DEAR SHAREHOLDERS,

Reflecting on the past year, we view 2023 as a watershed period for our company, marked by strong execution across the organization. Against the backdrop of a challenging macro environment, we honed our focus, advanced our strategic priorities and established a new paradigm of financial and operational rigor.

We concluded the year with strong fourth quarter performance, delivering results in line with our expectations across our key metrics of Homes Sold, Revenue and Adjusted EBITDA. Additionally, Q4 reflected our third consecutive quarter of sequential increases in revenue and our fourth consecutive quarter of Net Loss and Adjusted EBITDA margin improvement.

From an operational perspective, 2023 brought notable wins. We expanded our partnership and ecosystem networks, particularly within our Agent Partnership Program (APP); we continued to diversify our revenue streams, with higher margin, asset-light solutions comprising more than 35 percent of contribution margin after interest in the second half of 2023; and most importantly, we established a clear path to achieving sustained Adjusted EBITDA profitability in 2024.

Looking ahead, our strategic roadmap is clear, underpinned by refined roles and responsibilities across key functions as the trusted solution center for customers and partners across the real estate landscape. In 2024, our teams will focus on scaling our asset-light businesses, including the expansion of our partnership programs, and evolving our marketing strategies to potentially maximize returns and capitalize on market opportunities. All of this is built upon our foundational product, our cash offer, which continues to enable our growth and expansion.

To that end, our partner network is a key lever in our growth strategy. Our Agent Partnership Program in particular has been instrumental to fostering long-term relationships and driving revenue for both Offerpad and our partner agents. Recent enhancements, including tiered structures and exclusive benefits, are expected to expand our reach even further. Our extended services, from APP to Direct Plus, to Offerpad's Renovate, accounted for 43 percent of unit transactions in 2023, driving higher margins and customer satisfaction.

We continue to build out our tech stack to enable end-to-end, real-time insights for our asset-light services, from data insights for our real estate agent partners to detailed renovation progress tracking for all stakeholders.

As we continue to navigate dynamic market conditions, we are maintaining an unwavering focus on our three strategic imperatives: taking the friction out of real estate, advancing Offerpad's asset-light businesses and expanding our partner ecosystem.

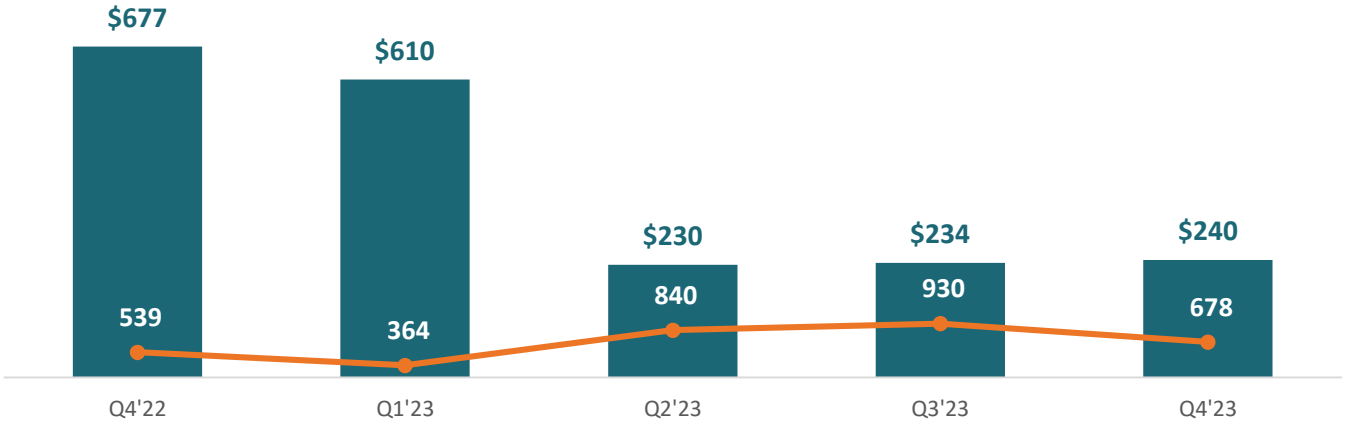
In closing, I want to express gratitude to the Offerpad team, our partners and shareholders for their ongoing support. We move forward with confidence in our strategic vision, operational strength, and commitment to increasing shareholder value.



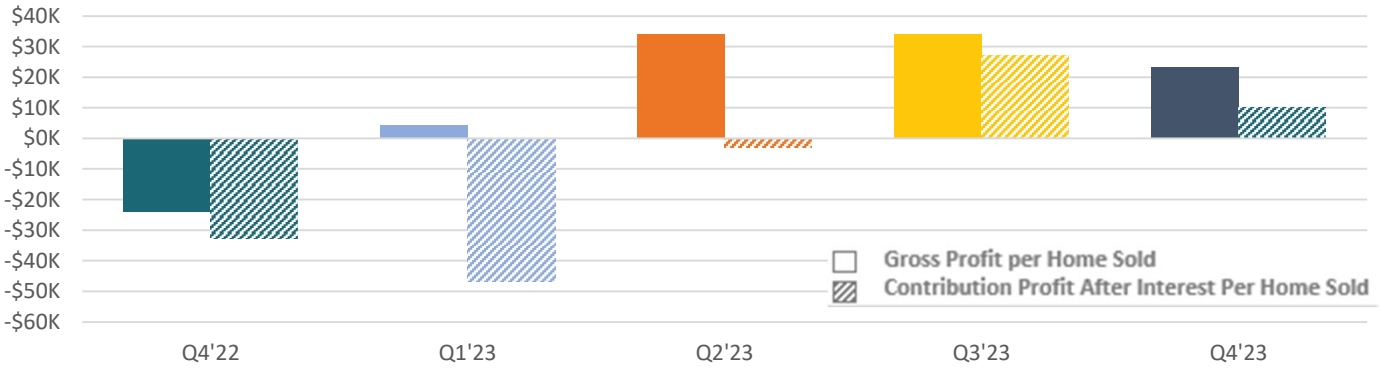
Brian Bair | Chairman and CEO

Offerpad

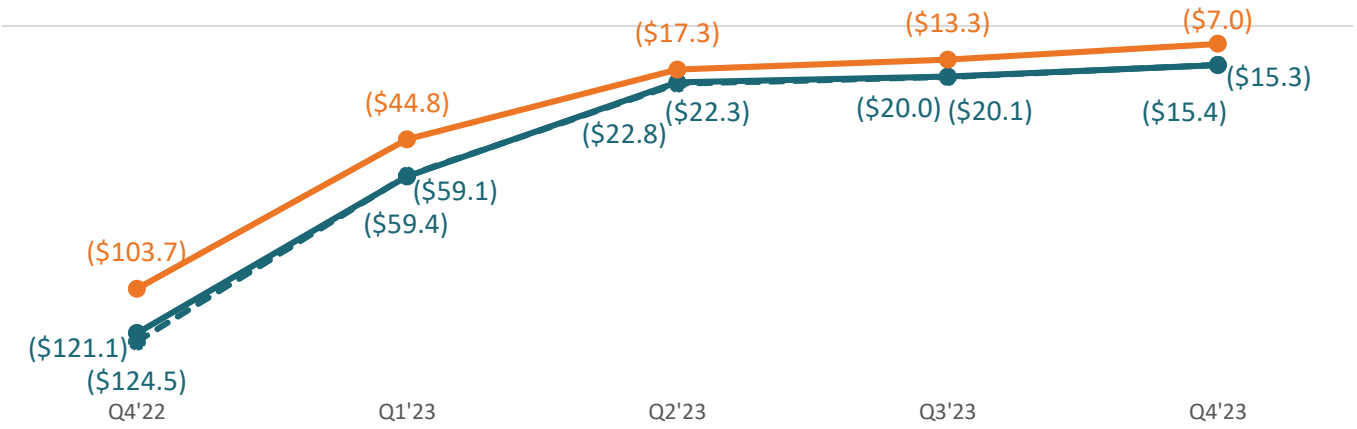
TOTAL REVENUE ($M) & HOMES ACQUIRED



RETURNS PER HOME SOLD



NET INCOME (LOSS), ADJ. NET INCOME (LOSS) & ADJ. EBITDA ($M)

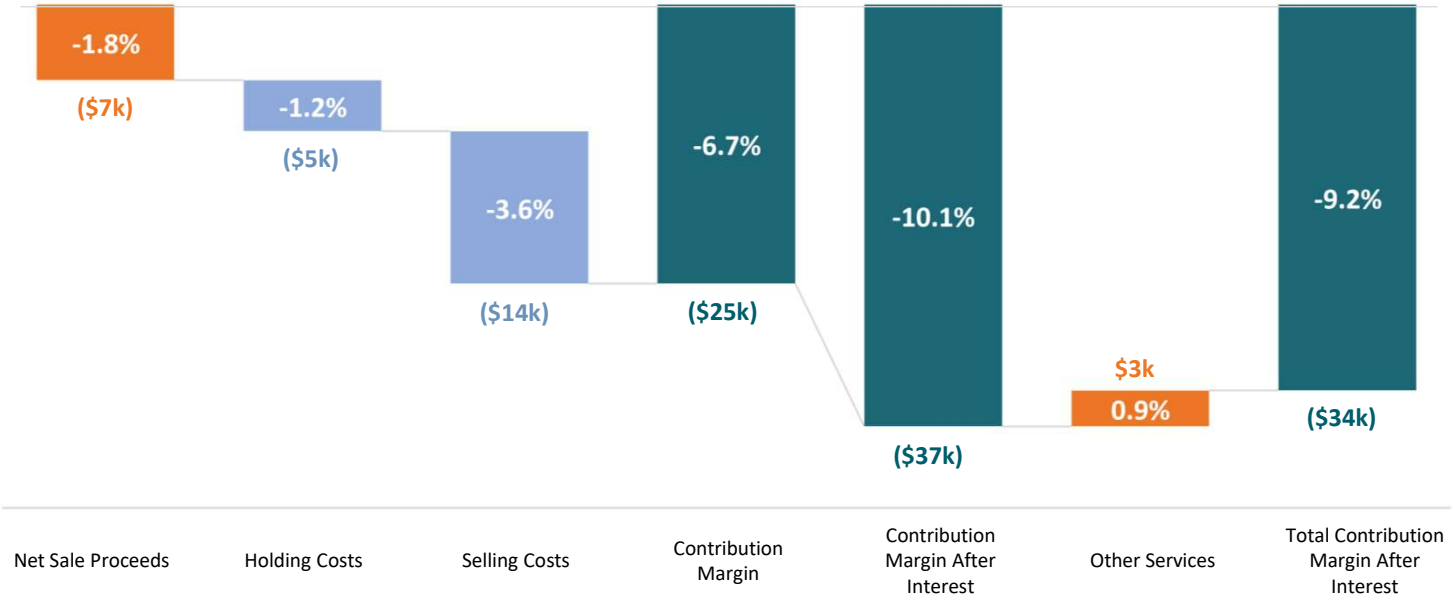


See Appendix for a reconciliation to the most directly comparable GAAP measure and additional information.

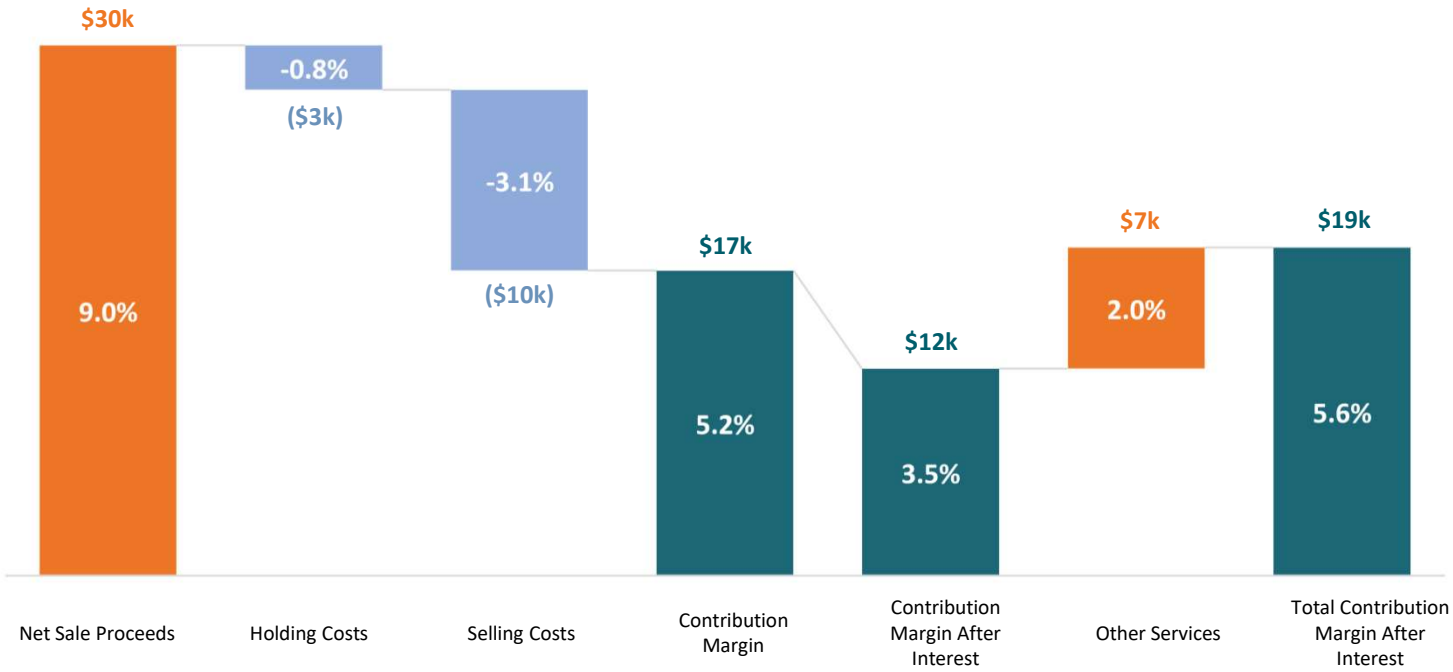
Net Income (Loss) | Adj. Net Income (Loss) | Adj. EBITDA

Offerpad

1H'23 TOTAL CONTRIBUTION MARGIN AFTER INTEREST PER HOME SOLD



2H'23 TOTAL CONTRIBUTION MARGIN AFTER INTEREST PER HOME SOLD



See Appendix for a reconciliation to the most directly comparable GAAP measure and additional information.

FIRST QUARTER 2024 OUTLOOK

HOMES SOLD
750 – 850

REVENUE
$245M – $285M

ADJUSTED EBITDA[1]
($10)M – ($2.5)M





[1] See Non-GAAP financial measures in Appendix for an explanation of why a reconciliation of this guidance cannot be provided.

APPENDIX



Forward-Looking Statements

Certain statements in this shareholder letter may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or Offerpad's future financial or operating performance. For example, statements regarding Offerpad's financial outlook, expectations regarding profitability, and anticipated market conditions in the industry in which Offerpad operates are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "might," "plan," "possible," "project," "strive," "budget," "forecast," "expect," "intend," "will," "estimate," "anticipate," "believe," "predict," "potential" or "continue," or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that may impact such forward-looking statements include, but are not limited to, Offerpad's ability to respond to general economic conditions; the health of the U.S. residential real estate industry; Offerpad's ability to grow market share in its existing markets or any new markets it may enter; Offerpad's ability to manage its growth and its costs structure effectively; Offerpad's ability to accurately value and manage real estate inventory, maintain an adequate and desirable supply of real estate inventory, and manage renovations; Offerpad's ability to successfully launch new product and service offerings, and to manage, develop and refine its technology platform; Offerpad's ability to maintain and enhance its products and brand, and to attract customers; Offerpad's ability to achieve and maintain profitability in the future; the success of strategic relationships with third parties; and Offerpad's failure to meet the New York Stock Exchange's continued listing standards. These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 to be filed with the Securities and Exchange Commission on or about February 27, 2024, and our other reports filed with the Securities and Exchange Commission could cause actual results to differ materially from those indicated by the forward-looking statements made in this shareholder letter. These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Offerpad and its management, are inherently uncertain. Nothing in this shareholder letter should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Offerpad undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

OFFERPAD SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data) (Unaudited)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenue	$ 240,458	$ 677,214	$ 1,314,412	$ 3,952,314
Cost of revenue	223,766	722,074	1,244,231	3,769,892
Gross profit (loss)	16,692	(44,860)	70,181	182,422
Operating expenses:				
Sales, marketing and operating	17,932	48,761	116,558	238,931
General and administrative	8,775	13,300	50,091	58,718
Technology and development	1,236	2,978	7,945	12,090
Total operating expenses	27,943	65,039	174,594	309,739
Loss from operations	(11,251)	(109,899)	(104,413)	(127,317)
Other income (expense):				
Change in fair value of warrant liabilities	(109)	3,360	68	23,522
Interest expense	(5,154)	(15,135)	(18,859)	(45,991)
Other income, net	1,065	861	6,149	1,532
Total other expense	(4,198)	(10,914)	(12,642)	(20,937)
Loss before income taxes	(15,449)	(120,813)	(117,055)	(148,254)
Income tax benefit (expense)	8	(324)	(163)	(359)
Net loss	$ (15,441)	$ (121,137)	$ (117,218)	$ (148,613)
Net loss per share, basic	$ (0.57)	$ (7.35)	$ (4.44)	$ (9.09)
Net loss per share, diluted	$ (0.57)	$ (7.35)	$ (4.44)	$ (9.09)
Weighted average common shares outstanding, basic	27,292	16,492	26,385	16,343
Weighted average common shares outstanding, diluted	27,292	16,492	26,385	16,343

OFFERPAD SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except par value per share) (Unaudited)	As of December 31, 2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 75,967	$ 97,241
Restricted cash	3,967	43,058
Accounts receivable	9,935	2,350
Real estate inventory	276,500	664,697
Prepaid expenses and other current assets	5,236	6,833
Total current assets	371,605	814,179
Property and equipment, net	4,517	5,194
Other non-current assets	3,572	5,696
TOTAL ASSETS	$ 379,694	$ 825,069
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,946	$ 4,647
Accrued and other current liabilities	13,859	28,252
Secured credit facilities and other debt, net	227,132	605,889
Secured credit facilities and other debt - related party	30,092	60,176
Total current liabilities	276,029	698,964
Warrant liabilities	471	539
Other long-term liabilities	1,418	3,689
Total liabilities	277,918	703,192
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, $0.0001 par value; 2,000,000 shares authorized; 27,233 and 15,491 shares issued and outstanding as of December 31, 2023 and 2022, respectively	3	2
Class B common stock, zero shares authorized, issued and outstanding as of December 31, 2023; and $0.0001 par value, 20,000 shares authorized; 988 shares issued and outstanding as of December 31, 2022	—	—
Additional paid in capital	499,660	402,544
Accumulated deficit	(397,887)	(280,669)
Total stockholders' equity	101,776	121,877
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 379,694	$ 825,069

OFFERPAD SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in thousands) (Unaudited)	Year Ended December 31, 2023	2022
Cash flows from operating activities:		
Net loss	$ (117,218)	$ (148,613)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	728	1,022
Amortization of debt financing costs	4,343	2,948
Real estate inventory valuation adjustment	8,937	93,810
Stock-based compensation	7,915	8,307
Change in fair value of warrant liabilities	(68)	(23,522)
Gain on sale of derivative instruments	(2,124)	—
Loss on disposal of property and equipment	76	—
Changes in operating assets and liabilities:		
Accounts receivable	(7,585)	3,815
Real estate inventory	379,260	374,064
Prepaid expenses and other assets	3,733	(275)
Accounts payable	299	(1,752)
Accrued and other liabilities	(16,664)	(4,402)
Net cash provided by operating activities	261,632	305,402
Cash flows from investing activities:		
Purchases of property and equipment	(127)	(1,070)
Purchases of derivative instruments	(2,569)	—
Proceeds from sale of derivative instruments	4,681	—
Net cash provided by (used in) investing activities	1,985	(1,070)
Cash flows from financing activities:		
Borrowings from credit facilities and other debt	875,559	3,178,033
Repayments of credit facilities and other debt	(1,286,795)	(3,540,466)
Payment of debt financing costs	(1,948)	(646)
Borrowings from warehouse lending facility	25,193	—
Repayments of warehouse lending facility	(25,193)	—
Proceeds from issuance of pre-funded warrants	90,000	—
Proceeds from exercise of pre-funded warrants	11	—
Issuance cost of pre-funded warrants	(784)	—
Proceeds from exercise of stock options	53	4,898
Payments for taxes related to stock-based awards	(78)	(285)
Net cash used in by financing activities	(323,982)	(358,466)
Net change in cash, cash equivalents and restricted cash	(60,365)	(54,134)
Cash, cash equivalents and restricted cash, beginning of period	140,299	194,433
Cash, cash equivalents and restricted cash, end of period	$ 79,934	$ 140,299
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	$ 75,967	$ 97,241
Restricted cash	3,967	43,058
Total cash, cash equivalents and restricted cash	$ 79,934	$ 140,299
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 24,730	$ 59,732

Non-GAAP Financial Measures

In addition to our results of operations above, 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. We have not provided a quantitative reconciliation of forecasted Adjusted EBITDA to forecasted net income (loss) or Contribution Profit After Interest to Gross profit within this shareholder letter because we are unable to calculate certain reconciling items without making unreasonable efforts. With respect to Adjusted EBITDA, these items include, but are not limited to, stock-based compensation with respect to future grants and forfeitures, and with respect to Contribution Profit After Interest, these items include, but are not limited to, inventory valuation adjustments, inventory sales timing or product mix, which could materially affect the computation of forward-looking net income (loss) and Gross Profit, respectively, and are inherently uncertain and depend on various factors, some of which are outside of our control.

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 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 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 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. 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.

The following tables present a reconciliation of our Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest to our Gross (Loss) Profit, which is the most directly comparable GAAP measure, and Contribution Profit (Loss) Per Home Sold and Contribution (Loss) Profit After Interest Per Home Sold to Offerpad's Gross (Loss) Profit Per Home Sold, which is the most directly comparable GAAP measure, for the periods indicated:

	Three Months Ended				
(in thousands, except percentages and homes sold, unaudited)	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
Gross profit (loss)	**$16,692**	**$23,973**	**$22,231**	**$7,285**	**$ (44,860)**
Gross margin	*6.9%*	*10.2%*	*9.7%*	*1.2%*	*-6.6%*
Homes sold	*712*	*703*	*650*	*1,609*	*1,865*
Gross profit (loss) per home sold	***23.4***	***34.1***	***34.2***	***4.5***	***(24.1)***
Adjustments:					
Inventory valuation adjustment - current period	565	918	169	7,285	44,075
Inventory valuation adjustment - prior period	(713)	(318)	(13,679)	(51,515)	(25,469)
Interest expense capitalized	964	235	1,358	4,677	3,081
Adjusted gross profit (loss)	**17,508**	**24,808**	**10,079**	**(32,268)**	**(23,173)**
Adjusted gross margin	*7.3%*	*10.6%*	*4.4%*	*-5.3%*	*-3.4%*
Adjustments:					
Direct selling costs	(5,829)	(5,593)	(5,743)	(18,061)	(20,584)
Holding costs on sales - current period	(742)	(453)	(269)	(1,248)	(1,251)
Holding costs on sales - prior period	(285)	(72)	(567)	(1,886)	(1,209)
Other income, net	1,065	3,837	965	282	861
Contribution profit (loss)	**11,717**	**22,527**	**4,465**	**(53,181)**	**(45,356)**
Contribution margin	*4.9%*	*9.6%*	*1.9%*	*-8.7%*	*-6.7%*
Homes sold	*712*	*703*	*650*	*1,609*	*1,865*
Contribution profit (loss) per home sold	**16.5**	**32.0**	**6.9**	**(33.1)**	**(24.3)**
Adjustments:					
Interest expense capitalized	(964)	(235)	(1,358)	(4,677)	(3,081)
Interest expense on homes sold - current period	(2,041)	(2,622)	(1,292)	(5,498)	(5,858)
Interest expense on homes sold - prior period	(1,466)	(553)	(3,708)	(12,032)	(6,943)
Contribution profit (loss) after interest	**7,246**	**19,117**	**(1,893)**	**(75,388)**	**(61,238)**
Contribution margin after interest	*3.0%*	*8.2%*	*-0.8%*	*-12.4%*	*-9.0%*
Homes sold	*712*	*703*	*650*	*1,609*	*1,865*
Contribution profit (loss) after interest per home sold	**10.2**	**27.2**	**(2.9)**	**(46.9)**	**(32.8)**

Adjusted Net (Loss) Income 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.

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:

	Three Months Ended				
(in thousands, except percentages, unaudited)	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
Net loss (GAAP)	**$ (15,441)**	**$ (19,986)**	**$ (22,344)**	**$ (59,447)**	**$ (121,137)**
Change in fair value of warrant liabilities	109	(131)	(435)	389	(3,360)
Adjusted net loss	**$ (15,332)**	**$ (20,117)**	**$ (22,779)**	**$ (59,058)**	**$ (124,497)**
Adjusted net loss margin	*(6.4%)*	*(8.6%)*	*(9.9%)*	*(9.7%)*	*(18.4%)*
Adjustments:					
Interest expense	5,154	4,406	1,867	7,432	15,135
Amortization of capitalized interest [(1)]	964	235	1,358	4,677	3,081
Income tax (benefit) expense	(8)	6	43	122	324
Depreciation and amortization	172	175	178	202	258
Amortization of stock-based compensation	2,000	2,017	2,055	1,843	2,014
Adjusted EBITDA	**(7,050)**	**(13,277)**	**(17,278)**	**(44,782)**	**(103,685)**
Adjusted EBITDA margin	*(2.9%)*	*(5.7%)*	*(7.5%)*	*(7.3%)*	*(15.3%)*

(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.