Risk Factors Comparison 2024-03-15 to 2023-03-16 Form: 10-K

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The following summary risk factors and other information included in this Annual Report should be carefully considered. The summary risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem less significant may also affect our business operations or financial results. If any of the following risks actually occur, our stock price, business, operating results and financial condition could be materially adversely affected. For more information, see below for more detailed descriptions of each risk factor. ~~●~~ **•** Our brands and businesses, including our insurance business, operate in an especially competitive and evolving industry. ~~●~~ **•** Our ~~success will~~ **future growth is** ~~depend~~ **dependent** ~~,~~ in part ~~,~~ on our ability to ~~manage our growth~~ -- **grow** ~~and maintain and / or~~ **our** ~~enhance~~ **insurance business by limiting attrition and building surplus and increasing our revenue by increasing the number of sales of home- related services per customer and consumer. We may not succeed in these efforts. • The incidence, frequency and severity of weather events, extensive wildfires, and other catastrophes, particularly occurring where Porch has a concentration of homeowners insurance policyholders,** ~~our~~ - **or** ~~existing brands,~~ **that adversely impact consumer confidence** and **spending behavior in** the ~~brands~~ **industries we serve, could have a material effect on our results** of **operations and financial condition. • Our insurance business and operations are subject to a variety of uncertainties, including, without limitation, regulatory approval of insurance rates, policy forms, insurance products, license applications, acquisitions of businesses** ~~our~~ - **or** ~~recently acquired companies~~ **strategic initiatives, including our planned formation of the reciprocal exchange, and other matters within the purview of insurance regulators** . ~~●~~ **•** We rely on strategic, proprietary relationships with third parties to provide us with access to personal data and product information. ~~●~~ **• We may not be able to protect our systems, technology and infrastructure from cyberattacks and cyberattacks experienced by third parties may adversely affect us. • If personal, confidential, or sensitive user information or property data that we maintain and store is breached or otherwise accessed by unauthorized persons, it may be costly to mitigate, and our reputation could be harmed. •** We rely on our ability to reach home services companies' customers and home service- related consumers earlier than our competitors, and throughout the **home** ~~homebuying~~ ---- **buying** and homeownership journey. ~~●~~ **•** Our **efforts to develop new insurance** ~~future growth is dependent in part on increasing our revenue by increasing the number of sales of home related services per customer and consumer, and cross- sale of our other~~ products **, expand in targeted insurance markets, improve business processes** and ~~services to these customers~~ **workflows, or make acquisitions may not be successful** and ~~consumers~~ **may create enhanced risk** . ~~●~~ **•** Our brands and businesses are sensitive to general economic events, trends and conditions, including those related to, without limitation, the housing and financial markets, which impacts the demand and costs for a portion of our products and services. **•** ~~● Our success depends, in part, on the integrity, quality, efficiency and scalability of our systems, technology and infrastructure, and those of third parties. ● Our success depends, in part, on our ability to develop and monetize versions of our products and services for mobile and other digital devices. ●~~ Our businesses **, including our insurance business,** are subject to various federal, state and local laws and regulations **, which could limit growth and impose additional costs on us** , and we must comply with such laws, regulations and regulatory interpretations and any changes or stricter interpretations of any of the foregoing (whether through private litigation or governmental action). **• We** ~~● Our insurance business and operations are subject to a variety of uncertainties, including, without limitation, regulatory approval of insurance rates, policy forms, insurance products, license applications, acquisitions of businesses or strategic initiatives, including our planned formation of the reciprocal exchange, and other matters within the purview of insurance regulators. ● The incidence, frequency and severity of weather events, extensive wildfires, and other catastrophes, particularly occurring where Porch has a concentration of homeowners insurance policyholders, or that adversely impact consumer confidence and spending behavior in the industries we serve, could have a material effect on our results of operations and financial condition. ● Reinsurance~~ may be **unable** ~~unavailable at current levels and prices, which may limit our ability~~ to **access the capital markets when needed** ~~write new business. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses~~ , which could ~~have a material effect on our results of operations and financial condition. ● We may change the structure of our reinsurance arrangement in the future, which may impact our overall risk profile and financial and capital condition. ● We face risks related to the number of service providers available to consumers on our platform. ● If we are unable to deliver effective customer service, it could harm our relationships with our existing home services companies, consumers, service providers and commercial partners and~~ adversely affect ~~our~~ **the** ability to **take advantage of business opportunities as they arise** ~~attract new home services companies, consumers, service providers~~ and ~~commercial partners~~ **to fund operations in a cost- effective manner** . ~~●~~ **•** We may face negative consequences from the actions and omissions of our service providers, and our terms and conditions may not adequately protect us from claims. ~~● If personal, confidential,~~ **• We may fail to adequately protect** ~~or~~ **our intellectual** ~~sensitive user information or~~ property ~~data~~ **rights or may be accused of infringing the intellectual property rights of third parties. • Termination of a reinsurance contract due to distress at one of HOA' s reinsurers may expose HOA and the Company to various risks** that ~~we maintain~~ **could materially** and ~~store~~ **adversely affect HOA' s and the Company' s business, financial condition, and results of operations. • Our insurance company subsidiary** is ~~breached~~ **dependent on the use of reinsurance. We may change the structure of** ~~or~~ **our** ~~otherwise accessed by unauthorized persons~~ **reinsurance arrangement in the future** , ~~it~~ **which** may **impact our overall risk profile and financial and capital condition. • There can** be ~~costly to mitigate~~ **no assurance that our planned formation of a reciprocal exchange will receive regulatory approval** , and **if obtained, that the approval would be**

based on terms as proposed ~~our~~ - **or** ~~reputation~~ **subject to additional requirements that may not be acceptable to the Company. • The financial strength ratings of our insurance company subsidiary** could be ~~harmed~~ **downgraded** . ~~● We~~ **• Increases in parts, appliance and home system prices and other operating costs could adversely impact our business, financial position, results of operations and cash flows. • Reinsurance may be unavailable at current levels and prices, which may limit our ability to write new business. Furthermore, reinsurance subjects us to counterparty risk and** may not be ~~able~~ **adequate** to protect ~~our systems~~ **us against losses** , ~~technology~~ **which could have a material effect on results of our operations** and ~~infrastructure from cyberattacks and cyberattacks experienced by third parties may~~ **financial condition. • Failure to maintain our insurance carrier' s risk- based capital at the required levels could** adversely affect ~~us~~ **the ability of our insurance company subsidiary to maintain regulatory authority to conduct our business** . ~~●~~ **• Our insurance businesses' loss reserves may be inadequate to cover actual losses. • Our quarterly operating results may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of the market, including research analysts or investors, which could cause our stock price to decline. • Our quarterly results of operations fluctuate due to seasonality in consumer demand and historical weather trends, in addition to other factors associated with our industry. • We have a history of losses, and we may be unable to achieve or sustain profitability. •** We are subject to ~~payment network rules and any material modification~~ **credit risk arising from the financial soundness** of **counterparties, including** our ~~payment card acceptance privileges could~~ **reinsurance partners, which may** have a material adverse effect on our business, ~~results of operations, and~~ financial condition **, and results of operations** . ~~●~~ **• The processing, storage, use and disclosure of personal data is subject to a variety of federal and state laws and regulations and could give rise to liabilities and increased costs. • Litigation and regulatory actions could distract management, increase our expenses or subject us to material monetary damages and other remedies. • Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to make such payments. • The conditional conversion features of the 2026 Notes and 2028 Notes, if triggered, may adversely affect our financial condition and operating results. • Conversion of our 2026 Notes or 2028 Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock. • We face risks associated with our independent contractors. • We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed. • We may experience risks related to acquisitions and divestitures which could adversely affect our financial results. •** The price of the Company' s securities may change significantly **,** ~~over time~~ and investors could lose all or part of their investment as a result. ~~● We have substantial indebtedness~~ **• Nasdaq may delist the Company' s securities from trading on its exchange** , which ~~may~~ **could** limit ~~our financial flexibility. ● The~~ **investors' ability to make transactions in its securities and subject the Company to** ~~conditional~~ **additional trading restrictions** ~~conversion feature of the 2026 Notes, if triggered, may adversely affect our financial condition and operating results. ● Conversion of our 2026 Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock~~ . The summary risk factors described above should be read together with the text of the full risk factors below and in the other information set forth in this Annual Report, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. These risks are more fully described below, and these risks are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations. ~~20Risks~~ -- **Risks** Relating to **Porch** ~~the Company~~ ' s Business and ~~IndustryOur brands and businesses, including our insurance business, operate in an especially competitive and evolving industry~~ **Industry** ~~.~~ Our brands and businesses operate in home- related product and service industries, which ~~industries~~ include insurance, mortgage **software, title insurance software** , warranty, moving services, inspection ~~services~~ **software** , home repair, and marketing, financial and other software for home services companies; all of which are competitive, ~~with~~ **evolving, and some of which are highly regulated. There are** many existing competitors and a consistent and growing stream of new entrants, services and products. Some of our competitors are well- established, have greater functional and compliance maturity, or ~~enjoy~~ **have** better competitive positions with respect to certain geographical areas, consumer and service provider demographics, and / or types of services offered. Some of our competitors have stronger brand name recognition, better economies of scale, more developed software platforms or other intellectual property, and / or better access to capital. Additionally, the home and home- related services industries continue to undergo consolidation and vertical integration, which may make it more difficult to compete with existing competitors and new entrants. Any of these advantages could enable these competitors to reach more consumers and service providers than we ~~do~~ **reach** , offer products and services that are more appealing to consumers and service providers than our products and services, and respond more quickly and / or cost effectively than we ~~do~~ **respond** to evolving market opportunities and trends, any of which could adversely affect our business, financial condition and results of operations. Alternatively, our innovative business model and our limited track record as a public company may cause confusion in the market such that failures of our competitors or companies operating in similar or adjacent spaces may impact consumer or investor perceptions of the digital home services industry as a whole. If we are unable to compete effectively against ~~new~~ competitors, services or products or **if we are** unable to establish or maintain a consumer brand that resonates with customers **and / or enhance our existing brands and the brands of our recently acquired companies** , **or if we are unable to** maintain high customer satisfaction ~~,~~ or compete with the pricing offered by our competitors, **the result** could **be** ~~result in~~ decreases in the size and level of engagement of our consumer and service provider bases, any of which could adversely affect our business, financial condition and results of operations. customers and consumers for whom we have access rights by offering new services and by improving conversion rates and revenue generation of both existing and new services.There can be no assurances we will be successful in these efforts.Failure to increase revenue per customer or consumer may slow our growth,which could in turn have an adverse impact on our business,financial condition and results of operations.Our growth therefore depends ~~,in part,~~ on our ability to attract new customers,maintain existing customers ~~,~~ **and** sell additional products and services to existing customers ~~,and increase prices~~ .This depends on our ability to understand and anticipate customers' needs and our ability to deliver consistent,reliable,high- quality services and products.If we fail to engage new customers,continue to re- engage with our existing customers or to cross- sell additional services,our operating results could be materially impacted **.We rely on our ability to retain** We rely on strategic, ~~proprietary~~ **unique** relationships with third parties to provide us with access to **derive** personal data and information, and property data. We rely on strategic relationships with third parties, including home services companies, to provide us with **access to derive** personal information, including property data, about their customers in exchange for giving such companies access to our ERP and CRM services or other value. In the future, any of these third parties could sever its relationship with us, change its data sharing policies, including making them more restrictive, or alter its own data collection practices, any of which could result in the loss of, or significant impairment to, our ability to access, collect and use personal information about their customers or consumers. We also license data from third- party data brokers and other data suppliers. However, we cannot **provide** ~~assure~~ **assurance** ~~you~~ that we will continue to be able to access, collect or use personal information or property data provided by consumers, service providers and commercial partners as we currently do or may want to do in the future. Our ability to access, collect and use personal information and property data provided by these parties may be adversely affected by federal and state laws and regulations that make it burdensome for us to collect or use personal information and property data **. Additionally** , **our collection and use of personal information or property data may cause** privacy concerns of the individuals from whom we collect personal information, privacy and reputational concerns of commercial partners that provide us with end customer personal information and property data, and adverse consumer reaction to our marketing practices **. This could cause us to lose customers and reduce the number of commercial partners using our platforms** . We also use consumer data that we directly collect from consumers or license from third parties to engage in targeted marketing based upon such consumer data and their online behavior. Practices in this industry are under scrutiny by federal and state law enforcement agencies and regulators in light of new and proposed federal and state laws, and pressure from some lawmakers and privacy advocates regarding how consumer data is collected and used in the ad tech industry. If we are unable to collect information from our customers or our service providers and commercial partners do not continue to provide us with information of their customers, or if applicable laws prohibit or materially impair our use of such information, our ability to provide services to consumers and drive consumer access to service providers may be materially impacted. This may make our products, services and pricing for such products and services less appealing to consumers and service providers, which in turn may lead to reduced utilization of our products and ~~21services~~ -- **services** . To the extent any of the foregoing occurs, our business, financial condition and results of operations may be adversely impacted ~~able to protect our systems,technology and infrastructure from cyberattacks and cyberattacks experienced by third parties may adversely affect us~~ .If personal,confidential,or sensitive user information or property data that we maintain and store is breached or otherwise accessed by unauthorized persons,it may be costly to mitigate,and our reputation could be harmed.We receive,process,store and transmit a significant amount of personal,confidential or sensitive personal information and property data about consumers that use our products and services,as well as our employees.While we continuously develop and maintain systems designed to protect the security,integrity and confidentiality of this information,we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information.When such events occur,we may not be able to remedy them,we may be required by law to notify regulators,impacted individuals and commercial partners,and it may be costly to mitigate the impact of such events and to develop and implement protections to prevent future events of this nature from occurring.If we or any third party that we engage to host our platforms or to otherwise store or process data experience a breach of security,third parties could gain unauthorized access to personal data about our users and subscribers.As a result,or associated with any required regulatory disclosures,we could face governmental enforcement actions,significant fines,litigation (including consumer class actions),claims for breach of contract and / or indemnity by third parties,and harm to the reputation of our brands and business,each of which could adversely affect our business,financial condition and results of operations.A single breach could result in claims for damages or indemnification from many counterparties.Any such breach or other unauthorized access could indirectly harm the reputation of our brands and businesses and,in turn,adversely affect our business,financial condition and results of operations.Even if we do not experience such events firsthand,the impact of any such events experienced by third parties including service providers,could indirectly harm the reputation of our brands and businesses and,in turn,adversely affect our business,financial condition and results of operations.We may **not be able to protect our systems,technology and infrastructure from cyberattacks and cyberattacks experienced by third parties may adversely affect us.We may** be attacked by perpetrators of malicious technology- related events,such as the use of botnets,malware or other destructive or disruptive software,distributed denial of service attacks,phishing,attempts to misappropriate user information and account login credentials,ransomware attempts,and other similar malicious activities ~~including malicious activities from internal bad actors~~ .The incidence of events of this nature is on the rise worldwide.While we continuously develop and maintain systems designed to detect and prevent events of this nature from impacting our systems,technology,infrastructure,products,services and users,have invested and continue to invest in these efforts and related personnel and training,and deploy data minimization strategies where appropriate,our efforts may not be successful.These efforts,which include developing and maintaining the systems of recently acquired companies,are costly and require ongoing monitoring and updating as technologies change and efforts to overcome preventative security measures are becoming more sophisticated.Despite these efforts,some of our systems have experienced past security incidents,none of which had a material adverse effect on our business,financial condition and results of operations,and we could experience significant events of this nature in the future.Any event of this nature that we experience could damage our systems,technology and infrastructure and / or those of our users,prevent us from providing our products and services,compromise the integrity of our products and services,damage our reputation,erode our brands and / or be costly to remedy,and may subject us to investigations by regulatory authorities,fines,claims for breach of contract or indemnity by third parties and / or litigation that could result in liability to third parties.Even if we do not experience such events firsthand,the impact of any such events experienced by third parties could have a similar effect.Our business model relies in large part on selling or otherwise providing certain consumer personal information to third parties.These third parties may be subject to similar ~~cyberattacks~~ **27cyberattacks** and there can be no assurance that such third parties have adequate cybersecurity infrastructure to prevent breaches of the personal data sold to them by us.We may not have adequate insurance coverage to compensate for losses resulting from any of the above events.If we or any third party with whom we do business or otherwise rely upon experience an event of this nature,our business,financial condition and results of operations could be **adversely affected** . We rely on our ability to reach home services companies' customers and home service- related consumers earlier than our competitors, and throughout the homebuying and homeownership journey. Our competitors could find ways to reach these customers and consumers earlier than us or at other times during the homebuying and homeownership journey. Our consumer access model allows us to market and offer services to home services companies' customers very early and throughout the homebuying and homeowning journey. We also have relationships with commercial partners that provide us with data about consumers who may require a variety of home services early and throughout the homebuying and homeownership journey. There can be no assurances that we will continue to receive access to these customers and consumers relative to our competitors. Our competitors may adopt a similar model or may develop a new model that affords them similar or earlier access. Any erosion of our competitive advantage in access to home services companies' customers and home service- related consumers may impair future opportunities to monetize those customers **and impact our retention rates** , which in turn could adversely impact our business, financial condition and results of operations. Even if we capture early access to home services companies' customers, if we are unable to convert that access into sales of our services and products, it could negatively impact revenue growth and adversely impact our business, financial condition and results of operations. Our **ability to communicate** ~~future growth is dependent in part on increasing our revenue by increasing the number of sales of home- related services per customer and consumer. We may not succeed in these efforts. Our future growth depends in part on increasing the revenue generated from each customer or consumer we serve. We plan on increasing this revenue by increasing the number of value- add touchpoints~~ with customers and consumers for whom we have...... We rely on our ability to retain home services companies **, consumers** ~~who use our software~~ and ~~services~~ - **service** ~~and~~ **providers via telephone, text (SMS) messaging, email, direct mail** ~~our~~ - **or other sufficient means is critical** ~~retention rates could be impacted if we are not able~~ to ~~sustain~~ our **success** ~~competitive advantages related to our value proposition~~ . Our ~~consumer access model~~ **primary means of facilitating contact among us** , ~~whereby~~ home services companies **, consumers and service providers is the** use **of telephone calls, text (SMS) messages and email. We also communicate with these parties through direct mail messages. Through these channels, we provide consumers with service request updates and service providers with updates regarding consumer matches, jobs they take, subscriptions and memberships, as well as present** ~~our~~ - **or** ~~software for a discounted rate or receive~~ **suggest new products and services (among** other ~~value~~ **things) and market our products and services** in ~~exchange for providing access rights~~ **a cost- effective manner** to ~~their end customers, helps us generate revenue from such customers. There can be no assurances that~~ home services companies **, consumers** ~~will use or retain our software~~ and ~~services~~ - **service** ~~, or provide~~ **providers** ~~us access rights to~~ **. As consumers increasingly communicate via mobile and** ~~their~~ - **other digital devices and messaging and social media apps, usage of certain channels such as telephone, email or direct mail has declined, particularly among younger consumers, and we expect this** ~~end~~ **trend** ~~customers~~ **to continue** . ~~Our retention rates~~ **In addition, regulatory, deliverability and other restrictions** could **limit or prevent our ability to these channels to communicate with** ~~be impacted by, among other things, more desirable software and services from competitors, software developed in house by~~ home services companies ~~and acquisitions~~ , ~~consolidations~~ **consumers** and **service providers. The use of internet to reach consumers or service providers are subject to various laws and regulations governing digital commerce,** ~~other~~ -- **the** ~~changes to the structure~~ **internet, mobile applications, search engine optimization, behavioral advertising, privacy** and **email marketing,** ~~dynamics of the home~~ and ~~home~~ **the enforcement of laws and regulations, including further development and adoption of new laws and regulations in this area may have a negative impact on our business. Furthermore, third** - ~~related services industries~~ **party operators of the channels we use to communicate with these groups may face pressure from regulators to give end users the ability to block, mute or otherwise disfavor certain types of marketing communications via such channels. We cannot assure you** that ~~may make our ERM and CRP offerings less desirable~~ **any alternative means of communication will be as effective as** ~~or~~ **our** ~~valuable~~ **current messaging channels have been** . ~~If adoption~~ **A continued** and ~~retention~~ **significant erosion in our ability to communicate with these groups for any reason could adversely impact the overall user experience, consumer and service provider engagement levels and conversion** rates ~~of our software and services decline~~ , **which could adversely affect** our ~~growth prospects,~~ business, financial condition and results of operations ~~could be impaired. If the market for SaaS software applications develops more slowly than we expect or declines, our business would be adversely affected. The adoption rate of SaaS software applications may be slower among companies in the home- related services industries generally and among business in those industries requiring highly customizable application software more particularly. Our success will depend to a substantial extent on the widespread adoption of SaaS applications within the 22industries we serve. The expansion of the SaaS applications market depends on a number of factors, including the cost, performance, and perceived value associated with SaaS, as well as the ability of SaaS providers to address data security and privacy concerns. If SaaS business applications do not continue to achieve market acceptance within the industries we serve, if there is a reduction in demand for SaaS applications caused by a lack of customer acceptance, or if there are technological challenges, weakening economic conditions, data security or privacy concerns, governmental regulation, competing technologies and products, or decreases in information technology spending, it could result in decreased revenue or access to consumer personal information and our business, financial condition and results of operations could be adversely affected~~ . Our success will depend, in substantial part, on the continued migration of the home and home- related services market online. We believe that the digital penetration of the home and home- related services market remains low, with the vast majority of consumers continuing to search for, select and hire service providers offline. While many consumer demographics have been and remain averse to finding service providers online, others have demonstrated a greater willingness to purchase such services online. Whether or not service providers turn to Internet platforms will depend, in substantial part, on whether online products and services help them to better connect and engage with consumers relative to traditional offline efforts. The speed and ultimate outcome of the transition of the home and home- related services market online for consumers and service providers is uncertain and may not occur as quickly as we expect, or at all. The failure or delay of a meaningful number of consumers and / or service providers to migrate online and / or the return of a meaningful number of existing participants in the online home services market to offline solutions could adversely affect our business, financial condition and results of operations. Our efforts to develop new ~~insurance~~ products, expand in targeted insurance markets, improve business processes and workflows, or make acquisitions may **require us to make substantial expenditures and may** not be successful ~~and may create enhanced risk. Our efforts to develop new products, expand in targeted insurance markets, improve business processes and workflows, or make acquisitions may require us to make substantial expenditures and may not be successful~~ , and even if successful, they may create additional risks **including, but not limited to** : • Changes to our business processes or workflow, including the use of new technologies, may give rise to execution risk. • Models underlying automated underwriting and pricing decisions may not be effective. • Demand for new products or expansion into new markets may not meet our expectations. • New products or services and expansion into new markets may change our risk exposures, and the data models we use to manage such exposures may not be as effective as those used in existing markets or with existing products. • Acquisitions may not be successfully integrated, resulting in substantial disruption, costs, or delays, and adversely affecting our ability to compete, and may also result in unforeseen liabilities or impact our credit ratings, and • In connection with the conversion of policyholders to a new product, some policyholders' pricing may increase, while the pricing for other policyholders may decrease, the net impact of which could negatively impact retention and profit margins. These efforts may require substantial expenditures, which may negatively impact results in the near term and if not successful, could materially and adversely affect our business, financial condition, ~~and results of operationsMarketing efforts designed to drive traffic to our brands and businesses may not be successful or cost- effective. Attracting home services companies and consumers to our brands and businesses involves considerable expenditures for online and offline marketing and sales. We have made, and expect to continue to make, significant marketing expenditures, primarily for digital marketing such as paid search engine marketing, display advertising and third- party affiliate agreements. These efforts may not be successful or cost- effective. 23Our ability to market our brands on any given property or channel is subject to the policies of the relevant third- party seller or publisher of advertising or marketing affiliate. As a result, we cannot assure you that these parties will not limit or prohibit us from purchasing certain types of advertising, advertising certain of our products and services and / or using one or more current or prospective marketing channels in the future. If a significant marketing channel took such an action generally, for a significant period of time and / or on a recurring basis, our business, financial condition and results of operations could be adversely affected. In addition, if we fail to comply with the policies of third- party sellers, publishers of advertising and / or marketing affiliates, our advertisements could be removed without notice and / or our accounts could be suspended or terminated, any of which could adversely affect our business, financial condition and results of operations. In addition, our failure to respond to rapid and frequent changes in the pricing and operating dynamics of marketing channels, as well as changing policies and guidelines applicable to digital advertising, which may unilaterally be updated by search engines without advance notice, could adversely affect our digital marketing efforts and free search engine traffic. Such changes could adversely affect the placement and pricing of paid listings, as well as the ranking of our brands and businesses within search results, any or all of which could increase our marketing expenditures, particularly if free traffic is replaced with paid traffic. Additionally, our competitors may engage in marketing strategies and search engine optimization techniques that increase the relative ranking of their brands and businesses within search engine results at the expense of our rankings within such search results. This could have a negative impact on the results of our search engine marketing efforts. Any or all of these events could adversely affect our business, financial condition and results of operations. The incidence, frequency and severity of weather events, extensive wildfires, and other catastrophes, particularly occurring where Porch has a concentration of homeowners insurance policyholders, or that adversely impact consumer confidence and spending behavior in the industries we serve, could have a material effect on our results of operations and financial condition. In particular, severe weather events and the effects of climate change, including, extensive wildfires, drought, flooding and other catastrophes, and the frequency of such events, as well as the impacts of future global pandemics and other health crises, may harm our insurance business. For example, as it relates to our insurance agency, if carriers restrict the sale of policies in certain geographical areas and / or for certain types of coverage or if they increase their premiums as a result of these events, it could result in fewer carriers whose policies we could offer to our customers and otherwise make policies harder to sell. As it relates to our insurance carrier entity, we will be exposed to a portion of these losses directly. While we intend to manage our risk via reinsurance, there can be no guarantee this will adequately reduce our exposure to losses, including, but not limited to, the inability to negotiate reinsurance contracts at renewal at acceptable terms or at all, large catastrophes that exceed the our aggregate reinsurance coverage limits, the inability or unwillingness of counterparties to pay us reinsurance receivables we believe we are owed, and multiple losses in a single year that exceed our ability to reinstate reinsurance contracts. The availability of reinsurance and its price, however, are generally determined in the reinsurance market by conditions beyond the Company' s control. Additionally, significant increase in insurance claims and the cost of the claims by consumers who purchase our insurance could reduce our access to reinsurance. These events have in the past and could in the future negatively affect the economy in general, and the housing and home services markets in particular. For example, our business was adversely impacted by the outbreak of COVID- 19. The extent to which future global pandemics and health crises impact our financial condition or results of operations will depend on factors~~

~~such as the duration and scope of the pandemic, as well as whether there is a material impact on the businesses or productivity of our customers, employees, and other partners. These events and trends could also result in decreased marketing and advertising expenditures by service providers or cash flow problems for service providers that could affect their ability to pay us subscription fees, their ability to purchase leads from us and the success of any revenue sharing arrangements with them or could result in service providers decreasing and / or delaying subscription fees paid for our platform or being more likely to default on incurred fees, which would result in decreased revenue. 24Any of these events that could negatively affect the home industries we serve and could adversely affect our business, financial condition~~ and results of operations. Our brands and businesses are sensitive to general economic events, trends and conditions, including those related to, without limitation, the housing and financial markets, which impact the demand for certain of our products and services. Our businesses are sensitive to events and trends, such as a general economic downturn, health of the housing market, inflation or sudden disruption in business conditions, a recession or fears of a recession, consumer confidence, spending levels and access to credit, which could result in decreases in demand for insurance, home mortgages, warranty, moving and inspection services, home repair, and marketing, financial and other software for home services companies and providers. Any such decreases could result in turnover of our consumer and service provider base and / or adversely impact the breadth of services offered through our service market platform, our home- related services, and our warranty and insurance products. Demand for certain of our products and services generally ~~decrease~~ **decreases** as the number of housing purchasing and refinance transactions decrease. The housing market is seasonal, cyclical and affected by significant conditions beyond **our** ~~the Company' s~~ control. The number of housing transactions in which certain of the Company' s products and services are purchased have been, and may continue to be **,** impacted by the following situations, among others: ~~•~~ **•** high, volatile or rising mortgage interest rates; ~~•~~ **•** availability of credit, including commercial and residential mortgage funding; ~~•~~ **•** real estate affordability, housing supply rates, home building rates, housing foreclosures rates, multi- family housing fundamentals, and the pace of home price appreciation or the lack of it; ~~•~~ **•** slow economic growth or recessionary conditions and other macroeconomic conditions, which may be impacted by national or global events (such as the COVID- 19 pandemic); ~~•~~ **•** local, state and federal government intervention in the financial markets; ~~•~~ **•** increased unemployment or declining or stagnant wages; ~~•~~ **•** changes in household debt levels and disposable income; ~~•~~ **•** changing trends in consumer spending; ~~•~~ **•** fewer homebuyers electing to get a home inspection; and ~~•~~ **•** changing expectations for inflation and deflation. Any adverse impact on a macro level to the housing or financial markets generally could have an adverse impact on our business, results of operations and financial condition. Our ~~success will~~ **ability to grow our business may** depend ~~,~~ in part ~~,~~ on ~~our~~ **the** ability to **access capital when needed to strategically grow** ~~build a consumer brand, maintain and / or~~ **our** ~~enhance~~ **operations and provide statutory surplus to grow our insurance business. Capital markets may become illiquid from time to time, and we cannot predict the extent and duration of future economic and market disruptions** ~~our -~~ **or** ~~existing brands, and~~ the ~~brands~~ **impact** of **any government interventions** ~~our recently acquired companies~~ . We **may not be able to obtain financing** ~~believe that our success depends, in substantial part,~~ on **acceptable terms,** ~~our -~~ **or** ~~ability to build a consumer brand, while maintaining and enhancing~~ **at all. If we require capital but cannot raise it** ~~our -~~ **or** ~~established brands~~ **cannot obtain financing on acceptable terms** , ~~that increases awareness and consumer loyalty with respect to our new, emerging and recently acquired brands. Events that could negatively impact our brands and brand- building efforts include service quality concerns, service provider quality concerns, brand confusion, consumer and service provider complaints and lawsuits, advertising or marketing that is ineffective or that is perceived as excessive or untimely, inappropriate and / or unlawful acts perpetrated by service providers, actions or proceedings commenced by governmental or regulatory authorities, data protection and security breaches, and negative publicity related to the foregoing. Any factors that negatively impact our brands could adversely affect~~ our business, financial condition, and results of operations **may** ~~. In addition, trust in the integrity and objective, unbiased nature of the service provider options we present to consumers as well as any ratings, reviews and information with respect to service provider qualification and experience found across our various brands contributes significantly to public perception of these brands and their ability to attract consumers, employees, and service providers and other partners. If the options available to consumers or consumer reviews are perceived as not authentic in general, the reputation and strength of the relevant brands could~~ be materially ~~and~~ adversely affected ~~. Additionally -~~ , **and we may be unable to execute** our **long** ~~service marketplace platform aggregates service provider reviews from third - 25party platforms. If these third- party platform reviews are inaccurate or misleading, consumers may lose confidence in the reliability of the ratings displayed on our site, which could in turn negatively impact our brand and reputation, and we may be subject to claims of misrepresentation. We face risks related to the number of service providers available to consumers on our platform. The usefulness of our platform to consumers is based in part on the number of service providers available on our platform for each type of service trade or service area we offer. There can be no assurances that our ability to attract and retain service providers to our platform will be commensurate with consumer demand for the services of such service providers. Supply of service providers may be affected by, among other things, the size of the workforce in a given trade or service area and barriers to entry in a given market (such as licensure requirements). Additionally, our competitors may enter into arrangements with service providers that prevent them -~~ **term growth strategy** ~~from offering their services on our platform. If for these or any other reasons we are unable to attract and retain enough service providers to our platform to meet consumer demand, we may be required to increase payments to service providers in order to perform services for our consumers or our consumer experience may suffer, each of which could adversely affect our business, financial condition and results of operations~~ . If we are unable to deliver effective customer service, it could harm our relationships with our existing home services companies, consumers, service providers and commercial partners and adversely affect our ability to attract new home services companies, consumers, service providers and commercial partners. Our business depends, in part, on our ability to satisfy our home services companies, consumers and service providers, both by providing access to services that address the needs of consumers and service providers and providing services and software- based solutions to home services companies that address their business needs. Our customer support personnel also sell our products and services. If our sales efforts are not satisfactory, consumers may choose not to do business with us, or we may suffer reputational costs. Additionally, our home services companies, consumers and service providers depend on our customer support personnel to resolve technical issues relating to **the** use of our products and services. We may be unable to respond quickly to accommodate short- term increases in demand for support services or may otherwise encounter a customer service issue that is difficult to resolve. If a home services company, consumer or service provider is not satisfied with the quality or responsiveness of our customer service, we could incur additional costs to address the situation or the home services company, service provider, or consumer (and commercial partners who provide us with their customers' data) may choose not to do business with us or we may suffer reputational costs. As we do not separately charge our home services companies, consumers and service providers for support services, increased demand for our support services would increase costs without corresponding revenue, which could adversely affect our business, financial condition and results of operations. In addition, regardless of the quality or responsiveness of our customer service efforts, home services companies, consumers, service providers and commercial partners that are not satisfied with outcomes may choose to terminate, or not to renew, their relationships with us. Certain parts of our business are highly dependent on the ease of use of our products and services and positive recommendations from our existing home services companies, consumers and service providers. Any failure to maintain high- quality or responsive customer service, or a market perception that we do not maintain high- quality or responsive customer service, could harm our reputation, cause us to lose home services companies, consumers or service providers and adversely impact our ability to sell our products and services to prospective consumers. ~~We may face negative consequences from the actions and omissions of our service providers, and our terms and conditions may not adequately protect us from claims.~~ Under our agreements with consumers and service providers, our service providers, and not us, are responsible for the actions and omissions of our service providers. However, consumers may still bring claims against us for actions and omissions of service providers, and the service providers may deny responsibility for or be unable to pay any resulting liability. Additionally, certain agreements with our commercial partners obligate us to indemnify such commercial partners against third- party claims resulting from the actions and omissions of the service providers we engage to provide services to consumers referred to us by those commercial partners. These claims may be expensive and may divert management' s time away from our operations. We may not have adequate insurance coverage to compensate for ~~26losses~~ -- **losses** resulting from these claims, and too many or certain types of claims may result in increased premiums or denial of coverage. In addition, we may be deemed, correctly or incorrectly, a contractor with respect to our service providers, which may subject us to licensure and / or bonding requirements and may subject us to penalties for past operations. Any of the foregoing could adversely affect our business, financial condition and results of operations. In general, our consumers and our service providers agree to our customer terms and conditions by accessing our services online. However, some consumers or service providers who access our services only by phone, and consumers who come to us from third- party lead sources, may not click through to our terms and conditions. If consumers or service providers do not agree to our terms and conditions for any reason, we may face increased litigation risk, which could in turn adversely affect our business, financial condition and results of operations . If personal, confidential, or...... results of operations could be adversely affected . Our success depends, in part, on our ability to develop and monetize versions of our products and services for mobile and other digital devices. As consumers increasingly access products and services through mobile and other digital devices, we will need to continue to devote significant time and resources to develop new applications and functionalities to ensure that our products and services are accessible across these platforms. If we do not keep pace with evolving online, market and industry trends, including the introduction of new and enhanced digital devices and changes in the preferences and needs of consumers and service providers generally, offer new and / or enhanced products and services in response to such trends that resonate with consumers and service providers, monetize products and services for mobile and other digital devices as effectively as our traditional products and services and / or maintain related systems, technology and infrastructure in an efficient and cost- effective manner, our business, financial condition and results of operations could be adversely affected. In addition, the success of future mobile and other digital products and services depends on their interoperability with various third- party operating systems, technology, infrastructure and standards, including rapidly evolving mobile data privacy standards, over which we have no control. Any changes to any of these things that compromise the quality or functionality of our mobile and other digital products and services could adversely affect their usage levels and / or our ability to attract consumers and service providers, which could adversely affect our business, financial condition and results of operations. ~~Our ability to communicate with home services companies, consumers and service providers via telephone, text (SMS) messaging, email, direct mail or other sufficient means is critical to our success. Our primary means of facilitating contact among us, home services companies, consumers and service providers is the use of telephone calls, text (SMS) messages and email. We also communicate with these parties through direct mail messages. Through these channels, we provide consumers with service request updates and service providers with updates regarding consumer matches, jobs they take, subscriptions and memberships, as well as present or suggest new products and services (among other things) and market our products and services in a cost- effective manner to home services companies, consumers and service providers. As consumers increasingly communicate via mobile and other digital devices and messaging and social media apps, usage of certain channels such as telephone, email or direct mail has declined, particularly among younger consumers, and we expect this trend to continue. In addition, regulatory, deliverability and other restrictions could limit or prevent our ability to these channels to communicate with home services companies, consumers and service providers.~~ The ~~use of internet to reach consumers or service providers are subject to various laws and regulations governing digital commerce, the internet, mobile applications, search engine optimization, behavioral advertising, privacy and email marketing, and the enforcement of laws and regulations, including further development and adoption of new laws and regulations in this area may have a negative impact on our business. Furthermore, third- party operators of the channels we use to communicate with these groups may face pressure from regulators to give end users the ability to block, mute or otherwise disfavor certain types of marketing communications via such~~

~~channels. We cannot assure you that any alternative means of communication will be as effective as our current messaging channels have been. A continued and significant erosion in our ability to communicate with these groups for any reason could adversely impact the overall user experience, consumer and service provider engagement levels and conversion rates, which could adversely affect our business, financial condition and results of operations. 28The~~ nature of our platform is complex and highly integrated, and if we fail to successfully manage releases or integrate new solutions, it could harm our ~~revenues~~ **business** , **financial condition, and results of** ~~operating~~ **operations** ~~income and reputation~~ . We manage a complex platform of solutions that consists of our software and services for companies and products for consumers. Many of our solutions include a large number of product centers that are highly integrated and require interoperability with other Porch products, as well as products and services of third- party service providers. Due to this complexity and the development cycles under which we operate, we may experience errors in our software, corruption or loss of our data or unexpected performance issues from time to time. For example, our solutions may face interoperability difficulties with software operating systems or programs being used by our customers, or new releases, upgrades, fixes or the integration of acquired technologies may have unanticipated consequences on the operation and performance of our other solutions. If we encounter integration challenges or discover errors in our solutions late in our development cycle, it may cause us to delay our launch dates. Any major integration or interoperability issues or launch delays could ~~have a material adverse effect on our revenues, operating income and reputation. Our success depends, in part, on the integrity, quality, efficiency and scalability of our systems, technology and infrastructure, and those of third parties. We rely on our proprietary systems, technology and infrastructure to perform well on a consistent basis. We also rely on third-party data center service providers and cloud- based, hosted web service providers, as well as third- party computer systems and a variety of communications systems and service providers in connection with the provision of our products and services generally, as well as to facilitate and process certain payment and other transactions with users. We have no control over any of these third parties or their operations. In the past, we have experienced rare but occasional interruptions that make some or all of our or our third- party framework and related information unavailable or that prevent us from providing products and services, and we may experience such interruptions in the future. The framework described above could be damaged or interrupted at any time for any number of reasons, such as fire, power loss, telecommunications failure, natural disasters, acts of war or terrorism, acts of God and other similar events or disruptions. Any event of this nature could prevent us from providing our products and services at all or result in the provision of our products and services on a delayed or intermittent basis and / or result in the loss of critical data. While we and the third parties upon whom we rely on have certain backup systems in place for certain aspects of our respective frameworks, none of our frameworks are fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate us for losses from a major interruption. When such damages, interruptions or outages occur, our reputation could be harmed and the competitive positions of our various brands and businesses could be diminished, any or all of which could~~ adversely affect our business, financial condition **,** and results of operations ~~. We also continually work to expand and enhance the efficiency and scalability of our framework to improve the consumer and service provider experience, accommodate substantial increases in the number of visitors to our various platforms, ensure acceptable load times for our various products and services and keep up with changes in technology and user preferences. If we do not do so in a timely and cost- effective manner, the user experience and demand across our brands and businesses could be adversely affected, which could adversely affect our business, financial condition and results of operations. We may fail to adequately protect our intellectual property rights or may be accused of infringing the intellectual property rights of third parties~~ . We rely upon trademarks, trade dress, domain names and logos to market our brands and businesses and to build and maintain brand loyalty and recognition, as well as upon trade secrets. We rely on a combination of laws and contractual restrictions on access to and use of proprietary information with employees, independent contractors, home services companies, consumers, service providers, commercial partners, suppliers, affiliates and others to establish and protect our and their various intellectual property rights. No assurances can be given that these efforts will result in adequate trademark and service mark protection, adequate domain name rights and protections. Despite these measures, challenges to our intellectual property rights could still arise, third parties ~~29could~~ -- **could** copy or otherwise obtain and use our intellectual property without authorization, and / or laws regarding the enforceability of existing intellectual property rights could change in an adverse manner. We may also be subject to claims from third parties in the future related to alleged intellectual property infringement by us. These claims, if resolved in a manner adverse to us, could result in significant liabilities and could restrict or prohibit our ability to use the technology on which we rely. Even if these claims are resolved in our favor, such claims could result in significant expenses and could distract our management until resolved. The occurrence of any of these events could result in the erosion of our various brands and limitations on our ability to operate our business, as well as impede our ability to effectively compete against competitors with similar technologies, any of which could adversely affect our business, financial condition and results of operations. Risks Relating to ~~Personnel~~ **Our Insurance Business In the third quarter of 2023, HOA, a subsidiary of Porch Group, discovered that for one of its reinsurance contracts for which capital was arranged by Vesttoo, there were allegations of fraudulent activity in connection with collateral provided to HOA and certain other third parties which allegations have now been confirmed. As a result, and in accordance with the terms of the reinsurance agreement, HOA terminated the associated contract on August 4, 2023, with** ~~and~~ **an** ~~Service ProvidersWe face~~ **effective date of July 1, 2023. Had HOA not terminated the contract, the contract would have expired on its own terms on December 31, 2023. The agreement with this reinsurer provided coverage for 40 % of HOA' s core book and coverage up to approximately $ 175 million in a catastrophic event. Following the effective date of the termination, HOA seized approximately $ 47. 6 million in available liquid collateral from a reinsurance trust, of which HOA was the beneficiary. In addition, HOA has secured supplemental reinsurance coverage in the amount of approximately $ 146. 3 million, replacing nearly all of the reinsurance coverage for certain catastrophic weather events that was in place under the terminated reinsurance contract. HOA is currently seeking additional supplemental reinsurance coverage in order to maintain adequate**

coverage in future periods against potential excess losses in the event of a severe weather event for which it has not obtain supplemental coverage and to satisfy regulatory and rating agency requirements. Regardless of whether additional supplemental coverage is obtained, HOA will continue to remain obligated with respect to all claims and claim settlement expenses under its policies, including claims incurred but not yet reported for prior periods, and claims and expenses that are no longer subject to the reimbursement rights in favor of HOA under the terminated reinsurance contract and for which HOA has not obtained adequate supplemental coverage. The Company intends to pursue its rights with respect to the letter of credit required by the reinsurance contract in the amount of $ 300 million as additional collateral, which advisors to the issuing bank have alleged is invalid. The Company was appointed to the statutory committee of unsecured creditors in the Chapter 11 bankruptcy of Vesttoo and intends to pursue recovery for all losses and damages incurred. Notwithstanding the receipt of supplemental reinsurance coverage, the TDI placed HOA under its supervision following the release of HOA' s statutory accounts for the quarter ending June 30, 2023, and Demotech subsequently withdrew its financial stability rating. The Company worked closely with the TDI to restore surplus to an appropriate level following HOA' s placement under TDI supervision and made a $ 57 million cash investment into HOA to increase surplus in exchange for a $ 49 million surplus note and the purchase of all rights from HOA for potential claims related to the fraud connected to Vesttoo and others. In addition, HOA submitted a formal operational plan to the TDI for its review and worked closely with both the TDI and Demotech to resolve their concerns to exit supervision and regain its financial stability rating. On November 2, 2023, the TDI released HOA from regulatory supervision and on November 8, 2023 Demotech reinstated HOA' s A rating. Termination of the reinsurance contract, the events that followed as described in this risk factor, and other events that may occur in the future directly or indirectly as a result of the termination of the reinsurance contract and alleged fraud committed by Vesttoo and others, could subject HOA and the Company to significant and unforeseen risks. Any or all of the known and other unknown and unforeseen risks could have a material and adverse impact on HOA' s and the Company' s business, operations, financial condition, and results of operations. These risks include, but are not limited to, risks associated with **: • the surplus** ~~our independent contractors. 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~~ **note** ~~in a position to directly provide the same direction, motivation and oversight to these independent contractors as we would if such personnel were our own employees. As a result, these independent contractors may not comply with applicable law or our policies and procedures~~ , including **HOA** ~~, but not limited to, our information security policies, or reflect our culture or values. If these independent contractors violate 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, a court could hold us civilly or criminally accountable based on vicarious liability because of the actions of our independent contractors. We are subject to the Internal Revenue Service regulations and state laws regarding independent contractor classification in the United States, which are subject to changes in judicial and agency interpretation, and it could be determined that the independent contractor classification is inapplicable. Furthermore, the legal landscape with respect to the classification of gig economy independent contractors, such as our service providers, is subject to intense public scrutiny. If legal standards for classification of independent contractors change, it may be necessary to modify our compensation structure for these personnel, including by paying additional compensation and taxes and / or reimbursing expenses, or abandon certain types of services we provide that are performed by independent contractors. In addition, if we are determined to have misclassified such personnel as independent contractors, we would incur additional exposure under federal and state law, including workers~~ ' **s** ~~compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings. Any of these outcomes could result in significant costs to us, could impair our financial condition and our~~ ability to conduct our business and could damage our...... on independent contracting practices, which could make **timely** it more expensive or difficult to retain...... 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 **principal** ~~operations. We depend on key personnel to operate our business,~~ and **interest** ~~if we are unable to retain~~ , **repay** ~~attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed. We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them~~ **the surplus** ~~. Experienced information technology personnel, who are critical to the success of our business, are in particularly high demand. The loss or disability of executive officers or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not~~ **note** ~~be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at- will employees, which means they may terminate their employment relationships with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. Although our current remote work environment facilitates our ability to attract talent across a wider geographic base, we must adopt new techniques and tools to effectively train and integrate new hires and preserve our culture. Failure to effectively train our employees could create challenges for us~~ in **full** ~~maintaining high levels of employee awareness of~~ , ~~and compliance with, our internal procedures and external regulatory compliance requirements, in addition to increasing our recruiting, training and supervisory costs, while failure to preserve our culture for any reason could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively and execute on our business strategy. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Volatility or lack of performance in~~

~~our stock price may also affect our ability to attract and retain key employees. Any failure to successfully attract, integrate or retain qualified personnel to fulfill our current or future needs could adversely affect our business, results of operations and financial condition. Our corporate culture has contributed to our success and, if we cannot continue to foster this culture as we grow, we could lose the passion, creativity, teamwork, focus and innovation fostered by our culture. We believe that our culture has been and will continue to be a key contributor to our success. As we grow and mature as a public company, we may find it difficult to maintain our corporate culture. If we do not continue to foster our corporate culture or maintain our core values as we grow and evolve, we may be unable to support the passion, creativity, teamwork, focus and innovation we believe we need to support our growth. Any failure to preserve our culture could negatively affect our ability to recruit and retain personnel and to effectively focus on and pursue our strategic objectives, which could, in turn, have an~~ **and** ~~adverse impact on our business, results of operations and financial condition. Risks Relating to Financial Reporting and Results of OperationsWe identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and stock price. In connection with the audits of our financial statements for the years ended December 31, 2021, and December 31, 2022, management identified material weaknesses in our internal control over financial reporting. A material weakness 31is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of~~ the Company’ s **ability to recover any unpaid amounts to** ~~annual or interim financial statements will not be prevented or detected on a timely basis. As of December 31, 2022,~~ the ~~material weakness~~ **extent HOA is unable to repay the principal and interest** in ~~our internal control over financial reporting~~ **full; • enforcing and recovering the collateral underlying the letter of credit and pursuing potential claims** related to the ~~ineffective design~~ **fraud connected to Vesttoo** and **others, including** ~~operation of information technology (IT) general controls over~~ the ~~IT systems supporting~~ **time and expense associated with pursuing potential claims and** the ~~Company~~ **uncertainty associated with obtaining any recoveries in excess of costs, and the uncertainty of obtaining any recoveries at all; • the reciprocal exchange, including the impact TDI** ’ s ~~subsidiary, Homeowners~~ **previous regulatory supervision** of ~~America (~~HOA **may have** ~~). Business process controls (automated and manual) that are dependent~~ on the ~~ineffective IT systems, or that rely~~ **timing and approval of the reciprocal exchange; • securing and maintaining sufficient replacement reinsurance coverage** on **terms and costs favorable to** ~~data produced from systems impacted by the ineffective IT general controls, are also deemed ineffective. We acquired~~ HOA ~~on April 5, 2021 and~~ **to maintain adequate coverage in future periods against potential excess losses in the event of a severe weather event for which** HOA **has not obtained adequate supplemental coverage, and** ~~was excluded from our assessment of the effectiveness of internal control over financial reporting in 2021. Our planned remediation efforts related~~ to **satisfy regulatory and rating agency requirements** ~~the above identified material weakness include: ● Reassess the existing IT general controls to determine if they are appropriately designed to meet the control objectives~~ ; **• maintaining adequate surplus levels** ~~● Perform ongoing trainings with control performers~~ to **satisfy regulatory requirements** ~~improve documentation that supports effective control activities, including IT general controls over logical user access~~ ; ~~● Design~~ and **•** ~~implement additional monitoring controls necessary to detect misstatements over data produced by relevant financial systems at~~ HOA ~~; ● Determine if additional investments are needed to upgrade or replace existing systems which do not have the appropriate infrastructure to meet the requirements of our internal control framework; and ● Expand the available resources at the Company with experience in designing and implementing control activities, including information technology general controls and automated controls. The material weakness that the Company had in 2021 related to the following areas, which weaknesses were remediated during 2022: (i) the design and implementation of information technology general controls in the areas of user access and program change- management for systems, and related process- level automated controls, supporting the Company~~ ’ s **continuing ability to stay out** ~~internal control processes (ii) the identification, design, implementation, and retention~~ of **regulatory supervision** ~~evidence of control activities, including controls over the completeness~~ and **maintain** ~~accuracy of information produced by the entity that is used in the operation of~~ its **financial stability rating** ~~control activities; and, (iii) the quantity of personnel across the organization to design and operate internal controls commensurate with the nature, growth, and complexity of our business. For more information, see Part I, Item 9A. Controls and Procedures in this Form 10- K~~ . We **face** ~~plan to continue to assess our internal controls and procedures and intend to take further action as necessary or appropriate to address any other matters we identify. We cannot assure you that the measures we have taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in internal control over financial reporting or that we will prevent or avoid potential future material weaknesses. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If our efforts to remediate the material weakness fail, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the forms of the SEC, could be adversely affected which, in turn, to may adversely affect our reputation and business and the market price of our common stock. In addition, the material weaknesses and our failure to remediate them could result in litigation or regulatory actions by the SEC or other regulatory authorities or other disputes involving federal and state securities laws, loss of investor confidence, delisting of our securities and harm to our reputation and financial condition, or diversion of financial and management resources from the operation of our business. In addition, it is possible that control deficiencies could be identified by our management or by our independent registered public accounting firm in the future or may occur without being identified. Such a failure could result in regulatory scrutiny and cause investors to lose confidence in our reported financial condition, lead to a default under our current or future indebtedness and otherwise have a material adverse effect on our business, financial condition, cash flow or results of operations. 32Our quarterly operating results may fluctuate in the future. As a result, we may fail to meet or exceed the~~

~~expectations of research analysts or investors, which could cause our stock price to decline. Our quarterly operating results may fluctuate as a result of~~ a variety of **risks** ~~factors, many of which are outside of our control. If our quarterly operating results or guidance fall below the expectations of research analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly operating results or guidance may be due to a number of factors, including, but not limited to, those listed below: ● economic trends related to high growth software companies, companies not yet profitable, home- related companies, companies that went public~~ through ~~a special purpose acquisition company (SPAC) transaction, the home services and insurance industries, and general economic, industry and market conditions; ● seasonality; ● the extent to which home services companies, service providers and consumers employ~~ our **expansion** ~~platform; ● the extent to which new home services companies, consumers, service providers, and commercial partners are attracted to our solutions to satisfy their (and in the case of home services companies and commercial partners, their customers') needs; ● the timing, commitment levels, and revenue share rates at which we enter~~ into ~~agreement for our solutions with home services companies and service providers, along with their~~ -- **the** ongoing capacity and fulfillment performance to handle......; ● volatility in commissions from our insurance business ; ● severe weather events, extensive...... of operating results for an entire year . In ~~addition, we are rapidly evolving our partnerships and capabilities, which makes comparisons to previous seasons difficult. We have a history of losses, and we may be unable to achieve or sustain profitability. We have experienced net losses in each year since our inception. We incurred operating losses of $ 177. 0 million, $ 83. 1 million and $ 42. 2 million for the years ended December 31, 2022,~~ 2021 and 2020, respectively, and as...... into the insurance business. In 2020 , we expanded our ~~lines of business to include home, auto, flood and umbrella~~ insurance ~~through the formation and licensure of EIG, our wholly owned licensed insurance agency. In addition, in 2021, we expanded our 35insurance~~ operations through the acquisition of HOA, a leading property and casualty insurance company focused on products in the residential homeowner space. We are a full- service insurance company operating in ~~21~~ **22** states exposing us to the ~~additional~~ **regulatory** ~~risks~~ **risk** of **complying with insurance laws that vary by state as well as** underwriting and ~~of handling and managing insurance~~ claims **management risk** . Other risks of our entry into the insurance business include, without limitation, difficulties integrating the new insurance business with our ongoing operations, potential diversion of management' s time and other resources from our previously- established lines of business, the need for additional capital and other resources to expand into this new line of business, and inefficient integration of operational and management systems and controls. **We** ~~Claims by consumers against an agency' s errors and omissions (E & O) insurance coverage are common in the insurance industry. If a carrier denies a consumer' s claim under an insurance policy or the consumer has insufficient coverage and the consumer therefore has to pay out of pocket for a loss, the consumer often seeks relief from agency that sold the policy. While we maintain E & O coverage, we could experience losses if claims by consumers exceed our coverage limitations. In addition, if we were to experience a significant number of claims or if our E & O coverage were to lapse, insurance providers could elect to terminate their relationships with us, and we could face challenges in finding replacement coverage. Furthermore, we~~ bear the cost of paying insured claims. As a result, the likelihood of being significantly affected by the risks inherent to the insurance industry, and the magnitude of such risks, are increased **. Claims costs may be adversely affected by increases in costs of home repair as a result of inflated material costs, supply chain shortages, increases in labor costs, and demand surge during catastrophic events. In addition, prices for raw materials, such as lumber and steel, are subject to market volatility. We cannot predict the extent to which our insurance carrier business line may experience future increases in claims costs. To the extent such costs increase, we may be prevented, in whole or in part, from passing these cost increases through to our existing and prospective customers. Such increases in costs could have a material adverse impact on our consolidated business, financial position, results of operations, and cash flows** . Although we follow the industry practice of transferring, or ceding, part of the risk we have assumed to a reinsurance company in exchange for part of the premium we receive in connection with the risk or securing excess of loss reinsurance coverage, we may not be able to successfully mitigate our risk through such reinsurance arrangements. Although reinsurance would make the reinsurer liable to us to the extent the risk is transferred to the reinsurer or we have coverage under an excess of loss reinsurance arrangement, it will not relieve us of our liability to our policyholders. If any of our reinsurers are unable or unwilling to pay amounts they owe us in a timely fashion, we could suffer a significant loss or a shortage of liquidity, which would have a material adverse effect on our business and results of operations. In addition, reinsurance may not be available for an acceptable cost or at all. Failure to successfully mitigate an acceptable portion of our risk could materially and adversely affect our ability to write insurance business and harm our business. If our actual losses from insured claims were to exceed our loss reserves, our business, financial condition and results of operations would be adversely affected. The Company has implemented a reinsurance program, which includes the use of a captive reinsurer. Under this arrangement, the captive owned by the Company serves as the reinsurer, and the consolidated books and tax returns of the Company reflect a liability consisting of the full reserve amount attributable to the reinsured business **, which is significantly higher than previous years' insurance related liabilities** . The success of the Company' s captive reinsurance program is dependent on a number of factors outside the control of the Company, including, but not limited to, **weather events,** continued access to financial solutions, a favorable regulatory environment, and the overall tax position of the Company. If the captive reinsurance program is not successful, the Company' s financial condition could be adversely impacted **. Additionally, capital held by the captive cannot be used elsewhere within the Company without applicable regulatory pre- approval** . HOA is highly dependent on maintaining successful relationships with third- party independent agents and agencies. Negative changes in such relationships could adversely affect HOA' s insurance business, including, but not limited to, reduced sales, the loss of existing policies, the need to lower prices, or the need to pay higher commissions. In addition, although such agents / agencies are appointed as independent contractors with the authority to solicit and bind insurance policies on HOA' s behalf any misconduct on their part could have an adverse effect on our business, financial conditions, reputation and results of operations. **We are also subject to the cyclical nature of the insurance industry.** The financial **performance** ~~strength ratings~~ of ~~our~~ **the** insurance ~~subsidiaries~~ **We** ~~own~~

~~specific business characteristics,the profitability of many~~ - **may** ~~insurance companies tends to follow this cyclical market pattern.Because the cyclical nature of the market is due in large part to the actions of competitors and general economic factors,we cannot predict the timing or duration of changes~~ - **change** ~~in~~ the ~~market cycle~~ **structure of our reinsurance arrangement in the future,which may impact our overall risk profile and financial and capital condition** .We may be unable to negotiate new reinsurance contracts to provide continuous coverage or negotiate reinsurance on the same terms and rates as are currently available,as such availability depends in part on factors outside of our control.A new contract may cost more,or may not provide sufficient reinsurance protection.Market forces and external factors,such as significant losses from hurricanes or terrorist attacks or an increase in capital requirements,has impacted,and likely to continue to impact,the availability and cost of the reinsurance we purchase.If we were unable to maintain our current level of reinsurance,extend our reinsurance contracts or purchase new reinsurance protection in amounts that we consider sufficient at current or acceptable prices,we would have to either accept an increase in our exposure,reduce our insurance writings or develop or seek other alternatives.The unavailability of acceptable reinsurance protection would have an adverse impact on our business model,which depends on reinsurance companies to absorb any unfavorable variance from the level of losses anticipated at underwriting.If we are unable to obtain adequate reinsurance at reasonable rates,we would have to increase our risk exposure or reduce the level of our underwriting commitments,each of which could have a material adverse effect upon our business volume and profitability.Alternatively,we could elect to pay higher than reasonable rates for reinsurance coverage,which could have a material adverse effect upon our profitability **until policy premium rates could be raised,in most cases subject to approval by state regulators,which could cause long delays to offset this additional cost.** could be ~~downgraded of Texas will require additional state- by- state applications,with each application subject to dialog with state regulators that can result in changes unfavorable the Reciprocal,including changes that could cause Porch to terminate plans to expand the Reciprocal into specific states.Under existing GAAP,we expect the Reciprocal will consolidate with Porch for financial reporting purposes.While deconsolidation of the Reciprocal from Porch is a goal,there is no assurance that our plan for achieving deconsolidation will be successful,nor can there be any assurance that deconsolidation will be achieved in the future.~~ Accordingly,all the risk factors identified in this section that currently adversely affect our existing insurance business will continue to adversely affect our business,prospects,financial condition and results of operations if the Reciprocal successfully commences business.If Porch' s plans are implemented,the sole sources of insurance income available to Porch will be (a) the management fee received by its subsidiary that will serve as the attorney- in- fact ~~(" AIF ")~~ of the Reciprocal,(b) commissions and fees charged by HOA' s managing general agency and ~~AIF~~ **EIF** for services as general agent and (c) reinsurance premiums paid by the Reciprocal to Porticus Re,our Cayman Islands captive reinsurance company. ~~An~~ **42An** attorney- in- fact' s income is the product of two factors:(a) the gross written premium paid to the reciprocal exchange by subscribers plus reinsurance premiums paid to the reciprocal exchange by affiliated insurers,multiplied by (b) the percentage of gross written premium set by the reciprocal exchange' s governing documents.Porch has proposed governing documents that set a maximum fee,but allow the attorney- in-fact to set a lower fee.There are various factors that can influence the attorney- in- fact' s decision to set the fee at a specific level including,but not limited to,the reciprocal exchange' s financial strength,capital position,projected revenue and expenses and competitive position in the market.If the amount of gross written premiums paid to the Reciprocal decreases for any reason,the fee revenue of the attorney- in- fact will correspondingly decrease.The risk factors that adversely affect insurance sales within our existing insurance businesses will apply to insurance sales by the Reciprocal.As an entirely new entity,there can be no assurance how the Reciprocal will be received by consumers,regulators,rating agencies,and entities that historically refer business to HOA.Our efforts to encourage a transition of policyholders from HOAIC to the Reciprocal may result in a number of existing HOAIC policyholders shifting their business to other insurers,leading to a decrease in the overall level of premium currently written in the insurance segment of our business.Likewise,if the fee percentage decreases,the fee revenue to the attorney- in- fact will correspondingly decrease.Events that may result in a decrease in an attorney- in- fact' s fee include,but are not limited to price competition,regulatory disapproval of our rates or the AIF fee.An attorney- in- fact is a separate legal entity from a reciprocal exchange. ~~The reciprocal exchange is managed by an independent subscribers committee over which Porch will have no control.~~ Porch will be the owner of the attorney- in- fact and will not possess any legal ownership in the reciprocal exchange.If the Reciprocal ~~,through its subscribers committee,~~ terminates Porch as its attorney- in- fact, ~~Porch~~ **it** will no longer have access to the attorney- in- fact fees or reinsurance premiums as sources of revenue ~~and a significant portion of revenue from the insurance business.Additionally,Porch would lose access to the admitted insurance carrier~~ .A reciprocal exchange has no mechanism by which dividends or distributions of profits can be paid to an attorney- in- fact.The sale of HOAIC to the Reciprocal will result in Porch no longer having access to dividends from HOAIC.Except for the fees and commissions paid to the AIF **,[** ~~and Homeowners of America~~ MGA ~~,Inc~~ **] and EIG** ,Porch will derive no cash flow benefit from profitable operating results in the Reciprocal or HOAIC.Nothing in the laws governing Texas reciprocal exchanges makes an attorney- in- fact liable for losses incurred by a reciprocal exchange.Nevertheless,Porch,through its ownership of the AIF,will have an interest in the financial condition of the Reciprocal.If the Reciprocal fails to maintain acceptable levels of financial strength and ratings,its competitive position in the market would be adversely affected.Anything that adversely affects premium income to the Reciprocal results in decreased fee revenue to the AIF.Porch may,for various business reasons impossible at present to predict,decide to provide additional surplus to the Reciprocal in response to future adverse financial developments in the Reciprocal' s business.Nothing herein,however,constitutes a commitment by Porch to make contributions to the surplus of the Reciprocal under any circumstances.In the unlikely event that the Reciprocal were to become insolvent,existing law allows the TDI to commence a receivership proceeding over the Reciprocal.An exchange cannot be a debtor under the Federal Bankruptcy Code.A Texas receiver may be able to compel the attorney- in- fact to continue providing services to a reciprocal exchange that is involved in a receivership proceeding.A Texas receiver may also bring action against an attorney- in **- fact within a receivership proceeding based on available theories of damages arising from the attorney- in- fact' s management of the**

reciprocal exchange.While various single business enterprise theories may also be asserted by a Texas receiver to obtain jurisdiction over the assets of an attorney- in- fact,the success of any such assertion of jurisdiction is uncertain under existing law and would be highly dependent upon the facts and circumstances existing at the time.The material risks to Porch from operating its insurance business through a reciprocal exchange may differ considerably from risks described herein due to requirements imposed on Porch and the Reciprocal by the TDI as conditions for approving the formation and licensing of the Reciprocal,or by insurance regulators in other states as conditions for granting insurance licenses to the Reciprocal,which requirements cannot be known at this time.43Risks . Financial strength ratings reflect a rating agency' s opinion of our insurance **company** ~~subsidiaries~~ **subsidiary** ' **s** financial strength, operating performance, strategic position and ability to meet obligations to policyholders. Our ratings are subject to periodic review and there is no assurance that our ratings will not be changed. Rating agencies could change or expand their requirements or could find that our insurance **company** ~~subsidiaries~~ **subsidiary** no longer meet the criteria established for current ratings **. Insolvencies or credit downgrades of our reinsurance partners could impact the rating agency' s opinion of our insurance company subsidiary' s financial strength and ability to meet obligations to policyholders causing a downgrade or withdrawal of the rating. The current rating agency used for the insurance business could go out of business or become unacceptable to partners of the insurance business, leaving the company without a rating until a new rating could be achieved with a different rating agency. There is no guarantee that another rating agency would have a similar rating and view of the company** . If our insurer financial strength ratings were to be downgraded, our agents might find it more difficult to market our products or might choose to emphasize the products of other carriers and lenders would be likely to not accept our ~~36insurance~~ -- **insurance** as sufficient to protect their collateral. Either or both could have severe financial consequences for our insurance **company** ~~subsidiaries~~ **subsidiary** ~~. Increases in parts, appliance and home system prices and other operating costs could adversely impact our business, financial position, results of operations and cash flows~~ . Our home warranty business line may be adversely affected by increases in the level of our operating expenses, such as refrigerants, appliances and equipment, parts, raw materials, wages and salaries, employee benefits, healthcare, contractor costs, self- insurance costs and other insurance premiums, as well as various regulatory compliance costs, all of which may be subject to inflationary and other pressures. Such increase in operating expenses, including contract claims costs, could have a material adverse impact on our consolidated business, financial position, results of operations and cash flows. Prices for raw materials, such as steel and fuel, are subject to market volatility. We cannot predict the extent to which our home warranty business line may experience future increases in costs of refrigerants, appliances and equipment, parts, raw materials, wages and salaries, employee benefits, healthcare, contractor costs, self- insurance costs and other insurance premiums, as well as various regulatory compliance costs and other operating costs. To the extent such costs increase, we may be prevented, in whole or in part, from passing these cost increases through to our existing and prospective customers, which could have a material adverse impact on our consolidated business, financial position, results of operations and cash flows. ~~Our insurance businesses are dependent in part or wholly on commissions, from insurance carriers or reinsurers and depend on our relationships with insurance providers with no long- term contractual commitments. We sell insurance policies to consumers as the insurance agency and then receive commissions from the insurance carriers. As we continue our growth in the insurance space and expansion from an insurance agency to a managed general agency or insurance carrier, we expect to derive a greater percentage of our insurance revenue from insurance policies and reinsurance policies. Our agreements with insurance carriers are short- term agreements, and many of the insurance carriers can end their business with us at any time with no notice. We expect any future agreements with reinsurers will typically have annual terms. As a result, we cannot guarantee that insurance carriers or reinsurers will continue to work with us, or, if they do, we cannot guarantee the commissions they will pay in the first year of the policy as well as each additional year. The commissions we earn are based on premiums and commission rates set by the carriers, and any decreases in these premiums or commission rates, including as a result of adverse trends in the insurance industry, would decrease our revenue. In addition, we may not be able to attract new insurance carriers or reinsurers to our services or increase the amount of revenue we earn from our insurance business over time. The insurance business is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business. If we are unable to maintain in good standing existing relationships with insurance carriers, or unable to add new insurance carriers or reinsurers, or if we become dependent on a limited number of carriers or reinsurers, we may be unable to meet the expectations of consumers and other counterparties in our insurance businesses. This deficiency could reduce confidence in our ability to offer competitive rates and terms, making us less popular with such consumers and counterparties. As a result, our insurance businesses could be materially impacted, which could have an adverse impact on our business, financial condition and results of operations. If insurance providers stop working with us or pay us lower amounts for new customers, or if we are unable to establish and maintain new relationships with other insurance providers, our insurance businesses could be materially affected, which in turn could impact our business, results of operations and financial condition. 37Our insurance businesses compete with a large number of companies in the insurance industry for underwriting premium. During periods of intense competition for premium, our insurance businesses are exposed to the actions of other companies that may seek to write policies without the appropriate regard for risk and profitability. During these times, it is very challenging to grow or maintain premium volume without sacrificing underwriting discipline and income.~~ The effects of emerging claim and coverage issues in the insurance industry are uncertain. As industry practices, economic, legal, judicial, social, and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect our insurance businesses by either extending coverage beyond the underwriting intent or by increasing the number and size of claims. Examples of emerging claims and coverage issues include, but are not limited to: **•** ~~● Judicial expansion of policy coverage and the impact of new theories of liability; ●~~ Plaintiffs targeting property and casualty (" P & C ") insurers in class action litigation relating to claims- handling and other practices; ~~●~~ **•** Medical developments linking health issues to particular cases, resulting in liability claims; and ~~●~~ **•**

Claims related to unanticipated consequences of current or new technologies, including cyber- security related risks and claims relating to potentially changing climate conditions. In some instances, these emerging issues may not become apparent for some time after affected insurance policies have been issued. As a result, the full extent of liability may not be immediately known, nor their financial impacts adequately provided for in premium charges. In addition, potential passage of new legislation designed to expand the right to sue, to remove limitations on recovery, to extend statutes of limitations or otherwise repeal or weaken tort reforms could have an adverse impact on our insurance businesses. The effects of these and other unforeseen emerging claim and coverage issues are difficult to predict and could harm our insurance businesses and materially adversely affect their results and operations. Our ~~insurance subsidiaries are dependent on the use of reinsurance. The Company' s~~ consolidated financial statements reflect the effects of reinsurance transactions. The primary purpose of reinsurance is to protect **us** ~~the Company~~ , at a cost, from losses in excess of the amount it is prepared to accept and to protect **our** ~~the Company' s~~ capital. Reinsurance is placed on both a quota- share and excess- of- loss basis. Ceded reinsurance arrangements do not discharge **us** ~~the Company~~ as the primary insurer and if reinsurers are unable or unwilling to pay or if we do not purchase sufficient reinsurance, it could seriously impact our insurance **company** ~~subsidiaries~~ **subsidiary** . Additionally, our net premiums written and earned will be impacted by the amount of premiums we cede under our reinsurance transactions. The amount of profit commission we receive, which reduces the amount of premiums we cede, is variable year- to- year and is dependent on the amount of losses ceded. Changes from one year to the next or within a year could substantially change the financial performance of our insurance **company** ~~subsidiaries~~ **subsidiary** , the amount of capital available for our insurance **company** ~~subsidiaries~~ **subsidiary** or both **. In January 2024, we entered into a business collaboration agreement with Aon. Pursuant to this agreement with Aon, Aon made a cash payment to Porch in the amount of approximately $ 25 million plus will make an additional cash payment to us in 2025, and will share with our insurance carrier affiliates a percentage of the brokerage revenue received by Aon for the placement of reinsurance contracts on their behalf that incept or renew each calendar year from 2025 through 2028. If we breach the agreement, we may be required to refund certain of the amounts paid by Aon to us (or to our affiliates) under the Agreement, subject to customary cure rights. Among other things, we could breach the agreement through incidents outside of our control, such as a decrease in financial stability rating, or by directly or indirectly placing reinsurance with brokers unaffiliated with Aon. Any such required repayment upon a breach of the agreement could impact our financial condition and results of operations** . The failure to accurately and timely pay claims could harm our insurance businesses. Though our insurance businesses historically evaluated and paid claims timely and in accordance with its policies and statutory obligations, they must continue to manage costs and close claims expeditiously. Many factors affect the ability to evaluate and pay claims accurately and timely, including training and experience of claims staff, claims department' s culture and the effectiveness of management, the ability to develop or select and implement appropriate procedures and systems to support claims functions and other factors. The failure to accurately and timely pay claims ~~38could~~ -- **could** lead to regulatory and administrative actions or material litigation, undermine our insurance businesses' reputation in the marketplace and materially and adversely affect their businesses, financial conditions and results of operations. If our insurance businesses are unable to hire, train and retain claims staff, their claims departments may be required to handle an increasing workload, which could adversely affect the quality of their claims administration, and could materially and adversely impact our business ~~. Reinsurance may be unavailable at current levels and prices, which may limit our ability to write new business. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material effect on results of our operations and financial condition~~ . Reinsurance is a contract by which an insurer, which may be referred to as the ceding insurer, agrees with a second insurer, called a reinsurer, that the reinsurer will cover a portion of the losses incurred by the ceding insurer in the event a claim is made under a policy issued by the ceding insurer, in exchange for a premium. HOA obtains reinsurance to help manage its exposure to property and casualty insurance risks **. Reinsurance is purchased annually, and capacity and acceptable pricing cannot be guaranteed, which may limit HOA' s growth or financial strength rating. If reinsurance becomes unavailable at current levels or prices, our ability to write new business will be hindered** . Although our reinsurance counterparties are liable to us according to the terms of the reinsurance policies, we remain primarily liable to our policyholders as the direct insurers on all risks reinsured. As a result, reinsurance does not eliminate the obligation of our insurance **company** ~~subsidiaries~~ **subsidiary** to pay all claims, and we are subject to the risk that one or more of our reinsurers will be unable or unwilling to honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits specified in our reinsurance contracts, limiting recovery. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success. We may change the structure of our...... delays to offset this additional cost. Failure to maintain our insurance carriers' risk- based capital at the required levels could adversely affect the ability of our insurance **company** subsidiary to maintain regulatory authority to conduct our business. We must have sufficient capital to comply with insurance regulatory requirements and maintain authority to conduct our business. The National Association of Insurance Commissioners has developed a system to test the adequacy of statutory capital of U. S.- based insurers, known as risk- based capital that all states have adopted. This system establishes the minimum amount of capital necessary for an insurance company to support its overall business operations. It identifies insurers, including property- casualty insurers, that may be inadequately capitalized by looking at certain inherent risks of each insurer' s assets and liabilities and its mix of net written premiums. Insurers falling below a ~~39calculated~~ -- **calculated** threshold may be subject to varying degrees of regulatory action, including supervision, rehabilitation or liquidation. Similarly, our wholly- owned, Cayman Islands- based captive reinsurer, Porticus Re, is subject to additional capital and other regulatory requirements imposed by the **Cayman Islands Monetary Authority ("** CIMA **")** . Although these capital requirements are generally less constraining than U. S. capital requirements, failure to satisfy these requirements could result in regulatory actions from the CIMA or loss of or modification of Porticus Re' s Class B (iii) insurer license, which could adversely impact our ability to improve our overall capital efficiency **. As a mid** ~~and support our " capital~~ **sized carrier expanding its national presence** ~~light " model. As an emerging entrant to the insurance industry~~ , we may face additional capital and surplus requirements as compared to those of our larger and more established competitors. Failure to maintain adequate risk- based capital at the required levels could result in increasingly onerous reporting and examination requirements and could adversely affect our ability to maintain regulatory authority to conduct our business. ~~Our insurance businesses' loss reserves may be inadequate to cover actual losses.~~ Loss reserves are estimates of the ultimate cost of claims and do not represent a precise calculation of any ultimate liability. These estimates are based on historical information and on estimates of future trends that may affect the frequency and severity of claims that may be reported in the future. Estimating loss reserves is a difficult, complex, and inherently uncertain process involving many variables and subjective judgments, Significant periods of time can elapse between the occurrence of an insured loss, the reporting of a claim, and payment of that claim. Loss reserves are estimates of the ultimate cost of claims and do not represent a precise calculation of any ultimate liability of our insurance businesses. These estimates are based on the analysis of historical loss development patterns and on estimates of current labor and material costs. The various factors reviewed include: ~~•~~ **•** loss emergence, reporting and development patterns; ~~•~~ **•** underlying policy terms and conditions; ~~•~~ **•** business and exposure mix; ~~•~~ **•** trends in claims frequency and severity; ~~•~~ **•** changes in operations; ~~•~~ **•** emerging economic and social trends; ~~•~~ **•** inflation; and ~~•~~ **•** changes in the regulatory and litigation environments. This process assumes that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. It also assumes that adequate historical or other data exists upon which to make these judgments. There is no precise method for evaluating the impact of variances in estimates. If the actual amount of insured losses is greater than the amount reserved for these losses, our insurance businesses' profitability could suffer. The performance of our insurance businesses' investment portfolios is subject to a variety of investment risks. The results of operations of our insurance businesses depend, in part, on the performance of their investment portfolios. Our insurance businesses seek to hold a high- quality portfolio managed by a provider investment advisory firm in accordance with its investment policy and routinely reviewed by the internal management team. Investments, however, are subject to general economic conditions and market risks as well as risks inherent to particular securities. The values of our insurance businesses' investment portfolios are subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of an issuer' s payments on such investments. Downgrades in the credit ratings of fixed income securities could also have a significant negative effect on the market valuation of such securities. ~~40Such~~ -- **Such** factors could reduce our insurance businesses' net investment incomes and result in realized investment losses, as well as negatively impact its statutory capital. Our insurance businesses' investment portfolios are subject to increased valuation uncertainties when investment markets are illiquid, thereby increasing the risk that the estimated fair value (i. e. carrying amount) of the securities our insurance businesses hold in their portfolio does not reflect prices at which accrual transactions would occur. Risks for all types of securities are managed through the application of our insurance businesses' investment policies, which establish investment parameters that include maximum percentages of investment in certain types of securities and minimum levels of credit quality, which they believe are within applicable guidelines established by the National Association of Insurance Commissioners. In addition, our insurance businesses seek to employ investment strategies that are not correlated with its insurance and reinsurance exposures, however, losses in their investment portfolios may occur at the same time as underwriting losses. Our insurance businesses could be forced to sell investments to meet liquidity requirements. Our insurance businesses invest premiums until they are needed to pay policyholder claims. Consequently, our insurance businesses seek to manage the duration of their investment portfolios based on the duration of their losses and loss adjustment expenses payment cycles in order to ensure sufficient liquidity and to avoid having to unexpectedly liquidate investments to fund claims. In addition, unfavorable trends in litigation could potentially result in the need to sell investments to fund these liabilities. Our insurance businesses may not be able to sell their investments at favorable prices or at all. Sales of invested assets could result in significant realized losses depending on the conditions of the general market, interest rates, and credit issues with individual securities. **Further, losses may impact surplus and require additional capital to fund statutory surplus requirements, which may not be available or available on terms that are not favorable to the Company.** Our results of operations and financial condition may be adversely affected due to limitations in the analytical **models or changes in accessibility to such** models used to assess and predict our exposure to catastrophic losses. Models developed internally and by third- party vendors are used along with our own historical data in assessing property insurance exposure to catastrophic losses. These models assume various conditions and probability scenarios; however, they do not necessarily accurately predict future losses or measure losses currently incurred. Further, the accuracy of such models may be negatively impacted by changing climate conditions. Catastrophe models use historical information and scientific research about natural events, such as hurricanes and earthquakes, as well as detailed information about our in- force business. This information is used in connection with pricing and risk management activities. However, since actual catastrophic events vary considerably, there are limitations with respect to its usefulness in predicting losses in any reporting period. Other limitations are evident in significant variations in estimates between models, material increases and decreases in results due to model changes and refinements of the underlying data elements and actual conditions that are not yet well understood or may not be properly incorporated into the models. **Risks Relating to Financial Reporting and Results of Operations We have previously identified material weaknesses in our internal control over financial reporting that could have resulted in material misstatements in our financial statements and in the inability of our independent registered public accounting firm to provide an unqualified audit opinion which could have a material adverse effect on us. As a public company, we are required to comply with the SEC' s rules implementing Sections 302 and 404 of the Sarbanes- Oxley Act of 2002, or the Sarbanes- Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the**

effectiveness of controls over financial reporting. As disclosed under " Item 9A. Controls and Procedures " of this Annual Report, during the course of preparing our audited financial statements for our Annual Reports on Form 10- K for the fiscal years ended December 31, 2020, 2021 and 2022, we, in conjunction with our independent registered public accounting firm, identified certain material weaknesses. 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 annual or interim financial statements will not be prevented or detected on a timely basis. During 2020, 2021, 2022, and 2023 we dedicated multiple internal resources and supplemented those internal resources with various third- party specialists to assist with the implementation of the detailed remediation plans, including enhancing our processes and systems. As of December 31, 2023, we have remediated all of the previously identified material weaknesses and concluded that our internal control over financial reporting is effective. Our **management** ~~business may also be adversely affected by downturns in the home, auto, flood and umbrella insurance industries, and the cyclical nature of the insurance industry. Through our wholly owned subsidiary and licensed insurance agency EIG, we primarily serve customers in the homeowners' insurance market. We also sell auto, flood and umbrella insurance and we expect sales in those markets to increase in the future. Decreases in consumer demand in the home and automotive industries in general could adversely affect the demand for insurance and, in turn, the number of consumers we provide insurance quotes and corresponding sales. For example, negative trends in the real estate industry, such as decreases rental payments and increases in home values have the potential to adversely affect home purchases and to decrease the demand for homeowners, flood and umbrella insurance. In addition, consumer purchases of homes and new and used automobiles generally decline during recessionary periods and other periods in which income is adversely affected and may be affected by negative trends in the broader economy~~ , including ~~the availability~~ **our chief executive officer** and **chief** ~~cost of credit, reductions in business and consumer confidence, stock market volatility and increased unemployment. We are also subject to the cyclical nature of the insurance industry. The~~ financial **officer** ~~performance of the insurance industry has historically fluctuated with periods of lower premium rates and excess underwriting capacity resulting from increased competition followed by periods of higher premium rates and reduced underwriting capacity resulting from 41decreased competition. Although the financial performance of an insurance company depends on its own specific business characteristics~~ , ~~the profitability of many insurance companies tends to follow this cyclical market pattern. Because market cyclability is due in large part to the actions of competitors and general economic factors, we cannot predict the timing or duration of changes in the market cycle. Insurance commission revenue recognition and changes within our insurance business may create a fluctuation of our business results and expose us to additional risks. Current accounting standards allow an insurance agency like EIG to recognize the full lifetime value of each insurance sale up front, because EIG~~ does not **expect that** ~~service the customer or~~ **our internal control over financial reporting will prevent all errors** ~~have any other responsibilities after the initial sale. EIG then collects the ongoing commission payments from the insurance carriers on an~~ **and** ~~ongoing basis each year so long as the customer does~~ **all fraud. A control system, no matter how well designed and operated, can provide only reasonable,** not ~~cancel the~~ **absolute,** ~~insurance~~ **assurance that** ~~. In~~ the **control system' s objectives will be met** ~~future, EIG may begin to provide ongoing services to the policyholder or customer in order to receive higher commission amounts and a higher overall lifetime value~~ . **Further** ~~We would expect any such change to result in a shift in revenue recognition from the first year to ongoing years~~ , **the design of a control system must reflect the fact that** ~~which could increase long- term growth rates but negatively impact our short- term results. There~~ **there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls** can be **circumvented by** ~~no assurance that our planned formation of a reciprocal exchange will receive regulatory approval, and if obtained, that~~ the **individual acts of some persons, by collusion of** ~~approval would be based on terms as proposed or subject to~~ **two** ~~additional requirements that~~ **or more people, or by management override of the controls. Over time, controls may become inadequate because of changes in circumstances or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and** may not be **detected** ~~acceptable to the Company~~ . ~~There can~~ **Our quarterly operating results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly operating results or guidance fall below the expectations of research analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly operating results or guidance may** be **due** ~~no assurance that the Texas reciprocal exchange (the " Reciprocal ") will commence business. Porch has announced plans~~ to **a number** ~~file an application with the Texas Department~~ of **factors** ~~Insurance (" TDI ") to form and license the Reciprocal. Applications of this nature involve intensive dialog with regulators that can result in material changes to all aspects of the business plan originally presented~~ , including **,** ~~changes that could cause Porch to terminate and not proceed with its plans to form the Reciprocal. Matters within the scope of the TDI' s review include~~ but ~~are~~ not limited to **,** those listed below:

~~•~~ **• economic trends related to software companies, companies not yet profitable, home- related companies, companies that went public through a special purpose acquisition company (SPAC) transaction, the home services and insurance industries, and general economic, industry and market conditions; • seasonality; • the extent to which home services companies, consumers, service providers, and commercial partners are attracted to our solutions to satisfy** ~~the~~ **their** ~~adequacy~~ **(and in the case** of **home services companies and commercial partners,** ~~the~~ **their** ~~Reciprocal' s~~ **customers') needs** ;

~~•~~ **• the timing,commitment levels,and revenue share rates at which we enter into agreement for our solutions with home services companies and service providers,along with their ongoing capacity and fulfillment performance to handle volume and the effectiveness of our marketing and affiliate channels to drive volume to our network;• the volume of consumer referrals that home services companies and commercial partners send to us,and the addition or loss of large home services companies or commercial partners,including through acquisitions or consolidations;• the mix of home services companies and commercial partners across small,mid- sized and large organizations;• changes in our pricing policies or those of our competitors,including loss of customers due to increased price of our policies;• volatility in**

commissions from our insurance business;• severe weather events, **including tornado and hail events,hurricanes,** extensive wildfires and other catastrophes,and the frequency of any of the foregoing,including the effects of climate change and global pandemics; ~~•~~ **•** volatility,as well as severity,in claims from our insurance business; ~~•~~ **•** widespread claim costs associated with P & C claims; ~~•~~ **•** losses resulting from actual policy experience that is adverse to assumptions made in product pricing; ~~•~~ **• our insurance carrier being placed under regulatory supervision or losing or receiving a downgrade its credit rating;•** the timing and delay in introducing new policy pricing due to seeking regulatory approval for price changes ~~•~~ **•** losses resulting from a decline in the value of our invested assets; ~~•~~ **•** declines in value and / or losses with respect to companies and other entities whose securities we hold and counterparties with whom we transact business or to whom we have credit exposure,including reinsurers,and declines in the value of investments; ~~•~~ **•** the financial health of our home services companies,consumers,service providers,and commercial partners; ~~•~~ **•** the amount and timing of operating expenses,including those related to the maintenance and expansion of our business,operations and infrastructure; ~~•~~ **•** the timing and success of new solutions introduced by us; ~~•~~ **•** the timing and success of current and new products and services introduced by our competitors; ~~•~~ **•** other changes in the competitive dynamics of our industry,including consolidation among competitors,customers or strategic partners; ~~•~~ **•** our ability to manage our existing business and future growth,including increases in the number of customers on our platform and new geographic regions;and ~~•~~ **•** various other factors,including those related to significant disruptions in our systems and platform infrastructure risks related to independent contractors,and privacy and data security breaches,each of which is described elsewhere in this " **Item 1A.** Risk Factors **,** " section.Our earnings guidance and resulting external analyst estimates are largely based on our view of our business and the broader housing,housing services and insurance markets.Further,there is additional risk in our ability to accurately forecast our operational and financial performance and provide earnings guidance as a result of evolving economic downturn,continued inflationary cost increases and uncertainty of frequency and severity of weather events and related ~~33claims~~ -- **claims** .Failure to meet our guidance or analyst expectations for earnings would have ~~an adverse impact on the market price of our common stock.We may be unable to access the capital markets when needed,which could adversely affect the ability to take advantage of business opportunities as they arise and to fund operations in a cost- effective manner.Our ability to grow our business depends,in part on the ability to access capital when needed to provide statutory surplus.Capital markets may become illiquid from time to time,and we cannot predict the extent and duration of future economic and market disruptions or the impact of any government interventions.We may not be able to obtain financing on acceptable terms,or at all.If we require capital but cannot raise it or cannot obtain financing on acceptable terms,our business,financial condition,and results of operations may be materially adversely affected,and we may be unable to execute our long- term growth strategy.Our quarterly results of operations fluctuate due to seasonality and other factors associated and~~ - **an** ~~HOAIC the second and third fiscal quarters due to peak real estate transaction activity occurring during the summer months coupled with historically more mild weather.The first and fourth fiscal quarters are generally weakest,due to lower real estate transaction activity during the winter months coupled with historically more severe weather events.As a result,our operating results for any given quarterly period are not necessarily indicative of operating results for an~~ **and 2020** ~~entire year.In addition~~ , **respectively** ~~we are rapidly evolving our partnerships and capabilities~~ ,and **as** ~~continually improving our underwriting and approach to reinsurance,which makes comparisons to previous seasons difficult.We have experienced net losses in each year since our inception.We incurred operating losses~~ of ~~$ 190.4 million,$ 177.0 million and $ 83.4 million for the years ended~~ December 31, ~~2023,~~ 2022 ~~and 2021,respectively,and as of December 31,2023~~ ,we had an accumulated deficit of $ ~~722~~ **585** . ~~1~~ **0** million.We will need to generate and sustain increased revenue levels and decrease proportionate expenses in future periods to achieve profitability,and even if we do,we may not be able to maintain or increase profitability.While we are undertaking efforts that we believe will increase our revenue,these efforts may not be sufficiently successful in order to offset these expenses.Many of our efforts to generate additional revenue are new and unproven,and any failure to adequately increase revenue or contain the related costs could prevent us from attaining or increasing profitability.Our recent growth in revenue and number of home services companies,consumers,service providers and commercial partners may not be sustainable,and we may not achieve sufficient revenue to achieve or maintain profitability.We may incur significant losses in the future for a number of reasons,including the other risks described in this " ~~Item 1A.~~ Risk Factors ~~,~~ " section,and we may encounter unforeseen expenses,difficulties,complications and delays and other unknown events.Accordingly,we may not be able to achieve or maintain profitability and we may incur significant losses for the foreseeable future **.Our limited operating history makes it difficult to evaluate our current business and future prospects.We have been in existence since 2011,and much of our growth has occurred in recent periods.Our limited operating history may make it difficult for you to evaluate our current business and our future prospects.We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries,including increasing and unforeseen expenses as we continue to grow our business.If we do not manage these risks successfully,our business will be harmed** .We have incurred and will continue to incur increased costs as a result of being a public company that reports to the SEC and our management will be required to devote substantial time to meet compliance obligations.As a public company reporting to the SEC,we incur significant legal,accounting and other expenses that we did not incur as a private company.We are subject to reporting requirements of the Exchange Act and the Sarbanes- Oxley Act of 2002,as well as rules subsequently implemented by the Securities and Exchange Commission that impose significant requirements on public companies,including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices.In addition,on July 21,2010,the Dodd- Frank Wall ~~Street~~ **34Street** Reform and Protection Act was enacted.There are significant corporate governance and executive compensation- related provisions in the Dodd- Frank Act that increased our legal and financial compliance costs,make some activities more difficult,time- consuming or costly and may also place undue strain on our personnel,systems and resources.Our management and other personnel devote a substantial amount of time to these compliance initiatives.Compliance with public company requirements is costly and makes certain activities more time-consuming generally,and those costs will increase if we continue to acquire new companies,in particular.A number of those requirements will require us to carry out activities we,or an acquired company,have not done previously.For example,we have adopted and will continue to adopt new internal controls and disclosure controls and procedures.In addition,expenses associated with SEC reporting requirements will be incurred.Furthermore,if any issues in complying with those requirements are identified (for example, ~~our~~ **if the** auditors ~~have in the past and may in the future~~ identify **a** material ~~weaknesses~~ -- **weakness** or significant ~~deficiencies~~ **deficiency** in ~~our~~ **the** internal control over financial reporting),we could incur additional costs rectifying those issues,and the existence of those issues could adversely affect our reputation or investor perceptions of it.Companies are also facing increasing scrutiny from customers,regulators,investors,and other stakeholders related to their environmental,social and governance (" ESG ") practices and disclosures.Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation,ability to do business with certain partners,and harm our business.New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting,diligence,and disclosure ~~,including with respect to climate- related disclosure~~ .Increased ESG related compliance costs could impact our operations and business.Our risk management policies and procedures may prove to be ineffective and leave us exposed to unidentified or unanticipated risk.We have identified and continue to develop enterprise- wide risk management policies and procedures to mitigate risk and loss to which we are exposed.There are inherent limitations to our risk management strategies because there may be existing or future risks that have not been fully identified.If internal risk management policies and procedures are ineffective,we may suffer unexpected losses which could be material and adversely affect our financial results and operations.Our risk management framework may not evolve at the same pace as we expand our business.As a result,there is a risk that new products or new business strategies may present risks that are not fully identified,effectively monitored,or thoroughly managed. ~~We have exposure to different counterparties in the industries in which we operate,which expose us to credit risk in the event of a default or other failure to adhere to contractual obligations by a counterparty.Specifically,our insurance carrier cedes risk to third- party insurance companies through reinsurance contracts that cover large volumes of business and exposes us to increased credit risk.Our credit risk may be exacerbated when collateral held by us is not sufficient to offset credit risk,changes in value,cannot be realized upon,or is liquidated at prices not sufficient to recover the full amount of the credit exposure due to us.This could lead to losses,the extent of which is unknown,and any such losses could have a material adverse effect on our business,financial condition,and results of operations.~~ Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.As of December 31, ~~2023~~ **2022** ,we had net operating loss carryforwards for U.S.federal income tax purposes and state income tax purposes of $ ~~425~~ **410.9 million and $ 250** .1 ~~million and $ 260.4~~ million,respectively,available to offset future taxable income.If not utilized,the federal net operating loss carryforward amounts generated prior to January 1,2018 ~~,~~ will begin to expire in 2031,and the state net operating loss **carryforward amounts will begin to expire in 2023.Realization of these net operating loss carryforwards depends on our future taxable income,and there is a risk that our existing carryforwards subject to expiration could expire unused and be unavailable to offset future income tax liabilities,which could materially and adversely affect our operating results.In addition,under Sections 382 and 383 of the Internal Revenue Code of 1986,as amended,if a corporation undergoes an " ownership change," generally defined as a greater than 50 % change (by value) in its equity ownership over a three- year period,the corporation' s ability to use its pre- change net operating loss carryforwards and other pre- change tax attributes,such as research tax credits,to offset its post- change income may be limited.The Company has determined that it has experienced a limited number of ownership changes in its history,but have concluded that the resulting limitation does not impose any significant constraints on the benefit of its tax attributes.Additional ownership changes may occur in the future.Risks Relating to Our Insurance BusinessWe face a variety of risks through our expansion into the insurance business.In 2020** ' s **ability to** ~~capitalization and methods used~~ **use its pre- change net operating loss carryforwards and other pre- change tax attributes, such as research tax credits,** to ~~capitalize~~ **offset its post- change income may be limited. The Company has determined that** it ~~; • the terms~~ **has experienced a limited number** of **ownership changes** ~~the Reciprocal' s governing documents, including the compensation paid to the attorney-~~ in ~~- fact; • the premiums to be charged by the Reciprocal and the benefits offered to~~ its ~~subscribers; •~~ **history, but have concluded that** the ~~amount and duration of~~ **resulting limitation does not impose any significant constraints on** the **benefit of** ~~subscriber contribution paid by~~ its **tax attributes** ~~subscribers • the Reciprocal' s relationship with Porticus Re, HOA' s managing general agency and EIG, including reinsurance premium, commissions and fees charged by them for services as general agent; • the powers and composition of the Reciprocal' s subscribers' committee; and • the terms of sale of HOAIC to the Reciprocal~~ . ~~Insurance is regulated on a state- by- state basis. Approval by the TDI, if obtained, applies only to the Reciprocal' s ability to operate in Texas. Expansion outside of Texas will require additional~~ **Additional ownership** ~~state- by- state applications, with each application subject to dialog with state regulators that can result in~~ changes **may** ~~unfavorable the Reciprocal, including changes that could cause Porch to terminate plans to expand the Reciprocal into specific states. Under existing GAAP, we expect the Reciprocal will consolidate with Porch for financial reporting purposes. While deconsolidation of the Reciprocal from Porch is a goal, there is no assurance that our~~ **occur** ~~plan for achieving deconsolidation will be successful, nor can there be any assurance that deconsolidation will be achieved~~ in the future. Accordingly, all the risk factors identified...... be known at this time. 43Risks -- **Risks** Relating to Compliance with Laws and Regulations, and ~~LitigationOur~~ --- **Litigation Our** insurance businesses are subject to state governmental regulation, which could limit the growth of our insurance businesses and impose additional costs on us. Our insurance businesses are subject to extensive regulation and supervision by individual state insurance departments in the states where they transact business. This regulation is generally designed to protect the interests of customers, and not necessarily the interests of insurers or agents, their shareholders, or other investors. Numerous aspects of our insurance businesses are subject to regulation, including premium rates, mandatory covered risks, limitations on the ability to ~~renew or elect~~ not ~~to~~ renew business, prohibited exclusions, licensing and appointment of agents, restrictions on the size of risks that may be insured under a single policy, policy forms and coverages, advertising and other conduct, including restrictions on the use of credit information and other underwriting factors, as well as other underwriting and claims practices. To the extent our insurance businesses decide to expand product offerings to include other insurance products, such as pet, auto, or life insurance, this would subject them to additional regulatory requirements and scrutiny in each state where it elects to offer such products. States may also regulate various aspects of the contractual relationships between insurers and independent agents. Such laws and regulations are usually overseen and enforced by various insurance departments, as well as through private rights of action and by **some** state attorneys general. Such regulations or enforcement actions may result in rate suppression, limit the ability of our insurance businesses to manage exposure to unprofitable or volatile risks, or lead to fines, premium refunds, or other adverse consequences. As a result of noncompliance, regulators could impose fines or other penalties, including cease- and- desist orders for an individual state, or all states, until the identified noncompliance is rectified. Our insurance businesses are also subject to examinations by the insurance departments of **any** ~~corresponding to the~~ state where **our insurance businesses are** domiciled ~~. The~~ **or licensed to sell** insurance **. These insurance** ~~department~~ **departments** may, at any time, conduct ~~special~~ **comprehensive** or targeted examinations ~~to~~ **of our business practices and** address concerns or perceived deficiencies ~~. Insurance regulators of other states in which our insurance businesses are licensed to sell insurance may also conduct examinations~~ . The results of these examinations can give rise to regulatory orders requiring **fines,** remedial, injunctive, or other corrective action **. The exams could also result in the expenditure of significant management time or financial resources** . Our insurance businesses maintain licenses with a number of individual state insurance departments. If we are unable to comply with such regulations, we may be precluded or temporarily suspended from carrying on some or all of the activities of our insurance businesses or otherwise be fined or penalized in a given jurisdiction. Additionally, actual or perceived failure to comply with such state regulation may give rise to a right to terminate under arrangements with the insurance providers. Our continued ability to maintain our insurance licenses in the jurisdictions in which we are licensed or to expand to new operations or new jurisdictions depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions ~~. Furthermore, state insurance departments conduct periodic examinations, audits and investigations of the affairs of insurance companies and agencies, any of which could result in the expenditure of significant management time or financial resources~~ . In all jurisdictions, the applicable laws and regulations are subject to amendment and interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals and to implement and interpret rules and regulations. No assurances can be given that our insurance businesses can continue to be conducted in any given jurisdiction as it has been conducted in the past or that we will be able to expand our insurance business in the future. Certain states require insurers, such as HOA, to participate in various pools or risk sharing mechanisms or to accept certain classes of risk, regardless of whether such risks meet underwriting guidelines for voluntary business. Some states also limit or impose restrictions on the ability of an insurer to withdraw from certain classes of business. State insurance departments can impose significant charges on an insurer in connection with a market withdrawal or refuse to approve withdrawal plans on the ground that this could lead to market disruption. Laws and regulations that limit cancellations and non- renewals of policies or that subject withdrawal plans prior to approval requirements may significantly restrict our insurance businesses' ability to exit unprofitable markets. Such actions and related regulatory restrictions may limit their ability to reduce potential exposure to hurricane- related losses. ~~44Furthermore~~ -- **Furthermore** , certain states have enacted laws requiring an insurer conducting business in that state to participate in assigned risk and / or shared market plans. For example, state law requires all companies licensed to write property insurance in Texas to be a member of the Texas Windstorm Insurance Association (**“** TWIA **”**). TWIA provides basic property coverage to applicants in certain designated catastrophe areas who are unable to obtain insurance in the private market. Carrier participation is based on the amount of a company' s voluntary market share. In these markets, our insurance business, Homeowners of America Insurance Company (HOAIC), may be compelled to underwrite significant amounts of business at lower- than- desired rates, possibly leading to an unacceptable return on equity. Alternatively, as TWIA recognizes a financial deficit, it has the ability to assess participating insurers, adversely affecting our results of operations and financial condition. Furthermore, certain states require insurers to participate in guaranty funds for impaired or insolvent companies. These funds periodically assess losses against all insurance companies doing business in the state. ~~During~~ **For example, in** 2022 ~~,~~ HOAIC was subject to guaranty fund assessments in Texas and South Carolina. Our results of operations and financial condition could be adversely affected by any of these factors . Certain of our business customers (...... give rise to liabilities and increased costs . We receive, process, store and transmit a significant amount of personally confidential or sensitive personal information about consumers that use our products and services. In addition, we accept payments (including recurring payments) from home services companies, consumers and service providers. The manner in which we share, store, use, disclose and protect this information is determined by the respective privacy and data security policies of our various businesses, as well as federal and state laws and regulations and evolving industry standards and practices. These laws, regulations, standards and practices are continually evolving, and in some cases, may subject us to inconsistent and conflicting obligations and may be subject to differing interpretations. In addition, new laws, regulations, standards and practices of this nature are proposed and adopted from time to time. Moreover, multiple legislative proposals concerning privacy and the protection of user information are being considered by the U. S. Congress and various state legislatures ~~(including those in Illinois, New York, Virginia and Washington)~~ . Other U. S. state legislatures have already enacted privacy legislation, one of the strictest and most comprehensive of which is the California Consumer Privacy Act of 2018 (the “ CCPA ”) **, as modified by the California Privacy Rights Act of 2020 (the “ CPRA ”)** . The CCPA ~~became effective January 1, 2020, and~~ imposes strict requirements and restrictions on the use of personal information with respect to California consumers, including mandating that companies provide consumers with information with respect to personal information being collected about them and how it is being used upon request, as well granting consumers significant control over the use of their personal information (including the right to have such information deleted and the right to object to the " sale " (as defined in the CCPA) of such information) and mandating new operational requirements for businesses (primarily providing consumers with enhanced privacy- related disclosures). The CCPA imposes strict requirements on the ability of our businesses to use personal California user and subscriber information in connection with our various products, services and operations, such as retargeting users with advertisements online, which could adversely affect our business, financial condition and results of operations. The ~~CCPA also provides consumers with a private right of action for security breaches, as well as statutory damages of up to $ 750 per violation, with the California Attorney General maintaining authority to enforce the CCPA and seek civil penalties for intentional violations of the CCPA of up to $ 7, 500 per violation. Further, the California Privacy Rights Act, or CPRA, expanded the CCPA when it took effect on January 1, 2023. Among other things, the~~ CPRA introduced data minimization and storage limitation requirements and created a new regulatory agency to implement and enforce the law. **Other states** ~~Virginia and Colorado~~ have similarly enacted comprehensive privacy laws, ~~the Virginia Consumer Data Protection Act and the Colorado Privacy Act,~~ which are similar to the CCPA and CPRA in many respects ~~and became effective on January 1~~ , **and** ~~2023. Legislative~~ **legislative** proposals to adopt comprehensive privacy laws in other states are under consideration. While we continue to invest heavily in compliance efforts with respect to applicable privacy and data protection policies, law and regulation and industry standards and practices, we could still be subject to claims of non-compliance that we may not be able to successfully defend, and / or to significant fines and penalties. Moreover, any non-compliance or perceived non- compliance by us or any third party we engage to store or process information, or any compromise of security that results in unauthorized access to (or use or transmission of) personal information could result in a variety of claims against us, including governmental enforcement actions, significant fines, litigation (including consumer class actions), claims for breach of contract and indemnity by third parties and adverse publicity. When such events occur, our reputation could be harmed and the competitive positions of our various brands and businesses could be diminished, which could adversely affect our business, financial condition and results of operations. Additionally, to the extent multiple U. S. state- level laws are introduced with inconsistent or conflicting standards and there is no federal ~~47preemption~~ -- **preemption** of such laws, compliance could be even more difficult to achieve and our potential exposure to the risks discussed above could increase. Furthermore, our ability to comply with all applicable privacy and data protection policies, law and regulation and industry standards and practices may affect our ability to do business with our commercial partners. Some commercial partners have imposed significant data protection requirements in the past, and commercial partners may in the future impose requirements that, particularly given our relative size and resources, result in burdensome compliance obligations to us. These obligations and ongoing compliance with existing and future privacy and data protection laws worldwide could be costly, and if we cannot fully comply, we could face liability, reputational harm or loss of relationships with customers or commercial partners. The devotion of significant costs to compliance (versus the development of products and services) could result in delays in the development of new products and services, decreases in or loss of business with commercial partners, abandonment of problematic products and services in existing jurisdictions and an inability to introduce new products and services in certain new and existing jurisdictions, each of which could adversely affect our business, financial condition **and results of operations** .Certain of our business customers (namely,including loan officers,mortgage companies,financial institutions and other companies' business customers that may be involved in the home purchase,mortgage and settlement process) are or may be,and in some cases we are or may be,subject to,and / or we may facilitate compliance with,a variety of federal,state,and local laws,including those related to consumer protection and financial services.Many of our customers and prospective customers are highly regulated and,of that group,may be required to comply with stringent regulations in connection with performing business functions that our products and services address.In some cases,we facilitate (directly or indirectly) compliance with these regulatory requirements.While we currently operate our business in an effort to ensure our business itself is not subject to extensive regulation,there is a risk that certain regulations could become applicable to us,including as we expand the functionality of,and services offered through our platforms.In addition,we and our partners,vendors,and other service providers must comply with laws and regulatory regimes that apply to us directly and our partners,vendors,and other service providers indirectly,such as through certain of our products and / or our contractual relationships with our customers.In particular,certain laws,regulations,and rules our customers are subject to,and with which may or do facilitate compliance,directly or indirectly,include: ~~•~~ **•** the Truth in Lending Act,or TILA,and Regulation Z promulgated thereunder,and similar state laws,which require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions,and require creditors to comply with certain lending practice restrictions as well as the TILA- RESPA Integrated Disclosure rule,or TRID,which imposes specific requirements around the collection of information,charging of fees,and disclosure of specific loan terms and costs upon receipt of an application for credit; ~~•~~ **•** the Real Estate Settlement Procedures Act,or RESPA,and Regulation X,which,among other matters,prohibits giving or accepting any fee,kickback or a thing of value for the referral of real estate settlement services or accepting a portion or split of a settlement fee other than for services actually provided;for affiliated business relationships,prohibits receiving anything other than a legitimate return on ownership,requiring use of an affiliate,and failing to provide a disclosure of the affiliate relationship; ~~•~~ **•** the Equal Credit Opportunity Act,or ECOA,and Regulation B promulgated thereunder,and similar state fair lending laws,which prohibit creditors from discouraging or discriminating against credit applicants on the basis of race,color,sex,age,religion,national origin,marital status,the fact that all or part of the applicant' s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act; ~~•~~ **•** the Fair Credit Reporting Act,or FCRA,and Regulation V promulgated thereunder,which impose certain obligations on consumer reporting agencies,users of consumer reports and those that furnish information to consumer reporting agencies,including obligations relating to obtaining consumer reports,marketing using consumer reports,taking adverse action on the basis of information from consumer reports and protecting the privacy and security of consumer reports and consumer report information; ~~•~~ **•** Section 5 of the Federal Trade Commission Act,or the FTC Act,which prohibits unfair and deceptive acts or practices in or affecting commerce,and Section 1031 of the Dodd- Frank Act,which prohibits unfair,deceptive ~~45or~~ **or** abusive acts or practices in connection with any consumer financial product,warranty contract or service,and analogous state laws prohibiting unfair,deceptive or abusive acts or practices; • the Gramm- Leach- Bliley Act,or GLBA,and Regulation P promulgated thereunder,which include limitations on financial services firms' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties,in certain circumstances requires financial services firms to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information,and requires financial services firms to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information,and other privacy laws and regulations; • the Home Mortgage Disclosure Act,or HMDA,and Regulation C,which require reporting of loan origination data,including the number of loan applications taken,approved,denied and withdrawn; • the Fair Housing Act,or FHA,which prohibits discrimination in housing on the basis of race,sex,national origin,and certain other characteristics; • the Secure and Fair Enforcement for Mortgage Licensing,or the SAFE Act,which imposes state licensing requirements on mortgage loan originators; • the Electronic Signatures in Global and National Commerce Act,or ESIGN Act,and similar state laws,particularly the Uniform Electronic Transactions Act,or UETA,which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures and which require financial services firms to obtain a consumer' s consent to electronically receive disclosures required under federal and state laws and regulations; • the Americans with Disabilities Act,or ADA,which has been interpreted to include websites as " places of public accommodations " that must meet certain federal requirements related to access and use; • the Bank Secrecy Act,or BSA,and the USA PATRIOT Act,which relate to compliance with anti- money laundering,borrower due diligence and record- keeping policies and procedures; • the regulations promulgated by the Office of Foreign Assets Control,or OFAC,under the U.S.Treasury Department related to the administration and enforcement of sanctions against foreign jurisdictions and persons that threaten U.S.foreign policy and national security goals,primarily to prevent targeted jurisdictions and persons from accessing the U.S.financial system;and • other federal,state- specific and local laws and regulations.In addition to the laws,regulations,and rules that apply to our customers and others,and that we facilitate compliance with,we may be deemed to be subject to certain laws,regulations,and rules through our relationships with our customers or others including RESPA,FCRA,FTC Act,GLBA,FHA **,TCPA** ,TSR,ESIGN Act,ADA,OFAC,and other federal and state- specific laws and regulations,including those that impose requirements related to unfair or deceptive business practices and consumer protection,as well as other state laws relating to privacy,information security,and conduct in connection with data breaches.We may also be examined on a periodic basis by various regulatory agencies and may be required to review certain of our partners,vendors,or other service providers.These potential examinations may lead to increased regulatory compliance efforts that are time- consuming and expensive operationally.Matters subject to review and examination by federal and state regulatory agencies and external auditors include our internal information technology controls in connection with our performance of services,the agreements giving rise to these activities,and the design of our products and services.Any inability to satisfy these examinations and maintain compliance with applicable regulations could adversely affect our ability to conduct our business,including attracting and maintaining customers.Furthermore,federal and state officials are discussing various potential changes to laws and regulations that could impact us,including additional data privacy regulations,among others.Changes in these areas,generally in the regulatory environment in which we and our customers operate,could adversely impact our competitive position and results of operations.While we have developed policies and procedures designed to assist in compliance with these laws and regulations,no assurance can be given that our compliance policies and procedures will be effective.Compliance with these requirements is also costly,time- consuming and limits our operational flexibility.Additionally,Congress,states' regulatory agencies,as well as local municipalities,could further regulate the relevant industries in ways that make it more difficult or costly for us to offer our products and related services.These laws also are often subject to changes that ~~46could~~ -- **could** severely limit the operations of our business model.Further,changes in the regulatory application and / or judicial interpretation of the laws and regulations applicable to our businesses could also impact the manner in which we conduct our business.If we or our partners,vendors or other service providers are found to be in non- compliance with applicable laws,we could become subject to greater scrutiny by federal and / or state regulatory agencies,and / or face other sanctions,which may have an adverse effect on our ability to continue to provide our services or make our products and related services available in particular states,or utilize the services of third- party providers,which may harm our business.In addition,non- compliance could subject us to damages,class action lawsuits,administrative enforcement actions,rescission rights held by investors in securities offerings and civil and criminal liability,all of which would adversely affect our business,financial condition, ~~and results of operations.The~~ and results of operations. We are subject to payment network rules and any material modification of our payment card acceptance privileges could have a material adverse effect on our business, results of operations, and financial condition. The loss of our credit and debit card acceptance privileges or the significant modification of the terms under which we obtain card acceptance privileges would significantly limit our business model since a substantial number of our customers and commercial partners pay using credit or debit cards. We are required by our payment processors to comply with payment card network operating rules, including the Payment Card Industry Data Security Standards (the " PCI DSS "). Under the PCI DSS, we are required to adopt and implement internal controls over the use, storage, and transmission of card data to help prevent credit card fraud. If we fail to comply with the rules and regulations adopted by the payment card networks, including the PCI DSS, we would be in breach of our contractual obligations to payment processors and merchant banks. Such failure to comply may damage our relationship with payment card networks, subject us to restrictions, fines, penalties, damages, and civil liability, and could eventually prevent us from processing or accepting payment cards, which would have a material adverse effect on our business, results of operations, and financial condition. Moreover, the payment card networks could adopt new operating rules or interpret or reinterpret existing rules that we or our payment processors might find difficult or even impossible to comply with, or costly to implement. As a result, we could lose our ability to give consumers the option of using payment cards to make their payments. Further, there is no guarantee that, even if we comply with the rules and regulations adopted by the payment card networks, we will be able to maintain our payment card acceptance privileges. We also cannot guarantee that our compliance with network rules or the PCI DSS will prevent illegal or improper use of our payments platform or the theft, loss, or misuse of the credit card data of customers or participants, or a security breach. We are also required to submit to periodic audits, self-assessments, and other assessments of our compliance with the PCI DSS. If an audit, self- assessment, or other assessment indicates that we need to take steps to remediate any deficiencies, such remediation efforts may distract our management team and require us to undertake costly and time- consuming remediation efforts, and we could lose our payment card acceptance privileges. Our marketing efforts are subject to a variety of federal and state regulations. We conduct marketing activities, directly and indirectly, via telephone, text (SMS) messages, email, direct mail and / or through other online and offline marketing channels. Such general marketing activities are governed by numerous federal and state regulations, including the Telemarketing Sales Rule (" TSR "), the TCPA, state and federal Do- Not- Call regulations and other state telemarketing laws, federal and state privacy laws, the CAN- SPAM Act, and the FTC Act and its accompanying regulations and guidelines, among others. In addition to being subject to action by regulatory agencies, some of these laws, like the TCPA, allow private individuals to bring litigation against companies for breach of these laws. We are also dependent on our third- party partners to comply with applicable laws. Any lawsuit or action by a regulatory agency for an actual or alleged violation of applicable law or regulation by us or our third- party partners may have an adverse effect on our business, results of operations and financial condition. All ~~US~~ **U. S.** jurisdictions require insurers to maintain control of their marketing materials. States have adopted legislation defining and prohibiting unfair methods of competition and unfair or deceptive practices in the business of insurance. ~~48Prohibited~~ -- **Prohibited** practices include but are not limited to, misrepresentations, false advertising, coercion, disparaging other insurers, unfair claims settlement practices and procedures, and discrimination in the business of insurance. Noncompliance with any such state statute may subject our insurance businesses to regulatory action by the relevant state insurance regulator, and in certain states, private litigation. The federal government may also regulate aspects of our insurance businesses, such as protection of consumer confidential information, or the use of consumer credit scores to underwrite and assess the risk of customers under the Fair Credit Reporting Act (" FCRA "). Among other things, the FCRA requires insurance companies to have a permissible purpose prior to obtaining and using a consumer report for underwriting purposes as well as comply with notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws would subject our insurance businesses to regulatory fines and other sanctions. ~~Litigation and regulatory actions could distract management, increase our expenses or subject us to material monetary damages and other remedies.~~ We are subject to various legal proceedings and claims that have arisen out of the conduct of our business and are not yet resolved, including claims alleging violations of the automated calling and / or Do Not Call restrictions of the TCPA, and putative class action claims for failure to pay overtime, failure to pay compensation at the time of separation and unfair business practices in violation of California law. In the future, we may be involved from time to time in various additional legal proceedings, including, but not limited to, actions relating to breach of contract, breach of federal and state privacy laws, and intellectual property infringement, as well as regulatory investigations or civil and criminal enforcement actions that might necessitate changes to our business or operations. Regardless of whether any claims, investigations or actions against us have merit, or whether we are ultimately held liable or subject to payment of damages or penalties, claims, investigations and enforcement actions may be expensive to defend or comply with, and may divert management' s time away from our operations. If any legal proceeding, regulatory investigation or regulatory enforcement action were to result in an unfavorable outcome, it could have a material adverse effect on our business, financial position and results of operations. Any adverse publicity resulting from actual or potential litigation, regulatory enforcement actions or regulatory investigations may also materially and adversely affect our reputation, which in turn could adversely affect our business, financial condition and results of operations. See " Item 3. Legal Proceedings " **of this Annual Report** for additional information with respect to material litigation and other proceedings to which we are party. Our moving services business is subject to state regulations and certain state regulatory structures do not address our business model for moving services. Compliance with required licensure and other regulatory requirements could be costly and any inability to comply could harm our business. Our moving services business is subject to licensure and bonding requirements that various states impose in connection with the performance of certain services and trades. Additionally, in some jurisdictions, the existing regulatory structures do not contemplate our hybrid business model of marketplace (where consumers search for providers on our platform and book moving services themselves) and managed services (where we manage moving services on consumers' behalf). Furthermore, interest groups in certain jurisdictions have lobbied and may in the future lobby for regulations that make our hybrid model more difficult or impossible to maintain in those jurisdictions. Any future changes to (or judicial or regulatory interpretations of) these regulations, whether due to lobbying efforts or otherwise, could impose significant compliance costs. Any failure to obtain or maintain required licensure and otherwise comply with applicable regulations in relevant jurisdictions could inhibit or prohibit our ability to operate our moving services business in those jurisdictions. Additionally, we may be deemed, correctly or incorrectly, a contractor with respect to our service providers, which may subject us to licensure and / or bonding requirements and may subject us to penalties for past operations. Any of the foregoing could have a negative impact on our business, financial condition and results of operations. Moreover, any failures by us, contracted operators, or third- party carriers, to comply with the various applicable federal safety laws and regulations, or downgrades in our safety rating, could have a material adverse impact on our operations or financial condition, and could cause us to lose customers, as well as the ability to obtain insurance coverage for certain moving services. ~~49Our primary operating subsidiary may~~ **Risks Relating to Personnel 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 ~~be qualified to do business~~ in ~~all jurisdictions in which~~ **a position to directly provide the same direction, motivation and oversight to these independent contractors as** we ~~have sufficient nexus of operations to require qualification~~ **would if such personnel were our**

own employees . ~~While we offer products~~ **As a result, these independent contractors may not comply with applicable law or our policies** and ~~services~~ **procedures, including, but not limited** to **, our information security policies, or reflect our culture or values. If these independent contractors violate 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 ~~consumers in all 50~~ **results of operations. In addition, a court could hold us civilly or criminally accountable based on vicarious liability because of the actions of our independent contractors. We are subject to the Internal Revenue Service regulations and** ~~states~~ - **state laws regarding independent contractor classification in the United States** , ~~Porch. com~~ **which are subject to changes in judicial and agency interpretation** , ~~Inc., our primary operating subsidiary,~~ **and it could be determined that the independent contractor classification** is **inapplicable** ~~qualified to do business only in Washington, Texas and Delaware~~ . ~~Failure~~ **Furthermore, the legal landscape with respect to the classification of gig economy independent contractors, such as our service providers, is subject to intense public scrutiny. If legal standards for classification of independent contractors change, it may be necessary to modify our compensation structure for these personnel, including** by ~~us or any of~~ **paying additional compensation and taxes and /** ~~our~~ - **or** ~~subsidiaries to qualify as a foreign corporation in a jurisdiction where~~ **reimbursing expenses, or abandon certain types of services we provide that are performed by independent contractors. In addition, if** we are ~~required~~ **determined** to ~~do so~~ **have misclassified such personnel as independent contractors, we** ~~could~~ **would** ~~subject us to penalties~~ **incur additional exposure under federal** and ~~the obligation to pay taxes~~ **state law, including workers' compensation, unemployment benefits, labor, employment and tort laws, including** for prior periods, **as well as potential liability for employee benefits** and **tax withholdings. Any of these outcomes** could result in ~~our inability~~ **significant costs** to **us,** ~~enforce contracts in such jurisdictions. Any such failure~~ could **impair** ~~have a material adverse effect on~~ our ~~business, results of operations and~~ financial condition ~~intellectual property rights,economic sanctions and social,political and economic instability~~ **it more expensive or difficult to retain the services of independent contractors in Mexico** .In addition,many U.S.-based companies are seeking to hire talented information technology personnel and other skilled personnel located in other jurisdictions,leading to additional competition for the services of independent contractors in the jurisdictions in which we retain independent contractors. ~~The~~ **30The** 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~~ . Risks Relating to Our ~~Acquisition StrategyThe Company' s earnings growth~~ **Growth** ~~strategy~~ **Strategy** ~~is partially dependent on the acquisition and successful integration of other businesses. The Company has a history of acquiring businesses as part of its earnings growth strategy. Typically, the Company considers acquiring companies that can be integrated within an~~ **and Strategic** ~~existing business. Acquisitions of this type involve numerous risks, which may include a failure to realize expected revenue growth and operating and cost synergies from integration initiatives~~ **Initiatives** ~~, increasing dependency on the markets served by the combined businesses or increased debt to finance the acquisitions. The Company also considers the acquisition of businesses that may operate independent of existing businesses. Acquisitions of this type involve risks similar to those encountered when acquiring companies that can be integrated within an existing business, including a failure to realize expected revenue growth or operating and cost reductions within the acquired business, and could increase the possibility of diverting corporate management' s attention from its existing operations. The successful realization of revenue growth, cost reductions and synergies with our existing businesses, and within acquired stand- alone businesses, and increases in profitability overall, are dependent upon successful integration initiatives. If these integration initiatives are not fully realized, there may be a negative effect on the Company' s business, financial condition, results of operations and cash flows. We may experience risks related to acquisitions.~~ We have made acquisitions **and divestitures** in the past and we ~~continue~~ **may** to seek to identify potential acquisition candidates to expand our business generally in the future **or identify businesses which may no longer be aligned with our strategic initiatives and long- term objectives** . If we do not identify suitable acquisition candidates or complete acquisitions with satisfactory pricing and other terms, our growth could be adversely affected. Even if we complete what we believe to be suitable acquisitions, we may experience related operational and financial risks. As a result, to the extent that we ~~continue~~ **desire** to grow through acquisitions, we will need to: ~~•~~ **•** properly identify, value, and complete prospective acquisitions, especially those of companies with limited operating histories; ~~•~~ **•** successfully integrate acquired businesses to the extent and in a manner that aligns with our strategy; ~~•~~ **•** successfully identify and realize potential synergies among acquired and existing business; ~~•~~ **•** retain or hire senior management and other key personnel at acquired businesses; and ~~•~~ **•** successfully manage acquisition- related strain on our management, operations and financial resources. We may not be successful in addressing these challenges or any other problems encountered in connection with historical and future acquisitions. Adverse reactions by potential acquisition targets could frustrate our ability to execute on our acquisition strategy as could the failure of our due diligence process to uncover material risks, legal or otherwise. We may also be negatively impacted by adverse reactions of home services companies, consumers, service providers and business partners to the disclosure or consummation of any acquisition. In addition, the anticipated benefits of one or more acquisitions may not be realized. Also, future acquisitions could result in increased operating losses, dilutive issuances of equity securities and / or the assumption of contingent liabilities. Additionally, acquisitions may be ~~50compensated~~ -- **compensated** in part with future or contingent payments that will create future liabilities or dilution for us upon the consummation of such acquisitions. Lastly, the value of goodwill and other intangible assets acquired could be impacted by one or more continuing unfavorable events and / or trends, which could result in significant impairment charges. The occurrence of any of these events could have an adverse effects on our business, financial condition and results of operations. The success of any acquisition depends on **the acquired business performing at or better than our expectations and** achieving anticipated synergies, benefits and cost savings, and further depends, in part, on our ability to successfully combine and integrate our culture and current operations with the acquired company' s culture and business. It is possible that the integration process could result in higher than expected costs, diversion of management attention, the disruption of either company' s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company' s ability to maintain relationships with customers, suppliers, vendors and employees, operating in a decentralized environment for longer than expected, or to achieve the anticipated benefits and cost savings of any particular acquisition. If we experience difficulties with the integration process or other unforeseen costs, the anticipated benefits and cost savings of any acquisition may not be realized fully or at all, or may take longer to realize than expected. Management continues to refine its integration plan. The integration planning and implementation process will result in significant costs and divert management attention and resources. These integration matters could have an adverse effect on our combined company for an undetermined period. Any of the foregoing may have a material and adverse effect on our business, results of operations and financial condition. **In addition, divestitures pose risks and challenges that could negatively impact our business, including required separation or carve- out activities and costs, disputes with buyers, or potential impairment charges. We may also dispose of a business at a price or on terms that are less than we had previously anticipated. After reaching an agreement with a buyer for the disposition of a business, we may also be subject to satisfaction of pre- closing conditions, including any necessary regulatory and governmental approvals on acceptable terms, which may prevent us from completing a transaction. Dispositions may also involve continued financial involvement, as we may be required to retain responsibility for, or agree to indemnify buyers against contingent liabilities related to businesses sold, such as lawsuits, tax liabilities, lease payments, or product liability claims. In certain situations, indemnification could meet or exceed the purchase price we receive. Further, the purchase price for any disposition may be subject to adjustment based upon performance of the business. Under these types of arrangements, performance by the divested businesses or other conditions outside of our control, including any obligations to indemnify, could affect future financial results.** We may not be able to effectively manage our growth. Our future growth, if any, may cause a significant strain on our management and our operational, financial, and other resources. Our ability to manage our growth effectively will require us to implement and improve our operational, financial, and management systems and to expand, train, manage, and motivate our employees. These demands may require the hiring of additional management personnel and the development of additional expertise by our management. Any increase in resources used without a corresponding increase in our operational, financial, and management systems could have a material adverse effect on our business, financial condition, and results of operations. Risks Relating to our **Indebtedness Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness now or in the future (including our 0. 75 %** ~~Convertible~~ **convertible senior** ~~Notes~~ **notes** due 2026 (~~the~~ " 2026 Notes ") and ~~IndebtednessThe conditional conversion~~ **6. 75 % convertible senior secured notes due 2028 (" 2028 Notes ")), depends on our** ~~feature~~ **future** ~~of~~ **performance, which is subject to economic, financial, competitive and other factors beyond our control. In addition, our ability to repurchase** the 2026 Notes ~~, if triggered,~~ **or 2028 Notes or to pay cash upon conversions of the notes** may ~~adversely affect the notes may~~ be limited by law,by regulatory authority or by agreements governing our future indebtedness.Our business may not continue to generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures.If we are unable to generate such cash flow,we may be required to adopt one or more alternatives,such as selling assets,restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive.Our ability to refinance indebtedness (including the 2026 Notes **or 2028 Notes**) will depend on the capital markets and our financial condition **at such time. Our failure to repurchase notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness** and ~~operating~~ **repurchase the notes or make cash payments upon conversions thereof. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could** ~~results~~ - **result in a default the notes** . We completed an offering of the 2026 Notes in September 2021 **and an offering of the 2028 Notes in April 2023** . In the event the conditional conversion feature of the **2026** ~~notes~~ **Notes or 2028 Notes** is triggered, holders of **the triggered** notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. **The** ~~Conversion~~ **conversion of some or all** of our 2026 Notes ~~may dilute the ownership interest of our~~ - **or** ~~stockholders or may otherwise depress the price of our common stock. The conversion of some or all of our 2026~~ **2028** Notes may dilute the ownership interests of our stockholders. Upon conversion of the notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. However, in connection with the pricing of the 2026 Notes, we entered into capped call transactions with certain option counterparties. The capped call transactions are expected generally to reduce (but not eliminate) potential dilution to our common stock upon conversion of any notes and / or offset any cash payments we are required to make in excess of the ~~51principal~~ -- **principal** amount of converted notes, as the case may be, with such reduction and / or offset subject to a cap. Finally, the existence of the 2026 **Notes and 2028** Notes may encourage short selling by market participants that engage in hedging or arbitrage activity, and anticipated conversion of the notes into shares of our common stock could depress the price of our common stock. **The indenture governing our 2028 Notes contains, and instruments governing any future indebtedness of ours would likely contain, restrictions that may limit our flexibility in operating our business, and any default on our 2028 Notes or other future secured indebtedness could result in foreclosure by our secured debtholders on our assets. The indenture and security agreement and related documents governing our 2028 Notes contain, and instruments governing any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things: • create liens on certain assets; • incur or guarantee additional debt or issue redeemable equity; • pay dividends on, repurchase or make distributions on account of capital stock or make other restricted payments (including limiting repurchases of our 2026 Notes to $ 50 million in the aggregate); • make certain unpermitted investments; • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and • sell, transfer or otherwise convey certain assets. The indenture governing our 2028 Notes also requires us to maintain a minimum amount of unrestricted cash and cash equivalents of at least $ 25 million (tested monthly on the last day of each calendar month) on a consolidated basis among Porch Group, Inc. and certain of its domestic subsidiaries. In addition, if more than $ 30. 0 million aggregate principal amount of our 2026 Notes remain outstanding on June 14, 2026, the holders of the 2028 Notes have the right to require us to repurchase for cash on June 15, 2026, all or any portion of their 2028 Notes at a repurchase price equal to 106. 5 % of the principal amount of the 2028 Notes to be repurchased, plus accrued and unpaid interest. As of December 31, 2023, there was $ 225. 0 million aggregate principal amount of 2026 Notes outstanding. If we are unable to repurchase or otherwise refinance a sufficient amount of the remaining outstanding 2026 Notes prior to June 14, 2026, and the holders of all or a substantial portion of the outstanding 2028 Notes require us to repurchase their 2028 Notes pursuant to this indenture provision, our liquidity will be materially adversely affected, and there are no assurances that we would have sufficient funds available to satisfy the repurchase of all such 2028 Notes. As a result of these restrictions, we will be limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to capitalize on available business opportunities. Any failure to comply with these covenants could result in a default under our 2028 Notes or instruments governing any future indebtedness of ours. Additionally, our 2028 Notes are secured by a first-priority lien in substantially all assets of Porch Group, Inc. and certain of its domestic subsidiaries. Upon a default, unless waived, amounts due under the 2028 Notes could be accelerated, and the holders of our 2028 Notes could initiate foreclosure proceedings against their collateral, which could potentially force us into bankruptcy or liquidation. In addition, a default under our 2028 Notes indenture could trigger a cross- default under agreements governing any future indebtedness as well as the indenture governing our 2026 Notes. Our results of operations may not be sufficient to service our indebtedness and to fund our other expenditures, and we may not be able to obtain financing to meet these requirements. If we experience a default under our 2028 Notes indenture, 2026 Notes indenture or instruments governing our future indebtedness, our business, financial condition, and results of operations may be materially adversely affected.** Certain provisions in the indenture governing the 2026 **Notes and indenture governing the 2028** Notes may delay or prevent an otherwise beneficial takeover attempt of us. Certain provisions in the indenture governing the 2026 Notes **and indenture governing the 2028 Notes** may make it more difficult or expensive for a third party to acquire us. For example, the indenture governing the **2026** ~~notes~~ **Notes** requires us to repurchase the notes for cash upon the occurrence of a fundamental change (as defined in the indenture governing the **2026** ~~notes~~ **Notes**) of us and, in certain circumstances, to increase the conversion rate for a holder that converts their notes in connection with a make- whole fundamental change (as defined in the indenture governing the notes). **Similarly, the indenture governing the 2028 Notes requires us to repurchase the notes for cash upon the occurrence of a fundamental change (as defined in the indenture governing the 2028 Notes) at a premium.** A takeover of us may trigger the requirement that we repurchase the notes and / or increase the conversion rate **in the case of the 2026 Notes** , which could make it more costly for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors. Servicing our indebtedness requires a significant amount...... result in a default the notes. The accounting method for the 2026 **Notes and 2028** Notes could adversely affect our reported financial condition and results. The accounting method for reflecting the 2026 Notes **and 2028 Notes** on our balance sheet, accruing interest expense for the notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. **The** ~~We expect that the~~ notes **are** ~~will be~~ reflected as a liability on our balance sheets, with the ~~initial~~ carrying amount equal to the principal amount of the notes, net of **unamortized** issuance costs. The issuance costs attributable to the notes **are** ~~will be~~ treated as a debt discount for accounting purposes, which **is** ~~will be~~ amortized into interest expense over the term of the notes. As a result of this amortization, the interest expense that we expect to recognize for the notes for accounting purposes will be greater than the cash interest payments we will pay on the notes, which will result in lower reported income. In addition, we expect that the shares underlying the notes will be reflected in our diluted earnings per share using the " if converted " method. However, if reflecting the notes in diluted earnings per share is anti- dilutive, then the shares underlying the notes will not be reflected in ~~our diluted earnings per share. Accounting standards may change in the future in a manner that may adversely affect~~ our diluted earnings per share. Furthermore, if any of the conditions to the convertibility of the notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the notes as current, rather than a long- term, liability. This reclassification could be required even if no noteholders convert their notes and could materially reduce our reported working capital. ~~52The~~ -- **The** capped call transactions may affect the value of the 2026 Notes and our common stock. In connection with the pricing of the 2026 Notes, we entered into capped call transactions with certain option counterparties. The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of any notes and / or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates purchased shares of our common stock and / or entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the notes. In addition, the option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes). This activity could cause or avoid an increase or a decrease in the market price of our common stock or the notes, which could affect your ability to convert the notes and, to the extent the activity occurs following conversion or during any observation period related to a conversion of notes, it could affect the number of shares and value of the consideration that you will receive upon conversion of such notes. Finally, if any such capped call transactions fail to become effective, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock and the value of the notes. Additional Risks Relating to Ownership of Company ~~SecuritiesThe price of the Company' s securities~~ **Securities** ~~may change significantly, and investors could lose all or part of their investment as a result.~~ The trading price of the Company' s common stock is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in " Risks Relating to Porch' s Business and Industry " and the following: ~~●~~ **•** results of operations that vary from the expectations of securities analysts and investors; ~~●~~ **•** results of operations that vary from those of the Company' s competitors; **•** ~~● the duration and impact of the COVID- 19 pandemic and its continued effect on the Company' s business and financial conditions; ●~~ changes in expectations as to the Company' s future financial performance, including financial estimates and investment recommendations by securities analysts and investors; ~~●~~ **•** declines in the market prices of stocks generally; ~~●~~ **•** strategic actions by the Company or its competitors; ~~●~~ **•** announcements by the Company or its competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments; ~~●~~ **•** any significant change in the Company' s management; ~~●~~ **•** changes in general economic or market conditions or trends in the Company' s industry or markets; ~~●~~ **•** changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to the Company' s business; ~~●~~ **•** future sales of the Company' s common stock or other securities; ~~●~~ **•** investor perceptions or the investment opportunity associated with the Company' s common stock relative to other investment alternatives; ~~●~~ **•** the public' s response to press releases or other public announcements by the Company or third parties, including the Company' s filings with the SEC; ~~●~~ **•** litigation involving the Company, the Company' s industry, or both, or investigations by regulators into the Company' s operations or those of the Company' s competitors; ~~●~~ **•** guidance, if any, that the Company provides to the public, any changes in this guidance or the Company' s failure to meet this guidance; **•** ~~53 ●~~ additional dilution caused by the Company issuing additional equity, whether grants related to its Management Incentive Plan, stock provided to acquisitions as some or all of the purchase price, future fundraising events, or other issuances approved by the Company' s Board of Directors; ~~●~~ **•** the development and sustainability of an active trading market for the Company' s common stock; ~~●~~ **•** actions by institutional or activist stockholders; ~~●~~ **•** changes in accounting standards, policies, guidelines, interpretations or principles; and ~~●~~ **•** other events or factors, including those resulting from natural disasters, war, acts of terrorism, other global health crises and pandemics, or responses to these events. These broad market and industry fluctuations may adversely affect the market price of the Company' s common stock, regardless of the Company' s actual operating performance. In addition, price volatility may be greater if the public float and trading volume of the Company' s common stock is low. In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If the Company was involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from the Company' s business regardless of the outcome of such litigation. Future sales, or the perception of future sales, by ~~the Company~~ **us or** ~~or~~ **our** ~~its~~ stockholders in the public market could cause the market price for the Company' s common stock to decline. The sale of shares of **our** ~~the Company' s~~ common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of **our** ~~the Company' s~~ common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for **us** ~~the Company~~ to sell equity securities in the future at a time and at a price that it deems appropriate ~~. Lock- up agreements entered into by certain existing stockholders of the Company recently expired following the 12- month anniversary of the Company' s merger with PTAC and launch as a public company in December 2020. Shares held by such stockholders are currently eligible for resale, subject to volume, manner of sale and other limitations under Rule 144. If such stockholders begin selling their shares or are perceived by the market as intending to sell them, the market price of the common stock could drop significantly. These factors could also make it more difficult for us to raise additional funds through future offerings of common stock or other securities~~ . In addition, common stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements ~~, lock- up agreements~~ and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. As of December 31, ~~2022~~ **2023** , the aggregate number of shares of common stock reserved for future issuance under our equity incentive plans is **8. 0 million** ~~11, 189, 745~~ . The compensation committee of our Board of Directors will determine the exact number of shares to be issued during ~~2023~~ **2024** and the number of shares reserved for future issuance under its equity incentive plans at its discretion **. The number of equity incentive awards awarded are based upon dollar values and the market price of our common stock and, as a result, a decline in our stock price may result in the compensation committee of our Board of directors issuing, or seeking flexibility from stockholders to issue, equity incentive awards that represent a greater number of shares than at higher stock prices** . We have filed and may in the future file one or more registration statements on Form S- 8 under the Securities Act of 1933, as amended (the " Securities

Act ") to register shares of common stock or securities convertible into or exchangeable for shares of common stock issued pursuant to our equity incentive plans. Any such Form S- 8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements generally will be available for sale in the open market. **Any additional equity grants or vesting and / or exercise of equity incentive awards will cause our stockholders to be diluted and may negatively affect the price of our common stock.** We have **previously** issued and ~~plan to~~ **in the future may** issue shares of common stock in connection with recently completed, pending or future acquisitions. ~~Certain~~ **A portion** of the total consideration in these acquisitions is earnout consideration, which, if payable, will be in the form of shares of common stock issuable in the future. We may also issue securities in connection with investments or acquisitions in the future. The amount of shares of common stock issued in connection with an investment or acquisition could constitute a material portion of our then- outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders. ~~54NASDAQ may~~ **,which could limit investors' ability to make transactions in its securities and subject the Company to additional trading restrictions.** Currently,our common stock is publicly traded on the **NASDAQ** ~~Nasdaq Capital Market~~ under the symbol PRCH.In order to continue listing our securities on the **NASDAQ** ~~Nasdaq Capital Market~~ ,the Company will be required to maintain certain financial,distribution and stock price levels. **Generally** ~~Among other required listing standards~~ ,the Company will be required to maintain a minimum amount in stockholders' equity (generally $ 2 ~~.5 million~~ **,500,000** for companies trading on the ~~Nasdaq~~ **NASDAQ** Capital Market) and a minimum number of holders of our securities (generally 300 public holders). ~~Nasdaq~~ **NASDAQ** also requires the Company to comply with a minimum closing bid price requirement of $ 1.00 per share for thirty consecutive business days.If a company trades for thirty consecutive business days below the $ 1.00 minimum closing bid price requirement, ~~Nasdaq~~ **NASDAQ** will send a deficiency notice to the company advising that it has been afforded a " compliance period " of 180 calendar days to regain compliance with the applicable requirements. **If NASDAQ delists** ~~For example and as previously reported,~~ the Company **' s securities from trading on its exchange** ~~received such a notice of stock price deficiency in September 2023 and cured such deficiency within the compliance period delist~~ **delists** the Company' s securities from trading on its exchange , which could limit investors' ability...... s securities from trading on its exchange and the Company is not able to list its securities on another national securities exchange, we expect our securities could be quoted on an over- the- counter market. If this were to occur, we could face significant material adverse consequences, including: ~~•~~ • a limited availability of market quotations for our securities; ~~•~~ • reduced liquidity for our securities; ~~•~~ • a determination that the Company common stock is a " penny stock " which will require brokers trading in Company common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities; ~~•~~ • a limited amount of news and analyst coverage; and ~~•~~ • a decreased ability to issue additional securities or obtain additional financing in the future. The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as " covered securities. " Since the Company' s common stock is listed on the ~~NASDAQ~~ **Nasdaq** , they are covered securities. Although the states are preempted from regulating the sale of its securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. If the Company was no longer listed on the ~~NASDAQ~~ **Nasdaq** , its securities would not be covered securities and it would be subject to regulation in each state in which it offers its securities. Because there are no current plans to pay cash dividends on the Company' s common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it. The Company intends to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of the common stock will be at the sole discretion of our Board of Directors. The Company' s Board of Directors may take into account general and economic conditions, the Company' s financial condition and results of operations, the Company' s available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by the Company to its stockholders or by its subsidiaries to it and such other factors as the Company' s Board of Directors may deem relevant. In addition, the Company' s ability to pay dividends is limited by covenants of Porch' s existing and outstanding indebtedness and may be limited by covenants of any future indebtedness the Company incurs. As a result, investors may not receive any return on an investment in the Company' s common stock unless they sell the Company' s common stock for a price greater than that what the investor paid for it. If securities analysts do not publish research or reports about the Company' s business or if they downgrade the Company' s stock or the Company' s sector, the Company' s stock price and trading volume could decline. The trading market for the Company' s common stock will rely in part on the research and reports that industry or financial analysts publish about the Company or its business. The Company will not control these analysts. In addition, ~~55some~~ -- **some** financial analysts may have limited expertise with Porch' s model and operations. Furthermore, if one or more of the analysts who do cover the Company downgrade its stock or industry, or the stock of any of its competitors, or publish inaccurate or unfavorable research about its business, the price of the Company' s stock could decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on it regularly, the Company could lose visibility in the market, which in turn could cause its stock price or trading volume to decline. Anti- takeover provisions in the Company' s organizational documents could delay or prevent a change of control. The Company' s Amended and Restated Articles of Incorporation (the " Charter ") and its Amended and Restated Bylaws (the " Bylaws ") contain certain provisions that may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by the Company' s stockholders. First, the Board of Directors is classified into three classes. Directors of each class serve for staggered three- year periods. Although the Company' s Board has amended the Charter to eliminate this classified Board structure, the declassification will not be fully phased in until after the 2024 annual meeting of stockholders. Certain provisions of the Company’ s Charter and Bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by the Company’ s stockholders. Other provisions in the Charter and / or Bylaws include: ~~•~~ • the ability of the Company’ s Board of Directors to issue one or more series of preferred stock; ~~•~~ • advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at the Company’ s annual meetings; ~~•~~ • certain limitations on convening special stockholder meetings; and ~~•~~ • the Company’ s Board of Directors have the express authority to make, alter or repeal the Company’ s Bylaws. These anti- takeover provisions could make it more difficult for a third party to acquire the Company, even if the third party’ s offer may be considered beneficial by many of the Company’ s stockholders. As a result, the Company’ s stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for any stockholders to elect directors of their choosing and to cause the Company to take other corporate actions they desire. The Company’ s Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by the Company’ s stockholders, which could limit the Company’ s stockholders’ ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, employees or stockholders. The Company’ s Charter provides that, subject to limited exceptions, any (1) derivative action or proceeding brought on behalf of the Company, (2) action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder or employee to the Company or its stockholders, (3) action asserting a claim arising pursuant to any provision of the Delaware corporate statute or the Company’ s Charter or the Company’ s Bylaws, or (4) action asserting a claim governed by the internal affairs doctrine shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of the Company’ s capital stock shall be deemed to have notice of and to have consented to the provisions of the Company’ s Charter described above. This choice of forum provision may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers or other employees, which may discourage such lawsuits against the Company and its directors, officers and employees. Alternatively, if a court were to find these provisions of the Company’ s Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect the Company’ s business and financial condition.