



Blend Labs, Inc.

Q2 2022 Earnings
Supplemental Slides

August 15, 2022

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, macroeconomic and industry conditions, capital expenditures, plans for future operations, competitive positions, technological capabilities, strategic relationships, Blend's opportunity to increase market share and penetration in its existing customers, projections for a sharp decrease in mortgage loan origination volumes, Blend's ability to create long-term value for our customers, Blend's expectations for revenue growth, and Blend's expectations of migration of the Title365 legacy business to Blend's software-enabled platform. 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, 2021, and its Quarterly Reports for the quarters ended March 31, 2022 and June 30, 2022 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 operating expenses, non-GAAP loss from operations, and non-GAAP net loss. These non-GAAP financial measures adjust the related GAAP financial measures to exclude non-cash stock-based compensation and warrant amortization expense, amortization of acquired intangible assets, non-recurring acquisition-related costs, and non-recurring income tax expenses or benefits related to acquisitions. 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.

Second Quarter 2022 Highlights

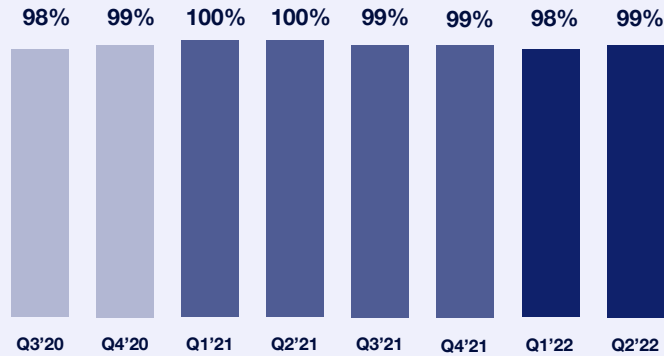
5% year-over-year growth in Platform revenue, versus an estimated 37% mortgage market volume decline

12% year-over-year growth in Blend's customer base

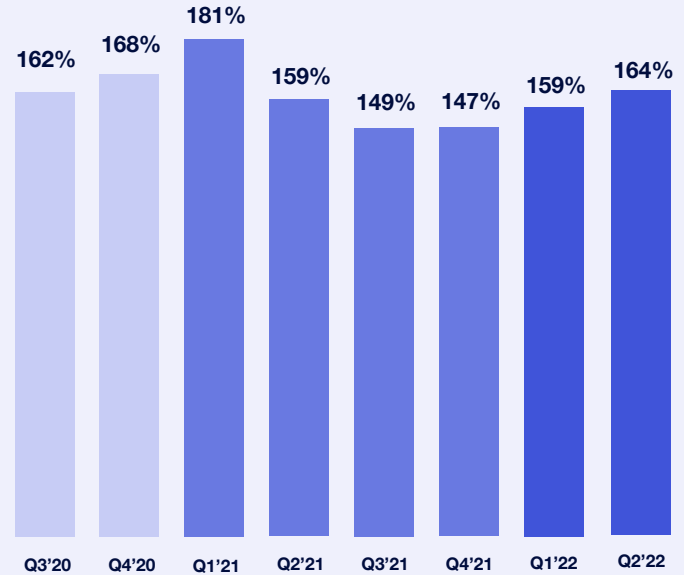
53% year-over-year growth in Consumer Banking and Marketplace revenue

We Grow with Our Customers

Gross Revenue Retention*



Market Adjusted Net Revenue Retention*

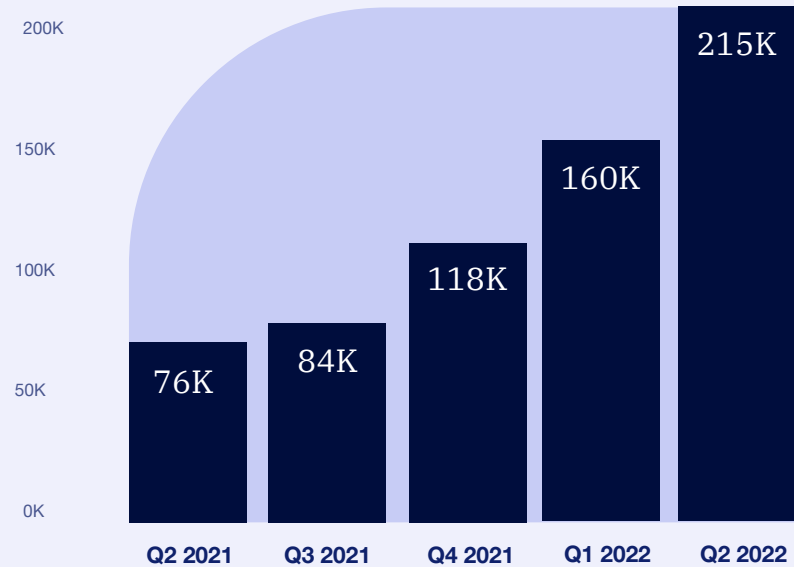


* See Note 1 and Note 2 included in Appendix

Growing our Consumer Banking platform

We continue to add new and existing customers to our Consumer Banking platform, expanding our presence in non-mortgage linked bank activities such as personal lending, auto finance, deposit accounts, and home equity

Consumer Banking Transactions*

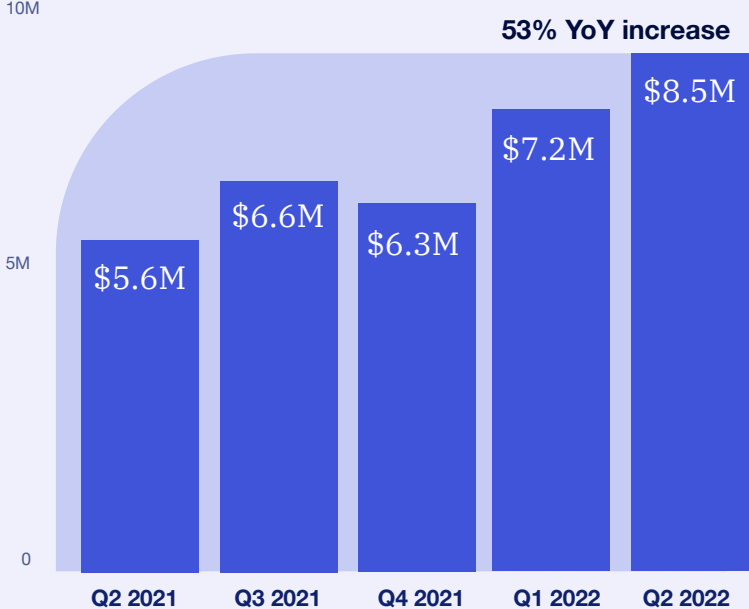


* See Note 3 included in Appendix. 2Q22 includes estimated transactions not yet reported by our customers. 1Q22 reflect actual transactions for funded loans reported by our customers and other transaction data available to us as of the date hereof. This number differs from the estimate previously published due to additional information being available to us.

Strong Revenue Performance in Blend Platform Segment

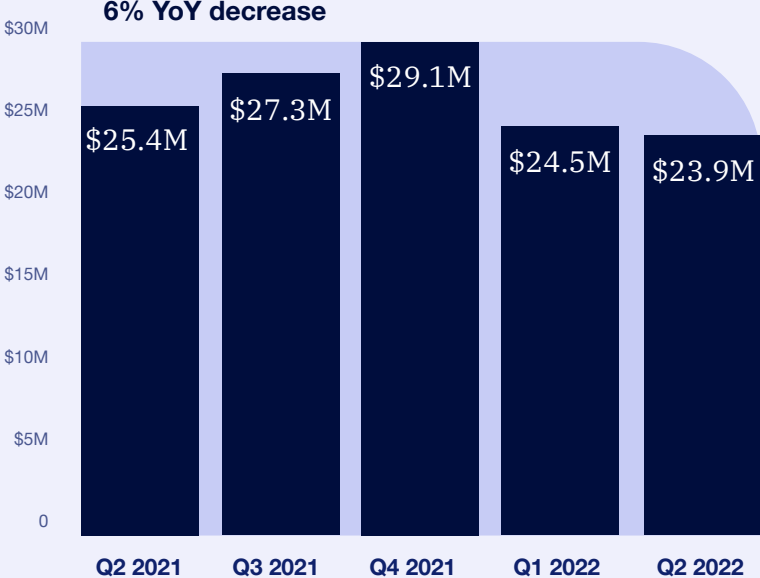
Consumer Banking & Marketplace

Consumer Banking and Marketplace revenue up 53% year-over-year, driven by increases in revenue from Blend Close, personal loans, income verification, and homeowners' insurance.



Blend Mortgage

Mortgage Banking revenue down 6% year-over-year, reflecting an estimated second quarter 2022 industry-wide decline of approximately 37% in mortgage loan origination volumes.



See Note 4 included in Appendix

Full Year 2022 Revenue Guidance

Blend Platform

\$135-145

Title365

\$95-105

(Consolidated)
Blend Labs, Inc.

\$230-250

\$ in millions

Blend 2022 revenue guidance reflects the following:

- Continued Federal Reserve interest rate and open market policy actions in the context of current market expectations.
- U.S. mortgage market origination volumes declining approximately 41% from their 2021 level, as forecasted using information from the Mortgage Bankers Association.
- Mortgage Banking outlook incorporates low-double digit declines in full year revenue from full year 2021 levels, as expected market share growth mitigates industry volume declines.
- 2022 Blend Platform segment revenue reflects over 100% annual growth in Consumer Banking and Marketplace revenue.
- Improvement in the year-end outlook for Title365's default and home equity product lines

Appendix

Revenue Growth

(in thousands)

	Three Months Ended June 30,					
	2022		2021		YoY change	
Blend Platform revenue:						
Mortgage Banking	\$	23,891	71 %	\$	25,390	79 % (6) %
Consumer Banking and Marketplace		8,512	25 %		5,569	17 % 53 %
Professional Services		1,198	4 %		1,103	4 % 9 %
Total Blend Platform revenue		33,601	100 %		32,062	100 % 5 %
Title365 revenue		31,938			—	
Total revenue	\$	65,539		\$	32,062	104 %

	Six Months Ended June 30,					
	2022		2021		YoY change	
Blend Platform revenue:						
Mortgage Banking	\$	48,375	73 %	\$	51,825	81 % (7) %
Consumer Banking and Marketplace		15,482	23 %		10,217	16 % 52 %
Professional Services		2,320	4 %		1,895	3 % 22 %
Total Blend Platform revenue		66,177	100 %		63,937	100 % 4 %
Title365 revenue		70,886			—	
Total revenue	\$	137,063		\$	63,937	114 %

Q2 2022 GAAP Financial Results

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 65,539	\$ 32,062	\$ 137,063	\$ 63,937
Cost of revenue	40,274	12,360	82,929	23,220
Gross profit	25,265	19,702	54,134	40,717
Operating expenses:				
Research and development	35,500	20,884	70,606	37,958
Sales and marketing	22,438	18,271	44,779	34,136
General and administrative	36,472	20,181	73,574	35,464
Amortization of acquired intangible assets	4,068	—	8,136	—
Impairment of intangible assets and goodwill	391,823	—	391,823	—
Restructuring	6,380	—	6,380	—
Total operating expenses	496,681	59,336	595,298	107,558
Loss from operations	(471,416)	(39,634)	(541,164)	(66,841)
Interest expense	(5,726)	—	(11,284)	—
Other income (expense), net	6	112	97	262
Loss before income taxes	(477,136)	(39,522)	(552,351)	(66,579)
Income tax (expense) benefit	(66)	45,288	2,731	45,278
Net (loss) income	(477,202)	5,766	(549,620)	(21,301)
Less: Net loss attributable to noncontrolling interest	35,831	—	36,145	—
Net (loss) income attributable to Blend Labs, Inc.	(441,371)	5,766	(513,475)	(21,301)
Less: Accretion of redeemable noncontrolling interest to redemption value	(37,008)	—	(38,450)	—
Less: Undistributed earnings attributable to participating securities	—	(5,766)	—	—
Net loss attributable to Blend Labs, Inc. common stockholders	\$ (478,379)	\$ —	\$ (551,925)	\$ (21,301)
Net loss per share attributable to Blend Labs, Inc. common stockholders:				
Basic	\$ (2.06)	\$ 0.00	\$ (2.38)	\$ (0.44)
Diluted	\$ (2.06)	\$ 0.00	\$ (2.38)	\$ (0.44)
Weighted average shares used in calculating net loss per share:				
Basic	232,501	51,956	231,421	48,547
Diluted	232,501	77,864	231,421	48,547

Reconciliation of GAAP to Non-GAAP Measures

(in thousands)

Gross Profit Reconciliation	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	GAAP Gross Profit	Non-GAAP adjustments ⁽¹⁾	Non-GAAP gross profit	GAAP Gross Profit	Non-GAAP adjustments ⁽¹⁾	Non-GAAP gross profit
Blend Platform	\$ 20,373	\$ 243	\$ 20,616	\$ 19,702	\$ 157	\$ 19,859
Title365	4,892	307	5,199	—	—	—
Total	<u>\$ 25,265</u>	<u>\$ 550</u>	<u>\$ 25,815</u>	<u>\$ 19,702</u>	<u>\$ 157</u>	<u>\$ 19,859</u>

Gross Profit Reconciliation	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	GAAP Gross Profit	Non-GAAP adjustments ⁽¹⁾	Non-GAAP gross profit	GAAP Gross Profit	Non-GAAP adjustments ⁽¹⁾	Non-GAAP gross profit
Blend Platform	\$ 40,548	\$ 554	\$ 41,102	\$ 40,717	\$ 215	\$ 40,932
Title365	13,586	489	14,075	—	—	—
Total	<u>\$ 54,134</u>	<u>\$ 1,043</u>	<u>\$ 55,177</u>	<u>\$ 40,717</u>	<u>\$ 215</u>	<u>\$ 40,932</u>

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

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP operating expenses	\$ 496,681	\$ 59,336	\$ 595,298	\$ 107,558
Non-GAAP adjustments:				
Stock-based compensation ⁽¹⁾ and amortization of warrant	28,698	6,495	52,541	10,626
Amortization of acquired intangible assets ⁽²⁾	4,068	—	8,136	—
Impairment of intangible assets and goodwill ⁽³⁾	391,823	—	391,823	—
Restructuring ⁽⁴⁾	6,380	—	6,380	—
Acquisition-related expenses ⁽⁵⁾	411	6,635	2,224	10,842
Non-GAAP operating expenses	<u>\$ 65,301</u>	<u>\$ 46,206</u>	<u>\$ 134,194</u>	<u>\$ 86,090</u>
GAAP loss from operations	\$ (471,416)	\$ (39,634)	\$ (541,164)	\$ (66,841)
Non-GAAP adjustments:				
Stock-based compensation ⁽¹⁾ and amortization of warrant	29,248	6,652	53,584	10,841
Amortization of acquired intangible assets ⁽²⁾	4,068	—	8,136	—
Impairment of intangible assets and goodwill ⁽³⁾	391,823	—	391,823	—
Restructuring ⁽⁴⁾	6,380	—	6,380	—
Acquisition-related expenses ⁽⁵⁾	411	6,635	2,224	10,842
Non-GAAP loss from operations	<u>\$ (39,486)</u>	<u>\$ (26,347)</u>	<u>\$ (79,017)</u>	<u>\$ (45,158)</u>
GAAP net loss	\$ (477,202)	\$ 5,766	\$ (549,620)	\$ (21,301)
Non-GAAP adjustments:				
Stock-based compensation ⁽¹⁾ and amortization of warrant	29,248	6,652	53,584	10,841
Amortization of acquired intangible assets ⁽²⁾	4,068	—	8,136	—
Impairment of intangible assets and goodwill ⁽³⁾	391,823	—	391,823	—
Restructuring ⁽⁴⁾	6,380	—	6,380	—
Acquisition-related expenses ⁽⁵⁾	411	6,635	2,224	10,842
Foreign currency gains and losses ⁽⁶⁾	181	—	227	—
Income tax benefit ⁽⁷⁾	—	(45,302)	(2,864)	(45,302)
Non-GAAP net loss	<u>\$ (45,091)</u>	<u>\$ (26,249)</u>	<u>\$ (90,110)</u>	<u>\$ (44,920)</u>

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

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP net loss per share	\$ (2.06)	\$ 0.00	\$ (2.38)	\$ (0.44)
Non-GAAP adjustments:				
Net loss attributable to noncontrolling interest ⁽⁸⁾	(0.15)	—	(0.16)	—
Accretion of redeemable noncontrolling interest to redemption value ⁽⁸⁾	0.16	—	0.17	—
Undistributed earnings attributable to participating securities ⁽⁹⁾	—	0.11	—	—
Stock-based compensation ⁽¹⁾ and amortization of warrant	0.12	0.12	0.22	0.22
Amortization of acquired intangible assets ⁽²⁾	0.02	—	0.04	—
Impairment of intangible assets and goodwill ⁽³⁾	1.69	—	1.69	—
Restructuring ⁽⁴⁾	0.03	—	0.03	—
Acquisition-related expenses ⁽⁵⁾	—	0.13	0.01	0.22
Foreign currency gains and losses ⁽⁶⁾	—	—	—	—
Income tax benefit ⁽⁷⁾	—	(0.87)	(0.01)	(0.93)
Non-GAAP net loss per share	<u>\$ (0.19)</u>	<u>\$ (0.51)</u>	<u>\$ (0.39)</u>	<u>\$ (0.93)</u>

(1) Stock-based compensation by function:

Cost of revenue	\$ 550	\$ 157	\$ 1,043	\$ 215
Research and development	12,516	2,832	22,382	4,218
Sales and marketing	3,179	1,924	5,702	3,297
General and administrative	13,003	1,696	24,433	2,895
Total	<u>\$ 29,248</u>	<u>\$ 6,609</u>	<u>\$ 53,560</u>	<u>\$ 10,625</u>

(2) Amortization of acquired intangible assets represents non-cash amortization of customer relationships acquired in connection with the Title365 acquisition.

(3) Impairment of intangible assets and goodwill relates to charges recorded based on the results of the interim quantitative impairment analysis performed in the three months ended June 30, 2022 in response to certain triggering events, such as a continued decline in economic and market conditions, decline in our market capitalization, and current and projected declines in the operating results of the Title365 reporting unit.

(4) The restructuring charges relate to the April Plan, under which we eliminated approximately 200 positions as part of our broader efforts to improve cost efficiency and better align our operating structure with our business activities.

(5) Acquisition-related expenses include non-recurring due diligence, transaction and integration costs recorded within general and administrative expense.

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

(7) Income tax benefit represents the non-recurring release of historical valuation allowance resulting from changes in U.S. tax law requiring capitalization and amortization of research and development costs for tax purposes.

(8) 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.

(9) Undistributed earnings attributable to participating securities relate to the income allocated to the holders of convertible preferred stock as the holders of the convertible preferred shares were entitled to dividends in priority to any dividend declared and paid to the holders of common stock.

1:

Share count outlook

(in thousands)

	Quarter ended June 30, 2022	
Weighted average shares used in calculating net loss per share (basic and diluted)	232,501	
Dilutive securities ⁽¹⁾	6,902	
<i>(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 June 30, 2022. Since the Company reported net loss for the quarter ended June 30, 2022, all outstanding potential common shares are antidilutive.</i>		
	Quarter ended September 30, 2022	Year ended December 31, 2022
Estimated weighted average shares used in calculating net loss per share (basic and diluted)	235,633	234,474
Estimated outstanding common shares as of period-end	237,485	241,513

Key Business Metrics - Volume Disaggregation

(in thousands)

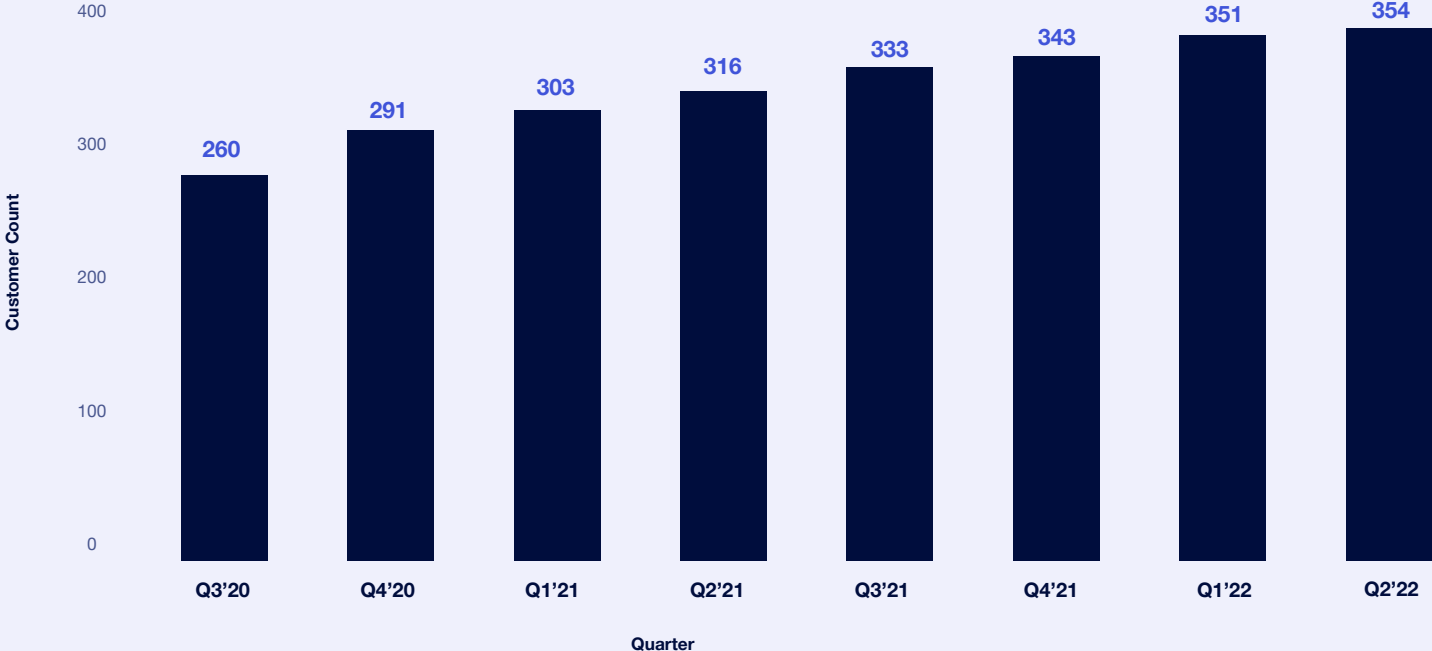
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022*
Blend Platform banking transactions							
Mortgage banking transactions	447	461	450	454	1,812	380	348
Consumer banking transactions**	48	76	84	118	326	160	215
Total Blend Platform banking transactions	495	537	534	572	2,138	540	563

**Includes estimated transactions from funded loan reports not yet received in Q2 2022*

***Consumer banking transaction counts exclude banking transactions from certain Enterprise License Agreements where those transaction counts are not available.*

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Title365 closed orders	N/A	N/A	45	35	80	27	14

Blend Customer Logo Growth



Footnotes

Note 1: Gross Revenue Retention measures revenue lost from our customer base, not including any benefits from expansion revenue or price increases. Gross retention for a quarter is calculated from total revenue from the same quarter in the prior year (excluding expansion and price increases) less revenue from customers that have churned in the last 12 months divided by the revenue from the same quarter in the prior year.

Note 2: Market Adjusted Net Revenue Retention is the percentage of management's estimated Economic Value retained from our customer base in the current quarter compared to the Economic Value from the same quarter one year ago, adjusted for fluctuations in mortgage market volumes based on third-party estimates. Current period Economic Value is aggregated for all customers who had Economic Value one year prior. This number is then divided by the market adjusted Economic Value of the previous year.

Economic Value is based on management's estimates and is defined as:

- Mortgage, close, realty, and title per funded contractual rate multiplied by the number of funded loans or transactions in the period, adjusted by the year over year market growth or decline rate, plus
- Net present value of insurance premiums sold in the period, including estimated renewals, adjusted by the year over year market growth or decline rate based on third-party estimates, plus
- Consumer banking per funded contractual rate multiplied by the number of funded loans in the period (note: not adjusted for market volume changes), plus
- Professional services and other revenues in the period (note: not adjusted for market volume changes).

To take into account fluctuations in mortgage market volumes, management adjusts our net revenue retention (i) downward in quarters where market volumes are increasing relative to prior period market volumes and (ii) upward in quarters where market volumes are decreasing relative to prior period market volumes.

Footnotes

Note 3: Consumer Banking Transactions is calculated based on the transactions for funded loans reported by our customers and other transaction data available to us as of a particular date. The number of Consumer Banking Transactions for the latest quarter shown in this presentation includes estimated transactions not yet reported by our customers for such quarter. The prior quarter estimate has been updated to reflect actual transactions for funded loans reported by our customers and other transaction data available to us as of the date hereof, and may differ from the previously published estimate. Any updates (or "true-ups") to previously published estimates of Consumer Banking Transactions have no impact on previously reported revenue for the prior quarters.

Note 4: Consumer Banking and Marketplace Revenues consist of Consumer Banking revenue (Home Equity and Personal Loans and all other consumer banking products), Ancillary Product revenue (Blend Income Verification and Blend Close), and Marketplace revenue (Blend Title, Blend Insurance, and Blend Realty).