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DELTA REPORT

10-Q

OFFERPAD SOLUTIONS INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 926

█ CHANGES 272

█ DELETIONS 197

█ ADDITIONS 457

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

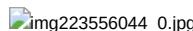
For the quarterly period ended **March 31, June 30, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39641



Offerpad Solutions Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-2800538

(I.R.S. Employer Identification No.)

2150 E. Germann Road, Suite 1, Chandler, Arizona

(Address of principal executive offices)

85286

(Zip Code)

(844) 388-4539

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	OPAD	The New York Stock Exchange

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of April 29, 2024 July 29, 2024, there were 27,301,933 27,353,992 shares of Offerpad's Class A common stock outstanding.

OFFERPAD SOLUTIONS INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, JUNE 30, 2024
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Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to "Offerpad," the "Company," "we," "us," and "our," and similar references refer to the business and operations of Offerpad Solutions Inc. and its consolidated subsidiaries following the consummation of the business combination (the "Business")

Combination") with Supernova Partners Acquisition Company, Inc. ("Supernova") and to OfferPad, Inc. ("Old OfferPad") and its consolidated subsidiaries prior to the Business Combination.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes statements that express Offerpad's Offerpad Solutions Inc.'s ("Offerpad," the "Company," "we," "us," and "our," and similar references) opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this Quarterly Report on Form 10-Q, including Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our future results of operations, financial condition and liquidity, our prospects, potential growth or expansion evaluations, strategies, including product and service offerings, macroeconomic trends, geopolitical concerns, and the markets in which Offerpad operates.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to:

- our ability to respond to general economic conditions;
- the health of the U.S. residential real estate industry;
- our ability to grow market share in our existing markets or any new markets we may enter;
- our ability to grow effectively;
- our ability to accurately value and manage real estate inventory, and to maintain an adequate and desirable supply of real estate inventory;
- our ability to successfully launch new product and service offerings, and to manage, develop and refine our technology platform;
- our ability to maintain and enhance our products and brand, and to attract customers;
- our ability to achieve and maintain profitability in the future; and
- the success of strategic relationships with third parties.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and other risks and uncertainties discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

OFFERPAD SOLUTIONS INC. Condensed Consolidated Balance Sheets

	December March 31, 31,	December June 30, 31,
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(in thousands, except par value per share) (Unaudited)

ASSETS

Current assets:

	2024	2023	2024	2023
Cash and cash equivalents	\$ 68,550	\$ 75,967	\$ 56,906	\$ 75,967
Restricted cash	9,983	3,967	16,092	3,967
Accounts receivable	4,347	9,935	6,745	9,935
Real estate inventory	266,107	276,500	307,750	276,500
Prepaid expenses and other current assets	4,353	5,236	3,545	5,236
Total current assets	353,340	371,605	391,038	371,605
Property and equipment, net	4,679	4,517	4,492	4,517
Other non-current assets	11,707	3,572	11,095	3,572
TOTAL ASSETS	(1) \$ 369,726	\$ 379,694	(1) \$ 406,625	\$ 379,694

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 4,378	\$ 4,946	\$ 2,838	\$ 4,946
Accrued and other current liabilities	13,166	13,859	13,095	13,859
Secured credit facilities and other debt, net	230,083	227,132	271,887	227,132
Secured credit facilities and other debt - related party	24,522	30,092	31,899	30,092
Total current liabilities	272,149	276,029	319,719	276,029
Warrant liabilities	127	471	136	471
Other long-term liabilities	9,349	1,418	9,203	1,418
Total liabilities	(2) 281,625	277,918	(2) 329,058	277,918

Commitments and contingencies (Note 16)

Stockholders' equity:

Class A common stock, \$0.0001 par value; 2,000,000 shares authorized; 27,300 and 27,233 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	3	3		
Class A common stock, \$0.0001 par value; 2,000,000 shares authorized; 27,329 and 27,233 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	3	3		
Additional paid in capital	503,500	499,660	506,748	499,660
Accumulated deficit	(415,402)	(397,887)	(429,184)	(397,887)
Total stockholders' equity	88,101	101,776	77,567	101,776
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 369,726	\$ 379,694	\$ 406,625	\$ 379,694

(1) Our consolidated assets as of **March 31, 2024** June 30, 2024 and December 31, 2023 include the following assets of certain variable interest entities ("VIEs") that can only be used to settle the liabilities of those VIEs: Restricted cash, \$9,883 \$16,092 and \$3,867; Accounts receivable, \$963 \$3,203 and \$6,782; Real estate inventory, \$266,107 \$307,750 and \$276,500; Prepaid expenses and other assets, \$850 \$407 and \$1,588; Total assets of \$277,803 \$327,452 and \$288,737, respectively.

(2) Our consolidated liabilities as of **March 31, 2024** June 30, 2024 and December 31, 2023 include the following liabilities for which the VIE creditors do not have recourse to Offerpad: Accounts payable, \$1,707 \$1,903 and \$1,798; Accrued and other current liabilities, \$1,720 \$1,757 and \$2,027; Secured credit facilities and other debt, net, \$254,605 \$303,786 and \$257,224; Total liabilities, \$258,032 \$307,446 and \$261,049, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OFFERPAD SOLUTIONS INC.

Condensed Consolidated Statements of Operations

Three Months Ended	Three Months Ended	Six Months Ended
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	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
(in thousands, except per share data) (Unaudited)						
Revenue	\$ 285,358	\$ 609,579	\$ 251,122	\$ 230,147	\$ 536,480	\$ 839,726
Cost of revenue	262,763	602,294	229,251	207,916	492,014	810,210
Gross profit	22,595	7,285	21,871	22,231	44,466	29,516
Operating expenses:						
Sales, marketing and operating	22,452	42,351	20,230	29,040	42,682	71,391
General and administrative	11,955	14,479	10,538	12,713	22,493	27,192
Technology and development	1,773	2,241	964	2,312	2,737	4,553
Total operating expenses	36,180	59,071	31,732	44,065	67,912	103,136
Loss from operations	(13,585)	(51,786)	(9,861)	(21,834)	(23,446)	(73,620)
Other income (expense):						
Change in fair value of warrant liabilities	344	(389)	(9)	435	335	46
Interest expense	(4,905)	(7,432)	(4,581)	(1,867)	(9,486)	(9,299)
Other income, net	754	282	615	965	1,369	1,247
Total other expense	(3,807)	(7,539)	(3,975)	(467)	(7,782)	(8,006)
Loss before income taxes	(17,392)	(59,325)	(13,836)	(22,301)	(31,228)	(81,626)
Income tax expense	(123)	(122)				
Income tax benefit (expense)	54	(43)	(69)	(165)		
Net loss	\$ (17,515)	\$ (59,447)	\$ (13,782)	\$ (22,344)	\$ (31,297)	\$ (81,791)
Net loss per share, basic	\$ (0.64)	\$ (2.51)	\$ (0.50)	\$ (0.82)	\$ (1.14)	\$ (3.21)
Net loss per share, diluted	\$ (0.64)	\$ (2.51)	\$ (0.50)	\$ (0.82)	\$ (1.14)	\$ (3.21)
Weighted average common shares outstanding, basic	27,339	23,661	27,385	27,258	27,362	25,470
Weighted average common shares outstanding, diluted	27,339	23,661	27,385	27,258	27,362	25,470

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OFFERPAD SOLUTIONS INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity

	Additional					Total				Additional					Total					
	Common Stock		Paid in	Accumulated	Stockholders'	Common Stock		Paid in	Accumulated	Stockholders'	Common Stock		Paid in	Accumulated	Stockholders'	Common Stock		Paid in	Accumulated	Stockholders'
	Shares	Amount	Capital	Deficit	Equity	Shares	Amount	Capital	Deficit	Equity	Shares	Amount	Capital	Deficit	Equity	Shares	Amount	Capital	Deficit	Equity
(in thousands) (Unaudited)																				
Balance at December 31, 2023	27,233	\$ 3	\$ 499,660	\$ (397,887)	\$ 101,776															
Issuance of common stock upon exercise of stock options	5	—	16	—	16															
Balance at March 31, 2024	27,300	\$ 3	\$ 503,500	\$ (415,402)	\$ 88,101															
Issuance of common stock upon vesting of restricted stock units	62	—	(43)	—	(43)	29	—	(1)	—	(1)										
Stock-based compensation expense	—	—	3,867	—	3,867	—	—	3,249	—	3,249										
Net loss	—	—	—	(17,515)	(17,515)	—	—	—	—	(13,782)										
Balance at March 31, 2024	27,300	\$ 3	\$ 503,500	\$ (415,402)	\$ 88,101															
Balance at June 30, 2024	27,329	\$ 3	\$ 506,748	\$ (429,184)	\$ 77,567															

	Additional				Total				Additional				Total			
	Common Stock	Paid in	Accumulated	Stockholders'	Common Stock	Paid in	Accumulated	Stockholders'	Common Stock	Paid in	Accumulated	Stockholders'	Common Stock	Paid in	Accumulated	Stockholders'

(in thousands) (Unaudited)	Shares	Amount	Capital	Deficit	Equity	Shares	Amount	Capital	Deficit	Equity
Balance at December 31, 2022	16,479	\$ 2	\$ 402,544	\$ (280,669)	\$ 121,877					
Balance at March 31, 2023	26,507	\$ 3	\$ 493,614	\$ (340,116)	\$ 153,501					
Issuance of common stock upon exercise of stock options	13	—	49	—	49	1	—	4	—	4
Issuance of common stock upon vesting of restricted stock units	14	—	(48)	—	(48)	3	—	(5)	—	(5)
Issuance of pre-funded warrants, net	—	—	89,216	—	89,216					
Exercise of pre-funded warrants	10,001	1	10	—	11	714	—	—	—	—
Stock-based compensation expense	—	—	1,843	—	1,843	—	—	2,055	—	2,055
Net loss	—	—	—	(59,447)	(59,447)	—	—	—	(22,344)	(22,344)
Balance at March 31, 2023	26,507	\$ 3	\$ 493,614	\$ (340,116)	\$ 153,501					
Balance at June 30, 2023	27,225	\$ 3	\$ 495,668	\$ (362,460)	\$ 133,211					

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OFFERPAD SOLUTIONS INC.						
Condensed Consolidated Statements of Changes in Stockholders' Equity						
(in thousands) (Unaudited)	Common Stock			Additional		Total Stockholders' Equity
	Shares	Amount	Capital	Paid in	Accumulated Deficit	
Balance at December 31, 2023	27,233	\$ 3	\$ 499,660	\$ (397,887)	\$ 101,776	
Issuance of common stock upon exercise of stock options	5	—	16	—	—	16
Issuance of common stock upon vesting of restricted stock units	91	—	(44)	—	—	(44)
Stock-based compensation expense	—	—	7,116	—	—	7,116
Net loss	—	—	—	(31,297)	—	(31,297)
Balance at June 30, 2024	27,329	\$ 3	\$ 506,748	\$ (429,184)	\$ 77,567	
(in thousands) (Unaudited)	Common Stock			Additional		Total Stockholders' Equity
	Shares	Amount	Capital	Paid in	Accumulated Deficit	
Balance at December 31, 2022	16,479	\$ 2	\$ 402,544	\$ (280,669)	\$ 121,877	
Issuance of common stock upon exercise of stock options	14	—	53	—	—	53
Issuance of common stock upon vesting of restricted stock units	17	—	(53)	—	—	(53)
Issuance of pre-funded warrants, net	—	—	89,216	—	—	89,216
Exercise of pre-funded warrants	10,715	1	10	—	—	11
Stock-based compensation expense	—	—	3,898	—	—	3,898
Net loss	—	—	—	(81,791)	—	(81,791)
Balance at June 30, 2023	27,225	\$ 3	\$ 495,668	\$ (362,460)	\$ 133,211	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OFFERPAD SOLUTIONS INC.
Condensed Consolidated Statements of Cash Flows

(\$ in thousands) (Unaudited)	Three Months Ended				Six Months Ended			
	March 31,		June 30,		March 31,		June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Cash flows from operating activities:								
Net loss	\$ (17,515)	\$ (59,447)	\$ (31,297)	\$ (81,791)				
Adjustments to reconcile net loss to net cash provided by operating activities:								
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:								
Depreciation	166	202	314	380				
Amortization of debt financing costs	818	894	1,153	1,980				
Real estate inventory valuation adjustment	624	7,285	1,168	7,454				
Stock-based compensation	3,867	1,843	7,116	3,898				
Change in fair value of warrant liabilities	(344)	389	(335)	(46)				
Change in fair value of derivative instruments	—	568	—	715				
Gain on disposal of property and equipment	(5)	—						
Loss on disposal of property and equipment	29	30						
Changes in operating assets and liabilities:								
Accounts receivable	5,588	(54)	3,190	871				
Real estate inventory	9,769	484,761	(32,418)	446,124				
Prepaid expenses and other assets	670	(1,710)	2,091	313				
Accounts payable	(568)	(228)	(2,108)	1,693				
Accrued and other liabilities	(684)	(8,060)	(902)	(10,126)				
Net cash provided by operating activities	2,386	426,443						
Net cash (used in) provided by operating activities	(51,999)	371,495						
Cash flows from investing activities:								
Purchases of property and equipment	(353)	(75)	(362)	(90)				
Proceeds from sale of property and equipment	30	—	44	—				
Purchases of derivative instruments	—	(1,212)	—	(1,872)				
Net cash used in investing activities	(323)	(1,287)	(318)	(1,962)				
Cash flows from financing activities:								
Borrowings from credit facilities and other debt	242,142	186,391	495,955	411,990				
Repayments of credit facilities and other debt	(245,579)	(700,635)	(450,546)	(889,773)				
Payment of debt financing costs	—	(23)	—	(172)				
Proceeds from exercise of stock options	16	49	16	53				
Payments for taxes related to stock-based awards	(43)	(48)	(44)	(52)				
Borrowings from warehouse lending facility	—	8,188	—	18,488				
Repayments of warehouse lending facility	—	(5,657)	—	(17,336)				
Proceeds from issuance of pre-funded warrants	—	90,000	—	90,000				
Proceeds from exercise of pre-funded warrants	—	11	—	11				
Issuance cost of pre-funded warrants	—	(784)	—	(784)				
Net cash used in financing activities	(3,464)	(422,508)						
Net cash provided by (used in) financing activities	45,381	(387,575)						
Net change in cash, cash equivalents and restricted cash	(1,401)	2,648	(6,936)	(18,042)				
Cash, cash equivalents and restricted cash, beginning of period	79,934	140,299	79,934	140,299				
Cash, cash equivalents and restricted cash, end of period	<u>\$ 78,533</u>	<u>\$ 142,947</u>	<u>\$ 72,998</u>	<u>\$ 122,257</u>				
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:								
Cash and cash equivalents	\$ 68,550	\$ 107,733	\$ 56,906	\$ 115,599				
Restricted cash	9,983	35,214	16,092	6,658				
Total cash, cash equivalents and restricted cash	<u>\$ 78,533</u>	<u>\$ 142,947</u>	<u>\$ 72,998</u>	<u>\$ 122,257</u>				

Supplemental disclosure of cash flow information:

Cash payments for interest

\$ 6,427 \$ 11,064 \$ 12,624 \$ 13,932

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OFFERPAD SOLUTIONS INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Nature of Operations and Significant Accounting Policies**Description of Business**

Offerpad's mission is Offerpad, dedicated to **deliver** simplifying the **best home** process of buying and selling **experience**. From **homes**, is committed to providing **comprehensive solutions** that remove the **friction** from real estate. Our advanced real estate platform offers a range of services, from **consumer cash offers** to **B2B renovation solutions** and **flexible listing options** **industry partnership programs**, all tailored to **mortgages** and **buyer services**, we have been helping homeowners since **2015**. We **pair** meet the unique needs of our clients. Since 2015, we've leveraged local expertise in residential real estate **with** alongside **proprietary technology** to **put** **customers in control** of the process and help find the right solution that fits their needs. **guide** homeowners at every step.

The Company is currently headquartered in Chandler, Arizona and operates in over 1,800 cities and towns in 27 metropolitan markets across 17 states as of **March 31, 2024** **June 30, 2024**.

Basis of Presentation and Interim Financial Information

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and note disclosures required for annual financial statements have been condensed or excluded pursuant to GAAP and SEC rules and regulations. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and note disclosures required by GAAP for complete financial statements. Therefore, this information should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's audited consolidated financial statements as of and for the year ended December 31, 2023 included in the Company's 2023 Annual Report on Form 10-K as filed with the SEC on February 27, 2024.

The accompanying financial information reflects all adjustments which are, in the opinion of the Company's management, of a normal recurring nature and necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

Reverse Stock Split

On June 12, 2023, the Company filed a certificate of amendment to its Third Restated Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation") with the Secretary of State of the State of Delaware to effect a 1-for-15 reverse stock split (the "Reverse Stock Split"). The Company's Class A common stock began trading on a split-adjusted basis at market open on June 13, 2023 under the existing symbol "OPAD".

All share and per share amounts in the accompanying condensed consolidated financial statements have been retroactively adjusted to reflect the Reverse Stock Split for all periods presented.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements. Significant estimates include those related to the net realizable value of real estate inventory, among others. Actual results could differ from those estimates.

Principles of Consolidation

The Company's condensed consolidated financial statements include the assets, liabilities, revenues and expenses of the Company, its wholly-owned operating subsidiaries and variable interest entities where the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

Real Estate Inventory

Real estate inventory consists of acquired homes and is stated at the lower of cost or net realizable value, with cost and net realizable value determined by the specific identification of each home. Costs include initial purchase costs and renovation costs, as well as holding costs and interest incurred during the renovation period, prior to the listing date. Selling costs, including commissions and holding costs incurred after the listing date, are expensed as incurred and included in sales, marketing and operating expenses.

The Company reviews real estate inventory for valuation adjustments on a quarterly basis, or more frequently if events or changes in circumstances indicate that the carrying value of real estate inventory may not be recoverable. The Company

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OFFERPAD SOLUTIONS INC.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

evaluates real estate inventory for indicators that net realizable value is lower than cost at the individual home level. The

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Company generally considers multiple factors in determining net realizable value for each home, including recent comparable home sale transactions in the specific area where the home is located, the residential real estate market conditions in both the local market in which the home is located and in the U.S. in general, the impact of national, regional or local economic conditions and expected selling costs. When evidence exists that the net realizable value of real estate inventory is lower than its cost, the difference is recognized as a real estate inventory valuation adjustment in cost of revenue and the related real estate inventory is adjusted to its net realizable value.

For individual homes or portfolios of homes under contract to sell as of the real estate inventory valuation assessment date, if the carrying value exceeds the contract price less expected selling costs, the carrying value of these homes are adjusted to the contract price less expected selling costs. For all other homes, if the carrying value exceeds the expected sale price less expected selling costs, the carrying value of these homes are adjusted to the expected sale price less expected selling costs.

Changes in the Company's pricing assumptions may lead to a change in the outcome of the real estate inventory valuation analysis, and actual results may differ from the Company's assumptions.

The Company recorded real estate inventory valuation adjustments of \$0.6 million and \$7.3 million during the three months ended March 31, 2024 and June 30, 2024 and 2023, respectively, and \$1.2 million and \$7.5 million during the six months ended June 30, 2024 and 2023, respectively. Refer to Note 2. *Real Estate Inventory*, for further details.

Recent Accounting Standards

Income Tax Disclosures

In December 2023, the FASB issued a new standard which is intended to improve an entity's income tax disclosures, primarily through disaggregated information about an entity's effective income tax rate reconciliation and additional disclosures about income taxes paid. The new standard is effective for annual periods beginning after December 15, 2024. Accordingly, the new standard is effective for the Company on January 1, 2025 on a prospective basis. The Company is currently evaluating the impact that the standard will have on its condensed consolidated financial statements.

Segment Reporting

In November 2023, the FASB issued a new standard which is intended to improve disclosures about an entity's reportable segments, primarily through enhanced disclosures about significant segment expenses. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Accordingly, the new standard is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and subsequent interim periods, using a retrospective approach. The Company is currently evaluating the impact that the standard will have on its condensed consolidated financial statements.

Note 2. Real Estate Inventory

The components of real estate inventory, net of applicable lower of cost or net realizable value adjustments, consist of the following as of the respective period ends:

(\$ in thousands)	March 31,		December 31,		June 30,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
Homes preparing for and under renovation	\$ 67,849	\$ 53,116	\$ 87,383	\$ 53,116				
Homes listed for sale	107,164	148,648	158,953	148,648				
Homes under contract to sell	91,094	74,736	61,414	74,736				
Real estate inventory	\$ 266,107	\$ 276,500	\$ 307,750	\$ 276,500				

Note 3. Derivative Financial Instruments

During 2023, the Company entered into derivative arrangements pursuant to which the Company acquired options on U.S. Treasury futures. These options provided the Company with the right, but not the obligation, to purchase U.S. Treasury futures at a predetermined notional amount and stated term in the future.

During the ~~three~~ six months ended **March 31, 2023** June 30, 2023, the Company purchased \$1.21.9 million of derivative **instruments** instruments. During the three and ~~six~~ months ended June 30, 2023, the Company recorded a \$0.6 million change **changes** in the fair value of the derivative instruments of (\$0.1) million and (\$0.7) million, respectively, in **Other income, net** in the condensed consolidated statements of operations.

The Company sold all of its outstanding derivative arrangements during October 2023 and no derivative arrangements remain outstanding.

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Note 4. Property and Equipment

Property and equipment consist of the following as of the respective period ends:

(\$ in thousands)	March 31,		December 31,		June 30,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
Rooftop solar panel systems	\$ 5,038	\$ 5,075	\$ 4,999	\$ 5,075				
Leasehold improvements	1,130	1,130	1,071	1,130				
Office equipment and furniture	837	837	833	837				
Software systems	386	386	386	386				
Computers and equipment	265	265	265	265				
Construction in progress	385	32	394	32				
Property and equipment, gross	8,041	7,725	7,948	7,725				
Less: accumulated depreciation	(3,362)	(3,208)	(3,456)	(3,208)				
Property and equipment, net	\$ 4,679	\$ 4,517	\$ 4,492	\$ 4,517				

Depreciation expense was \$0.1 million and \$0.2 million during each of the three months ended **March 31, 2024** June 30, 2024 and 2023, respectively, and \$0.3 million and \$0.4 million during the six months ended June 30, 2024 and 2023, respectively.

Note 5. Leases

The Company's operating lease arrangements consist of its existing corporate headquarters in Chandler, Arizona, its future corporate headquarters in Tempe, Arizona, and field office facilities in most of the metropolitan markets in which the Company operates in the United States. These leases typically have original lease terms of 1 year to 10 years, and some leases contain multiyear renewal options. The Company does not have any finance lease arrangements.

The Company's operating lease costs are included in operating expenses in the accompanying condensed consolidated statements of operations. During the three months ended **March 31, 2024** June 30, 2024 and 2023, operating lease costs were \$0.9 million and \$0.6 million, respectively. Variable and short-term lease costs were less than \$0.1 million during each of the ~~three~~ respective periods. During the six months ended **March 31, 2024** June 30, 2024 and 2023, respectively, operating lease costs were \$1.8 million and \$1.2 million, respectively, and variable and short-term lease costs were less than \$0.1 million during each of the respective periods.

Cash payments for amounts included in the measurement of operating lease liabilities were \$0.3 million during each of the three months ended June 30, 2024 and 2023, and \$0.9 million and \$0.6 million during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. During the three months ended March 31, 2024, right-of-use assets obtained in exchange for new or acquired operating lease liabilities were \$7.9 million. There were no right-of-use assets obtained in exchange for new or acquired operating lease liabilities during the three months ended March 31, 2023 June 30, 2024. Right-of-use assets obtained in exchange for new or acquired operating lease liabilities were \$7.9 million during the six months ended June 30, 2024. There were no right-of-use assets obtained in exchange for new or acquired operating lease liabilities during both of the three and six months ended June 30, 2023.

As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company's operating leases had a weighted-average remaining lease term of 8.7 years and 1.8 years, respectively, and a weighted-average discount rate of 7.0% and 4.3%, respectively.

The Company's operating lease liability maturities as of March 31, 2024 June 30, 2024 are as follows:

(\$ in thousands)	\$ 1,760	\$ 1,165
Remainder of 2024	\$ 1,760	\$ 1,165
2025	2,898	2,898
2026	2,089	2,089
2027	1,949	1,949
2028	1,922	1,922
2029	1,974	1,974
Thereafter	11,862	11,862
Total future lease payments	24,454	23,859
Less: Imputed interest	(7,388)	(7,105)
Less: Tenant incentive receivable	(5,532)	(5,532)
Total lease liabilities	<u>\$ 11,534</u>	<u>\$ 11,222</u>

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The Company's operating lease right-of-use assets and operating lease liabilities, and the associated financial statement line items, are as follows as of the respective period ends:

(\$ in thousands)	Financial Statement Line Items	March 31,		December 31,		June 30,		December 31,	
		2024	2023	2024	2023	2024	2023	2024	2023
Right-of-use assets	Other non-current assets	\$ 10,538	\$ 3,338	Other non-current assets	\$ 9,934	\$ 3,338			
Lease liabilities:									
Current liabilities	Accrued and other current liabilities	2,185	2,271	Accrued and other current liabilities	2,019	2,271			
Non-current liabilities	Other long-term liabilities	9,349	1,418	Other long-term liabilities	9,203	1,418			
Total lease liabilities		<u>\$ 11,534</u>	<u>\$ 3,689</u>			<u>\$ 11,222</u>	<u>\$ 3,689</u>		

Note 6. Accrued and Other Liabilities

Accrued and other current liabilities consist of the following as of the respective period ends:

(\$ in thousands)	March 31,		December 31,		June 30,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
Home renovation	\$ 4,004	\$ 3,534	\$ 3,318	\$ 3,534	\$ 3,318	\$ 3,534	\$ 3,318	\$ 3,534
Payroll and other employee related expenses	2,352	3,200						

Operating lease liabilities	2,185	2,271	2,019	2,271
Payroll and other employee related expenses	2,048	3,200		
Marketing	1,894	999		
Interest	1,659	1,989	1,729	1,989
Marketing	1,018	999		
Legal and professional obligations	604	392	604	392
Other	1,648	1,474	1,179	1,474
Accrued and other current liabilities	\$ 13,166	\$ 13,859	\$ 13,095	\$ 13,859

The Company incurred advertising expenses of \$4.4 3.5 million and \$8.0 10.9 million during the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively, and \$7.9 million and \$18.9 million during the six months ended **June 30, 2024** and 2023, respectively.

Other long-term liabilities consists of the non-current portion of our operating lease liabilities as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

Note 7. Credit Facilities and Other Debt

The carrying value of the Company's credit facilities and other debt consists of the following as of the respective period ends:

(\$ in thousands)	March 31,		December 31,		June 30,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
<u>Credit facilities and other debt, net</u>								
Senior secured credit facilities with financial institutions	\$ 211,722	\$ 216,654	\$ 246,396	\$ 216,654				
Senior secured credit facility with a related party	6,039	6,289	10,284	6,289				
Mezzanine secured credit facilities with financial institutions	19,769	12,704	26,564	12,704				
Mezzanine secured credit facilities with a related party	18,483	23,803	21,615	23,803				
Debt issuance costs	(1,408)	(2,226)	(1,073)	(2,226)				
Total credit facilities and other debt, net	254,605	257,224	303,786	257,224				
<u>Current portion - credit facilities and other debt, net</u>								
Total credit facilities and other debt, net	230,083	227,132	271,887	227,132				
Total credit facilities and other debt - related party	24,522	30,092	31,899	30,092				
Total credit facilities and other debt, net	\$ 254,605	\$ 257,224	\$ 303,786	\$ 257,224				

The Company utilizes inventory financing facilities consisting of senior secured credit facilities, mezzanine secured credit facilities and other senior secured borrowing arrangements to provide financing for the Company's real estate inventory purchases and renovation. Borrowings under the Company's credit facilities and other debt are classified as current liabilities

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on the accompanying condensed consolidated balance sheets as amounts drawn to purchase and renovate homes are required to be repaid as the related real estate inventory is sold, which is expected to be within 12 months.

As of **March 31, 2024** **June 30, 2024**, the Company had a total borrowing capacity of \$1,052.0 million under its senior secured credit facilities and mezzanine secured credit facilities, of which \$562.2 512.2 million was committed. Any borrowings above the committed amounts are subject to the applicable lender's discretion.

Under the Company's senior secured credit facilities and mezzanine secured credit facilities, amounts can be borrowed, repaid and borrowed again during the revolving period. The borrowing capacity is generally available until the end of the applicable revolving period as reflected in the tables below. Outstanding amounts drawn under each senior secured credit facility and mezzanine secured credit facility are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event.

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

Senior Secured Credit Facilities

The following summarizes certain details related to the Company's senior secured credit facilities (in thousands, except interest rates):

	Borrowing Capacity				Outstanding	Weighted-Average Interest	End of Revolving / Withdrawal	Final Maturity	Borrowing Capacity				Outstanding	Weighted-Average Interest	End of Revolving / Withdrawal
	Committed	Uncommitted	Total	Amount					Committed	Uncommitted	Total	Amount			
As of															
March 31, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date								
As of															
June 30, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date								
Senior financial institution 1	\$ 200,000	\$ 200,000	\$ 400,000	\$ 99,528	8.13%	June 2025	June 2025	\$ 150,000	\$ 250,000	\$ 400,000	\$ 112,927	8.13%			December
Senior financial institution 2	100,000	100,000	200,000	45,743	8.07%	2025	July 2025	100,000	100,000	200,000	54,537	8.07%			January
Senior financial institution 3	100,000	50,000	150,000	44,402	8.57%	2025	April 2025	100,000	50,000	150,000	59,337	8.58%			January
Related party	30,000	20,000	50,000	6,039	10.34%	2025	September	30,000	20,000	50,000	10,284	10.33%			March
Senior financial institution 4	30,000	45,000	75,000	22,049	9.83%	2024	August 2024	30,000	45,000	75,000	19,595	9.83%			August
Senior secured credit facilities	\$ 460,000	\$ 415,000	\$ 875,000	\$ 217,761				\$ 410,000	\$ 465,000	\$ 875,000	\$ 256,680				

	Borrowing Capacity				Outstanding	Weighted-Average Interest
	Committed	Uncommitted	Total	Amount		
As of December 31, 2023						
Senior financial institution 1	\$ 200,000	\$ 200,000	\$ 400,000	\$ 135,676	7.91%	
Senior financial institution 2	100,000	100,000	200,000	55,541	7.61%	
Senior financial institution 3	100,000	50,000	150,000	6,453	7.11%	
Related party	30,000	20,000	50,000	6,289	10.05%	
Senior financial institution 4	30,000	45,000	75,000	18,984	8.42%	
Senior secured credit facilities	\$ 460,000	\$ 415,000	\$ 875,000	\$ 222,943		

As of **March 31, 2024** **June 30, 2024**, the Company had five senior secured credit facilities, four with separate financial institutions and one with a related party, which holds more than 5% of our Class A common stock. Borrowings under the senior secured credit facilities accrue interest at a rate based on a Secured Overnight Financing Rate

("SOFR") reference rate, plus a margin which varies by facility. Each of the Company's senior secured credit facilities also have interest rate floors. The Company may also pay fees on its senior secured credit facilities, including a commitment fee and fees on certain unused portions of the committed borrowing capacity under the respective credit agreements.

Borrowings under the Company's senior secured credit facilities are collateralized by the real estate inventory financed by the senior secured credit facility. The lenders have legal recourse only to the assets securing the debt and do not have general recourse against the Company with limited exceptions. The Company has, however, provided limited non-recourse carve-out guarantees under its senior and mezzanine secured credit facilities for certain of the SPEs' obligations. Each senior secured credit facility contains eligibility requirements that govern whether a property can be financed.

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Mezzanine Secured Credit Facilities

The following summarizes certain details related to the Company's mezzanine secured credit facilities (in thousands, except interest rates):

	Borrowing Capacity						Outstanding	Weighted-Average Interest	End of Revolving / Final Withdrawal	Maturity	Borrowing Capacity						Outstanding	Weighted-Average Interest	End of Revolving / Final Withdrawal
	Committed	Uncommitted	Total	Amount	Rate	Period					Committed	Uncommitted	Total	Amount	Rate	Period	Date		
As of March																			
31, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date												
As of June																			
30, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date												
Related party facility																			
1	\$ 45,000	\$ 25,000	\$ 70,000	\$ 16,994	13.84 %	June 2025	2025	\$45,000	\$25,000	\$70,000	\$19,111	13.83 %	June 2025						
Mezzanine financial institution 1	22,500	22,500	45,000	9,408	13.92 %	2025	July 2025	22,500	22,500	45,000	10,714	13.92 %	2025	July 2025					
Mezzanine financial institution 2	26,667	13,333	40,000	10,361	12.57 %	2025	April 2025	26,667	13,333	40,000	15,850	12.58 %	2025	April 2025					
Related party facility 2	8,000	14,000	22,000	1,489	13.84 %	2025	September 2025	8,000	14,000	22,000	2,504	13.83 %	2025	September 2025					
Mezzanine secured credit facilities	\$ 102,167	\$ 74,833	\$ 177,000	\$ 38,252				\$102,167	\$74,833	\$177,000	\$48,179								

	Borrowing Capacity						Outstanding	Weighted-Average Interest	Borrowing Capacity						Outstanding	Weighted-Average Interest					
	Borrowing Capacity			Outstanding	Interest	Borrowing Capacity			Outstanding	Interest											
	Committed	Uncommitted	Total			Amount															
As of December 31, 2023																					
Related party facility 1	\$ 45,000	\$ 25,000	\$ 70,000	\$ 22,250	11.56 %				\$45,000	\$25,000	\$70,000	\$22,250	11.56 %								
Mezzanine financial institution 1	22,500	22,500	45,000	11,198	12.79 %				22,500	22,500	45,000	11,198	12.79 %								
Mezzanine financial institution 2	26,667	13,333	40,000	1,506	9.55 %				26,667	13,333	40,000	1,506	9.55 %								
Related party facility 2	8,000	14,000	22,000	1,553	13.05 %				8,000	14,000	22,000	1,553	13.05 %								

Mezzanine secured credit facilities	\$ 102,167	\$ 74,833	\$ 177,000	\$ 36,507	\$102,167	\$74,833	\$177,000	\$36,507
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As of **March 31, 2024** **June 30, 2024**, the Company had four mezzanine secured credit facilities, two with separate financial institutions and two with a related party, which holds more than 5% of our Class A common stock. Borrowings under the Company's mezzanine secured credit facilities accrue interest at a rate based on a SOFR reference rate, plus a margin which varies by facility. Each of the Company's mezzanine secured credit facilities also have interest rate floors. The Company may also pay fees on its mezzanine secured credit facilities, including a commitment fee and fees on certain unused portions of the committed borrowing capacity under the respective credit agreements.

Borrowings under the Company's mezzanine secured credit facilities are collateralized by a second lien on the real estate inventory financed by the relevant credit facility. The lenders have legal recourse only to the assets securing the debt, and do not have general recourse to Offerpad with limited exceptions.

The Company's mezzanine secured credit facilities are structurally and contractually subordinated to the related senior secured credit facilities.

Maturities

Certain of the Company's secured credit facilities mature within the next twelve months following the date these condensed consolidated financial statements are issued. The Company expects to enter into new financing arrangements or amend existing arrangements to meet its obligations as they come due, which the Company believes is probable based on its history of prior credit facility renewals. The Company believes cash on hand, together with proceeds from the resale of homes and cash from future borrowings available under each of the Company's existing credit facilities or the entry into new financing arrangements, will be sufficient to meet its obligations as they become due in the ordinary course of business for at least 12 months following the date these condensed consolidated financial statements are issued.

Covenants for Senior Secured Credit Facilities and Mezzanine Secured Credit Facilities

The Company's secured credit facilities include customary representations and warranties, covenants and events of default. Financed properties are subject to customary eligibility criteria and concentration limits. The terms of these facilities and related financing documents require the Company to comply with a number of customary financial and other covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth).

As of **March 31, 2024** **June 30, 2024**, the Company was in compliance with all covenants and no event of default had occurred.

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Note 8. Warrant Liabilities

As of **March 31, 2024** **June 30, 2024**, the Company had 16.1 million public warrants outstanding and 5.7 million private placement warrants outstanding, with every 15 warrants being exercisable to purchase one share of Class A common stock at an exercise price of \$172.50 per share.

Public Warrants

The public warrants became exercisable on October 23, 2021. A holder may exercise its warrants only for a whole number of shares of Class A common stock. The public warrants will expire September 1, 2026, or earlier upon redemption or liquidation. Pursuant to the terms of the warrant agreements, the Company may call the public warrants for redemption for cash or redeem the outstanding warrants for shares of Class A common stock under certain scenarios. The public warrants are traded on an over-the-counter market.

Private Placement Warrants

The private placement warrants **are not redeemable by the Company so long as they are held by the Supernova Sponsor or its permitted transferees, except in certain limited circumstances. The Supernova Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis and the Supernova Sponsor and its permitted transferees has certain registration rights related to the private placement warrants (including the shares of Class A common stock issuable upon exercise of the private placement warrants). Except as described in this section, the private placement warrants have terms and provisions that are substantially identical to those of the public warrants. If warrants, with the exception of certain redemption rights, options to exercise and registration rights when the private placement warrants are held owned by holders other than the Supernova Sponsor or its permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by the holders on the same basis as the public warrants, specified holders.**

Note 9. Fair Value Measurements

The fair values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and certain prepaid and other current assets and accrued expenses approximate carrying values because of their short-term nature. The Company's credit facilities are carried at amortized cost and the carrying value approximates fair

value because of their short-term nature.

The Company's liabilities that are measured at fair value on a recurring basis consist of the following (in thousands):

As of March 31, 2024	Quoted Prices in			(Level 3)
	Active Markets for	Significant Other	Significant	
	Identical Liabilities	Observable Inputs	Unobservable Inputs	
As of June 30, 2024	Quoted Prices in	Significant Other	Significant	(Level 3)
	Active Markets for	Significant Other	Significant	
	Identical Liabilities	Observable Inputs	Unobservable Inputs	
Public warrant liabilities	\$ 52	\$ —	\$ —	\$ 58
Private placement warrant liabilities	\$ —	\$ —	\$ 75	\$ 78
As of December 31, 2023	Quoted Prices in			(Level 3)
	Active Markets for	Significant Other	Significant	
	Identical Liabilities	Observable Inputs	Unobservable Inputs	
Public warrant liabilities	\$ 305	\$ —	\$ —	\$ —
Private placement warrant liabilities	\$ —	\$ —	\$ —	\$ 166

Public Warrants

The public warrants are traded on an over-the-counter market. The fair value of the public warrants is estimated based on the quoted market price of such warrants on the valuation date. The Company recorded changes in the fair value of the public warrants of \$(less than \$0.1 million and \$(0.3) million and \$0.3 million during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$(0.3) million and \$(0.02) million during the six months ended June 30, 2024 and 2023, respectively. These changes are recorded in *Change in fair value of warrant liabilities* in our condensed consolidated statements of operations.

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Private Placement Warrants

The following summarizes the changes in the Company's private placement warrant liabilities, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the respective periods:

(\$ in thousands)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2023		2024	
	\$ 166	\$ 196	\$ 75	\$ 285	\$ 166	\$ 196
Beginning balance						
Change in fair value of private placement warrants included in net loss	\$ (91)	\$ 89	\$ 3	\$ (114)	\$ (88)	\$ (25)
Ending balance	\$ 75	\$ 285	\$ 78	\$ 171	\$ 78	\$ 171

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The Company generally uses the Black-Scholes-Merton option-pricing model to determine the fair value of the private placement warrants, with assumptions including expected volatility, expected life of the warrants, associated risk-free interest rate, and expected dividend yield.

There were no transfers between Levels 1, 2, and 3 during the three and six months ended **March 31, 2024** **June 30, 2024** and 2023.

Note 10. Stockholders' Equity

Authorized Capital Stock

The Company's is authorized to issue 2,100,000,000 shares of capital stock, which consists of 2,000,000,000 shares of Class A common stock and 100,000,000 shares of preferred stock, both of which have a par value \$0.0001 per share.

Class A Common Stock

Our Class A common stock trades on the New York Stock Exchange under the symbol "OPAD" and our public warrants trade on the OTC Markets Group Pink Market under the symbol "OPADW."

As of **March 31, 2024** **June 30, 2024**, we had **27,300,233** **27,329,264** shares of Class A common stock issued and outstanding.

We also have outstanding private placement warrants to purchase shares of our Class A common stock. Refer to *Note 8. Warrant Liabilities*.

During January 2023, we sold and issued pre-funded warrants to purchase shares of our Class A common stock, resulting in gross proceeds of approximately \$90.0 million. The pre-funded warrants became exercisable during March 2023. All of the pre-funded warrants were subsequently exercised during 2023, upon which, 10.7 million shares of our Class A common stock were issued.

Preferred Stock

As of **March 31, 2024** **June 30, 2024**, there were no shares of preferred stock issued and outstanding.

Dividends

Our Class A common stock is entitled to dividends if and when any dividend is declared by our Board, subject to the rights of all classes of stock outstanding having priority rights to dividends. We have not paid any cash dividends on common stock to date. We may retain future earnings, if any, for the further development and expansion of our business and have no current plans to pay cash dividends for the foreseeable future. Any future determination to pay dividends will be made at the discretion of our Board and will depend on, among other things, our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our Board may deem relevant.

Note 11. Stock-Based Awards

2021 Equity Incentive Plans

Incentive Award Plan

As of December 31, 2023, there were 1,755,548 shares of Class A common stock reserved for issuance under the Offerpad Solutions Inc. 2021 Incentive Award Plan (the "2021 Plan").

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Pursuant to the terms of the 2021 Plan, the number of shares of the Company's Class A common stock available for issuance under the 2021 Plan automatically increased by 122,360 shares of Class A common stock on January 1, 2024. Following this increase, there were 1,877,908 shares reserved for issuance under the 2021 Plan as of **March 31, 2024** **June 30, 2024**.

As of **March 31, 2024** **June 30, 2024**, the Company has granted stock options, restricted stock units ("RSUs"), performance-based RSUs ("PSUs") and other stock or cash-based awards under the 2021 Plan.

Employee Stock Purchase Plan

As of December 31, 2023, there were 175,554 shares of Class A common stock reserved for issuance under the Offerpad Solutions Inc. 2021 Employee Stock Purchase Plan ("ESPP").

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Pursuant to the terms of the ESPP, the number of shares of the Company's Class A common stock available for issuance under the ESPP automatically increased by 111,248 shares of Class A common stock on January 1, 2024. Following this increase, there were 286,802 shares reserved for issuance under the ESPP as of **March 31, 2024** **June 30, 2024**.

As of **March 31, 2024** **June 30, 2024**, no shares have been issued under the ESPP.

Restricted Stock Units

During the six months ended June 30, 2024, the Company granted RSUs with service vesting conditions to employees and non-employee members of our Board. The vesting period for RSUs granted to employees is generally three years, subject to continued employment, and the vesting period for RSUs granted to non-employee members of our Board generally ranges from three months to three years, subject to continued service on the Board.

The following summarizes RSU award activity during the **three** **six** months ended **March 31, 2024** **June 30, 2024**:

	Number of RSUs (in thousands)	Weighted		Number of RSUs (in thousands)	Weighted Average	
		Average	Grant Date		Grant Date	Fair Value
		Fair Value				
Outstanding as of December 31, 2023		250	\$ 29.77	250	\$	29.77
Granted		33	9.12	900		5.23
Vested and settled		(67)	24.83	(96)		24.60
Forfeited		(5)	16.75	(20)		23.97
Outstanding as of March 31, 2024		211	28.39			
Outstanding as of June 30, 2024		1,034	9.00			

As of **March 31, 2024** **June 30, 2024**, 0.1 million RSUs have vested, but have not yet been settled in shares of the Company's Class A common stock, pursuant to elections made by certain non-employee members of our Board to defer settlement thereof under the Offerpad Solutions Inc. Deferred Compensation Plan for Directors.

As of **March 31, 2024** **June 30, 2024**, the Company had **\$2.5** **5.7** million of unrecognized stock-based compensation expense related to unvested RSUs. This expense is expected to be recognized over a weighted average period of **1.43** **2.59** years. The fair value of RSUs that vested and settled during the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023 was **\$1.7** **1.8** million and **\$1.6** **2.5** million, respectively.

Performance-Based Restricted Stock Units

The following summarizes PSU award activity during the **three** **six** months ended **March 31, 2024** **June 30, 2024**:

	Number of PSUs (in thousands)	Weighted		Number of PSUs (in thousands)	Weighted Average	
		Average	Grant Date		Grant Date	Fair Value
		Fair Value				
Outstanding as of December 31, 2023		119	\$ 70.81	119	\$	70.81
Granted		—	—	—	—	—
Vested		—	—	—	—	—
Forfeited		—	—	—	—	—
Outstanding as of March 31, 2024		119	70.81			
Outstanding as of June 30, 2024		119	70.81			

As of **March 31, 2024** **June 30, 2024**, the Company had **\$2.6** **1.9** million of unrecognized stock-based compensation expense related to unvested PSUs. This expense is expected to be recognized over a weighted average period of **0.92** **0.67** years.

OFFERPAD SOLUTIONS INC.
Notes to Condensed Consolidated Financial Statements
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Other Cash or Stock-Based Awards

During the six months ended June 30, 2024, the Company granted long-term incentive awards, which include both a service vesting condition and a performance vesting condition that is associated with the share price of the Company's Class A common stock ("LTI Award"). The Company ~~did~~ also amended certain terms and conditions associated with the LTI Awards granted in 2023. Both the newly amended and granted LTI Awards will become earned during a three-year performance period based on the appreciation in the price of the Company's Class A common stock over pre-determined price per share goals set forth in the LTI Award agreements. The portion of the LTI Award that will become earned will be determined based on the average share price over the 60 consecutive calendar-day period ending on (and including) the end of the performance period, the total number of shares of the Company's Class A common stock outstanding as of the last day of the performance period and the participant sharing rates as set forth in the LTI Award agreements. To the extent that an LTI Award is earned during the performance period, half of the earned LTI Award will vest at the end of the three-year performance period, and the remaining half of the earned LTI Award will vest one year after the end of the performance period, in each case, subject to the employee's continued service through the applicable vesting date. If the LTI Award does not ~~grant any other~~ become earned as of the last day of the performance period, each LTI Award automatically will be forfeited and terminated without consideration.

The Company determined the fair value of the LTI awards using a Monte Carlo simulation model that determines the probability of satisfying the market condition stipulated in the award. The assumptions used in the Monte Carlo simulation model to determine the fair value of the LTI Awards during the six months ended June 30, 2024 are as follows:

Risk-free interest rate	4.36%
Expected stock price volatility	95.0%
Expected dividend yield	0.0%
Fair value on grant date	\$5.08

The LTI Awards, to the extent vested, can be settled in cash or stock-based awards during shares of Company Class A common stock (as determined by the three months ended March 31, 2024 Compensation Committee of the Board in its discretion). As of June 30, 2024, the Company has the intent and ability to settle the LTI Awards in shares of the Company's Class A common stock.

As of ~~March 31, 2024~~ June 30, 2024, the Company had \$3.1 ~~3.4~~ million of unrecognized stock-based compensation expense related to ~~unvested other cash or stock-based awards granted in prior periods~~ the LTI Awards. This expense is expected to be recognized over a weighted average period of ~~2.70~~ ~~3.45~~ years.

Stock Options

The following summarizes stock option activity during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024:

	Weighted-Average				Weighted Average			
	Number of Shares (in thousands)	Weighted-Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)	Number of Shares (in thousands)	Weighted-Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
		Per Share	(in years)	(in thousands)		Per Share	(in years)	(in thousands)
Outstanding as of December 31, 2023	1,078	\$ 12.04	4.26	\$ 1,686	1,078	\$ 12.04	4.26	\$ 1,686
Granted	—	—			—	—		
Exercised	(5)	2.95			(5)	2.95		
Forfeited, canceled or expired	(21)	17.23			(34)	18.29		
Outstanding as of March 31, 2024	1,052	11.98	4.06	1,151				
Exercisable as of March 31, 2024	990	11.50	3.87	1,151				
Vested and expected to vest as of March 31, 2024	1,052	11.98	4.06	1,151				
Outstanding as of June 30, 2024	1,039	11.89	3.71	314				
Exercisable as of June 30, 2024	1,000	11.57	3.59	314				
Vested and expected to vest as of June 30, 2024	1,039	11.89	3.71	314				

The total intrinsic value of stock options exercised during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 and 2023 was less than \$0.1 million and \$0.1 million, respectively.

As of **March 31, 2024** **June 30, 2024**, the Company had unrecognized stock-based compensation expense related to unvested stock options of **\$1.00** **0.6** million. This expense is expected to be recognized over a weighted average period of **1.04** **0.87** years. The fair value of stock options that vested during the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023 was **\$0.40** **0.6** million and **\$0.71** **1.1** million, respectively.

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Notes to Condensed Consolidated Financial Statements
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Stock-based Compensation Expense

The following details stock-based compensation expense for the respective periods:

(\$ in thousands)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2023		2024	
	2024	2023	2024	2023	2024	2023
Sales, marketing and operating	\$ 1,176	\$ 328	\$ 1,129	\$ 501	\$ 2,305	\$ 829
General and administrative	2,400	1,444	1,995	1,469	4,395	2,913
Technology and development	291	71	125	85	416	156
Stock-based compensation expense	\$ 3,867	\$ 1,843	\$ 3,249	\$ 2,055	\$ 7,116	\$ 3,898

Note 12. Variable Interest Entities

The Company formed certain special purpose entities (each, an "SPE") to purchase and sell residential properties. Each SPE is a wholly-owned subsidiary of the Company and a separate legal entity, and neither the assets nor credit of any such SPE are available to satisfy the debts and other obligations of any affiliate or other entity. The credit facilities are secured by the assets and equity of one or more SPEs. These SPEs are variable interest entities, and the Company is the primary beneficiary as it has the power to control the activities that most significantly impact the SPEs' economic performance and the obligation to absorb losses of the SPEs or the right to receive benefits from the SPEs that could potentially be significant to the SPEs. The SPEs are consolidated within the Company's condensed consolidated financial statements.

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The following summarizes the assets and liabilities related to the VIEs as of the respective period ends:

(\$ in thousands)	March 31,		December 31,		June 30,		December 31,	
	2024		2023		2024		2023	
Assets								
Restricted cash	\$ 9,883	\$ 3,867	\$ 16,092	\$ 3,867	\$ 16,092	\$ 3,867	\$ 16,092	\$ 3,867
Accounts receivable	963	6,782	3,203	6,782	3,203	6,782	3,203	6,782
Real estate inventory	266,107	276,500	307,750	276,500	307,750	276,500	307,750	276,500
Prepaid expenses and other current assets	850	1,588	407	1,588	407	1,588	407	1,588
Total assets	\$ 277,803	\$ 288,737	\$ 327,452	\$ 288,737	\$ 327,452	\$ 288,737	\$ 327,452	\$ 288,737
Liabilities								
Accounts payable	\$ 1,707	\$ 1,798	\$ 1,903	\$ 1,798	\$ 1,903	\$ 1,798	\$ 1,903	\$ 1,798
Accrued and other current liabilities	1,720	2,027	1,757	2,027	1,757	2,027	1,757	2,027
Secured credit facilities and other debt, net	254,605	257,224	303,786	257,224	303,786	257,224	303,786	257,224
Total liabilities	\$ 258,032	\$ 261,049	\$ 307,446	\$ 261,049	\$ 307,446	\$ 261,049	\$ 307,446	\$ 261,049

OFFERPAD SOLUTIONS INC.

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Note 13. Earnings Per Share

Basic earnings per share is calculated based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares plus the incremental effect of dilutive potential common shares outstanding during the period. In periods when losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The components of basic and diluted earnings per share are as follows:

(In thousands, except per share data)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Numerator:						
Net loss	\$ (17,515)	\$ (59,447)	\$ (13,782)	\$ (22,344)	\$ (31,297)	\$ (81,791)
Denominator:						
Weighted average common shares outstanding, basic	27,339	23,661	27,385	27,258	27,362	25,470
Dilutive effect of stock options (1)	—	—	—	—	—	—
Dilutive effect of restricted stock units (1)	—	—	—	—	—	—
Weighted average common shares outstanding, diluted	<u>27,339</u>	<u>23,661</u>	<u>27,385</u>	<u>27,258</u>	<u>27,362</u>	<u>25,470</u>
Net loss per share, basic	\$ (0.64)	\$ (2.51)	\$ (0.50)	\$ (0.82)	\$ (1.14)	\$ (3.21)
Net loss per share, diluted	\$ (0.64)	\$ (2.51)	\$ (0.50)	\$ (0.82)	\$ (1.14)	\$ (3.21)
Anti-dilutive securities excluded from diluted loss per share:						
Anti-dilutive stock options (1)	973	1,067	927	1,029	950	1,048
Anti-dilutive restricted stock units (1)	130	81	138	69	134	75
Anti-dilutive performance-based restricted stock units	119	127	119	127	119	127
Anti-dilutive warrants issued in connection with Business Combination	1,452	1,452				
Anti-dilutive warrants	1,452	1,452	1,452	1,452		

(1) Due to the net loss during each of the three and six months ended March 31, 2024 June 30, 2024 and 2023, no dilutive securities were included in the calculation of diluted loss per share because they would have been anti-dilutive.

Note 14. Income Taxes

The Company determines its interim tax provision by applying the estimated effective income tax rate expected to be applicable for the full fiscal year to its income (loss) before income taxes for the period. The Company's effective tax rate is dependent on several factors, such as tax rates in state jurisdictions and the relative amount of income the Company earns in the respective jurisdiction.

The Company recorded an income tax benefit of \$0.1 million during the three months ended June 30, 2024 and income tax expense of less than \$0.1 million during the three months ended June 30, 2023, and income tax expense of \$0.1 million and \$0.2 million during each of the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The Company's effective tax rate was a benefit of 0.4% and an expense of 0.7% and 0.2% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and an expense of 0.2% for each of the six months ended June 30, 2024 and 2023, respectively. The Company's effective tax rate during the three and six months ended March 31, 2024 June 30, 2024 differed from the federal statutory rate of 21% primarily due to net operating loss carryforwards and state taxes. The valuation allowance recorded against our net deferred tax assets was \$111.0 million as of March 31, 2024 June 30, 2024.

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As of **March 31, 2024** **June 30, 2024**, we continue to have a full valuation allowance recorded against all deferred tax assets and will continue to evaluate our valuation allowance in future periods for any change in circumstances that causes a change in judgment about the realizability of the deferred tax assets. The amount of the deferred tax assets considered realizable, however, could be adjusted in future periods if estimates of future taxable income during the carryforward period are increased, if objective negative evidence in the form of cumulative losses is no longer present, and if we employ tax planning strategies in the future.

The Internal Revenue Code contains provisions that limit the utilization of net operating loss carryforwards and tax credit carryforwards if there has been an ownership change. Such ownership change, as described in Section 382 of the Internal Revenue Code, may limit the Company's ability to utilize its net operating loss carryforwards and tax credit carryforwards on a yearly basis. To the extent that any single-year limitation is not utilized to the full amount of the limitation, such unused amounts are carried over to subsequent years until the earlier of utilization or the expiration of the relevant carryforward period. The Company determined that an ownership change occurred on February 10, 2017. An analysis was performed and while utilization of net operating losses would be limited in years prior to December 31, 2020, subsequent to that date, there is

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no limitation on the Company's ability to utilize its net operating losses. As such, the ownership change has no impact to the carrying value of the Company's net operating loss carryforwards or ability to use them in future years.

Note 15. Related-Party Transactions

LL Credit Facilities

As of **March 31, 2024** **June 30, 2024**, we have one senior secured credit facility with a related party and two mezzanine secured credit facilities with a related party (the "LL Credit Facilities"). The following summarizes certain details related to these facilities:

(\$ in thousands)	As of March 31, 2024		As of December 31, 2023		As of June 30, 2024		As of December 31, 2023	
	Borrowing Capacity	Outstanding Amount	Borrowing Capacity	Outstanding Amount	Borrowing Capacity	Outstanding Amount	Borrowing Capacity	Outstanding Amount
Senior secured credit facility with a related party	\$ 50,000	\$ 6,039	\$ 50,000	\$ 6,289	\$ 50,000	\$ 10,284	\$ 50,000	\$ 6,289
Mezzanine secured credit facilities with a related party	\$ 92,000	\$ 18,483	\$ 92,000	\$ 23,803	\$ 92,000	\$ 21,615	\$ 92,000	\$ 23,803

Since October 2016, we have been party to a loan and security agreement (the "LL Funds Loan Agreement"), with LL Private Lending Fund, L.P. and LL Private Lending Fund II, L.P., both of which are affiliates of LL Capital Partners I, L.P., which holds more than 5% of our Class A common stock. Additionally, Roberto Sella, who is a member of our Board and holds more than 5% of our Class A common stock, is the managing partner of LL Funds. The LL Funds Loan Agreement is comprised of a senior secured credit facility and a mezzanine secured credit facility, under which we may borrow funds up to a maximum principal amount of \$50.0 million and \$22.0 million, respectively. The LL Funds Loan Agreement also provides us with the option to borrow above the fully committed borrowing capacity, subject to the lender's discretion. Refer to *Note 7. Credit Facilities and Other Debt*, for further details about the facilities under the LL Funds Loan Agreement.

Since March 2020, we have also been party to a mezzanine loan and security agreement (the "LL Mezz Loan Agreement"), with LL Private Lending Fund II, L.P., which is an affiliate of LL Capital Partners I, L.P. Under the LL Mezz Loan Agreement, we may borrow funds up to a maximum principal amount of \$70.0 million. Refer to *Note 7. Credit Facilities and Other Debt*, for further details about the mezzanine facility under the LL Mezz Loan Agreement.

We paid interest for borrowings under the LL Credit Facilities of **\$1.0** **0.8** million and **\$1.5** **0.7** million during the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively, and **\$1.8** million and **\$2.2** million during the six months ended **June 30, 2024** and **2023**, respectively.

Use of First American Financial Corporation's Services

First American Financial Corporation ("First American"), which holds more than 5% of our Class A common stock, through its subsidiaries is a provider of title insurance and settlement services for real estate transactions and a provider of property data services. Additionally, Kenneth DeGiorgio, who is a member of the Company's Board, is the chief executive officer of First American. We use First American's services in the ordinary course of our home-buying and home-selling activities. We paid First American **\$1.7** **1.5** million and **\$2.7** **1.6** million during the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively, and **\$3.2** million and **\$4.3** million during the six months ended **June 30, 2024** and **2023**, respectively, for its services, inclusive of the fees for property data services.

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Compensation of Immediate Family Members of Brian Bair

Offerpad employs two of Brian Bair's brothers, along with Mr. Bair's sister-in-law. The following details the total compensation paid to Mr. Bair's brothers and Mr. Bair's sister-in-law, which includes both base salary and annual performance-based cash incentives during each of the respective periods:

(\$ in thousands)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Mr. Bair's brother 1	\$ 163	\$ 369	\$ 99	\$ 99	\$ 262	\$ 468
Mr. Bair's brother 2	153	348	92	92	245	440
Mr. Bair's sister-in-law	36	51	31	29	67	80
	\$ 352	\$ 768	\$ 222	\$ 220	\$ 574	\$ 988

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During each of the **three** **six** months ended March 31, 2024 and 2023, the Company did not grant any equity awards to June 30, 2024, Mr. Bair's brothers and Mr. Bair's sister-in-law. Bair's sister-in-law received the following restricted stock unit awards:

Mr. Bair's brother 1	42,500
Mr. Bair's brother 2	40,000
Mr. Bair's sister-in-law	6,000
	88,500

During the six months ended June 30, 2024, the Company amended certain terms and conditions associated with the LTI Awards granted to Mr. Bair's brothers and Mr. Bair's sister-in-law in 2023, including the performance period, price per share goals and sharing rates.

Refer to Note 11. Stock-Based Awards, for further details.

Warehouse Lending Facility with FirstFunding, Inc.

During 2022, Offerpad Mortgage, LLC ("Offerpad Home Loans" or "OPHL"), a wholly-owned subsidiary of the Company, entered into a warehouse lending facility with FirstFunding, Inc., a wholly-owned subsidiary of First American, which holds more than 5% of our Class A common stock. Offerpad Home Loans used the warehouse lending facility to fund mortgage loans it originated and then sold to third-party mortgage servicers. As of March 31, 2024, there were no amounts outstanding under the facility and fees paid under the facility were immaterial during each of the three months ended March 31, 2024 and 2023. During April 2024, the warehouse lending facility expired and was not renewed. The fees paid under the facility were immaterial during the periods in which the facility was used.

Pre-Funded Warrants

During January 2023, the Company sold and issued pre-funded warrants to purchase shares of the Company's Class A common stock. The investors included Brian Bair, Roberto Sella, First American, and Kenneth DeGiorgio. Refer to Note 10. Stockholders' Equity, for further details.

Note 16. Commitments and Contingencies

Homes Purchase Commitments

As of March 31, 2024 June 30, 2024, the Company was under contract to purchase 545 359 homes for an aggregate purchase price of \$156.4 102.7 million.

Lease Commitments

The Company has entered into operating lease agreements for its existing corporate headquarters in Chandler, Arizona, its future corporate headquarters in Tempe, Arizona, and field office facilities in most of the metropolitan markets in which the Company operates in the United States. Refer to Note 5. *Leases*, for further details.

Legal and Other Matters

The Company is subject to various actions, claims, suits and other legal proceedings that arise in the ordinary course of business, including, without limitation, assertions by third parties relating to intellectual property infringement, breaches of contract or warranties or employment-related matters. The Company records accruals for loss contingencies when it is probable that a loss will occur, and the amount of such loss can be reasonably estimated. The Company is not currently a party to any actions, claims, suits or other legal proceedings, the outcome of which, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on the Company's condensed consolidated financial statements.

Note 17. Subsequent Events

The Company has determined that there have been no events that have occurred that would require recognition in the condensed consolidated financial statements or additional disclosure **herein**, except as described elsewhere in the notes to the condensed consolidated financial statements **herein**.

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

The following discussion and analysis provides information that Offerpad's management believes is relevant to an assessment and understanding of Offerpad's consolidated results of operations and financial condition. The discussion should be read together with the unaudited interim condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and our audited consolidated financial statements and accompanying notes included in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 27, 2024.

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

Overview

Our Business

Offerpad's mission is Offerpad, dedicated to **deliver** simplifying the **best home** process of buying and selling **experience**. From homes, is committed to providing comprehensive solutions that remove the friction from real estate. Our advanced real estate platform offers a range of services, from consumer cash offers to B2B renovation solutions and flexible listing options industry partnership programs, all tailored to **mortgages** and buyer services, we have been helping **meet** the unique needs of our clients. Since 2015, we've leveraged local expertise in residential real estate alongside proprietary technology to guide homeowners **since 2015** at every step, and have transacted on homes representing approximately **\$11.0 billion** **\$11.3 billion** of aggregate revenue through **March 31, 2024** **June 30, 2024**. We pair our local expertise in residential real estate with proprietary technology to put customers in control of the process and help find the right solution that fits their needs.

We are currently headquartered in Chandler, Arizona and operate in over 1,800 cities and towns in 27 metropolitan markets across 17 states as of **March 31, 2024** **June 30, 2024**.

Current Economic Conditions and Health of the U.S. Residential Real Estate Industry

Our business and operating results are impacted by the general economic conditions and the health of the U.S. residential real estate industry, particularly the single-family home resale market. Our business model primarily depends on a high volume of residential real estate transactions throughout the markets in which we operate. This transaction volume affects substantially all of the ways that we generate revenue, including our ability to acquire new homes and generate associated fees, and our ability to sell homes that we own.

During the first **quarter** half of 2024, we generated solid operating results against a backdrop of the residential real estate market conditions continued **volatility** in to evolve and present challenges, with the mortgage interest rate environment remaining volatile during the period, along with sustained elevated levels of inflation in the broader economy, a limited supply of single-family homes and various other macroeconomic and geopolitical concerns. Our revenue The average thirty-year fixed mortgage rate generally increased to **\$285.4 million** during throughout the first **quarter** half of the year, peaking in the mid-7% range in April 2024, before decreasing to around 7% at the end of June 2024. This elevated and volatile mortgage interest rate environment has continued to negatively impact housing affordability and create uncertainty for home

buyers, which represents the third consecutive quarter-over-quarter improvement. Additionally, has challenged consumer demand for residential real estate. As a result of these conditions, we have remained focused on proactively optimizing our capital allocation across our highest performing and most efficient markets and balancing our real estate inventory acquisition pace to optimize our return.

Against this backdrop, we achieved both quarter-over-quarter and year-over-year improvements in our revenue and net loss during the second quarter of 2024, and our gross profit margin during improved on a quarter-over-quarter basis for the first second consecutive quarter, of 2024, reflecting our continued progress toward improving the stability of our gross profit margin, and margin. Further, we currently anticipate this positive trajectory will continue on a quarter-over-quarter basis during the second quarter of 2024. Further, we slightly increased our real estate inventory acquisition pace during the first second quarter of 2024 as compared to the fourth first quarter of 2023 2024 and we had \$266.1 million \$307.8 million of homes in real estate inventory as of March 31, 2024 June 30, 2024.

While our revenue and gross profit margin improved we generated solid operating results during the first quarter half of 2024, the ongoing challenging residential real estate market conditions combined with the impact of typical seasonal decline in the residential real estate market during the fall and winter, continued to have an impact on our operating results during the first quarter of 2024. Additionally, the combination of higher mortgage interest rates, sustained elevated levels of inflation and a limited supply of single-family resale homes have greatly reduced the affordability of homes. results. These factors conditions have required us to use pricing adjustments and other incentives in recent periods, which had a negative impact on our operating results during the first quarter half of 2024. Further, there continues to be uncertainty regarding the near-term macroeconomic conditions, including the path of ongoing inflation in the broader economy, the direction of mortgage interest rates which have continued to increase during the second quarter of 2024 and the impact of geopolitical conflicts. We anticipate that the ongoing higher mortgage interest rate environment, economic uncertainties and affordability pressures will continue to impact consumer demand for residential real estate during the second third quarter of 2024. Due to As a result of these conditions, we're proactively optimizing our capital allocation across our highest performing and most efficient markets, and market dynamics, we may be required to use similar pricing adjustments and incentives in the future.

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Factors Affecting Our Performance

We believe that our performance and future success depend on a variety of factors that present significant opportunities for our business but also present risks and challenges that could adversely impact our growth and profitability, including those discussed below.

Market Penetration in Existing Markets

Residential real estate is one of the largest industries, with roughly \$1.9 trillion in value of homes transacted in 2023 in the United States, and is highly fragmented with over 100,000 real estate brokerages, according to the National Association of Realtors (NAR). In 2023, we estimate that we captured roughly 0.5% market share of real estate transactions across our 25 active markets as of December 31, 2023. Given this high degree of fragmentation, we believe that bringing a solutions-oriented approach to the market with multiple buying and selling services to meet the unique needs of customers could lead to continued market share growth and accelerated adoption of the digital model. We have demonstrated higher market share in certain markets, providing the backdrop to grow our overall market penetration as our offerings expand and evolve. By providing a consistent, transparent, and unique experience, we expect to continue to build upon our past success and further strengthen our brand and consumer adoption.

We are also increasing our focus on our partner network, which includes our homebuilder services, our agent partnership program and our agent referral network, to drive growth in our existing markets by expanding our reach and serving a greater number of customers. Our agent partnership program provides referral fees to agents who sell or select our cash offer. This program is designed to enable customers to utilize our services in a way that best suits their home-selling situation, while also serving as a valuable resource for real estate agents.

In order to drive additional value from our agent partnership program, we implemented various enhancements to the program during the first quarter half of 2024. Under the enhanced program, our partner agents can continue to request a cash offer on behalf of their clients, and now also have the ability to list an acquired home and ready for resale. Additionally, partner agents in the top tier of the program have access to sellers in defined zones and have the potential to list other Offerpad-owned homes in their zone.

Further, during the second quarter of 2024, we launched a new integration with Realtor.com, allowing customers to request a cash offer from Offerpad directly through the Realtor.com website. We anticipate this integration will further expand our reach and diversify our lead sources.

Expansion into New Markets

Since our launch in 2015, we have expanded into 25 markets as of December 31, 2023, which covered roughly 22% of the 4.7 million homes sold in the United States in 2023. Given this current coverage, we believe there is significant opportunity to both increase market penetration in our existing markets and to grow our business through new market expansion over the long-term. Also, because of our strategic approach to our asset-light platform offerings, which include our listing and renovation services, and our agent partnership program, we believe a significant portion of the total addressable market is serviceable with our business model. As we expand our reach

through these other service offerings, we expect to continue to serve customers in markets beyond our direct service area. Further, this strategic approach has enabled us to enter into new markets to offer certain of our service offerings, without offering all of our buying and selling services in such markets. In connection with this approach, we began offering renovation services in two additional markets during the first quarter half of 2024, bringing our total markets served to 27 as of **March 31, 2024** June 30, 2024.

Although we recently expanded into two new markets, we have decelerated our market expansion plans in recent years given the challenging residential real estate market conditions and the uncertainty regarding the near-term macroeconomic conditions, including the path of ongoing inflation in the broader economy, the direction of mortgage interest rates and the impact of geopolitical conflicts. We intend to continue evaluating expansion plans on an ongoing basis in order to maintain our flexibility in assessing the overall timing of our expansion plan and appropriate market entry points in the future.

Renovation Services

Our renovation services represent an important component of our asset-light platform offerings. Through our renovation services offering, we are able to leverage our existing logistics, operations, technology and skill-sets to provide renovation services to other businesses, allowing other companies and homeowners to utilize our renovations team to update their portfolio of homes for rent or to sell. When providing renovation services, we receive a renovation project fee, and are also typically compensated with a service fee that is based on a percentage of the overall renovation project fee. Although our renovation services offering is in the early stages, representing approximately 2% of our total consolidated revenue during each of the three and six months ended **March 31, 2024** June 30, 2024, we believe these services could be a more significant component of our business over time.

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Expand Relationships with Home Buyers

Another component of our asset-light platform offerings includes our program that allows investors and single-family rental companies an opportunity to purchase homes from homeowners, matching investors with sellers. These transactions occur in several forms, including assigning the original purchase contract to the end buyer and collecting a fee at closing. We expect

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this program will allow us to help more homeowners sell their home and expand our ability to reach more customers, while also providing customers with the benefit of receiving an optimized offer for their home. This offering represented less than 1% of our total consolidated revenue during each of the three and six months ended **March 31, 2024** June 30, 2024.

Ancillary Products and Services

We aim to deliver other additional products and services to customers in a smooth, efficient, digital driven platform, focused on transparency and ease of use. The primary goal is to be able to offer multiple services tied to the core real estate transaction, allowing customers to bundle and save. Although further developing these products and services will require significant investment, growing our current offerings and offering additional ancillary products and services, potentially including energy efficiency solutions, smart home technology, insurance, and home warranty services, we believe will strengthen our unit economics and allow us to better optimize pricing. Generally, the revenue and margin profiles of our ancillary products and services are different from our cash offering service that accounts for the vast majority of our revenue, with most ancillary products and services having a smaller average revenue per transaction than our cash offering service, but a higher margin.

Below is a summary of our current ancillary products and services:

- **Title and Escrow:** We have a national relationship with a leading title and escrow company, through which we are able to leverage our size and scale to provide exceptional title and escrow closing services with favorable economics.
- **Offerpad Home Loans ("OPHL"):** We provide have historically provided access to mortgage services through either our in-house mortgage solution, OPHL, or through a third-party lending partner.
- **Bundle Rewards:** The Offerpad Bundle Rewards program allows customers to receive multiple discounts when combining multiple Offerpad products and services, including selling and buying a home with Offerpad, and by obtaining their home loan with OPHL, home.

Our ancillary products and services represented less than 1% of our total consolidated revenue during each of the three and six months ended **March 31, 2024** June 30, 2024.

Unit Economics

We view Contribution Margin and Contribution Margin after Interest (see “—Non-GAAP Financial Measures”) as key performance indicators for unit economic performance, which are currently primarily driven by our cash offer transactions. Future financial performance improvements are expected to be driven by expanding unit level margins through initiatives such as:

- Continued optimization of acquisition, renovation, and resale processes and strategies, as we increase our market penetration in existing markets;
- Effectively increasing and expanding our listing service business alongside the cash offer business, optimizing customer and agent community engagement and increasing conversion of requests for home purchases; and
- Introducing and scaling additional ancillary products and services to complement our core cash offer and listing service products.

Operating Leverage

We utilize our technology and product teams to design systems and workflows to make our operations teams more efficient and able to support and scale with the business. Many positions are considered volume based, and as our business grows, we focus on developing more automation tools to gain additional leverage.

Additionally, in periods when our business is growing, we expect to be able to gain operating leverage on portions of our cost structure that are more fixed in nature as opposed to purely variable. These types of costs include general and administrative expenses and certain marketing and information technology expenses, which grow at a slower pace than proportional to revenue growth.

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Real Estate Inventory Financing

Our business model requires significant capital to purchase real estate inventory. Real estate inventory financing is a key enabler to our growth and we rely on our non-recourse asset-backed financing facilities, which primarily consist of senior and mezzanine secured credit facilities to finance our home purchases. The loss of adequate access to these types of facilities, or the inability to maintain these types of facilities on favorable terms, would impair our performance. See “—*Liquidity and Capital Resources—Financing Activities*.”

Seasonality

The residential real estate market is seasonal and varies from market to market. Typically, the greatest number of transactions occur in the spring and summer, with fewer transactions occurring in the fall and winter. Our financial results, including revenue, margins, real estate inventory, and financing costs, have historically had seasonal characteristics generally consistent with the residential real estate market, a trend we expect to continue in the future, subject to the market conditions discussed above.

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Risk Management

Our business model is based upon acquiring homes at a price which will allow us to provide a competitive offer to the consumer, while being able to add value through the renovation process, and relist the home so that it sells at a profit and in a relatively short period of time. We have invested significant resources into our underwriting and asset management systems. Our real estate operations team, including our pricing team, together with our software engineering and data science teams are responsible for underwriting accuracy, portfolio health, and workflow optimization. Our underwriting tools are constantly updated to adjust to the latest market conditions, leveraging inputs from our internal data systems, as well as third-party and other proprietary data sources. This allows us to assess and adjust to changes in the local housing market conditions based on our technology, analysis and local real estate experience, in order to mitigate our risk exposure. Further, our listed homes are typically in market-ready and move-in ready condition following the repairs and renovations we conduct.

Historically, we have been able to manage our portfolio risk in part by our ability to manage holding periods for our real estate inventory. Traditionally, resale housing pricing moves gradually through cycles; therefore, shorter real estate inventory holding periods limit pricing exposure. As we increased our scale and improved our workflow optimization in prior years, our average real estate inventory holding period of homes sold improved from 138 days in 2016 to 101 days during 2022 and 97 days during the fourth quarter of 2023, which is consistent with our expected average real estate inventory holding period and our historical norm. The average holding period of homes sold increased to 113 days during the first quarter of 2024, reflecting the anticipated, normal seasonal increase.

During the first second quarter of 2024, the average holding period of homes sold decreased to 106 days, as we increased our home acquisition pace for the second consecutive quarter and our overall real estate inventory mix shifted to 113 days, reflecting the anticipated, normal seasonal increase. include a greater composition of newer acquired homes. Based on current residential real estate market conditions, we anticipate our average real estate inventory holding period in the second third quarter of 2024 will remain consistent at around 110 days.

Non-GAAP Financial Measures

In addition to our results of operations below, we report certain financial measures that are not required by, or presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). These measures have limitations as analytical tools when assessing our operating performance and should not be considered in isolation or as a substitute for GAAP measures, including gross profit and net income. We may calculate or present our non-GAAP financial measures differently than other companies who report measures with similar titles and, as a result, the non-GAAP financial measures we report may not be comparable with those of companies in our industry or in other industries.

Adjusted Gross Profit, Contribution Profit, and Contribution Profit After Interest (and related margins)

To provide investors with additional information regarding our margins, we have included Adjusted Gross Profit, Contribution Profit, and Contribution Profit After Interest (and related margins), which are non-GAAP financial measures. We believe that Adjusted Gross Profit, Contribution Profit, and Contribution Profit After Interest are useful financial measures for investors as they are used by management in evaluating unit level economics and operating performance across our markets. Each of these measures is intended to present the economics related to homes sold during a given period. We do so by including revenue generated from homes sold (and ancillary services) in the period and only the expenses that are directly attributable to such home sales, even if such expenses were recognized in prior periods, and excluding expenses related to homes that remain in real estate inventory as of the end of the period presented. Contribution Profit provides investors a measure to assess Offerpad's ability to generate returns on homes sold during a reporting period after considering home acquisition costs, renovation and repair costs, and adjusting for holding costs and selling costs. Contribution Profit After Interest further impacts gross profit by including interest costs (including senior and mezzanine secured credit facilities) attributable to homes sold

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during a reporting period. We believe these measures facilitate meaningful period over period comparisons and illustrate our ability to generate returns on assets sold after considering the costs directly related to the assets sold in a presented period.

Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest (and related margins) are supplemental measures of our operating performance and have limitations as analytical tools. For example, these measures include costs that were recorded in prior periods under GAAP and exclude, in connection with homes held in real estate inventory at the end of the period, costs required to be recorded under GAAP in the same period.

Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of these measures to the most directly comparable GAAP financial measure, which is gross profit.

Adjusted Gross Profit / Margin

We calculate Adjusted Gross Profit as gross profit under GAAP adjusted for (1) net real estate inventory valuation adjustment plus (2) interest expense associated with homes sold in the presented period and recorded in cost of revenue. Net real estate inventory valuation adjustment is calculated by adding back the real estate inventory valuation adjustment charges recorded during the period on homes that remain in real estate inventory at period end and subtracting the real estate inventory valuation

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adjustment charges recorded in prior periods on homes sold in the current period. We define Adjusted Gross Margin as Adjusted Gross Profit as a percentage of revenue.

We view this metric as an important measure of business performance, as it captures gross margin performance isolated to homes sold in a given period and provides comparability across reporting periods. Adjusted Gross Profit helps management assess performance across the key phases of processing a home (acquisitions, renovations, and resale) for a specific resale cohort.

Contribution Profit / Margin

We calculate Contribution Profit as Adjusted Gross Profit, minus (1) direct selling costs incurred on homes sold during the presented period, minus (2) holding costs incurred in the current period on homes sold during the period recorded in sales, marketing, and operating, minus (3) holding costs incurred in prior periods on homes sold in the current period recorded in sales, marketing, and operating, plus (4) other income, net which is primarily composed of interest income earned on our cash and cash equivalents and fair value adjustments of derivative financial instruments. The composition of our holding costs is described in the footnotes to the reconciliation table below. We define Contribution Margin as Contribution Profit as a percentage of revenue.

We view this metric as an important measure of business performance as it captures the unit level performance isolated to homes sold in a given period and provides comparability across reporting periods. Contribution Profit helps management assess inflows and outflow directly associated with a specific resale cohort.

Contribution Profit / Margin After Interest

We define Contribution Profit After Interest as Contribution Profit, minus (1) interest expense associated with homes sold in the presented period and recorded in cost of revenue, minus (2) interest expense associated with homes sold in the presented period, recorded in costs of sales, and previously excluded from Adjusted Gross Profit, and minus (3) interest expense under our senior and mezzanine secured credit facilities incurred on homes sold during the period. This includes interest expense recorded in prior periods in which the sale occurred. Our senior and mezzanine secured credit facilities are secured by our homes in real estate inventory and drawdowns are made on a per-home basis at the time of purchase and are required to be repaid at the time the homes are sold. See “*Liquidity and Capital Resources—Financing Activities*.” We define Contribution Margin After Interest as Contribution Profit After Interest as a percentage of revenue.

We view this metric as an important measure of business performance. Contribution Profit After Interest helps management assess Contribution Margin performance, per above, when fully burdened with costs of financing.

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The following table presents a reconciliation of our Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest to our Gross Profit, which is the most directly comparable GAAP measure, for the periods indicated:

(in thousands, except percentages and homes sold, unaudited)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2023		2024	
	\$ 22,595	\$ 7,285	\$ 21,871	\$ 22,231	\$ 44,466	\$ 29,516
Gross profit (GAAP)						
Gross margin	7.9 %	1.2 %	8.7 %	9.7 %	8.3 %	3.5 %
Homes sold	847	1,609	742	650	1,589	2,259
Gross profit per home sold	\$ 26.7	\$ 4.5	\$ 29.5	\$ 34.2	\$ 28.0	\$ 13.1
<i>Adjustments:</i>						
Real estate inventory valuation adjustment - current period (1)	623	7,285	544	169	683	290
Real estate inventory valuation adjustment - prior period (2)	(645)	(51,515)	(540)	(13,679)	(701)	(58,030)
Interest expense capitalized (3)	1,669	4,677	1,420	1,358	3,089	6,035
Adjusted gross profit (loss)	\$ 24,242	\$ (32,268)	\$ 23,295	\$ 10,079	\$ 47,537	\$ (22,189)
Adjusted gross margin	8.5 %	(5.3)%	9.3 %	4.4 %	8.9 %	(2.6)%
<i>Adjustments:</i>						
Direct selling costs (4)	(6,969)	(18,061)	(6,461)	(5,743)	(13,430)	(23,804)
Holding costs on sales - current period (5)(6)	(887)	(1,248)	(622)	(269)	(1,869)	(1,811)
Holding costs on sales - prior period (5)(7)	(483)	(1,886)	(443)	(567)	(566)	(2,158)
Other income, net (8)	754	282	615	965	1,369	1,247
Contribution profit (loss)	\$ 16,657	\$ (53,181)	\$ 16,384	\$ 4,465	\$ 33,041	\$ (48,715)
Contribution margin	5.8 %	(8.7)%	6.5 %	1.9 %	6.2 %	(5.8)%
Homes sold	847	1,609	742	650	1,589	2,259
Contribution profit (loss) per home sold	\$ 19.7	\$ (33.1)	\$ 22.1	\$ 6.9	\$ 20.8	\$ (21.6)
<i>Adjustments:</i>						
Interest expense capitalized (3)	(1,669)	(4,677)	(1,420)	(1,358)	(3,089)	(6,035)
Interest expense on homes sold - current period (9)	(2,521)	(5,498)	(2,103)	(1,292)	(6,313)	(8,631)
Interest expense on homes sold - prior period (10)	(2,426)	(12,032)	(2,133)	(3,709)	(2,870)	(13,899)
Contribution profit (loss) after interest	\$ 10,041	\$ (75,388)	\$ 10,728	\$ (1,894)	\$ 20,769	\$ (77,280)
Contribution margin after interest	3.5 %	(12.4)%	4.3 %	(0.8)%	3.9 %	(9.2)%
Homes sold	847	1,609	742	650	1,589	2,259
Contribution profit (loss) after interest per home sold	\$ 11.9	\$ (46.9)	\$ 14.5	\$ (2.9)	\$ 13.1	\$ (34.2)

- (1) Real estate inventory valuation adjustment – current period is the real estate inventory valuation adjustments recorded during the period presented associated with homes that remain in real estate inventory at period end.
- (2) Real estate inventory valuation adjustment – prior period is the real estate inventory valuation adjustments recorded in prior periods associated with homes that sold in the period presented.
- (3) Interest expense capitalized represents all interest related costs, including senior and mezzanine secured credit facilities, incurred on homes sold in the period

presented that were capitalized and expensed in cost of sales at the time of sale.

- (4) Direct selling costs represents selling costs incurred related to homes sold in the period presented. This primarily includes broker commissions and title and escrow closing fees.
- (5) Holding costs primarily include insurance, utilities, homeowners association dues, property taxes, cleaning, and maintenance costs.
- (6) Represents holding costs incurred on homes sold in the period presented and expensed to Sales, marketing, and operating on the Condensed Consolidated Statements of Operations.
- (7) Represents holding costs incurred in prior periods on homes sold in the period presented and expensed to Sales, marketing, and operating on the Condensed Consolidated Statements of Operations.
- (8) Other income, net principally represents interest income earned on our cash and cash equivalents and fair value adjustments of derivative financial instruments.
- (9) Represents both senior and mezzanine interest expense incurred on homes sold in the period presented and expensed to interest expense on the Condensed Consolidated Statements of Operations.
- (10) Represents both senior and mezzanine secured credit facilities interest expense incurred in prior periods on homes sold in the period presented and expensed to interest expense on the Condensed Consolidated Statements of Operations.

Adjusted Net Income (Loss) and Adjusted EBITDA

We also present Adjusted Net Income (Loss) and Adjusted EBITDA, which are non-GAAP financial measures, which our management team uses to assess our underlying financial performance. We believe these measures provide insight into period over period performance, adjusted for non-recurring or non-cash items.

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We calculate Adjusted Net Income (Loss) as GAAP Net Income (Loss) adjusted for the change in fair value of warrant liabilities. We define Adjusted Net Income (Loss) Margin as Adjusted Net Income (Loss) as a percentage of revenue.

We calculate Adjusted EBITDA as Adjusted Net Income (Loss) adjusted for interest expense, amortization of capitalized interest, taxes, depreciation and amortization and stock-based compensation expense. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of revenue.

Adjusted Net Income (Loss) and Adjusted EBITDA are supplemental to our operating performance measures calculated in accordance with GAAP and have important limitations. For example, Adjusted Net Income (Loss) and Adjusted EBITDA exclude the impact of certain costs required to be recorded under GAAP and could differ substantially from similarly titled measures presented by other companies in our industry or companies in other industries. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

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

(in thousands, except percentages, unaudited)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2023		2024	
	\$ (17,515)	\$ (59,447)	\$ (13,782)	\$ (22,344)	\$ (31,297)	\$ (81,791)
Net loss (GAAP)	\$ (17,515)	\$ (59,447)	\$ (13,782)	\$ (22,344)	\$ (31,297)	\$ (81,791)
Change in fair value of warrant liabilities	(344)	389	9	(435)	(335)	(46)
Adjusted net loss	\$ (17,859)	\$ (59,058)	\$ (13,773)	\$ (22,779)	\$ (31,632)	\$ (81,837)
<i>Adjusted net loss margin</i>	(6.3)%	(9.7)%	(5.5)%	(9.9)%	(5.9)%	(9.7)%
<i>Adjustments:</i>						
Interest expense	4,905	7,432	4,581	1,867	9,486	9,299
Amortization of capitalized interest (1)	1,669	4,677	1,420	1,358	3,089	6,035
Income tax expense	123	122	69	165		
Income tax (benefit) expense	(54)	43	69	165		
Depreciation and amortization	166	202	148	178	314	380
Amortization of stock-based compensation	3,867	1,843	3,249	2,055	7,116	3,898
Adjusted EBITDA	\$ (7,129)	\$ (44,782)	\$ (4,429)	\$ (17,278)	\$ (11,558)	\$ (62,060)
<i>Adjusted EBITDA margin</i>	(2.5)%	(7.3)%	(1.8)%	(7.5)%	(2.2)%	(7.4)%

- (1) Amortization of capitalized interest represents all interest related costs, including senior and mezzanine interest related costs, incurred on homes sold in the period presented that were capitalized and expensed in cost of sales at the time of sale.

Results of Operations

The following details our consolidated results of operations and includes a discussion of our operating results and significant items explaining the material changes in our operating results during the three and six months ended **March 31, 2024** **June 30, 2024** compared to the three and six months ended **March 31, 2023** **June 30, 2023**.

Three Months Ended **March 31, 2024 **June 30, 2024** Compared to Three Months Ended **March 31, 2023** **June 30, 2023****

(in thousands, except percentages)	Three Months Ended March 31,				Three Months Ended June 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$ 285,358	\$ 609,579	\$ (324,221)	(53.2)%	\$ 251,122	\$ 230,147	\$ 20,975	9.1%
Revenue	\$ 285,358	\$ 609,579	\$ (324,221)	(53.2)%	\$ 251,122	\$ 230,147	\$ 20,975	9.1%
Cost of revenue	262,763	602,294	(339,531)	(56.4)%	229,251	207,916	21,335	10.3%
Gross profit	22,595	7,285	15,310	210.2%	21,871	22,231	(360)	(1.6)%
Operating expenses:								
Sales, marketing and operating	22,452	42,351	(19,899)	(47.0)%	20,230	29,040	(8,810)	(30.3)%
General and administrative	11,955	14,479	(2,524)	(17.4)%	10,538	12,713	(2,175)	(17.1)%
Technology and development	1,773	2,241	(468)	(20.9)%	964	2,312	(1,348)	(58.3)%
Total operating expenses	36,180	59,071	(22,891)	(38.8)%	31,732	44,065	(12,333)	(28.0)%
Loss from operations	(13,585)	(51,786)	38,201	(73.8)%	(9,861)	(21,834)	11,973	(54.8)%
Other income (expense)								
Change in fair value of warrant liabilities	344	(389)	733	(188.4)%	(9)	435	(444)	(102.1)%
Interest expense	(4,905)	(7,432)	2,527	(34.0)%	(4,581)	(1,867)	(2,714)	145.4%
Other income, net	754	282	472	167.4%	615	965	(350)	(36.3)%
Total other expense	(3,807)	(7,539)	3,732	(49.5)%	(3,975)	(467)	(3,508)	751.2%
Loss before income taxes	(17,392)	(59,325)	41,933	(70.7)%	(13,836)	(22,301)	8,465	(38.0)%
Income tax expense	(123)	(122)	(1)	0.8%				
Income tax benefit (expense)	54	(43)	97	(225.6)%				
Net loss	\$ (17,515)	\$ (59,447)	\$ 41,932	(70.5)%	\$ (13,782)	\$ (22,344)	\$ 8,562	(38.3)%

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Revenue

Revenue **decreased** **increased** by **\$324.2 million** **\$21.0 million**, or **53.2%** **9.1%**, to **\$285.4 million** **\$251.1 million** for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**. The increase was primarily attributable to higher sales volumes. We sold 742 homes during the three months ended June 30, 2024 compared to 650 homes during the three months ended June 30, 2023, representing an increase of 14.2%. This increase was primarily due to the impact of the considerable softening in consumer demand for residential real estate during the early stages of 2023, causing a significant reduction in home acquisition pace to allow us to manage overall real estate inventory levels. This, in turn, resulted in a lower number of homes sold in the second quarter of 2023 as compared to the second quarter of 2024. The increase in homes sold was partially offset by a decrease in the average resale home price from **\$357,000** in the three months ended June 30, 2023 to **\$335,000** in the three months ended June 30, 2024. This decrease was primarily due to our continued increased focus on geographic markets that tend to share relatively lower median price points as higher mortgage interest rates and sustained elevated levels of inflation in the broader economy have continued to negatively impact the residential real estate market conditions. We have also continued to refine our target home purchase price range to focus on acquiring homes with the greatest price stability within each market.

Cost of Revenue and Gross Profit

Cost of revenue increased by **\$21.3 million**, or **10.3%**, to **\$229.3 million** for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This increase was primarily attributable to higher sales volumes, which was partially offset by a lower average home acquisition price.

Gross profit margin was **8.7%** for the three months ended June 30, 2024 compared to **9.7%** for the three months ended June 30, 2023. The decrease in gross profit margin was primarily due to the wider than normal underwritten spreads associated with real estate inventory acquired towards the end of 2022 and in the early stages of 2023 in response to the considerable softening in consumer demand for residential real estate. This decrease in gross profit margin was partially offset by an increase in

the difference between the average home resale price and the average home acquisition price during the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Sales, Marketing and Operating

Sales, marketing and operating expense decreased by \$8.8 million, or 30.3%, to \$20.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in expense was primarily attributable to a \$7.4 million decrease in advertising expense as we repositioned and optimized our marketing efforts in response to the ongoing challenging residential real estate market conditions, and decreased average employee headcount. These decreases were partially offset by an increase in variable costs associated with the increase in homes sold.

General and Administrative

General and administrative expense decreased by \$2.2 million, or 17.1%, to \$10.5 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in expense was primarily attributable to a decrease in fees associated with our credit facilities and decreased average employee headcount.

Technology and Development

Technology and development expense decreased by \$1.3 million, or 58.3%, to \$1.0 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in expense was primarily attributable to decreased average employee headcount.

Change in Fair Value of Warrant Liabilities

Change in fair value of warrant liabilities represents a loss of less than \$0.1 million for the three months ended June 30, 2024 and a gain of \$0.4 million for the three months ended June 30, 2023, as a result of the fair value adjustment of our warrant liabilities.

Interest Expense

Interest expense increased by \$2.7 million, or 145.4%, to \$4.6 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The increase in expense was primarily attributable to an increase of \$127.8 million in the average outstanding balance of our senior and mezzanine secured credit facilities, from \$152.6 million during the three months ended June 30, 2023 to \$280.4 million during the three months ended June 30, 2024. The increase was also due to a 0.6% increase in the weighted average variable interest rates associated with these senior and mezzanine secured credit facilities.

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Other Income, Net

Other income, net during the three months ended June 30, 2024 principally represents interest income earned on our cash and cash equivalents. Other income, net during the three months ended June 30, 2023 principally represents interest income earned on our cash and cash equivalents, which was partially offset by the loss that was recorded as a result of the fair value adjustment of the derivative financial instruments that were entered into to manage risks that were principally associated with interest rate fluctuations.

Income Tax Expense

We recorded an income tax benefit of \$0.1 million and income tax expense of less than \$0.1 million during the three months ended June 30, 2024 and 2023, respectively, and our effective tax rate was a benefit of 0.4% and an expense of 0.2% for the respective periods. Our effective tax rate during the three months ended June 30, 2024 differed from the federal statutory rate of 21% primarily due to net operating loss carryforwards and state taxes.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

(in thousands, except percentages)	Six Months Ended June 30,			
	2024	2023	\$ Change	% Change
Revenue	\$ 536,480	\$ 839,726	\$ (303,246)	(36.1)%
Cost of revenue	492,014	810,210	(318,196)	(39.3)%
Gross profit	44,466	29,516	14,950	50.7%
Operating expenses:				
Sales, marketing and operating	42,682	71,391	(28,709)	(40.2)%
General and administrative	22,493	27,192	(4,699)	(17.3)%
Technology and development	2,737	4,553	(1,816)	(39.9)%
Total operating expenses	67,912	103,136	(35,224)	(34.2)%

Loss from operations	(23,446)	(73,620)	50,174	(68.2)%
Other income (expense)				
Change in fair value of warrant liabilities	335	46	289	628.3%
Interest expense	(9,486)	(9,299)	(187)	2.0%
Other income, net	1,369	1,247	122	9.8%
Total other expense	(7,782)	(8,006)	224	(2.8)%
Loss before income taxes	(31,228)	(81,626)	50,398	(61.7)%
Income tax expense	(69)	(165)	96	(58.2)%
Net loss	\$ (31,297)	\$ (81,791)	\$ 50,494	(61.7)%

Revenue

Revenue decreased by \$303.2 million, or 36.1%, to \$536.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily attributable to lower sales volumes and a lower average sales price per home. We sold 847,1589 homes during the three six months ended March 31, 2024 June 30, 2024 compared to 1,609 homes 2,259 during the three six months ended March 31, 2023 June 30, 2023, representing a decrease of 47.4% 29.7%. Additionally, the average resale home price decreased from \$379,000 \$374,000 in the three six months ended March 31, 2023 June 30, 2023 to \$332,000 \$333,000 in the three six months ended March 31, 2024 June 30, 2024. During the three months ended March 31, 2023, early stages of 2023, we focused on selling our existing inventory of homes acquired prior to the significant market transition that occurred in the middle of 2022, resulting in a higher number of homes sold during the first quarter half of 2023 as compared to the first quarter half of 2024. This was partially offset by the increase in homes sold in the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease in average sales price per home during the three six months ended March 31, 2024 June 30, 2024 was primarily due to our increased focus on geographic markets that tend to share relatively lower median price points as higher mortgage interest rates and sustained elevated levels of inflation in the broader economy have continued to negatively impact the residential real estate market conditions. We have also continued to refine our target home purchase price range to focus on acquiring homes with the greatest price stability within each market.

Cost of Revenue and Gross Profit

Cost of revenue decreased by \$339.5 million \$318.2 million, or 56.4% 39.3%, to \$262.8 million \$492.0 million for the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023. This decrease was primarily attributable to lower sales volumes, a lower average home acquisition price, and a decrease in the real estate inventory valuation adjustment.

Gross profit margin was 7.9% 8.3% for the three six months ended March 31, 2024 June 30, 2024 compared to 1.2% 3.5% for the three six months ended March 31, 2023 June 30, 2023. The increase in gross profit margin was primarily due to an increase in the difference between the average home resale price and the average home acquisition price during the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023, and a \$6.7 million \$6.3 million decrease in the real estate inventory valuation adjustment during the three six months ended March 31, 2024

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June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023. These changes were primarily due to our focus on selling our existing inventory of homes acquired prior to the significant market transition that occurred in the middle of 2022 during the first quarter early stages of 2023, resulting in a lower gross profit margin during the first quarter half of 2023 as compared to the first quarter half of 2024.

Sales, Marketing and Operating

Sales, marketing and operating expense decreased by \$19.9 million \$28.7 million, or 47.0% 40.2%, to \$22.5 million \$42.7 million for the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023. The decrease in expense was primarily attributable to the decrease in variable costs associated with the decrease in homes sold, a \$3.6 million an \$11.0 million decrease in advertising expense as we reduced repositioned and optimized our marketing efforts in response to the ongoing challenging residential real estate market conditions, a decrease in variable costs associated with the decrease in homes sold and decreased average employee headcount.

General and Administrative

General and administrative expense decreased by \$2.5 million \$4.7 million, or 17.4% 17.3%, to \$12.0 million \$22.5 million for the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023. The decrease in expense was primarily attributable to a decrease in fees associated with our credit facilities and decreased average employee headcount.

Technology and Development

Technology and development expense decreased by ~~\$0.5 million~~ \$1.8 million, or ~~20.9%~~ 39.9%, to ~~\$1.8 million~~ \$2.7 million for the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 compared to the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023. The decrease in expense was primarily attributable to decreased average employee headcount.

Change in Fair Value of Warrant Liabilities

Change in fair value of warrant liabilities represents a gain of ~~\$0.3 million~~ for the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 and a loss ~~2023~~ represents gains of ~~\$0.4 million~~ for the three months ended March 31, 2023 ~~\$0.3 and less than \$0.1 million~~, respectively, as a result of the fair value adjustment of our warrant liabilities.

Interest Expense

Interest expense decreased by ~~\$2.5 million~~ \$0.2 million, or ~~34.0%~~ 2.0%, to ~~\$4.9 million~~ \$9.5 million for the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 compared to the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023. The decrease in expense was primarily attributable to an ~~\$89.7 million~~ a \$104.8 million decrease in the average outstanding balance of our senior and mezzanine secured credit facilities, from ~~\$347.4 million~~ \$386.9 million during the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023 to ~~\$257.7 million~~ \$282.1 million during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024. This decrease was partially offset by a ~~0.86%~~ 0.8% increase in the weighted average variable interest rates associated with these senior and mezzanine secured credit facilities.

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Other Income, Net

Other income, net during the ~~three~~ six months ended March 31, 2024 June 30, 2024 principally represents interest income earned on our cash and cash equivalents. Other income, net during the six months ended June 30, 2023 principally represents interest income earned on our cash and cash equivalents, which was partially offset by the loss that was recorded as a result of the fair value adjustment of the derivative financial instruments that were entered into to manage risks that were principally associated with interest rate fluctuations.

Income Tax Expense

We recorded income tax ~~expenses~~ expense of ~~\$0.1 million~~ and \$0.2 million during each of the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 and 2023, respectively, and our effective tax rate was an expense of ~~0.7%~~ and 0.2% for each of the respective periods. Our effective tax rate during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 differed from the federal statutory rate of 21% primarily due to net operating loss carryforwards and state taxes.

Liquidity and Capital Resources

Overview

Cash and cash equivalents balances consist of operating cash on deposit with financial institutions. Our principal sources of liquidity have historically consisted of cash generated from our operations and financing activities. As of ~~March 31, 2024~~ June 30, 2024, we had cash and cash equivalents of ~~\$68.6 million~~ \$56.9 million and had a total undrawn borrowing capacity under our senior and mezzanine secured credit facilities of ~~\$796.0 million~~ \$747.1 million, ~~\$306.2 million~~ \$207.3 million of which is committed and ~~\$489.8 million~~ \$539.8 million uncommitted.

With the exception of the year ended December 31, 2021, during which we generated net income, we have incurred losses each year from inception and during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, and may incur additional losses in the future. Since our launch in 2015, we have invested in the development and expansion of our operations. These investments include improvements in infrastructure and a continual improvement to our software and technology platform. We have also invested in sales and marketing as we have increased our market penetration in existing markets, and grown our business through new market expansion and the increased offering of asset-light platform services.

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We expect our working capital requirements to continue to increase over the long term, as we seek to increase our real estate inventory and expand our operations. We believe our cash on hand, together with proceeds from the resale of homes and cash from future borrowings available under each of our existing credit facilities, or the entry into new debt financing arrangements or the issuance of equity instruments, will be sufficient to meet our short-term working capital and capital expenditure requirements for at least the next twelve months. However, our ability to fund our working capital and capital expenditure requirements will depend in part on the residential real estate market conditions in the markets in which we operate and in the U.S. in general, and various other general economic, financial, competitive, legislative, regulatory, geopolitical and other conditions that may be beyond our control. Depending on these and other market conditions, we may seek additional financing. Volatility in the credit markets, rising interest rates and softened consumer demand for residential real estate may have an adverse effect on our ability to obtain debt financing on

favorable terms or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, or may require us to agree to unfavorable terms, and our existing stockholders may experience significant dilution.

Pre-Funded Warrants

During January 2023, we sold and issued pre-funded warrants to purchase shares of our Class A common stock, resulting in gross proceeds of approximately \$90.0 million. The pre-funded warrants became exercisable during March 2023. All of the pre-funded warrants were subsequently exercised during 2023, upon which, 10.7 million shares of our Class A common stock were issued. Participating investors included Brian Bair, our founder, chief executive officer and chairman of our Board; Roberto Sella, a member of our Board; First American Financial Corporation ("First American"), a holder of more than 10% of our outstanding Class A common stock; and Kenneth DeGiorgio, a member of our Board and chief executive officer of First American.

Financing Activities

Our financing activities primarily include borrowing under our senior secured credit facilities, mezzanine secured credit facilities and new issuances of equity (including the issuance of the pre-funded warrants, as discussed above). Historically, we have required access to external financing resources in order to fund growth, increase penetration in existing markets, expansion into new markets and other strategic initiatives, and we expect this to continue in the future. Our access to capital markets can be impacted by factors outside our control, including economic conditions.

Buying and selling high-valued assets, such as single-family residential homes, is very cash intensive and has a significant impact on our liquidity and capital resources. We use non-recourse secured credit facilities, consisting of both senior secured credit facilities and mezzanine secured credit facilities, to finance a significant portion of our real estate inventory and related home renovations. Our senior and mezzanine secured credit facilities, however, are not fully committed, meaning the

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applicable lender may not be obligated to advance new loan funds if they choose not to do so. Our ability to obtain and maintain access to these or similar kinds of credit facilities is significant for us to operate the business.

Senior Secured Credit Facilities

The following summarizes certain details related to our senior secured credit facilities (in thousands, except interest rates):

	Weighted-Average						Weighted-Average							
	Borrowing Capacity			Outstanding	Interest	Period	Final Maturity	Borrowing Capacity			Outstanding	Interest	Period	
As of March 31,														
2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date	Committed	Uncommitted	Total	Amount	Rate	Period	
As of June 30, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date	Committed	Uncommitted	Total	Amount	Rate	Period	
Senior financial institution 1	\$ 200,000	\$ 200,000	\$ 400,000	\$ 99,528	8.13 %	June 2025	June 2025	\$ 150,000	\$ 250,000	\$ 400,000	\$ 112,927	8.13 %	2025	June 2026
Senior financial institution 2	100,000	100,000	200,000	45,743	8.07 %	2025	July 2025	100,000	100,000	200,000	54,537	8.07 %	2025	July 2025
Senior financial institution 3	100,000	50,000	150,000	44,402	8.57 %	2025	April 2025	100,000	50,000	150,000	59,337	8.58 %	2025	April 2025
Related party	30,000	20,000	50,000	6,039	10.34 %	2025	March 2025	30,000	20,000	50,000	10,284	10.33 %	2025	March 2025
Senior financial institution 4	30,000	45,000	75,000	22,049	9.83 %	2024	February 2025	30,000	45,000	75,000	19,595	9.83 %	2024	February 2025
Senior secured credit facilities	\$ 460,000	\$ 415,000	\$ 875,000	\$ 217,761				\$ 410,000	\$ 465,000	\$ 875,000	\$ 256,680			

As of **March 31, 2024** **June 30, 2024**, we had five senior secured credit facilities that we use to fund the purchase of homes and build our real estate inventory, four with separate financial institutions and one with a related party, which holds more than 5% of our Class A common stock. Borrowings under the senior secured credit facilities accrue interest at a rate based on a SOFR reference rate, plus a margin which varies by facility. Each of our senior secured credit facilities also have interest rate floors. We may also pay fees on our senior secured credit facilities, including a commitment fee and fees on certain unused portions of the committed borrowing capacity under the respective credit agreements.

Borrowings under our senior secured credit facilities are collateralized by the real estate inventory financed by the senior secured credit facility. The lenders have legal recourse only to the assets securing the debt and do not have general recourse against us with limited exceptions. We have, however, provided limited non-recourse

and mezzanine secured credit facilities for certain of the SPEs' obligations. Each senior secured credit facility contains eligibility requirements that govern whether a property can be financed. When we resell a home, the proceeds are used to reduce the corresponding outstanding balance under the related senior and mezzanine secured revolving credit facilities.

Mezzanine Secured Credit Facilities

In addition to the senior secured credit facilities, we use mezzanine secured credit facilities which are structurally and contractually subordinated to the related senior secured credit facilities. The following summarizes certain details related to our mezzanine secured credit facilities (in thousands, except interest rates):

	Weighted-Average						End of Revolving / Final						Weighted-Average						End of Revolving / Final					
	Borrowing Capacity			Outstanding	Interest	Withdrawal	Maturity	Borrowing Capacity			Outstanding	Interest	Withdrawal	Maturity	Borrowing Capacity			Outstanding	Interest	Withdrawal	Maturity			
	Committed	Uncommitted	Total					Committed	Uncommitted	Total					Committed	Uncommitted	Total							
As of March 31, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date	As of June 30, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date	As of March 31, 2024	Committed	Uncommitted	Total	Amount	Rate	Period	Date	
Related party facility																								
1	\$ 45,000	\$ 25,000	\$ 70,000	\$ 16,994	13.84 %	June 2025	2025	Related party facility	\$ 45,000	\$ 25,000	\$ 70,000	\$ 19,111	13.83 %	June 2025	2025	Related party facility	\$ 45,000	\$ 25,000	\$ 70,000	\$ 19,111	13.83 %	June 2025	2025	
Mezzanine financial institution 1	22,500	22,500	45,000	9,408	13.92 %	2025	July 2025	Mezzanine financial institution 1	22,500	22,500	45,000	10,714	13.92 %	2025	July 2025	Mezzanine financial institution 1	22,500	22,500	45,000	10,714	13.92 %	2025	July 2025	
Mezzanine financial institution 2	26,667	13,333	40,000	10,361	12.57 %	2025	April 2025	Mezzanine financial institution 2	26,667	13,333	40,000	15,850	12.58 %	2025	April 2025	Mezzanine financial institution 2	26,667	13,333	40,000	15,850	12.58 %	2025	April 2025	
Related party facility	8,000	14,000	22,000	1,489	13.84 %	2025	September	Related party facility	8,000	14,000	22,000	2,504	13.83 %	2025	September	Related party facility	8,000	14,000	22,000	2,504	13.83 %	2025	September	
Mezzanine secured credit facilities	\$ 102,167	\$ 74,833	\$ 177,000	\$ 38,252				Mezzanine secured credit facilities	\$ 102,167	\$ 74,833	\$ 177,000	\$ 48,179				Mezzanine secured credit facilities	\$ 102,167	\$ 74,833	\$ 177,000	\$ 48,179				

As of **March 31, 2024** **June 30, 2024**, we had four mezzanine secured credit facilities, two with separate financial institutions and two with a related party, which holds more than 5% of our Class A common stock. Borrowings under the mezzanine secured credit facilities accrue interest at a rate based on a SOFR reference rate, plus a margin which varies by facility. Each of our mezzanine secured credit facilities also have interest rate floors. We may also pay fees on our mezzanine secured credit facilities, including a commitment fee and fees on certain unused portions of the committed borrowing capacity under the respective credit agreements.

Borrowings under our mezzanine secured credit facilities are collateralized by a second lien on the real estate inventory financed by the relevant credit facility. The lenders have legal recourse only to the assets securing the debt, and do not have general recourse against us with limited exceptions. When we resell a home, the proceeds are used to reduce the corresponding outstanding balance under the related senior and mezzanine secured revolving credit facilities.

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Covenants for Senior Secured Credit Facilities and Mezzanine Secured Credit Facilities

Our secured credit facilities include customary representations and warranties, covenants and events of default. Financed properties are subject to customary eligibility criteria and concentration limits. The terms of these facilities and related financing documents require the Company to comply with a number of customary financial and other covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth).

As of **March 31, 2024** **June 30, 2024**, we were in compliance with all covenants and no event of default had occurred.

Cash Flows

The following summarizes our cash flows for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023:

Three Months Ended March 31,	Six Months Ended June 30,
------------------------------	---------------------------

(\$ in thousands)	2024	2023	2024	2023
Net cash provided by operating activities	\$ 2,386	\$ 426,443		
Net cash (used in) provided by operating activities	\$ (51,999)	\$ 371,495		
Net cash used in investing activities	(323)	(1,287)	(318)	(1,962)
Net cash used in financing activities	(3,464)	(422,508)		
Net cash provided by (used in) financing activities	45,381	(387,575)		
Net change in cash, cash equivalents and restricted cash	\$ (1,401)	\$ 2,648	\$ (6,936)	\$ (18,042)

Operating Activities

Net cash (used in) provided by operating activities was \$2.4 million (\$52.0) million and \$426.4 million \$371.5 million for the **three** six months ended **March 31, 2024** June 30, 2024 and 2023, respectively. For the **three** six months ended **March 31, 2024** June 30, 2024, net cash used in operating activities primarily resulted from a \$32.4 million increase in real estate inventory as a result of home acquisitions increasing at a higher rate compared to sales volumes. Net cash used in operating activities during the six months ended June 30, 2024 was also impacted by the \$31.3 million net loss during the period, which included \$7.1 million of non-cash stock-based compensation expense.

For the six months ended June 30, 2023, net cash provided by operating activities primarily resulted from a \$9.8 million decrease in real estate inventory as a result of sales volumes increasing at a higher rate compared to home acquisitions, and a \$5.6 million decrease in accounts receivable due to a decreased number of home sales pending receipt of cash from the title company as compared to December 31, 2022. Net cash provided by operating activities during the three months ended March 31, 2024 was also impacted by the \$17.5 million net loss during the period, which included \$3.9 million of non-cash stock-based compensation expense.

For the three months ended March 31, 2023, net cash provided by operating activities primarily resulted from a \$484.8 million \$446.1 million decrease in real estate inventory due to an intentional reduction in **real estate** inventory levels given the dramatic decline in consumer demand for residential real estate, which began toward the end of the second quarter of 2022 and continued through the first quarter of 2023. During this period of time, we focused on selling our existing **real estate** inventory of homes acquired in the first half of 2022 and significantly reduced the number of new homes acquired in the second half of 2022 and **into** throughout

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the first quarter of 2023. Net cash provided by operating activities during the **three** six months ended **March 31, 2023** June 30, 2023 was also impacted by the \$59.4 million \$81.8 million net loss during the period, which included a \$7.3 million \$7.5 million non-cash **real estate** inventory valuation adjustment as a result of the **softened** softening consumer demand for residential real estate.

Investing Activities

Net cash used in investing activities was \$0.3 million and \$1.3 million \$2.0 million during the **three** six months ended **March 31, 2024** June 30, 2024 and 2023, respectively. Net cash used in investing activities during the **three** six months ended **March 31, 2024** June 30, 2024 principally represents purchases of property and equipment.

Net cash used in investing activities during the **three** six months ended **March 31, 2023** June 30, 2023 principally represents purchases of derivative instruments.

Financing Activities

Net cash used in provided by (used in) financing activities was \$3.5 million \$45.4 million and \$422.5 million (\$387.6) million during the **three** six months ended **March 31, 2024** June 30, 2024 and 2023, respectively. Net cash used in provided by financing activities during the **three** six months ended **March 31, 2024** June 30, 2024 primarily consisted of \$245.6 million \$495.9 million of repayments of borrowings from credit facilities and other debt, which was partially offset by \$242.1 million \$450.5 million of borrowings from repayments of credit facilities and other debt. This net decrease increase in credit facility funding of \$3.5 million \$45.4 million was directly related to the decrease increase in financed real estate inventory during the period.

Net cash used in financing activities during the **three** six months ended **March 31, 2023** June 30, 2023 primarily consisted of \$700.6 million \$889.8 million of repayments of credit facilities and other debt, which was partially offset by \$186.4 million \$412.0 million of borrowings from credit facilities and other debt. This net decrease in credit facility funding of \$514.2 million \$477.8 million was directly related to the decrease in financed **real estate** inventory during the period. This was partially offset by \$90.0 million of proceeds from the issuance of pre-funded warrants, net of issuance costs of \$0.8 million.

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Material Cash Requirements and Other Obligations

Information regarding our material cash requirements and other obligations is provided in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

There have been no material changes in our material cash requirements and other obligations since December 31, 2023 through **March 31, 2024** **June 30, 2024**.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with GAAP. In doing so, we make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. Although we believe our estimates, judgments and assumptions are reasonable, actual results may differ from our estimates under different assumptions, judgments or conditions given the inherent uncertainty involved with such matters, which would impact our financial statements. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis.

There have been no material changes to the critical accounting estimates included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Our significant accounting policies and methods used in the preparation of our condensed consolidated financial statements are described in *Note 1. Nature of Operations and Significant Accounting Policies* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, of this Quarterly Report on Form 10-Q and in the Notes to Consolidated Financial Statements in Part II, Item 8, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, refer to *Note 1. Nature of Operations and Significant Accounting Policies* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our exposure to market risk since December 31, 2023. For a discussion of our exposure to market risk, refer to our market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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Item 4. Controls and Procedures.

Limitations on Effectiveness of Disclosure Controls and Procedures

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

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and our principal financial officer have concluded that, as of **March 31, 2024** **June 30, 2024**, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as identified in connection with the evaluation required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that occurred during the three months ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in actions, claims, suits and other legal proceedings arising in the ordinary course of our business, including assertions by third parties relating to intellectual property infringement, breaches of contract or warranties or employment-related matters. We are not currently a party to any actions, claims, suits or other legal proceedings the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations and cash flows.

The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against us in a reporting period for amounts above management's expectations, our financial condition, results of operations or cash flows for that reporting period could be adversely impacted, perhaps materially.

Item 1A. Risk Factors.

The Company's risk factors are described in Part I, Item 1A, "Risk Factors", of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. There have been no material changes to the Company's risk factors since the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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

Sales of Unregistered Equity Securities

None.

Purchase of Equity Securities

We did not repurchase shares of our Class A common stock during the three months ended **March 31, 2024** **June 30, 2024**.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) On May 4, 2024, Alexander Klabin notified the Company of his decision to resign from the Board of Directors, effective at the conclusion of the Company's 2024 annual meeting of stockholders. Mr. Klabin's resignation was not the result of any disagreement with the Company on any matter relating to the Company's operation, policies or practices. **None.**

(b) None.

(c) During the three months ended **March 31, 2024** **June 30, 2024**, no director or "officer" (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Offerpad Solutions Inc. | **First** **Second** Quarter 2024 Form 10-Q | **33** **37**

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Fourth Restated Certificate of Incorporation, dated June 13, 2023	8-K	001-39641	3.1	6/13/23
3.2	Amended and Restated Bylaws	8-K	001-39641	3.3	6/13/23
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)				
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)				

32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350
101*	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, <i>Item 1. Financial Statements</i> of this Quarterly Report on Form 10-Q
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Fourth Restated Certificate of Incorporation, dated June 13, 2023	8-K	001-39641	3.1	6/13/23
3.2	Amended and Restated Bylaws	8-K	001-39641	3.3	6/13/23
10.1	Employment Agreement, effective as of June 5, 2024, by and between Peter Knag and Offerpad Solutions Inc.	8-K	001-39641	10.1	5/23/23
10.2	Form of Amended and Restated Long Term Incentive Award Agreement (under the 2021 Incentive Award Plan)	8-K	001-39641	10.1	6/20/24
10.3*	Amendment Number Four, dated November 28, 2023, to Third Amended and Restated Master Loan and Security Agreement dated as of June 7, 2022, by and among Citibank, N.A., OP SPE Borrower Parent, LLC, OP SPE PHX1, LLC, OP SPE TPA1, LLC and Wells Fargo Bank, N.A.	8-K	001-39641	10.1	7/2/24
10.4	Amendment Number Five, dated June 28, 2024, to Third Amended and Restated Master Loan and Security Agreement dated as of June 7, 2022, by and among Citibank, N.A., OP SPE Borrower Parent, LLC, OP SPE PHX1, LLC, OP SPE TPA1, LLC and Wells Fargo Bank, N.A.	8-K	001-39641	10.1	7/2/24
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)				
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)				
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350				
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350				
101*	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, <i>Item 1. Financial Statements</i> of this Quarterly Report on Form 10-Q				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Filed herewith.

** Furnished herewith.

Offerpad Solutions Inc. | [First](#) [Second](#) Quarter 2024 Form 10-Q | [34](#) [38](#)

SIGNATURES

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

OFFERPAD SOLUTIONS INC.

Date: [May 6, 2024](#) [August 5, 2024](#)

By: _____ /s/ Brian Bair

Brian Bair

Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

Date: May 6, 2024 August 5, 2024

By: _____ /s/ James Grout Peter Knag

James Grout Peter Knag

Senior Vice President, Finance Chief Financial Officer

(Principal Financial Officer)

Date: May 6, 2024

By: _____ /s/ Hiten Patel

Hiten Patel

Senior Vice President, Controller Officer and

(Principal Accounting Officer)

Offerpad Solutions Inc. | First Second Quarter 2024 Form 10-Q | 35 39

Exhibit 10.3

AMENDMENT NUMBER FOUR

to the

THIRD AMENDED AND RESTATED MASTER LOAN AND SECURITY AGREEMENT

Dated as of June 7, 2022,

among

OP SPE BORROWER PARENT, LLC,

OP SPE PHX1, LLC,

OP SPE TPA1, LLC,

WELLS FARGO BANK, N.A.

and

CITIBANK, N.A.

This AMENDMENT NUMBER FOUR (this "Amendment Number Four") is made this 28th day of November, 2023 (the "Amendment Effective Date"), among OP SPE BORROWER PARENT, LLC ("Parent Borrower"), OP SPE PHX1, LLC and OP SPE TPA1, LLC; (each, a "Borrower" and collectively with Parent Borrower, "Borrowers") and CITIBANK, N.A. ("Lender"), and acknowledged by WELLS FARGO BANK, N.A. ("Calculation Agent" and "Paying Agent"), to the Third Amended and Restated Master Loan and Security Agreement, dated as of June 7, 2022 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Borrowers, Lender and Calculation Agent and Paying Agent. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement.

RECITALS

WHEREAS, Borrowers and Lender have agreed to amend the Loan Agreement as more specifically set forth herein; and

WHEREAS, as of the date hereof, Borrowers represent to Lender that the Relevant Parties are in full compliance with all of the terms and conditions of the Loan Agreement and each other Loan Document and no Default or Event of Default has occurred and is continuing under the Loan Agreement or any other Loan Document.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Amendment. Effective as of the Amendment Effective Date, Section 7.01(a) of the Loan Agreement is hereby amended by deleting such Section in its entirety and replacing it with the following:

(a) [Reserved];

SECTION 2. Scrivener's Error in the Loan Agreement. Pursuant to Amendment Number Two (the "Previous Amendment Number Two"), dated as of October 22, 2021, among Borrowers and Lender, to the Second Amended and Restated Master Loan and Security Agreement, dated as of June 23, 2021, among Borrowers, Lender Calculation Agent and Paying Agent (as amended by the Previous Amendment Number Two and as may be further amended, restated, supplemented or otherwise modified prior to the date hereof, the "Previous Loan Agreement"), Section 7.01 of the Previous Loan Agreement was amended by deleting the covenant set forth in paragraph (a) of such Section 7.01 in its entirety and

replacing it with "Reserved". Borrowers and Lender hereby acknowledge that consistent with the Previous Loan Agreement, Section 7.01(a) of this Loan Agreement was not intended to be included, but due to scrivener's error, such Section 7.01(a) was re-inserted at the time this Loan Agreement amended and restated the Previous Loan Agreement, and Borrowers were not required to deliver the items specified in such Section 7.01(a) for any calendar quarter that occurred after October 21, 2021. Lender hereby acknowledges that Borrowers are not required to and will not be required to deliver the financial statements referenced in Section 7.01(a) of this Loan Agreement, including, but not limited to the consolidated balance sheets of Guarantor and its consolidated Subsidiaries for each calendar month, the related unaudited consolidated statements of income and retained earnings and of cash flows for Guarantor and its consolidated Subsidiaries for such period or a certificate of a Responsible Office of Guarantor related thereto.

SECTION 3. Effectiveness. This Amendment Number Four shall become effective as of the date that Lender shall have received counterparts of this Amendment Number Four duly executed by each of the parties hereto.

SECTION 4. Fees and Expenses. Borrowers jointly and severally agree to pay to Lender all reasonable out of pocket costs and expenses incurred by Lender in connection with this Amendment Number Four (including all reasonable fees and out of pocket costs and expenses of Lender's legal counsel) in accordance with Section 14.03 of the Loan Agreement.

SECTION 5. Representations. Borrowers hereby represent to Lender that as of the date hereof, the Relevant Parties are in full compliance with all of the terms and conditions of the Loan Agreement and each other Loan Document and no Default or Event of Default has occurred and is continuing under the Loan Agreement or any other Loan Document.

SECTION 6. Binding Effect; Governing Law. This Amendment Number Four shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. THIS AMENDMENT NUMBER FOUR SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL GOVERN).

SECTION 7. Counterparts. This Amendment Number Four may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. The parties agree this Amendment Number Four, any documents to be delivered pursuant to this Amendment Number Four and any notices hereunder may be transmitted between them by e-mail and/or by facsimile. The parties intend that faxed signatures and electronically imaged signatures such as .pdf files and signatures executed using third party electronic signature capture service providers, which comply with the Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state law based on the Uniform Electronic Transactions Act, shall constitute original signatures and are binding on all parties. The original documents shall be promptly delivered, if requested.

SECTION 8. Limited Effect. Except as amended hereby, the Loan Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment Number Four need not be made in the Loan Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Loan Agreement, any reference in any of such items to the Loan Agreement being sufficient to refer to the Loan Agreement as amended hereby.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrowers and Lender have caused this Amendment Number Four to be executed and delivered by their duly authorized officers as of the Amendment Effective Date.

OP SPE BORROWER PARENT, LLC,

as Parent Borrower

By: /s/ Benjamin Aronovitch

Name: Benjamin Aronovitch

Title: Chief Legal Officer

[Amendment Number Four to Third A&R MLSA (Citi-Offerpad) (2023)]

OP SPE PHX1, LLC,

as a Borrower

By: /s/ Benjamin Aronovitch

Name: Benjamin Aronovitch

Title: Chief Legal Officer

[Amendment Number Four to Third A&R MLSA (Citi-Offerpad) (2023)]

OP SPE TPA1, LLC,

as a Borrower

By: /s/ Benjamin Aronovitch

Name: Benjamin Aronovitch

Title: Chief Legal Officer

[Amendment Number Four to Third A&R MLSA (Citi-Offerpad) (2023)]

CITIBANK, N.A.,

as Lender

By: /s/ Arunthathi Theivakumaran

Name: Arunthathi Theivakumaran

Title: Vice President

[Amendment Number Four to Third A&R MLSA (Citi-Offerpad) (2023)]

Acknowledged as of the date first above written:

WELLS FARGO BANK, N.A., as Calculation Agent and Paying Agent

By: Computershare Trust Company, N.A., as Agent

By: /s/ Barry Akers

Name: Barry Akers

Title: Vice President

[Amendment Number Four to Third A&R MLSA (Citi-Offerpad) (2023)]

Exhibit 31.1

CERTIFICATION

I, Brian Bair, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Offerpad Solutions Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Brian Bair
Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James Grout, Peter Knag, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Offerpad Solutions Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

James Grout Peter Knag

Senior Vice President, Finance Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of Offerpad Solutions Inc. (the "Company") for the period ended **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 6, 2024** **August 5, 2024**

By: _____ **/s/ Brian Bair**
Brian Bair
Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of Offerpad Solutions Inc. (the "Company") for the period ended **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 6, 2024** **August 5, 2024**

By: _____ **/s/ James Grout Peter Knag**
James Grout Peter Knag
Senior Vice President, Finance Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

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