Blend Labs, Inc.

Q1 2024 Earnings
Supplemental Slides

MAY 8, 2024

Forward-Looking Statements and Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or Blend's future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "could," "would," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern Blend's expectations, strategy, priorities, plans or intentions. Forward-looking statements in this presentation include, but are not limited to, statements regarding Blend's financial condition and operating performance, including its outlook, market size and growth opportunities, capital expenditures, plans for future operations, partnerships, competitive positions, technological capabilities, strategic relationships, Blend's expectations related to Haveli's investment, Blend's opportunity to increase market share and penetration in its existing customers, projections for a sharp decrease in mortgage loan origination volumes, other macroeconomic and industry conditions, Blend's ability to create long-term value for our customers, and Blend's expectations for revenue growth. If any of the risks or uncertainties related to the forward-looking statements develop or if any of the assumptions related to the forward-looking statements prove incorrect, actual results could differ materially from those projected, expressed, or implied by our forward-looking statements. The forward-looking statements contained in this presentation are also subject to other risks and uncertainties, including those more fully described in Blend's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2023 and its Quarterly Reports on Form 10-Q for the quarter ended March 31, 2024 that will be filed following this presentation. All forward-looking statements in this presentation are based on information available to Blend and assumptions and beliefs as of the date hereof, and Blend disclaims any obligation to update any forward-looking statements, except as required by law.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures, including non-GAAP gross profit, non-GAAP gross margin, non-GAAP software platform gross margin, non-GAAP Blend Platform segment gross margin, non-GAAP operating expenses, non-GAAP loss from operations, non-GAAP basic net loss per share, and non-GAAP net loss. These non-GAAP financial measures adjust the related GAAP financial measures to exclude non-cash stock-based compensation, compensation realignment costs, restructuring costs, foreign currency gains and losses, and non-recurring transaction-related costs. In addition, our non-GAAP financial measures include measures related to our liquidity, such as free cash flow, unlevered free cash flow and free cash flow margin. Free cash flow is defined as net cash flow from operating activities less cash spent on additions to property, equipment, internal-use software and intangible assets. Unlevered free cash flow is defined as free cash flow plus cash paid for interest on our outstanding debt. Free cash flow margin is defined as free cash flow divided by total revenue. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. Blend's management uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to the corresponding GAAP financial measures, in evaluating Blend's ongoing operational performance and trends, in allowing for greater transparency with respect to measures used by Blend's management in their financial and operational decision making, and in comparing Blend's results of operations with other companies in the same industry, many of which present similar non-GAAP financial measures to help investors understand the operational performance of their businesses. However, it is important to note that the particular items excluded from, or included in, these non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies in the same industry. In addition, other companies may utilize metrics that are not similar to Blend's.

The non-GAAP financial information is presented for supplemental informational purposes only and is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. There are material limitations associated with the use of non-GAAP financial measures since they exclude significant expenses and income that are required by GAAP to be recorded in Blend's financial statements. Please see the reconciliation tables at the end of this presentation for the reconciliation of GAAP and non-GAAP results. Management encourages investors and others to review Blend's financial information in its entirety and not rely on a single financial measure.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on Blend's internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. Blend has not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, Blend makes no representations as to the accuracy or completeness of that information nor does Blend undertake to update such information after the date of this presentation.

First Quarter 2024 Highlights

01

Received $150 million investment from Haveli Investments, marking the beginning of a new chapter for Blend

02

Outperformed the top end of our guidance for Non-GAAP Net Operating Loss, meeting our target for a fifth consecutive quarter

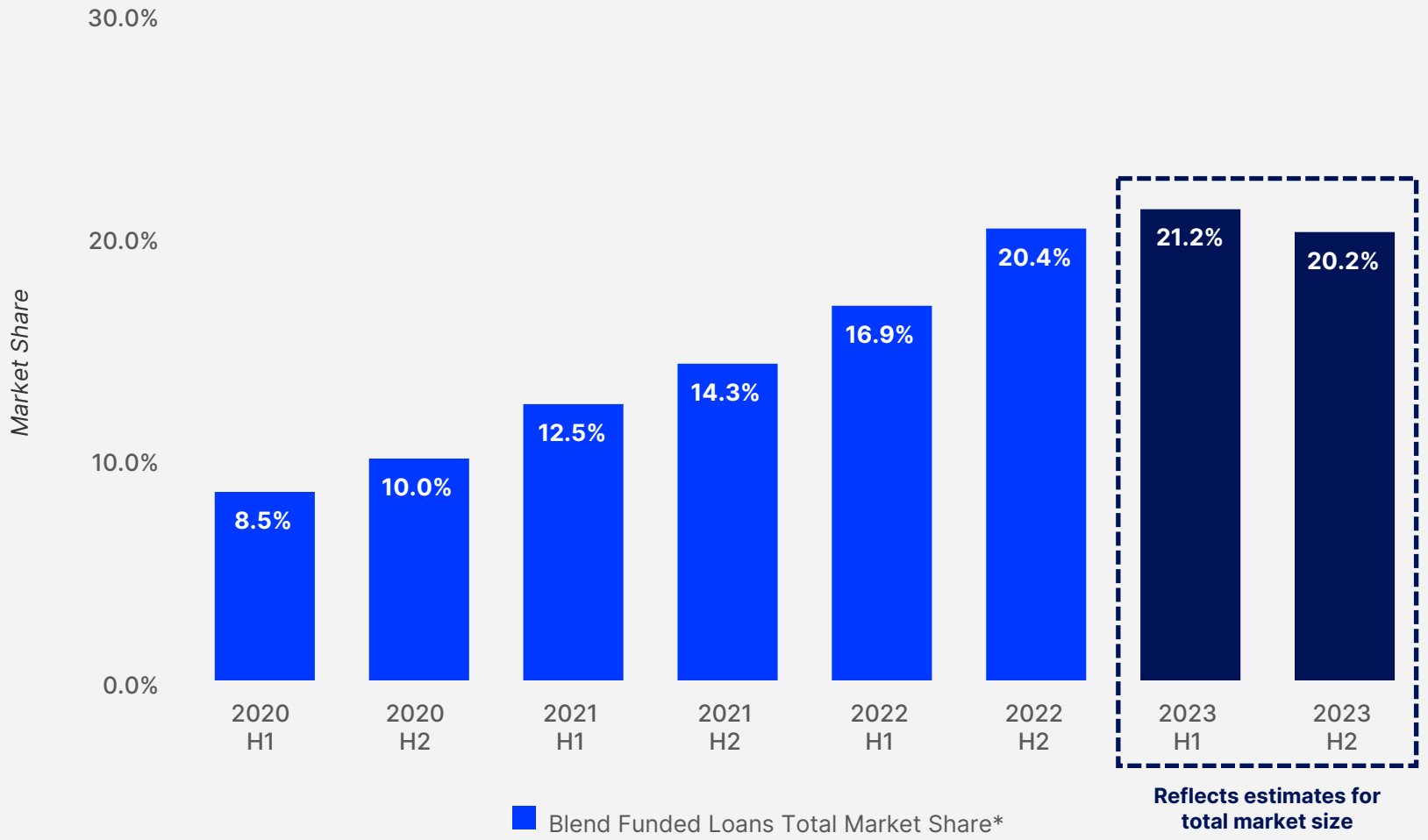
03

Significantly improved our cash burn as unlevered free cash flow was $(1.3) million versus $(14.4) million in Q4 2023

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Building and Capturing Market Share

Based on a survey of estimates of total mortgage originations during 2023, Blend's market share remained above 20% for the year

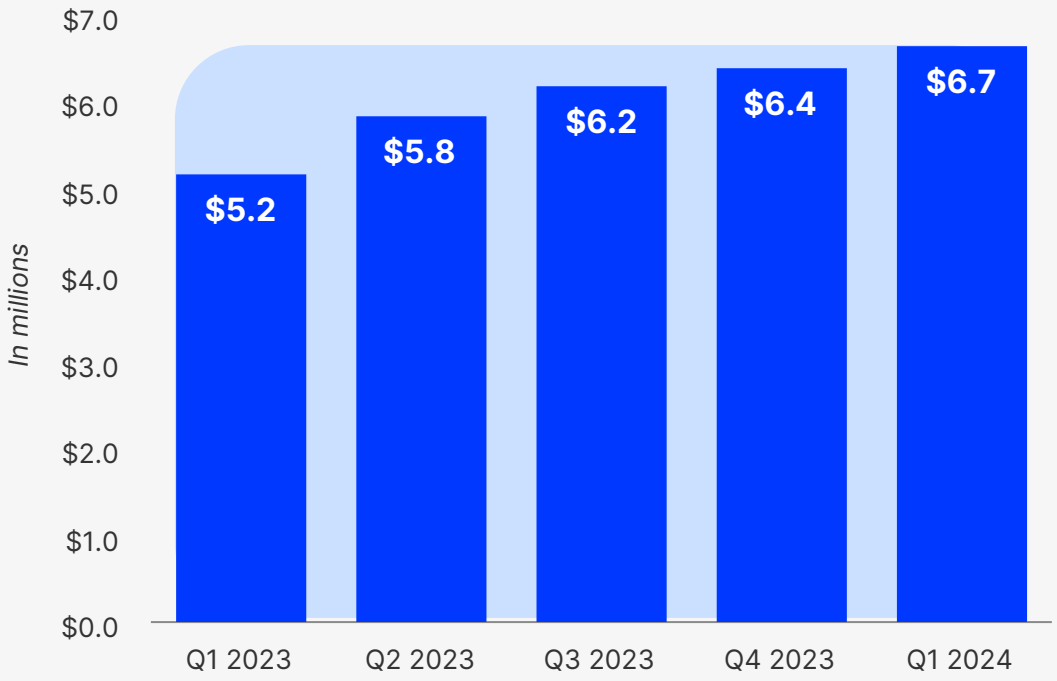


** See Note 1 included in Appendix*

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Continued Growth in Consumer Banking Amidst Mortgage Market Headwinds

Consumer Banking Suite* Revenue



*See Note 2 included in Appendix

Mortgage Suite* Revenue



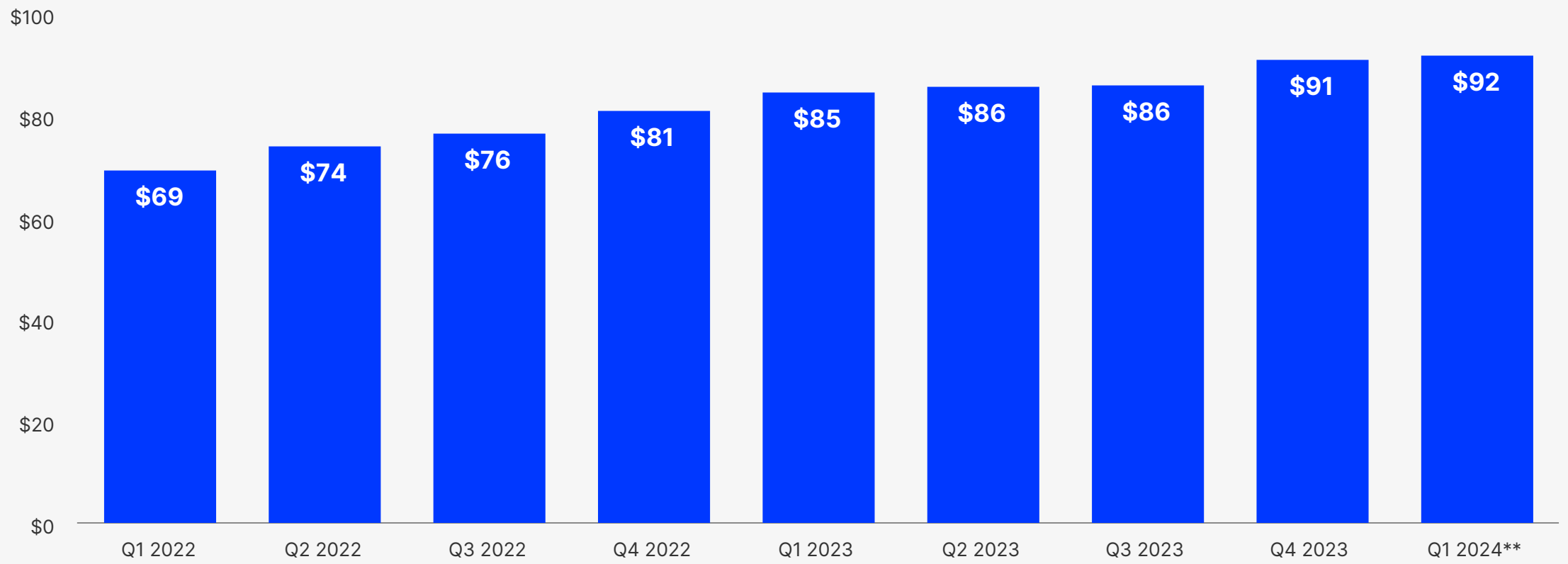
*See Note 3 included in Appendix

Please refer to Note 1 in Blend's Annual Report on Form 10-K for the year ended December 31, 2023 for a summary of recent reclassification changes in the presentation of disaggregated revenue.

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Mortgage Suite economic value per funded loan*

Growing usage of add-on products and gains in core mortgage have driven year-over-year expansion in economic value per funded loan

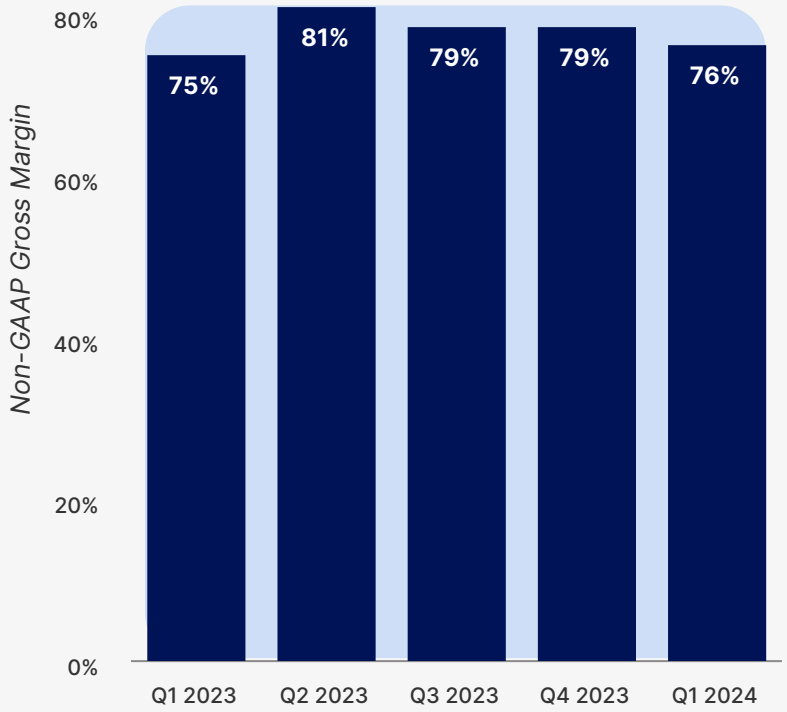


** See Note 4 included in Appendix*
***Includes estimated transactions from funded loan reports not yet received*

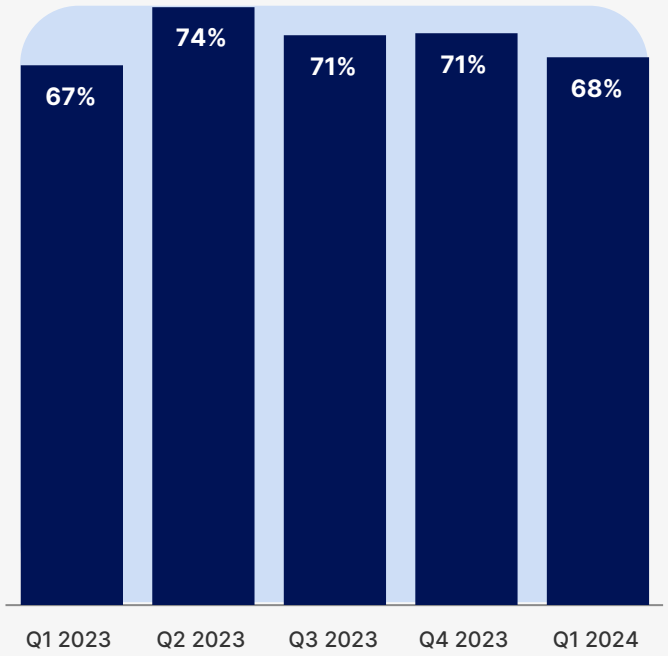
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Improved margins versus last year

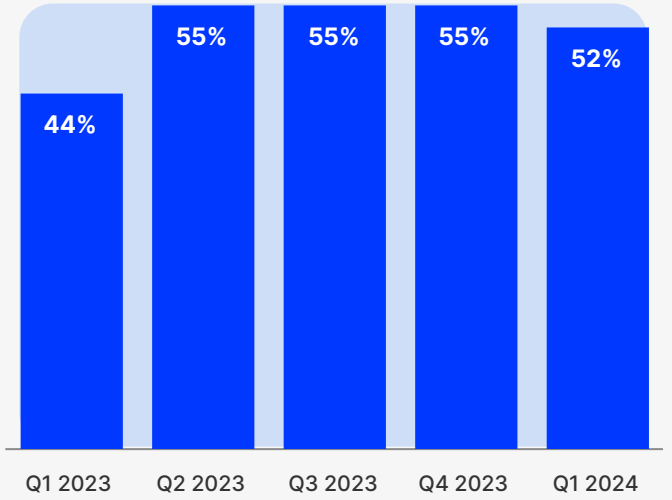
Software Platform



Blend Platform Segment



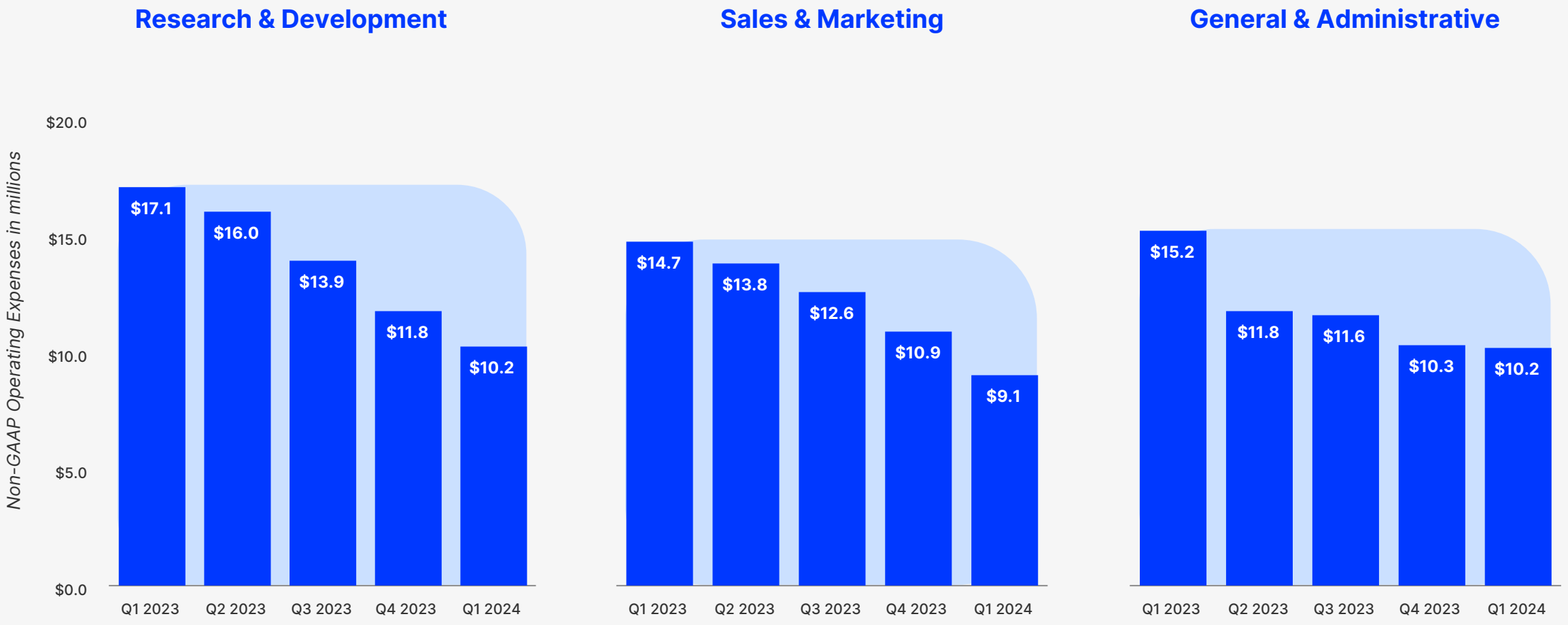
Consolidated Blend



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Reductions in Operating Expenses by function

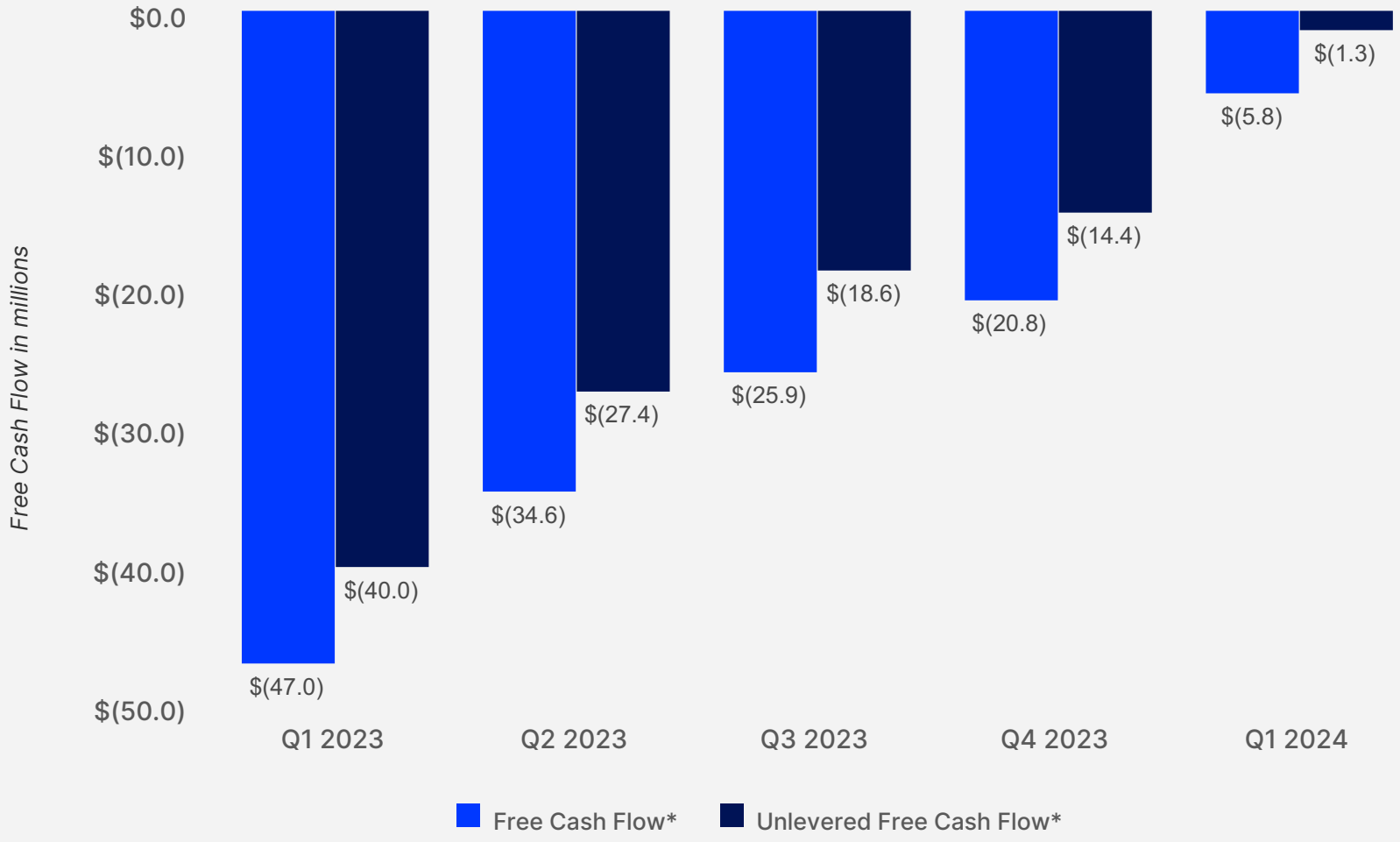
Showing progress to date on cost efficiency initiatives



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Driving progress towards positive cash flows

Q1 2024 marked a significant improvement in quarterly cash burn



** See Note 5 included in Appendix*

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Q2 2024 Guidance

Blend guidance reflects the following:

- Blend's internal forecast of 935,000 - 1,025,000 U.S. aggregate industry mortgage originations in 2Q24
- Maintaining our leading market share in Mortgage while driving incremental growth in Consumer Banking
- Continuing expansion in utilization of our add-on products
- Increasing operational efficiency and reducing costs

Blend Platform Segment Revenue	$27M - $30M
Title Revenue	$10.5M - $11.5M
Blend Labs Consolidated Revenue	$37.5M - $41.5M
Blend Labs Consolidated Non-GAAP Net Operating Loss	($10.5M) - ($7.5M)

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Appendix

©Blend 2024

Revenue Disaggregation

(dollars in thousands)

	Three Months Ended March 31,				
	2024		2023		
Blend Platform:					YoY change
Mortgage Suite	$ 15,078	63 %	$ 17,795	72 %	(15)%
Consumer Banking Suite	6,658	28 %	5,175	21 %	29 %
Total Software Platform	21,736	91 %	22,970	93 %	(5)%
Professional Services	2,104	9 %	1,734	7 %	21 %
Total Blend Platform	23,840	100 %	24,704	100 %	(3)%
Title	11,107		12,632		(12)%
Total revenue	**$ 34,947**		**$ 37,336**		**(6)%**

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Q1 2024 GAAP Financial Results

(in thousands)

	Three Months Ended March 31,	
	2024	2023
Revenue		
Software	$ 21,736	$ 22,970
Professional services	2,104	1,734
Title	11,107	12,632
Total revenue	34,947	37,336
Cost of revenue		
Software	5,175	5,803
Professional services	2,623	2,806
Title	9,008	12,874
Total cost of revenue	16,806	21,483
Gross profit	18,141	15,853
Operating expenses:		
Research and development	14,183	26,257
Sales and marketing	10,215	17,568
General and administrative	13,935	20,681
Restructuring	983	12,783
Total operating expenses	39,316	77,289
Loss from operations	(21,175)	(61,436)
Interest expense	(5,099)	(7,569)
Other income (expense), net	5,653	2,882
Loss before income taxes	(20,621)	(66,123)
Income tax expense	(42)	(71)
Net loss	(20,663)	(66,194)
Less: Net (income) loss attributable to noncontrolling interest	(5)	777
Net loss attributable to Blend Labs, Inc.	(20,668)	(65,417)
Less: Accretion of redeemable noncontrolling interest to redemption value	(1,461)	(2,056)
Net loss attributable to Blend Labs, Inc. common stockholders	$ (22,129)	$ (67,473)

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GAAP Financial Results (cont.)

(in thousands except per share amounts)

	Three Months Ended March 31,	
	2024	2023
Net loss per share attributable to Blend Labs, Inc. common stockholders:		
Basic and diluted	$ (0.09)	$ (0.28)
Weighted average shares used in calculating net loss per share:		
Basic and diluted	250,932	241,444

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Reconciliation of GAAP to Non-GAAP Measures

(dollars in thousands)

Gross Profit Reconciliation	Q1 2024		Q4 2023		Q3 2023		Q2 2023		Q1 2023	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
Blend Platform										
Software platform	$ 16,561	76 %	$ 18,553	79 %	$ 20,830	79 %	$ 22,629	80 %	$ 17,167	75 %
Stock-based compensation[1]	4	—	6	—	8	—	9	—	13	—
Non-GAAP Software platform	16,565	76 %	18,559	79 %	20,838	79 %	22,638	81 %	17,180	75 %
Professional services	(519)	(25) %	(359)	(16) %	(800)	(37) %	(489)	(22) %	(1,072)	(62) %
Stock-based compensation[1]	135	—	147	—	210	—	253	—	340	—
Non-GAAP Professional services	(384)	(18) %	(212)	(9) %	(590)	(28) %	(236)	(11) %	(732)	(42) %
Total Blend Platform	16,042	67 %	18,194	70 %	20,030	70 %	22,140	73 %	16,095	65 %
Stock-based compensation[1]	139	—	153	—	218	—	262	—	353	—
Non-GAAP Total Blend Platform	16,181	68 %	18,347	71 %	20,248	71 %	22,402	74 %	16,448	67 %
Title	2,099	19 %	1,532	15 %	2,033	17 %	1,353	11 %	(242)	(2) %
Stock-based compensation[1]	15	—	—	—	9	—	2	—	135	—
Non-GAAP Title	2,114	19 %	1,532	15 %	2,042	17 %	1,355	11 %	(107)	(1) %
Total	**18,141**	**52 %**	**19,726**	**55 %**	**22,063**	**54 %**	**23,493**	**55 %**	**15,853**	**42 %**
Stock-based compensation[1]	154	—	153	—	227	—	264	—	488	—
Non-GAAP Total	**$ 18,295**	**52 %**	**$ 19,879**	**55 %**	**$ 22,290**	**55 %**	**$ 23,757**	**55 %**	**$ 16,341**	**44 %**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

(in thousands)

	Three Months Ended March 31,	
	2024	2023
GAAP operating expenses	**$ 39,316**	**$ 77,289**
Non-GAAP adjustments:		
Stock-based compensation[1]	7,917	15,904
Compensation realignment costs[2]	901	1,096
Restructuring[3]	983	12,783
Transaction-related costs[4]	—	438
Non-GAAP operating expenses	**$ 29,515**	**$ 47,068**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

(in thousands)

	Three Months Ended March 31,	
	2024	2023
GAAP loss from operations	**$ (21,175)**	**$ (61,436)**
Non-GAAP adjustments:		
Stock-based compensation[1]	8,071	16,392
Compensation realignment costs[2]	901	1,096
Restructuring[3]	983	12,783
Transaction-related costs[4]	—	438
Non-GAAP loss from operations	**$ (11,220)**	**$ (30,727)**
GAAP net loss	**$ (20,663)**	**$ (66,194)**
Non-GAAP adjustments:		
Stock-based compensation[1]	8,071	16,392
Compensation realignment costs[2]	901	1,096
Restructuring[3]	983	12,783
Transaction-related costs[4]	—	438
Gain on investment in equity securities[5]	(4,417)	—
Foreign currency gains and losses[6]	(7)	(134)
Non-GAAP net loss	**$ (15,132)**	**$ (35,619)**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2024	2023
GAAP basic net loss per share	**$ (0.09)**	**$ (0.28)**
Non-GAAP adjustments:		
Net loss attributable to noncontrolling interest[7]	—	—
Accretion of redeemable noncontrolling interest to redemption value[7]	0.01	0.01
Stock-based compensation[1]	0.04	0.07
Compensation realignment costs[2]	—	—
Restructuring[3]	—	0.05
Transaction-related costs[4]	—	—
Gain on investment in equity securities[5]	(0.02)	—
Foreign currency gains and losses[6]	—	—
Non-GAAP basic net loss per share	**$ (0.06)**	**$ (0.15)**

	Three Months Ended March 31,	
Stock-based compensation by function:	2024	2023
Cost of revenue	$ 154	$ 488
Research and development[8]	3,352	8,131
Sales and marketing	978	2,783
General and administrative	3,587	4,990
Total	**$ 8,071**	**$ 16,392**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

(in thousands)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
GAAP research and development expense	**$ 14,183**	**$ 14,417**	**$ 18,826**	**$ 22,091**	**$ 26,257**
Non-GAAP adjustments:					
Stock-based compensation[1]	3,352	1,996	4,090	4,829	8,131
Compensation realignment costs[2]	591	654	811	1,224	1,032
Non-GAAP research and development expense	**$ 10,240**	**$ 11,767**	**$ 13,925**	**$ 16,038**	**$ 17,094**
GAAP sales and marketing expense	**$ 10,215**	**$ 11,940**	**$ 14,494**	**$ 16,128**	**$ 17,568**
Non-GAAP adjustments:					
Stock-based compensation[1]	978	846	1,577	1,931	2,783
Compensation realignment costs[2]	179	205	294	365	40
Non-GAAP sales and marketing expense	**$ 9,058**	**$ 10,889**	**$ 12,623**	**$ 13,832**	**$ 14,745**
GAAP general and administrative expense	**$ 13,935**	**$ 14,542**	**$ 15,819**	**$ 19,646**	**$ 20,681**
Non-GAAP adjustments:					
Stock-based compensation[1]	3,587	3,228	3,148	7,340	4,990
Compensation realignment costs[2]	131	152	184	189	24
Litigation contingencies[9]	—	650	—	(245)	—
Transaction-related costs[4]	—	175	857	596	438
Non-GAAP general and administrative expense	**$ 10,217**	**$ 10,337**	**$ 11,630**	**$ 11,766**	**$ 15,229**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

(dollars in thousands)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net cash used in operating activities	**$ (3,868)**	**$ (20,691)**	**$ (25,887)**	**$ (34,390)**	**$ (46,653)**
Additions to property, equipment, internal-use software development costs and intangible assets	(1,964)	(82)	(31)	(170)	(304)
Free cash flow	**(5,832)**	**(20,773)**	**(25,918)**	**(34,560)**	**(46,957)**
Cash paid for interest	4,529	6,350	7,364	7,189	6,911
Unlevered free cash flow	**$ (1,303)**	**$ (14,423)**	**$ (18,554)**	**$ (27,371)**	**$ (40,046)**
Revenue	$ 34,947	$ 36,104	$ 40,591	$ 42,815	$ 37,336
Free cash flow margin	**(17)%**	**(58)%**	**(64)%**	**(81)%**	**(126)%**

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Reconciliation of GAAP to Non-GAAP Measures (cont.)

Notes:

(1) ***Stock-based compensation*** *represents the non-cash grant date fair value of stock-based instruments utilized to incentivize our employees, for which the expense is recognized over the applicable vesting or performance period.*

(2) ***Compensation realignment costs*** *relate to amortization of one-time cash bonus payment (paid in two installments in March and May 2023) to certain employees in lieu of previously committed equity-based awards, driven by an organizational initiative to standardize our equity compensation program.*

(3) ***Restructuring charges*** *relate to our workforce reduction plans executed as part of our broader efforts to improve cost efficiency and better align our operating structure with our business activities.*

(4) ***Transaction-related costs*** *include non-recurring due diligence, consulting, and integration costs recorded within general and administrative expense.*

(5) ***Gain on investment in equity securities*** *represents an adjustment to the carrying value of the non-marketable security without a readily determinable fair value to reflect observable price changes.*

(6) ***Foreign currency gains and losses*** *include transaction gains and losses incurred in connection with our operations in India.*

(7) ***Net loss attributable to noncontrolling interest and accretion of redeemable noncontrolling interest to redemption value*** *relate to the 9.9% non-controlling interest in our Title365 subsidiary.*

(8) ***Stock-based compensation expense*** *is net of costs related to internal-use software development projects capitalized during the quarter.*

(9) ***Litigation contingencies*** *represent reserves for legal settlements that are unusual or infrequent costs associated with our operating activities.*

Share Count Outlook

(in thousands)

	Quarter ended March 31, 2024
Weighted average shares used in calculating net loss per share (basic and diluted)	250,932
Dilutive securities[(1)]	19,017

(1) Dilutive securities represent the number of potential common shares that would have been included in the computation of earnings per share if the Company had reported net income for the quarter ended March 31, 2024. Since the Company reported net loss for the quarter ended March 31, 2024, all outstanding potential common shares are antidilutive.

	Quarter ended June 30, 2024	Year Ended December 31, 2024
Estimated weighted average shares used in calculating net loss per share (basic and diluted)	253,104	254,179
Estimated outstanding common shares as of period-end	254,204	258,539

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Footnotes

Note 1: Market Share is management's calculation of Blend's mortgage market share for the specified period based on funded loan volumes from signed customers. Funded volume is calculated as (i) the number of mortgage banking funded loans processed on the Blend Platform in the period (actual reported funded loans in the period plus an estimate of unreported funded loans for the current quarter), divided by (ii) total mortgage market volume in the same period. Total mortgage market volume is estimated by using the median value of the estimates published by Mortgage Bankers Association, Fannie Mae, and Inside Mortgage Finance. Estimates of historical data may be revised from time to time based on newly published HMDA data.

Note 2: Consumer Banking Suite Revenues consist of home equity, personal lending, credit cards, deposit accounts, auto finance, and other banking products, but excludes software-enabled title.

Note 3: Mortgage Suite Revenues consist of Mortgage revenue, Mortgage add-on revenue from Blend Income Verification, Blend Close, and Marketplace revenue from Blend Insurance and Blend Realty.

Note 4: Economic Value per Funded Loan in our mortgage suite represents the contractual rates for mortgage and mortgage-related products multiplied by the number of loans funded or transactions completed, as applicable, by a customer in the specified period, divided by the total number of loans funded by all Mortgage customers in that same period. Additionally, the value derived from partnerships and verification of income products that is associated with the mortgage application stage is aligned with the timing of funding the related loan (typically a 3 month delay from the time of application). We use Economic Value per Funded Loan to measure our success at broadening the client relationships from the underlying mortgage transactions and selling additional products through our software platform.

Note 5: We define **Free Cash Flow**, a non-GAAP financial measure, as net cash flow from operating activities less cash spent on additions to property, equipment, internal-use software and intangible assets. **Unlevered Free Cash Flow** is defined as Free Cash Flow before cash paid for interest on our outstanding debt. **Free Cash Flow Margin** is defined as Free Cash Flow divided by Total Revenue. We believe information regarding Free Cash Flow, Unlevered Free Cash Flow and Free Cash Flow Margin provide useful information to investors as a basis for comparing our performance with other companies in our industry and as a measurement of the cash generation that is available to invest in our business and meet our financing needs. However, given our debt service obligations and other contractual obligations, Unlevered Free Cash Flow does not represent residual cash flow available for discretionary expenditures. In April 2024, we repaid in full all amounts outstanding and payable under our debt obligations and therefore eliminated any debt service obligations.

Note 6: Beginning in the second quarter 2024, we will no longer report Mortgage banking transactions and Title originations closed orders. See our SEC filings for details.

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