Q4 2025 Prepared Remarks

Good afternoon and welcome to Blend's financial results conference call for the fourth quarter and full year of 2025.

I'm Meg Nunnally, Blend's Head of Investor Relations. Joining me today is Nima Ghamsari, our Co-founder and Head of Blend and Jason Ream, our Head of Finance and Administration.

Before we start today's call I'd like to note that we will refer to certain non-GAAP measures, which are reconciled to GAAP measures in today's earnings release and in the appendix to our supplemental slides. Non-GAAP measures are not intended to be a substitute for GAAP results. Unless otherwise stated, all financial measures we'll discuss today, including our profitability, refer to non-GAAP. Also, certain statements made during today's conference call regarding Blend and its operations, in particular our guidance for the first quarter 2026, other commentary regarding 2026 and our expectations about markets, our strategic investments, product development plans, and operational targets, may be considered forward-looking statements under federal securities laws. We caution you that forward-looking statements involve substantial risks and uncertainties and a number of factors, many of which are beyond the Company's control, could cause actual results, events or circumstances to differ materially from those described in these statements.

Please see the risk factors we've identified in our most recent 10-Qs, our upcoming 10-K for fiscal year 2025 and other SEC filings. We are not undertaking any commitment to update these statements if conditions change, except as required by law.

The financial information presented on this call is based on continuing operations and prior periods have been recast to exclude operations that are now discontinued. Furthermore, the financial information presented reflects preliminary estimates and remains subject to completion of the company's financial closing procedures and review by the company's independent registered public accounting firm. Financial results will not be final until Blend files its Annual Report on Form 10-K for the period.

Lastly, we will be providing a copy of our prepared remarks on our website by the conclusion of today's call and an audio replay will also be available soon after the call. I'll now turn the call over to Nima.

CEO Remarks
Nima Ghamsari

Thanks, Meg, and welcome, everyone.

Q4 2025 Financial Performance

I am pleased to report that Blend finished fiscal year 2025 with a strong fourth quarter, coming in near the high end of our revenue guidance and beating the high end of our non-GAAP operating income guidance.

But the headline numbers — $32.4 million in revenue and $5.4 million in non-GAAP operating income — tell a more important story. They show that we have navigated the cycle successfully to emerge as a fundamentally different company.

Our consistent performance is not an accident; it is the direct result of the focus and discipline of the entire Blend team. By maintaining a lean, software-first cost structure, we have created significant operating leverage.

We are generating cash, not spending it. We ended the quarter with zero debt and over $68 million in cash and securities. We have such conviction in our intrinsic value that we repurchased 5.1 million shares — worth $15 million — in Q4 alone. And our board authorized a new program that allows us to repurchase up to another $50 million in stock, and we'll continue to strategically execute against this authorization. We are now in a position where we can lean into offense, ensuring that as the market recovers, the benefits flow directly to our customers and our bottom line.

Customer Wins and Strategic Expansions

Let's start by talking about our customer wins and strategic expansions. During the fourth quarter, we signed 10 new deals and expansions. As we look forward towards a potential market recovery, we are seeing a fundamental shift in how financial institutions view their technology stack.

Our focus continues to be on winning high-quality logos and deepening our relationship with our existing base. In Q4, we saw notable activity across both our Mortgage and Consumer Banking suites.

And along those lines, deals included two notable new mortgage customers, one of which has been a consumer banking customer since 2023 and represents a great motion for us—a cross-sell from consumer banking into mortgage. Both deals include bundled mortgage and close and so should be incrementally accretive to our unit economics.

And in consumer banking, notable new deals include a rapid home equity cross sell for a large bank. This customer has been with Blend since 2020 using our home equity product, but now it allows them to use rapid workflows for prequalification. We also signed a new logo with a top 40 credit union with product scope across credit cards, deposit accounts, personal loans, and auto loans, highlighting the ability of our consumer banking business to bring in a new, seven-figure per year logo in addition to selling to our existing mortgage customers.

Pipeline and Market Momentum

Looking ahead, our overall pipeline remains robust, up approximately 40% year-over-year. It is not just the volume of the pipeline that excites us; it is the composition. We are seeing a

structural shift toward bundled deals. We have opportunities that span Mortgage, Rapid, Close, and Consumer Banking.

The momentum we are seeing is fueled by our customers' desire to build more scalable businesses. Lenders are exhausted by the painful hire-and-fire cycles dictated by interest rate volatility. They are no longer willing to ride the highs and lows of the market by simply adding and removing human labor; they want a technology partner that can help them automate the "intractable" complexity of lending. They are looking for "elastic capacity" — the ability to handle volume spikes seamlessly without adding fixed human overhead, turning a massive fixed cost into a highly efficient variable one.

The "SaaSpocalypse" and Staying on Offense

But the numbers, our customers, our products, our financial results to date only tell the story of where we've been. I want to spend a moment on where we are going because this is a personal passion of mine. We didn't build Blend just to be a slightly better way to do mortgages that was a great web form and a great ability to close a loan. We built it to completely rewire how the financial system operates and how origination is done. There has been a lot of market turmoil recently as investors are grappling with how AI will impact the software industry. People are calling it the "SaaSpocalypse," and we've seen valuations battered as the market worries that AI will commoditize traditional SaaS and destroy seat-based pricing models.

But I view this completely differently. I view this as the greatest filter of our generation. Disruption is here, but generic AI wrappers will not win in complex, highly regulated industries. At Blend we operate deeply within the revenue generation funnel of the largest financial institutions in the country. We aren't just a user interface; we're a trusted, secure workflow system and system of record that reconciles immense complexity. And critically, operating at this depth means we continuously collect, analyze, and store our own data set around what's going on in the loan and how to move it along the process that no competitor can replicate—so this is a rich body of structured financial transaction data, including borrower behavior, document processing, underwriting processing and that sits entirely within our data center. This data compounds over time, making our AI smarter and our platform stickier with every single transaction that flows through it.

And on our business model, because we monetize on the success of our customers and on the success of the transaction — which is funded loans — rather than user seats, which is something we've done since the beginning, AI-driven efficiency for our customers doesn't cannibalize our revenue. In fact when our AI helps a loan officer close five times as many loans, our revenue scales with their success, which is how we've always wanted it. Not their headcount—that's not the sign of success for our customers. The "SaaSpocalypse" that's happening right now is actually our greatest catalyst, and we are using this moment to stay aggressively on offense in two distinct ways. And I always like to start with our customers first.

Offense Pillar 1: Making Our Products Agent-First

So first, we are going on offense to make the products we deliver to our customers agent-first. And by agent-first, I mean that agents take a first pass of all the work being done behind the scenes. Helping with underwriting, security, compliance, regulation — all the things that happen. We want that to be the primary way our customers engage with their customers — the consumers — to get through the mortgage process. And in an industry that requires absolute precision, security, and compliance at scale, Blend is the trusted, enterprise-grade bridge to AI adoption. Generic AI can use really thoughtful knowledge to guess the right outcome; but Blend is actually built to drive the right outcome and drive the right actions. It's especially important in a heavily regulated industry subject to Fair Lending laws, our customers cannot afford hallucinations or require lots of spaces where they have to jump in and fix what the AI does. They need a system that doesn't just read documents, but it actually reads and reconciles those documents against really complex hundred page guidelines that are imposed on them by their credit risk teams, regulators and investors. And that is a moat I don't think the generic AI companies really want to cross or can cross because it's so specific to the industry.

Just a few days ago, on March 3rd, we officially launched our flagship product in this space called Blend Autopilot. Which is simple - it's an agent that lives alongside every aspect of the Blend origination process as the consumer is going through it. And it serves as a product that looks at every document, looks at every data field, checks it against the guidelines, runs calculations, creates additional follow-ups, takes action if necessary, and is familiar with the most technical guidelines out there. And I'm thrilled to share that we have seven large customers who have turned this on or want this on in the coming days. And that's just in the preview period. We just launched it a week ago.

And the feedback came on the back of our Customer Advisory Board, which was last month, and I have to tell you, it was a profound moment for me. When we demonstrated Autopilot live — showing that it was a smart agent that could instantly detect something coming in from the consumer where it's more data or more documents, validate the data against guidelines, do a complex calculation and update the loan file in seconds without any human intervention—you could feel the energy in the room shift. For these leaders, it wasn't just another software update — oh a nice improvement to Blend — it was a genuine moment of inspiration. When generative AI was launched this was what they wanted for their team. They instantly saw how this could fundamentally rewire their cost structures and give them that elastic capacity they so desperately need.

Traditionally, just to give a little more color on the product, loan officers have manually reviewed documents while borrowers wait days to learn what else they need to do and there's this concept of stare and compare in the mortgage process where you look at one document and compare it to another document and that's often done in multi-day cycles. So a consumer uploads a document and somebody reads it and says, "Oh, I need an additional document to verify this trust," several days later. That's a really tough problem to solve because there are thousands of document types. Blend Autopilot flips this entirely on its head with four key capabilities.

- The first is real-time intelligence. Autopilot automatically reviews everything the borrower is doing and checks compliance against the configured guidelines — and those could be

out of the box with core investors like Fannie Mae and Freddie Mac or it could be custom guidelines or overlays if they're doing home equity lending or personal lending.

- The second is contextual workflows. It intelligently triggers native workflows that already exist within the Blend infrastructure. This is part of our core value proposition. We have the ability to drive a better experience for the consumer where we aren't going to them and saying, "Hey, I need you to go print out a document, sign it, take a photo of it and upload it." When we have certain things we need from the borrower like an explanation of why they had derogatory credit, or why there was a very large deposit that looks like it might be a loan, we have native ways of handling that and the agent is aware of that and takes the right action in every situation.
- And Third, the seamless updates allow Autopilot to automatically update the application data fields so if it does a calculation from an extracted document, like if it gets a tax return. I ran this with my tax return which is fairly complex — they have multiple K-1s and multiple 1099s and I ran it hundreds of times just to see. It was calculating my income perfectly every time — no hallucination, and then updating the data fields to match what was in my document.
- And fourth, it's built for compliance — Autopilot does not make credit decisions, everything is overseen by a human, and I think that's the future where the agents take a first pass at the work and humans are there to make the final decisions and this is exactly how Autopilot is built. And borrower data is never used to train or improve the AI models either so we're not risking the consumer's data in any way and this is really important to our customers since they run regulated financial institutions.

So by automating the 'stare and compare' and manual guideline work that has plagued this industry for decades, we are attacking the $11,000 cost-to-originate problem head-on.

Offense Pillar 2: Making Blend Agent-First

But I don't want only our customers to have access to these tools. I also want Blend to be an agent-first company, where agents are taking a first-pass of our work. And so we are reimagining everything about how we build, sell, and manage — and that just doesn't mean getting our team access at to a new tool like Claude Cowork — which of we've done — or ChatGPT or Gemini, but by fundamentally changing who does the work and then who reviews it. The model is simple: the agent executes, and the employee oversees. I am personally — because I am so passionate about this effort — driving this effort, and my goal is for us to be in the top 1% of all companies, not just public companies, in how we adopt and operate with AI agents at Blend.

And so what that means for us is that our software developers are working with agents to write code and improve code but I want the agents to take a first pass as new tickets are created and new support tickets come in. I want the agents to take a first pass and pass it to our software engineers. It's the same with go-to market. If there's an upcoming business review I want the agents to take a first pass. Or even internal back-office teams: IT support, our revenue teams. I want them to get the agents working for them as well — surfacing the output and letting our people focus on judgement and final decisions. And for us this will mean that we'll be a lot more

efficient. We'll be able to handle growth in our company without having to dramatically scale because the agents scale really well and we'll be structurally expanding our margins. But more importantly than all of that, it lets us move faster. When agents handle all this work behind the scenes we're no longer bottlenecked with the same multi-day cycle that I talked about for our customers. Something comes in — the first pass is done within minutes and we become a leaner, more agile organization — one that can simply outpace anyone in our space.

Conclusion: Ready for Any Environment

In summary, Blend is no longer just waiting for a market recovery. We have spent the last two years doing the hard work of clearing away debt, simplifying our business, and building a foundation for sustainable growth.

We have built a profitable, scalable platform that is ready to win in any environment. Whether rates stay flat or we see a significant rebound, we are in the pole position to serve our customers and drive massive value for our shareholders.

I'll now turn the call over to Jason to walk through the financials.

CFO Remarks
Jason Ream

Thank you, Nima, and thanks to everyone else on the call.

I am pleased to report that we delivered another quarter of solid financial performance to close out 2025. This quarter's results once again demonstrate the resilience of our core business and the significant operating leverage we have created through disciplined cost management.

Total revenue in the fourth quarter of 2025 was $32.4 million dollars, which was just slightly below the high end of our guidance range and was up 7% year-over-year.

This performance was helped by a return to growth in our Mortgage Suite, which generated $18.8 million in revenue, up 3% year-over-year. Stabilizing churn and stronger than expected macro bolstered our mortgage revenue results. Blend's funded loan growth was solid, growing 11% in Q4 and our economic value per funded loan came in at $83 dollars for the fourth quarter, within the guidance range we gave on our last call.

Consumer Banking Suite revenue for the fourth quarter was $11.5 million, representing 21% year-over-year growth. The sequential decline of (10)% quarter over quarter was driven primarily by the churn of one large customer that we discussed last quarter, as well as home equity seasonality, and partially offset by new deployments.

Shifting back to consolidated results, our total gross profit was $24.5 million dollars. After excluding stock based compensation and the amortization of capitalized software development

costs, our non-GAAP gross profit was $25.8 million and our non-GAAP gross margin was 80%, up from 78% last quarter.

Non-GAAP Operating Expenses were $20.3 million dollars, or down 4% quarter-over-quarter. Non-GAAP operating income was $5.4 million, above the high end of our guidance and representing a non-GAAP Operating Margin of 17%.

Free cash flow for the quarter was positive $1.3 million dollars. For the full year 2025, we generated total free cash flow of $2.8 million dollars.

Our balance sheet remains strong. We ended the year with $68.3 million in cash, cash equivalents, and marketable securities, and with zero debt.

During the fourth quarter, we continued to execute our share repurchase program. We repurchased 5.1 million shares worth approximately $16 million, concluding our $25 million repurchase authorization. This last repurchase, like the new one that we are announcing today, is driven by and reflects our confidence in the long-term value of the business and our commitment to disciplined capital allocation.

Before I turn to our guidance for the first quarter, I'd like to talk about how we're thinking about the business right now and what that means for how our results might play out over the coming quarters.

First, our mortgage business returned to year-over-year growth in the fourth quarter, and based on the stability of our customer base, new deployments that are ramping up in 2026, and a positive mortgage market outlook, we expect to see that trend continue. We will remain cautious in our optimism until rates really come down and mortgage volume, particularly refi, really picks up, but we have seen early signs of improvement and are ready to take advantage of a market uptick.

Second, we remain optimistic about our consumer banking business, but as we've told you before, we are still concentrated at the higher end of the market for consumer banking, and both wins and losses can be lumpy in our results.

To give you some specifics, 2025, in which we saw consumer banking grow 35% year-over-year, was bolstered by a large customer that went live late in 2024, contributing about $5 million to growth in 2025, and which is now at steady state.

Conversely, we talked last quarter about the roll-off of a large customer that was acquired. This customer contributed approximately $2.4 million of consumer banking revenue in 2025, largely through home equity loans, and we do not expect any consumer banking revenue from this customer in 2026.

Net net, you should think about consumer banking having similar seasonality in 2026 as it did in 2025, but start off with revenue in Q1 of a little under $11 million dollars. We'll remain conservative in our outlook for the consumer banking business given the shape of the customer base, but we see a lot of opportunity going forward and we're excited about what is to come.

Third, as you know, we have been very diligent regarding our costs, both in terms of trimming unnecessary spend, as well as not adding to our spend if we don't need to. We will continue that mindset going forward, and in fact, I expect that over time we will get even more effectiveness and efficiency from the leverage of AI in our internal processes - an effort that is already prevalent across the company, not just in software engineering.

As you model Q1, please note that our early adoption of ASU 2025-06 significantly changes how we report software R&D expense. Because we are now capitalizing less of these costs, you will see a divergence between our reported expense and our actual cash outlay. Specifically, for Q1 2026, we expect non-GAAP R&D expense to be approximately $7 million, which represents a 20% year-over-year increase. However, our underlying cash R&D expense—before capitalization and amortization—is actually expected to decline by roughly 15% in that same period. While this creates a year-over-year 'headwind' in our reported leverage for Q1, we expect this gap to narrow as the year progresses and we lap prior-period comps. You should view this Q1 $7 million figure as the new baseline run-rate for your models, and ignore the seasonal patterns in our R&D expense that you saw last year, as those were influenced by our prior capitalization policy.

Now, turning to our expectations for the first quarter:

We expect total revenue for the first quarter to be between $28.5 million and $30.0 million dollars, which represents approximately 6%to 12% growth over the first quarter of 2025. Underneath those headline numbers, we are expecting mortgage suite revenue to grow at or above the high end of that range, but for consumer banking growth to be more muted based on the factors I discussed earlier. We expect mortgage suite revenue growth to be driven by solid growth in mortgage volumes, where we assume the market in Q1 to be between 1.1 and 1.2 million units. This growth should be partially offset by lower year-over-year economic value per funded loan, which we expect to be $84 to $85 dollars in Q1, with the decline due primarily to the transition of certain products to a partner model.

Turning to profitability, we expect first quarter total Non-GAAP operating income to be between $2.0 million and $3.0 million. This range implies a non-GAAP operating margin at the midpoint of just under 10%. Seasonality typically pushes down operating margins in the first quarter of the year, but the accounting changes I discussed earlier also have a material impact, especially as you compare year-over-year trends.

Before we turn the call over for questions I did want to add that through our assessment of internal control over financial reporting, we identified a material weakness in our revenue process for the year ended December 31, 2025. While the material weakness was confirmed in the fourth quarter, we're also disclosing immaterial out-of-period adjustments relating to the first

three quarters of 2025. Revised figures are available in the appendix of our supplemental slides and will also be detailed in our forthcoming 10-K filing.

Lastly, I want to say that we are incredibly excited about a number of things in the business, in terms of what we can deliver to customers through some of the innovative product initiatives that Nima discussed, in terms of our execution as we focus on what matters and we leverage AI to get more done than we ever have before, in terms of our mortgage revenue returning to year-over-year growth last quarter, and in terms of a market that looks like it might show some real improvement for the first time in several years. We hope you are excited about taking the journey with us.

And now let's take your questions.