactive replacement at 10 years is recommended.

Natural Gas Piping Visible rigid and flexible natural gas piping appeared to be in functional condition on the date of inspection.

Heating System

System Type: Circulated hot water, feeding radiators.

Number of Zones: 1

Fuel: Natural Gas.

Location: Basement utility.

Styles & Materials

Water Source: Public	Material: Plumbing Supply Lines (into house): PEX	Material: Plumbing Supply Lines (inside house): PEX
Material: Plumbing Drain Lines: PVC	Material: Plumbing Vent Pipes: PVC	Washer Drain Size: 2" Diameter
Water Heater Power Source: Gas (quick recovery)	Water Heater Capacity: Tankless	Water Heater Brand: RINNAI
Water Heater Age: 8 years old	Gas Type: CITY GAS LINE	

Roof “Data” Appears Highly Exaggerated

We looked at >30 home inspection reports. Below are snapshots of the roof section – where PRCH claims they have a huge data advantage, but reports indicate that home inspectors rarely go on the roof. No reports we can find identify the actual age of the roof. Compare this to real insurance companies that use aerial roof imagery that is structured, scored, and usable for underwriting.

Porch Management – Nov 2021 Earnings Call

“I think one of the examples we talk a lot about when we talked about loss, we talked about both roofing. So the roof is on the surface of the home. It’s a common way that a peril enters the home and we have a loss. The other is escape of water and water heaters can often be the cause of escape of water. And so we have data about those.”

7: ROOF

	IN	NE	NP	O
7.1 Roof Covering	X			
7.2 Roof Penetrations	X			
7.3 Gutters	X			
7.4 Fascia	X			
7.5 Chimney	X			
7.6 Chimney Cap / Spark Arrestor	X			


IN - Inspected NE - Not Inspected NP - Not Present O - Observed

Information

Type of Roof Gable	Approximate Age of Roof 1-5 yrs	Method of Inspection Traversed Roof
Roof Covering: Material Asphalt Shingles	Roof Penetrations: Types Plumbing Vents, Skylights, Chimney	Gutters: Material Aluminum
Gutters: Downspout Material Aluminum	Gutters: Gutter Extensions Perimeter drain	Fascia: Condition Satisfactory
Chimney: Chimney Material Wood chase, Metal	Chimney: Chimney Style Interior	

Observations

7.1.1 Roof Covering
EXPOSED NAIL
Day of inspection the roof was noted with one or more exposed nails. Recommended licensed roofing contractor seal nails.
Recommendation
Contact a qualified professional.



Roof / Attic

Limitations: The following items or areas are not included in this inspection: areas that could not be traversed or viewed clearly due to lack of access; areas and components obscured by insulation; solar roofing components; any comments made regarding these items are as a courtesy only. Note that the inspector does not determine if rafters, trusses, joists, beams, etc. are of adequate size, spanning or spacing. The inspector does not provide an estimate of remaining roof surface life, does not determine that the roof has absolutely no leaks at the time of the inspection, and does not determine that the roof won't leak in the future. Only active leaks and evidence of past leaks observed during the inspection are reported on as part of this inspection. To absolutely determine that no leaks exist, complete access to all roof structure areas must be available during a wide variety of weather conditions, including prolonged heavy rain, high wind from varying directions, heavy accumulations of snow and/or ice, and melting snow and ice.

Condition of roof structure: Appeared serviceable

Roof type: Gable

Age of roof surface(s): 10-15 years

Source for building age: Property owner, Inspector's estimate

Roof inspection method: Viewed from ground with binoculars

Condition of shingle and/or shake roof surface materials: Appeared serviceable

Roof surface material: Asphalt or fiberglass composition shingles

Apparent number of layers of roof surface material: Two

Condition of exposed flashings: Appeared serviceable

Condition of gutters, downspouts and extensions: Required repair, replacement and/or evaluation (see comments below)

Gutter and downspout material: Metal

Gutter and downspout installation: Full

Condition of attic: Appeared serviceable

Attic inspection method: Traversed

Roof structure type: Rafters

Ceiling structure: Ceiling beams

Ceiling insulation material: Fiberglass roll or batt

Ceiling insulation depth: 6 inches

Ceiling insulation rating: R19 at Best

Vapor retarder: Installed

Roof ventilation: Appears serviceable

18) Insulation in the attic was damaged, apparently by rodents (burrow holes, feces, urine stains, etc.). The client may want

ROOF

ROOF CONDITIONS:

4.1 METHOD USED TO INSPECT:
The following assessment was made by viewing the roof from either eave level and/or ground level using binoculars. Note: Inspector did not climb/walk on the roof due to safety (height-pitch) concerns and the possibility of damage to roofing materials. NOTE: The roof was also inspected from the windows. **Note**

4.2 TYPE OF MATERIALS:
Architectural composition shingles are installed. Note: These installations are commonly referred to as "dimensional" shingles. With regular maintenance average life expectancy is between 25-30 years for shingles greater than 10 years old. Newer dimensional shingles can have a normal serviceable life in the range of 30-40 years prior to the need for replacement. These shingles have many advantages over traditional asphalt shingles, but due to weight restrictions, a second roof cannot be installed over this material. Hence, the cost of re-roofing a house with these premium shingles may increase since the project requires removal of all old roofing materials prior to replacement. **Good**

4.3 ROOF COVERING OBSERVATIONS:
The condition of the roof appears to be consistent with its age. The roof is performing as expected given its estimated life expectancy. Routine maintenance will aid in achieving maximum life. The roof is appears to be, between 5 and 10 years old. Documentation regarding the insulation should be obtained prior to closing to confirm the age of the installation. Without documentation, the age is not confirmed. **Good**

125 **ROOF**

Our evaluation of the roof is to determine if portions are missing and/or deteriorating and, therefore, subject to possible leaking. Portions of underlayment and decking are hidden from view and cannot be evaluated by our visual inspection; therefore, our review is not a guarantee against roof leaks nor a certification.
This is a "visual" inspection only. No certification, warranty, or guarantee is given as to the water tight integrity of the roof. Inspectors can not determine water tight integrity of roofs by a visual inspection nor can they predict future leaks. If such an inspection or certification of the roof is desired, client should contact a licensed roofer prior to closing.

126 Type/Material: Sloped gable type construction, with slate covering. Observed from the ground. Copper areas appear to be intact.

127 Flashing: Serviceable. Noted typical efflorescence stain. Lead at chimneys.

128 Venting: Serviceable; Soffit and gable venting provided.

129 Roof Comments: Roof appears to show normal wear for its age and type. No damaged, deteriorated, or missing roofing materials were noted. Appears to be in serviceable condition.
Slate roof was visually inspected from accessible points on the interior and/or exterior. If a roof is composed of materials which can be damaged if walked upon, the roof is not mounted. Therefore, client is advised that this is a limited review from the ground and windows, and a licensed roofer should be contacted if a more detailed report is desired. All intact.

ROOF SYSTEM

The following is an opinion of the general quality and condition of the roofing material. The engineer cannot and does not offer an opinion or warranty as to whether the roof leaks or may be subject to future leakage. This report is issued in consideration of the foregoing disclaimer. The only way to determine whether a roof is structurally water tight is to observe it during a prolonged rainfall. Many times, this situation is not present during the inspection.


ROOF:

STYLE: Hip

TYPE: Wood shingles

ROOF ACCESS: The roof was viewed from the ground with binoculars.

ROOF COVERING STATUS:



General condition appears serviceable, with normal wear. Regular maintenance and inspections are advised. Stains are noted on the roofing surface. There is moss growing on the roof shaded areas.
Note: the roof is about 10 years old. The typical life of a wood shingle roof is about 20 years.


ROOF

ROOF TYPE: A pitched roof is installed.

ROOFING MATERIAL: A flat or minimally pitched roof is also installed (garage section and rear dormer). Slate shingles are installed on the pitched roof. Slate Lifespans vary according to their thickness, origin, and quality. A long life span can be expected with normal maintenance if slate is of a decent quality. Slate is of a good quality and has a long normal lifespan of 60 to 80 years. Lifespan depends on maintenance.
Modified bitumen roofing is installed on the flat/low slope roof. This type of roofing has a typical 15 to 18 year useful lifespan.
Visible sections were viewed from the ground with binoculars and from upper level windows. View was obstructed by snow.

ROOF ACCESS/VISIBILITY: Appears serviceable/within useful life.

ROOF COVERING STATUS: Some popping nails were noted at slate shingles at a ridge. The nails should be reset or replaced.



ROOF FLASHINGS

TYPE: Metal flashing is used, as is desirable.

CONDITION: Appears serviceable.

Roof “Data” Appears Highly Exaggerated

Roof sections on home inspection reports provide little usable underwriting data

ROOF, CHIMNEY, GUTTERS INSPECTION

Unless otherwise stated, all roofing, flashing and chimneys are examined and conditions stated are as visible from ground level. Problems and defects may exist which could not be determined, from ground level, and for which the Company and its inspectors cannot and do not have responsibility. The only way to insure that hidden problems or defects do not exist is to hire a professional roofer to climb and walk on the roof.

Chimney and Fireplace Inspections:

13-40-15.16. "Inspectors shall not be required to Observe and Report on the interior of chimney flues." For that reason, the Company and the National Fire Protection Association, recommend an NFPA 211, Level II inspection of any chimney and fireplace when a home is sold. Such an inspection, performed by a qualified chimney sweep, might uncover additional problems that were not readily accessible and observable at time of inspection. For safety reasons, all chimney and fireplace problems should be corrected before use. A list of Chimney Safety Institute of America Certified Chimney Sweeps is available online at <http://www.csa.org>. You should have a Level II inspection done NOW, before purchase. Web Resource: http://www.inspectionnews.net/home_inspection/atlolink.php?id=9&script=showthread&forumid=7

DISCLAIMERS: All items listed in 13-40-15.16 System ROOFINGS, plus the following are EXCLUDED from this report, plus the following: A. The true condition of roof components covered by SNOW is undetermined and EXCLUDED from this report. B. The inspector is not required to observe attached accessories including but not limited to solar systems, antennae and lightning arrestors. C. Because of the many factors contributing to the adequacy of a roofing installation, the COMPANY cannot warrant such adequacy and can only comment on those installation features that are readily accessible and observable by visual inspection - inaccessible areas or obstructed areas are EXCLUDED. Any additional investigation would require "destructive testing" of the installation to explore roof decking, underlayment, nailing schedules and many other factors not evident in a visual examination. D. THIS REPORT IS NOT A GUARANTEE AGAINST ROOF LEAKAGE as climatic conditions such as high winds, wind driven rain, snow loads, winter ice dams and sun degradation can cause unpredictable leakage with any roof. NOTICE: UNLESS THE ATTIC WAS VIEWED DURING RAIN, NO GUARANTEE AGAINST ROOF LEAKS IS IMPLIED. YOU should monitor the attic area for signs of roof or flashing leakage after heavy rain or snow conditions. E. IA HOME INSPECTORS ARE NOT REQUIRED TO INSPECT AND REPORT ON THE INTERIOR OF A CHIMNEY. Any information provided is done so as a courtesy only. We recommend installing proper liners in all unlined chimney flues NOW for modern fire safety. Install chimney caps on all chimneys NOW. F. The suitability of a chimney for use as a fuel tank vent is EXPRESSLY EXCLUDED from this report. G. The type and condition of roof covering fasteners (nails, staples, etc.) are undetermined as they are not readily accessible and observable without destructive testing.

1. ROOF GEOMETRY:

4.1 Style:

Gable roof structure.

2. HOW ROOF(S) WERE VIEWED?

4.2 The roofs were viewed from:

Viewed from ground by eye.

4.3 Recent weather conditions have been:

NOTICE regarding water or moisture problems: "I did NOT have the opportunity to inspect the home for visible leaks or water penetration because it was not raining at time of inspection. While I may not have disclosed any evidence of leakage or water seepage problems, there could be problems when it rains." You should monitor the basement, windows, eaves, roof, gutter and chimney for water / moisture problems; and you should ask the owner or owner's representative if there is any past history of roof or flashing leakage problems NOW.

3. ROOF COVERING AREA #1:

4.4 TYPE OF MAIN ROOF COVERING:

ASPHALT / FIBERGLASS SHINGLES PRESENT: As viewed, the roof structure appears to be covered with asphalt and fiberglass composition shingles.

Analysis: This material is the most common roof covering used in this part of the country and typically provides many years of service when installed properly and maintained. However, asphalt shingles are NOT designed to last the life of the home and will require eventual routine age replacement. Replacement should be a budgeted item and should be scheduled before leakage occurs. The service life of the material varies and depends on variable such as: the initial shingle weight or quality, the steepness or pitch of the roof, the amount of attic ventilation, the number of roofing layers and the orientation of the home to the sun. (Note: Average weight shingles last approximately 15-20 years, heavy duty shingles last 25-30 years depending on the quality, ventilation, climate and installation. Without knowing the specific manufacturer and model of the shingle, it is impossible to determine the actual expected service life within the scope of this inspection.)

4.5 Approximate age of roof:

After viewing the roof covering, and based on my experience, I estimate the roof covering to be between 10 & 15 years of age. (Note: This is only an estimate. Your due diligence is to verify the exact age of each roof covering with the owner or the owner's representative NOW. He or she is obligated to provide honest disclosure when asked.)

Roof

General Comments: The roofing is considered to be in serviceable condition

Roof Surface

Method of Inspection: Ground level

View: Gable, Hip, Shed

Material: Architectural fiberglass/asphalt

Plumbing Vents: PVC

Improve **Gutters:** Aluminum - The gutters require cleaning



Downspouts: Aluminum

Leader/Extension: Aluminum, Plastic

Chimney

Chimney: Framed

Flue/Flue Cap: Metal, With metal cap

LIMITATIONS OF ROOFING INSPECTION: As prescribed in the inspection authorization and agreement, this is a visual inspection only. Roofing life expectancies can vary depending on several factors. Any estimates of remaining life are approximations only. This assessment of the roof does not preclude the possibility of leakage. Leakage can develop at any time and may depend on rain intensity, wind direction, ice build up, etc. Our evaluation of the ROOF is to determine if portions are missing and/or deteriorating and, therefore, subject to possible leaking. Portions of underlayment and decking are hidden from view and cannot be evaluated by our visual inspection; therefore, our review is not a guarantee against roof leaks or a certification. This is a "visual" inspection only. No certification, warranty, or guarantee is given as to the water tight integrity of the roof. Inspectors can not determine water integrity of roofs by a visual inspection nor can they predict future leaks. If such an inspection or certification of the roof is desired, client should contact a licensed roofer prior to closing. The inspection of the roofing system was limited by (but not restricted to) the following conditions:

Roof Type and Description: The main roofs are pitched and covered with roofing slates. The left and right lower portions of the roofs are pitched and covered in asphalt shingles.

Conditions:

- The main roofs are covered with roofing slates, which are installed over a wood roof deck. Slate is a natural material that is quarried sedimentary rock, and the quality can vary greatly. A service life of 60 to 100 years is not uncommon for good quality slate roofs. This roof is now approximately 80 years old, and now has significant wear. A number of visible slates have spalled or delaminated surfaces. Some sections of slates were not visible, due to the presence of snow and ice on the roof. The roof has had maintenance to replace damaged slates, however additional repairs and replacement of slates is now needed to assure a leak-free condition. Slate roofs in this condition can usually be maintained in serviceable condition by yearly maintenance, but this cannot be done indefinitely. The decision as to whether a slate roof should be replaced depends on the cost of yearly maintenance versus the cost of roof replacement amortized over the life of a new roof.
- Asphalt roof shingle surfaces showed moderate wear and fungal or moss growth.
- Stained areas suggesting prior leaks or moisture condensation were seen on some visible sections of the underside of the roof in the attic spaces.

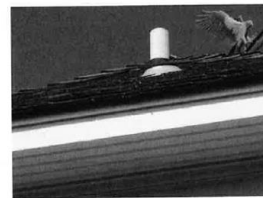
Roof

Every roof has both sheathing and a weather-resistant covering. The roof structure generally appeared to be in satisfactory condition at the time of the inspection with no evidence of buckling or sagging.

The roof was viewed visually from the ground. The cedar roof shingles appeared to be in satisfactory condition at the time of the inspection.

ADVISORY: There was a plumbing vent with a rubber gasket on the roof (photo below). We note that plumbing vent roof penetrations need to be annually checked, since over

time, the rubber will eventually become brittle and separate from the vent, which could lead to rain penetration through the resulting gaps.



It is not possible to weave cedar shingles across the roof valley. Flashing is typically installed behind the shingles where it is not observable. No evidence of leaks was observed at the time of the inspection.

Roof “Data” Appears Highly Exaggerated

Roof sections on home inspection reports provide little usable underwriting data

3. Roofing

Phase 4: Roofing System

Includes Inspection of: roof drainage systems, roof covering materials, signs of leakage, accessories & flashings, and chimney vent structures.

The home inspector is not required to: Walk on the roofing, or Observe attached accessories including but not limited to solar systems, antennae, and lightning arrestors.

Styles & Materials

Roof Type: Gable	Inspected Roof From: Ground	Gutter System: Aluminum
Roof Covering: Asphalt Shingle	Roof Layers: 1	Estimated Age: 10-15 years
Roof Accessories & Flashing: Satisfactory Condition	Chimney (exterior): Brick	

Items

3.0 Roof Drainage Systems
Comments: Inspected
Aluminum gutter and downspout systems appear in satisfactory condition. Advise routine removal of debris from gutter systems to ensure proper roof drainage.

3.1 Fascias & Soffits
Comments: Inspected
Wood soffits and fascia trims are in need of repair, maintenance, and painting to reduce the chance of further deterioration.

3.2 Roof Coverings
Comments: Inspected
Unsafe roof pitch, height, and conditions prevented walk-on roof inspection. Roof was inspected from various roof edge locations. Asphalt shingle roof surface appears professionally installed, in satisfactory condition, and is estimated to be years old (fig 21, 22, 23). Typical life cycle is 25-30 years. Roofing materials show uneven wear, deterioration, and fungus growth (fig 24, 25). This is due to limited sun exposure and excessive debris droppings from perimeter trees.

3.3 Roof Accessories & Flashings
Comments: Inspected
Roof accessories and visible flashing appear in satisfactory condition.

3.4 Chimney(s)
Comments: Inspected, Repair or Replace
Unsafe roof conditions, pitch, and height prevented hands-on inspection of chimney. Brick chimney vent structures are in need of maintenance/repairs (fig 26, 27). Loose/unsecured bricks and deteriorated/flaked concrete crown is present on brick chimney vent structures. Further evaluation and repair by a licensed chimney contractor is advised.

Section Photos

fig 21

fig 22

fig 23

fig 24

fig 25

fig 26

fig 27

Roof:

Roof types present:
Gable and Hip.

Estimated age:
12+ years.

Estimated manufacturer's represented life expectancy:
20-25 years.

Estimated layers
There was only one layer of roofing material visible.

Inspection method
Roof was inspected from ground level. The slope of the roof was too steep to walk safely. The roof or portions of the roof were not readily accessible with the standard equipment the inspector uses.

Roof Materials:
Architectural asphalt shingles.


Condition:
Monitor:
The roofing material is within or past the represented life expectancy of most manufacturers, but appears to be functional. It cannot be predicted how long it will remain functional, therefore ongoing monitoring is recommended. Budgeting for replacement is recommended. On minimal pitch roofs.


Attention:
There was organic growth(moss, algae, lichen) or staining on the roof shingles and cleaning/removal is recommended to limit wear to the shingles.

Flashing:
No immediate action beyond normal maintenance for visible and readily accessible flashing.


Using Subsidiaries For Alleged Scams – Fake Leads and Robocalling


GoSmith dba Smith is a company PRCH acquired in 2017. According to LinkedIn, GoSmith is a “mobile and customer support first company that has created a marketplace for home improvement and remodeling that is available nationwide.” All indications are that GoSmith was/is a recycler of fake leads. The business is facing numerous lawsuits and complaints, including allegations of robocalling in violation of federal telecommunications statutes ([here](#))

Complaint Type: Problems with Product/Service **Status:** Answered  01/27/2020


 GOSMITH PRO LEADS SERVICE IS A SCAM. THEY SELL YOU FAKE LEADS, TAKE YOUR MONEY AND YOU MUST FIGHT WITH THEM TO GET A REFUND, I GOSMITH PRO LEADS SERVICE IS A SCAM. THEY SELL YOU FAKE LEADS, TAKE YOUR MONEY AND YOU MUST FIGHT WITH THEM TO GET A REFUND, I


Desired Outcome
CALLED THE F.T.C AND FILED A COMPLAINT, THIS COMPANY SHOULD BE SHUT DOWN NOW! THEY ARE THIEVES.

Complaint Type: Billing/Collection Issues **Status:** Unanswered  12/16/2019


 I was charged *** twice for leads on residential remodel leads that i didnt ask for. I only attempted to buy 1 credit for \$5. I didnt approve others. I own a construction company. I used go smith lead generator for a sample trial use. I agreed to pay ** for one trial. Then they started deducting *** at a time out of my bank. And k refuse to allow it! I want my \$ refunded and all connections and links to that scamming company deleted!


Desired Outcome
I am seeking a refund for **** immediately from Go smith! I will except nothing less!!

Complaint Type: Billing/Collection Issues **Status:** Unanswered  10/22/2019


 I was wrongly billed by Go Smith for a lead. Go smith mislead me that they personally received the lead I purchased. The customer had never heard of them & had submitted the request through Thumbtack.


Desired Outcome
Personally I think they need to be exposed for their deception. They are skimming leads from other sources and claiming them as their own.

Complaint Type: Advertising/Sales Issues **Status:** Unanswered  10/04/2019


 Clearly this complaint **** fall on deaf ears. GOSMITH is well known for being a scam. The "leads" are obtained fraudulently. I fell into this trap. I signed up with smith and foolishly didn't look them up with the BBB. They took my hard earned money and provided fake "leads" on Sep.30 and Oct. 1 2019 I was lucky enough to finally get in contact with one of the "leads". A wonderful woman named ***. Initially she was in the process of hanging up on me but I was able to have a conversation with her. She explained that she had no idea how they got her info. I told her how I got it and explained that I had no part of it. Further, it made sense of all the previous "leads" that I had purchased were not quite right, strange phone numbers and critic responses via text message. The whole thing is a scam. Upon calling Gosmith about the problem and a refund I was told that not only did they know I had talked to this woman (** for 3 to 5 minutes) but they knew for how long and also knew of exact text messages with a different "lead". Now how the **** would Gosmith know how long I talked to a "lead" on the phone much less what my text message conversation was with another "lead" ????? TROUBLING... Gosmith said they would "process" my refund. They however would not refund the "lead" cost of a different "lead" because the "lead" told me they would be back in town the following weekend. Again, this was a text message between the "lead" and I. Gosmith should have no knowledge of this specific text conversation.


Desired Outcome
Just give me my money back and DELETE my profile from your web sight. KARMA will decide the fate of GOSMITH.

Complaint Type: Problems with Product/Service **Status:** Unanswered  05/15/2019


 Smith has constantly supplied with invalid leads, charging me \$64.00 each. All contact info provided by Smith is a no response tel or email or no job. Overall the leads are imaginary. The very few people who answer have no plans to remodel. The majority of the contact information results in no response to phone call or email communication. I have wasted way too much time calling, sending emails to non responsive or invalid email addresses. All I requested from Smith was a credit on every invalid or no response lead. Instead they choose to argue or ignore me. Since I have wasted well over \$****. In transactions & wasted time I will settle for \$****. back to my Account. I will consider \$****. In credits with the condition they honor credit refunds for no response or invalid leads in the future. They are to respect my time & money.


Desired Outcome
\$1000. credit to my credit card account . More importantly they must correct their operating policy. They are promise to never, ever charge for invalid leads. It is a crime to mislead & take money they have not earned from a consumer. I want a direct voice apology from the CEO or corporate president. ***** (XXX)XXX-XXXX

Complaint Type: Problems with Product/Service **Status:** Unanswered  04/30/2019


 Have not received any usable or worthwhile leads. Actually get duplicate leads from another service before receiving same from gosmith. All I am asking for is a full refund of my \$34 initial purchase of leads. Porch only charges \$5 and if I am getting the same leads from them, before I get anything from gosmith, I really can't see any value in keeping my funds invested in this. I have certainly given their service a fair trial, but now my unused leads are said to be non-refundable. With Porch, I can choose to buy the lead or not and pay as I go. If I'm going to continue with gosmith, it is only that I might, eventually get a worthwhile lead from them. So far, I don't really think that is likely, but I feel that my initial purchase of leads was based on their false claims and at the time, I was trying to promote my business and get new customers. It simply hasn't been helpful and even worse, it takes my time and effort to respond to duplicate leads from two services.


Desired Outcome
Refund of \$34 for unused leads

Complaint Type: Advertising/Sales Issues **Status:** Resolved  01/23/2019

 Go Smith leads are bogus. Go Smith leads are bogus. I have tried to get leads from them for a couple of years, only because I've already paid for the credits. Not once have I received a credible lead. The once or twice that I actually got to talk to a customer, they had no idea why I was calling them or how I got their information.

Desired Outcome
Just want to make other contractors aware

Complaint Type: Problems with Product/Service **Status:** Unanswered  12/16/2019

 My complaint is they sent me jobs I did not accept then charged me for them and all the leads where fake they should be put out of business 12-14-2019

Desired Outcome
I want my money refunded

Porch Employees Tell the Story

Recent employee comments highlight allegedly unethical business practices, cold leads, the spam call center nature of the business, regulatory concerns about the use of outsourced contractors in Mexico, and turnover in key finance and legal roles. Matt has run a similar playbook for the last 15 years of his career – rollup low quality assets, invest little in integration and product development, keep expanding the TAM and the pitch to investors. For a small company with ~400 full time employees, the volume, consistency, and specificity of recent reviews are surprising.

Porch Employee Reviews

Oct 2021 – Customer Service Manager

Do not work for this company. It has shady business practices and treat their customers like dirt. They have zero empathy and steal money from customers regardless of the situation. This place is bound to fail.

Jun 2021 – Product Manager

The organization isn't that transparent. They haven't always done a good job of committing to products and seeing them through. There's a lot of tech debt, and a lot of systems that nobody understands because the people that built them are gone.

Jun 2021 – Licensed Insurance Agent

The way they get leads make customers think you are a scammer thus hard to make sales...very cold leads usually

May 2021 – Local Market Specialist

Company Direction Always Changing; Lack of (perceived) stability; Disorganization Within the Company

Feb 2021 – Account Manager

Cons: Management, salary/pay, lack of product communication, selling dreams (when they had a sales team...)

Sep 2020 – Customer Service

Very poor lead support. No support for upset customers, the lead will put off the customer complaint until they become extremely upset and keep calling

Sep 2020 – Manager

Senior managers are unlicensed, no experience selling. Cold, fake, suspicious, vindictive.

Jul 2020 – Software Engineer

3 Financial controllers and 3 heads of legal in less than 12 months. The entire finance organization has quit and been replaced due to shady practices and pressure from management to bend the rules, they have been through 3 VPs of legal in the past year.

Jul 2020 – Anonymous

Porch doesn't have a distinct product. M&A (i.e. buying income) keeps Porch afloat

Porch laid off US based sales team in lieu of Mexico/Costa Rica based reps

Advice to Management: Spin less plates. Focus on having a product and purpose. Listen to the feedback from these reviews.

Jul 2020 – Engineer

A fallen house of cards. Stay far far away from this company and its leadership, the only thing they are good at is playing smoke and mirrors and they haven't even pulled that off lately. Google the company name and see the open lawsuits and read the legal claims. No one I know who has recently left or plans to leave ASAP plans on buying their stock or considers the RSU's of any value enough to be a real compensation metric, so that should tell you about their outlook.

Jul 2020 – Software Engineer

Seattle engineering is a ghost town. Just look at the other one-star reviews. Every way and everywhere you look at Porch there are rampant issues. The software engineering organization has been losing senior engineers, key leaders and managers at a continually increasing pace. I'm no longer confident that Porch has enough of the right people to even meet their goals. Not that they ever could. The dizzying pace of pivoting and chasing new money makers, has created a product and engineering organization that is overworked and spread ridiculously thin. The majority of the remaining key engineering talent is bogged down supporting dozens of services, product lines and business asks. Porch lacks the money and focus to keep strong people at the company. The furlough, toxic salary plans and layoffs are just symptoms of a senior leadership team that had every opportunity to succeed and squandered it at every chance. Instead, they have transformed an organization filled with innovation and optimism into a spam call agency that crosses the line of ethical business practices.

June 2020 – Technical Support

Poor leadership, lots of egos. No transparency, empty promises.

May 2020 – Engineer

Unsustainable business. Scummy business model/practices, Most of the talent has jumped ship.

May 2020 – Anonymous

Shady business practices pushed by upper management that really messed with my moral compass as a young professional on a daily basis.

Porch Employees Tell the Story

Porch Employee Reviews

May 2020 – Local Market Specialist

Not the dream they sold me when hired.

You're lied to in training about where leads come from

They're slowly outsourcing jobs to Mexico

They don't hire by company values, I heard things come out of people's mouths that I could sue over

A LOT of money is made off of FAKE LEADS unnecessarily since they train you to sell to just about anyone as long as they aren't felons

Advice: Fix the product and only sell it to those who can actually benefit from it.

Apr 2020 – Sales

C level executives can have their head in the clouds. They need to listen to the people who talk to customers all day long and get their thoughts before making massive pivots.

Apr 2020 – New Home Sales Consultant

Shady business practices.

CEO doesn't care about his people.

Unstable work environment.

Company doesn't care about American jobs outsources its staff out of Mexico due to staff there being paid a fraction of American employees and Mexican workers are contractors with no benefits.

Sensitive customer information such as social security numbers being taken over the phone by agents in Mexico working out of their homes with no way of securing sensitive information.

Mar 2020 – Sr. Software Engineer

Huge disconnects between teams and poor communication

Project completion and delivery is often a battle. The testing / release process is a mess.

Feb 2020 – New Home Sales Greeter / Assistant

Don't work here. They are shady, never consistent and don't live to their values they preach so much

Feb 2020 – Anonymous

They will tell you it is a customer service sales job. What it really is, is cold calling telemarketing.

Jan 2020 – Project Manager

An appalling place to work. A mercenary organization just trying to pump customers and contractors through it's sales funnel to keep the lights on. It doesn't offer value to anybody.

Jan 2020 – Software Engineer

Poor product and code quality. Worst code base I have ever touched. Other reviews that mention poor quality and moving slowly are 100% accurate

Dec 2019 – Anonymous

The recent review stating the CEO needs an executive coach couldn't be more accurate. I wanted to give him the benefit of the doubt as there is no doubt he's under stress with the current trajectory of the company, but he was the iceberg that struck the Titanic. Additionally, I've unfortunately seen him go through 3 EA's during my time - each one I've repeatedly heard he has berated and made cry on multiple occasions. We get it, you're stressed but taking it out on your team and not hiring real HR to clean up the toxic culture you allow is shady (and most of your employees think you're an anti-social jerk).

The 3+ years I worked at Porch was a continual revolving door with multiple stressful layoffs and people jumping ship.

As much as I love some of the sales team members, the culture is like watching reruns of "Workaholics". Caffeine pill bottles, frequent vape breaks, put-put golf down every aisle and bad EDM/Rap music playing loudly ALL DAY LONG so all prospects and customers can undoubtedly hear. In their defense, it may be necessary to sell the product (the product is a mess in case you were wondering).

Dec 2019 – Anonymous

CEO doesn't care deeply about his employees, just the bottom line. He's aggressive to the point of being very off putting, questionable ethics, and reactive. Many good people leave because they're underpaid.

Feb 2019 – Local Market Specialist

Selling an idea, not a real product. We are forced to sell a dream and the service is constantly changing where the customer always seems confused. You're basically trying to squeeze out pennies from most of your potential customers that end up getting mad and cancelling the service right away. No accountability from the company results in the sellers losing any kind of commission from the sale. At this point it's almost laughable. The higher ups are always promising that a better product is coming with no follow through. High expectations with an unrealistic strategy.

Jan 2019 – Sales Associate

Very very stressful environment and threatened daily on losing job if you don't strong arm some poor contractor into buying something that will not work for them. The company fails to take accountability for poor product blaming the client instead.

Jan 2019 – Sales Associate

The execution is horrible. The company has lost its focus on it customers and its team.

Oct 2018 – Anonymous

Felt like you were forced to sell a dream, not a product

Oct 2018 – Sales Associate

Difficult product to sell. A lot of competitors in the space. Dealing w disgruntled customers is par for the course

Oct 2018 – Seattle Team Member

At times, confusion... in general, as to how we approach the mission at hand. Porch is multifaceted and has so many moving parts that keeping up is impossible. Product updates, teams, strategy and important details are often lost in delivery/translation. As stated above, there are teams that never interact and a dizzying/mysterious product suite.

Contractors Tell The Story...To The FTC

Some contractors are upset enough with PRCH to file a formal complaint with the FTC. Below are a few of the recent complaints we learned of via a FOIA request.

Porch e-mailed me a lead to solicit \$50 for information about a consumer looking to build a project. I logged onto the site and agreed to pay the \$50 for the info. They then posted the fraudulent info of 123 main street as address, a phone # that goes through their portal and has no answer, and no other contact info except for a message through their portal to contact other person. I followed protocol. Paid the \$50, called twice, and sent 2 messages with no answers. I requested a refund after disclosing to them that the info was bad or fraudulent and they refused. This is fraud and extortion and not the first time this has happened to me or the other thousands of service people looking for work. My question to you is: When are you going to do something about it? (2021)

I paid for a lead generation company Porch.com and paid them \$4842.00. They are unresponsive- phone lines are either busy, do not reply to emails, or texts. When I have contacted them last night, they said there is a "bug" and we dont know why and cant fix it. Someone from out support team needs to get involved. Then no one contacts me. I was told this 2x now. (2021)

I am a registered Contractor with Porch.com. They are an on-line construction referral business originated in Seattle, WA. I have used their subscription/referral service for over 5 years. I am having serious issues with trying to close the account. I cannot do it online. They say to call the general phone number to talk to a representative. I have tried that 4 times, only to have the line go dead after giving them my company name. I have written them via email only to be told a representative will call me at some time. If they call, they do not come through the Porch phone system, so my cell phone may list them as Spam. I do not answer those calls. This is an issue as I don't see any other way to get my account closed. They are making it very difficult, if not impossible to close the account. (2021)

Sept of 2020 a rep from Porch sold me a leads program for \$360 and after 6 weeks of no leads and being unable to contact anyone at Porch I asked my bank to refund that \$360 which they did. I have since retired and have had no contact with Porch until I saw a \$360 charge from my bus acct on 9/8/21. I have not been able to reach Porch by phone as there is msg to leave a msg and they will get back to you, except they do not. Emails have not been effective. Yesterday I asked my bank to refund the money to me and they did conditionally. I want it to be permanent. (2021)

I was emailed on 01/20/2020 stating a new account had been opened for me on Porch.com. I never opened an account nor have had any interaction with this company or service and did not authorize an account be opened and my information stored on their systems or servers. I responded to porch customer service immediately and asked for my information to be removed to which i was informed my mailing address would be removed from the mailing list. Even though I never requested an account be opened per the published privacy policy my information will never be removed from their systems, this I believe to be fraudulent collection of personal information. (2020)

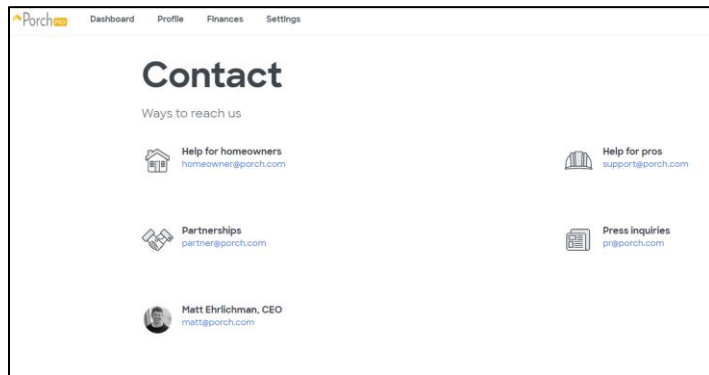
Hello my name is [] I am a licensed contractor in the state of California, has been hired Porch to provide me with valid leads meaning to place me in front of home owners that looking to get remodeling project done. I've been working with plenty of other similar platforms like Google, Yelp Houzz, Network, Home Advisor and etc. While all the other companies provided us with high-quality leads, Porch simply didn't, the last valid lead that we got from them was close to 4 months ago, and nothing ever since, in addition last Friday they charge me for a lead that's not in my area and he doesn't shows on my dashboard, meaning they stole \$32 of my money without any reason, when I spoke with him on Friday, August 21 they would say they will look into that, and when I spoke with him today August 25th they say they cannot find nothing about it. I've been trying to reason with him several times but unfortunately with no success, and I'm pretty adamant about giving my money back. Instead they always offer store credit when I can buy lid from them even though they don't have any leads to offer (see attached), I would really appreciate your intervention in helping me getting my money back, I feel like I'm a victim of a scam. Regardless every time I call them to cancel my account they saying that the supervisor can only cancel and one will call me but they never do, today was the first time that I was able to get a supervisor and cancel my account but still they refuse to pay me my money back. Please help. (2020)

Consumer agreed with Porch.com that they would pay for leads from qualified and actively interested prospects that their sales people could talk with, meet and pitch their business. Consumer said that has never occurred, they now believe Porch.com is an ongoing criminal enterprise. The leads that they send to them are from people who have never heard of Porch.com or their business or who had no interest in connecting to builders. Consumer have tried to complain, to be refunded, they deny them, saying that their refund request did not align with their rules. Consumers have asked Lowes to intervene since they show Porch.com on their website. (2017)

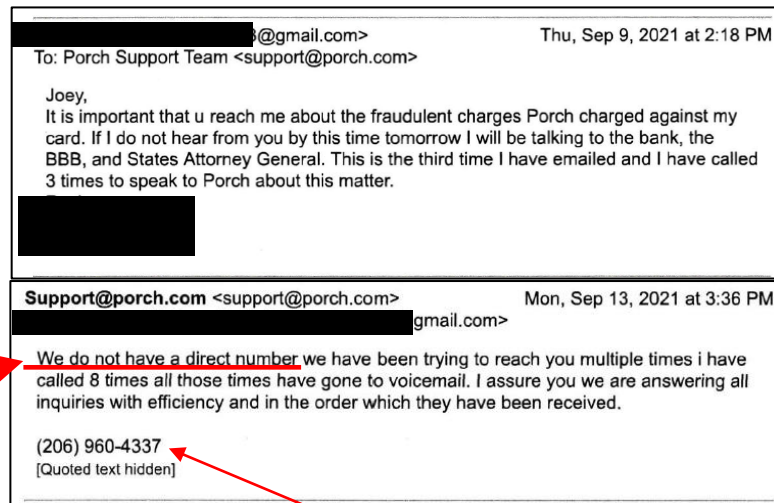
Questionable Customer Service

PRCH sells complex financial products to consumers yet has no phone number on their “contact us” page. Recent customer complaints filed with the Washington State Attorney General (obtained via FOIA) reveal that Porch in fact “does not have a direct number” for customers to call.

Porch.com/about/contact



Customer Complaint (Washington State AG)



This number sends us to an answering service. Google shows a number of robocall complaints about this phone number

Revenue Guidance Moves Higher...but Profit Guidance Moves Lower

Bulls are impressed by PRCH's track record of revenue beats since coming public, and management likes to highlight this. However, since the SPAC, PRCH has consistently lowered adjusted profit metrics – despite adding enormous amounts of revenue through acquisitions.

Matt Ehrlichman, Benchmark Investor Call (1/7/22)

"We are 5 for 5 on beating our revenue guidance! We are selling more modules, driving up revenue, and getting access to more consumers."

2021 Guidance Progression

Date Given	Oct '20 SPAC	Jan '21 M&A Call	Q4'21 Earnings	Q1 '21 Earnings	Q2 '21 Earnings	Sep '21 M&A Call	3Q '21 Earnings
2021E Revenue	\$ 120	\$ 175	\$ 175	\$ 178	\$ 184	\$ 188	\$ 195
2021E Adj. EBITDA*	7	(23)	(23)	(23)	(27)	(28)	(29)
% margin	5.8%	(13.0%)	(13.0%)	(13.0%)	(14.5%)	(15.0%)	(15.0%)

Bulls view PRCH's revenue progress and consistent beats as evidence the business is working.

Since the SPAC, Porch has consistently lowered profit expectations lower, despite adding significant revenue.

**using the midpoint if range was provided*

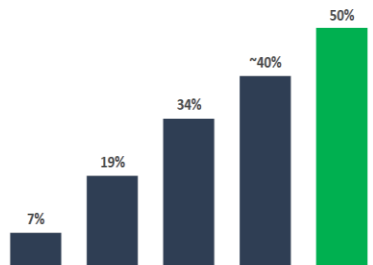
Questionable Definitions of Profit “Growth”

Management talks about “improving margins” and profit “growth,” and shows charts where margin %s appear to be improving. In reality, PRCH will lose more money in 2021 vs 2020, despite adding huge amounts of revenue.

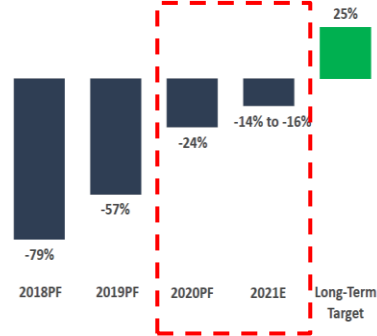
3Q ‘21 Earnings Presentation ([here](#))

2021E Contribution Margin % and Adjusted EBITDA % Continued Growth

Contribution Margin %



Adjusted EBITDA %



Reality

<i>\$ millions</i>	<u>2019</u>	<u>2020</u>	<u>2021E</u>
Revenue	78	73	195
Adj. EBITDA	(37)	(18)	(29)
% margin	(47%)	(24%)	(15%)

Losing more \$ while adding huge amounts of revenue is not how scale works

We Believe PRCH is Worth Between \$0 and \$5.80 per Share

Our \$5.80 price target on PRCH is a “bull case” scenario that assumes PRCH can eventually make money and avoid regulatory scrutiny. We believe PRCH is a high touch, low conversion business and the company does not make money despite outsourcing their core concierge service to a call center in Mexico staffed with independent contractors. PRCH also recently took on meaningful debt.

PRCH Valuation		
2021 Revenue pro-forma for M&A	226	<i>From management (3Q '21 Earnings call)</i>
Less: 2021 Managed Services Revenue	(43)	<i>Excluding this gross revenue which contributes little/no gross profit, likely negative EBIT</i>
"Real" 2021 Revenue pro-forma for M&A	183	
Organic 2022 Revenue growth	30%	<i>Assuming management's target</i>
2022 Revenue before additional M&A	238	
Plus: CSE Revenue (annualized)	25	<i>Disclosed with CSE acquisition, expected to close in 3Q22</i>
2022 "real" Revenue run-rate	263	
Revenue multiple	3.1x	<i>SOTP multiple build on next slide</i>
Enterprise Value	808	
Less: Net debt	(133)	<i>\$2m net cash at 9/30/21 + \$136m for Floify and CSE acquisitions that close after 9/30/21</i>
Less: 4q21+2022 cash burn	(50)	
Equity Value	\$ 625	<i>Floify + CSE revenue included in pro-forma estimates above</i>
Diluted share count	108	<i>97.5m FDSOs as of 9/30 + 5.1m options + 1.0m RSUs + 4.1m Earnout shares</i>
Price Target	\$ 5.80	
<i>downside</i>	<i>(45%)</i>	

Our “bull case” price target assumes a valuation for PRCH nearly 2.5x PRCH’s latest private market valuation

We Believe PRCH is Worth Between \$0 and \$5.80 per Share

In our “bull case,” we value PRCH using a revenue multiple derived from a SOTP of the different lines of business, as outlined below. As discussed, we question whether the business can sustainably generate a profit, and we believe the company has meaningful regulatory risks that are not contemplated in these multiples.

PRCH Revenue mix, pro-forma for announced M&A (3Q'21)				
Revenue Source	Q3 Revenue (\$ m)	% of Total	Description	Revenue Multiple
Traditional insurance ⁽¹⁾	16	23%	Traditional homeowners insurance companies that PRCH acquired for ~2x revenue (HOA and CSE). Attempting to grow in new states	2.5x
Handyman and moving services ⁽²⁾	14	20%	Low/negative gross margin business ("Managed Services") where PRCH is recognizing gross pass through revenue	0.0x
"Software and Subscription" ⁽³⁾	13	18%	Mix of assets of various quality with limited disclosure. ISN, PRCH's crown jewel, does <\$10m in annual revenue (our estimate). Floify does \$10m in annual revenue	4.5x
Insurance brokerage ⁽⁴⁾	9	13%	Insurance broker. Primary research indicates these are high touch, low conversion leads (structurally low margin)	4.0x
Consumer marketing	5	7%	V12. PRCH paid 1.0x Revenue in January 2021. V12 CEO was supposed to stay on and run this but left a few months later, leaving his \$6m earnout on the table	1.0x
Other (mostly lead gen)	13	19%	Lead gen for home professional (plumbers, roofers, electricians) and home security companies. Also a small home warranty business	2.5x
Revenue (pro-forma)	72	100%		2.5x
Target Revenue multiple, excluding Managed Services				3.1x