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# Better The Microcap Conference

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January 29, 2025

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## Use of Non-GAAP Measures and Other Financial Metrics

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including Adjusted Net Income (Loss), Adjusted EBITDA and other key metrics.

We calculate Adjusted Net Income (Loss) as net income (loss) adjusted for the impact of stock-based compensation expense, change in the fair value of

warrants, change in the fair value of bifurcated derivative, and other non-core operational expenses. We calculate Adjusted EBITDA as net income (loss) adjusted for the impact of stock-based compensation expense, change in the fair value of warrants, change in the fair value of bifurcated derivative, and other non-recurring or non-core operational expenses, as well as interest and amortization on non-funding debt (which includes interest on the Convertible Note (as defined in our Form 10-Q)), depreciation and amortization expense, and income tax expense. These non-GAAP financial measures should not be considered in isolation and are not intended to be a substitute for any GAAP financial measures. These non-GAAP measures provide supplemental information that we believe helps investors better understand our business, our business model and how we analyze our performance. We also believe these non-GAAP financial measures improve investors' and analysts' ability to compare our results with those of our competitors and other similarly situated companies, which commonly disclose similar performance measures.

However, our calculation of Adjusted EBITDA and Adjusted Net Income (Loss) may not be comparable to similarly titled performance measures presented by other companies. Further, although we use these non-GAAP measures to assess the financial performance of our business, these measures exclude certain substantial costs related to our business, and investors are cautioned not to use such measures as a substitute for financial results prepared according to GAAP. Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. As a result, non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, our financial results prepared and presented in accordance with GAAP. For a reconciliation of non-GAAP measures used in this presentation to the closest comparable GAAP measures, see the "Reconciliation of Non-GAAP Measures" section of this presentation.

## Key Metrics

In this presentation, we refer to the following key metrics:

Funded Loan Volume represents the aggregate dollar amount of all loans funded in a given period based on the principal amount of the loan at funding. Refinance Loan

Volume represents the aggregate dollar amount of refinance loans funded in a given period based on the principal amount of the loan at refinancing date. Purchase Loan Volume represents the aggregate dollar amount of purchase loans funded in a given period based on the principal amount of the loan at purchase date. HELOC Loan Volume represents the aggregate dollar amount of HELOC and closed-end second lien loans funded in a given period based on the principal amount of the loan at funding. D2C Loan Volume represents the aggregate dollar amount of loans funded in a given period based on the principal amount of the loan at funding that have been generated from direct interactions with customers using all marketing channels other than our B2B partner relationships. B2B Loan Volume represents the aggregate dollar amount of loans funded in a given period based on the principal amount of the loan at funding that have been generated through one of our B2B partner relationships. Total Loans represents the total number of loans funded in a given period, including purchase loans, refinance loans, HELOC loans and closed-end second lien loans. Self-Funded Loans represents Mortgage loans held for sale, at fair value and Loans held for investment as presented on the Consolidated Balance Sheets less Warehouse lines of credit and Customer deposits as presented on the Consolidated Balance Sheets.

## Use of Data

The data contained herein is derived from various internal and external sources we believe to be reliable. No representation is made as to the reasonableness of the assumptions within or the accuracy or completeness of any projections or modeling or any other information contained herein. Accordingly, any liability in respect of the information contained herein or in respect of this presentation (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. Any data on past performance or modeling contained herein is not an indication as to future performance, and the Company disclaims any obligation, except as required by law, to update or revise the information in this presentation, whether as a result of new information, future events or otherwise.

# Executive Summary



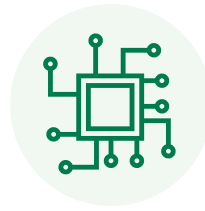
## Large and Attractive Market Opportunity

- Through cycles, U.S. home finance market is ~\$3 trillion per year
- Existing process is manual, costly and slow
- Digital disruption is underway and accelerating



## Technology & Business Model Competitive Advantage

- End-to-end proprietary origination technology powers faster, better customer experience, lower manufacturing costs, and industry-leading products
- Multiple distribution channels – D2C and B2B Partners (“Mortgage-as-a-Service”); further expansion into distributed retail with ‘NEO Home Loans Powered by Better’
- Reduced balance sheet and credit risk with large majority of Total Loans eligible for purchase by GSEs



## Demonstrated Growth & Expense Discipline

- In Q3'24, grew Funded Loan Volume 42% from Q3'23 and 8% from Q2'24
- In Q3'24, Total Expenses increased ~\$10 million vs. Q2'24; still up only 20% from Q4'23 vs. a 96% increase in Funded Loan Volume
- Demonstrated growth through continued challenging market environment and concurrent expense discipline, while also making select investments in growth



## Well-Capitalized and Positioned for the Future

- Ended Q3'24 with \$480 million of cash, restricted cash, short-term investments, and self-funded loans<sup>1</sup>
- Clear product roadmap and defined growth initiatives supported by differentiated technology and existing competitive advantage
- Expect to continue leaning into growth while managing towards profitability in the medium term

# Our Vision








Large and Attractive Market Opportunity

Relentlessly making homeownership Better for our customers



## Better

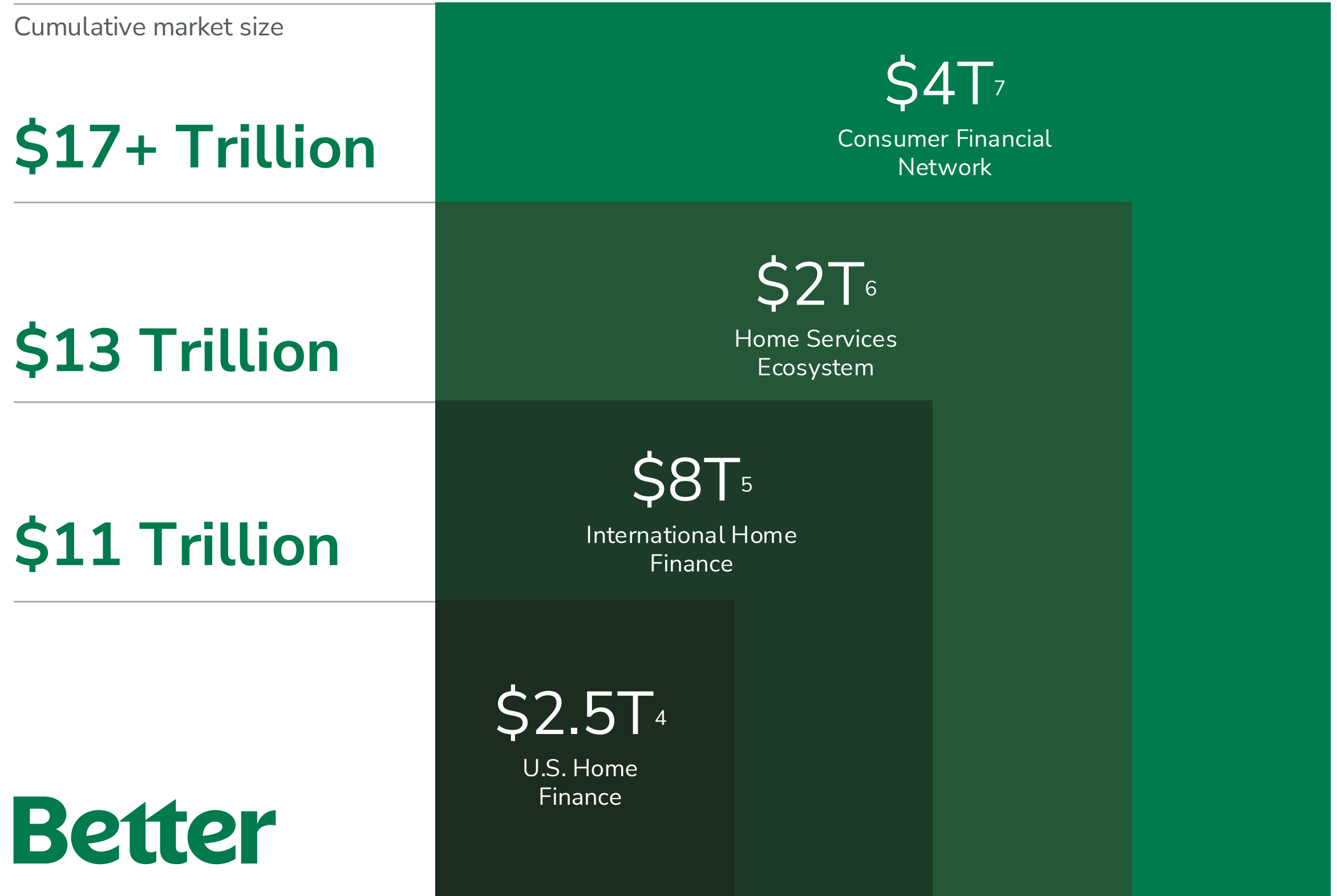
Under one roof, with one-click

	Home Finance	Buy & Sell Homes	Title	Homeowners Insurance	One Day Mortgage	HELOC	Consumer Banking
Description	Full range of mortgage and home equity loan products	Real estate agent matching engine	One-click title policy matching service	One-click Homeowners Insurance policy matching service	Enhanced traditional mortgage product offering faster certainty	Monetize home equity without resetting your rate	Banking services offered in the U.K. through Bank of Birmingham
Our Progress	 LAUNCHED Jan 2016	 LAUNCHED Nov 2018	 LAUNCHED Feb 2019	 LAUNCHED Jan 2019	 LAUNCHED 1H 2023	 LAUNCHED 1H 2023	 ACQUIRED 1H 2023

Powered by our proprietary technology, Tinman, and customer and property data

# Homeownership market is enormous

- Annual spend within the housing market accounted for on average \$3 trillion per year, 15-18% of US GDP since 2001<sup>1</sup>
- Since 2013, over 90% of new homes were purchased with a mortgage<sup>2</sup>
- For average households, home equity totals over 35% of net worth<sup>3</sup>
- In general, all mortgage transactions require at least one insurance product



**Better**



1. National Association of Home Builders – Housing’s Contribution to Gross Domestic Product  
 2. Statista Research, ‘Number of new house sales in the United States from 2000 to 2022, by financing type’  
 3. Census.gov – The Wealth of Households 2021 (including equity in own home, rental properties, and other real estate)  
 4. MBA average annual mortgage origination volume, 2017-2026E  
 5. Allied Market Research – Mortgage Lending Market Research, 2031  
 6. \$1.3T of home rental (IBIS), \$600B of home improvement (Farnsworth Group) \$13bn of US appraisal and inspection (IBIS), \$21bn of moving and storage (IBIS)  
 7. \$1.4 trillion US insurance industry net premiums (Insurance Information Institute), \$1.6 trillion student loan debt (Forbes), \$1 trillion credit card debt (LendingTree)

# Mortgage process remains challenging for consumers

## The homeownership status quo is broken:



### Expensive

Buyers pay fees to up to **10 intermediaries**, accounting for **~10%** of home price<sup>1</sup>



### Slow

The underwriting process can take up to **45 days**<sup>2</sup>



### Outdated

Innovation is going backwards with incumbents using legacy systems



### Complicated

Mortgage documents can reach **500 pages** long<sup>3</sup>

## Our vision is to deliver an experience that is:



Better Experience

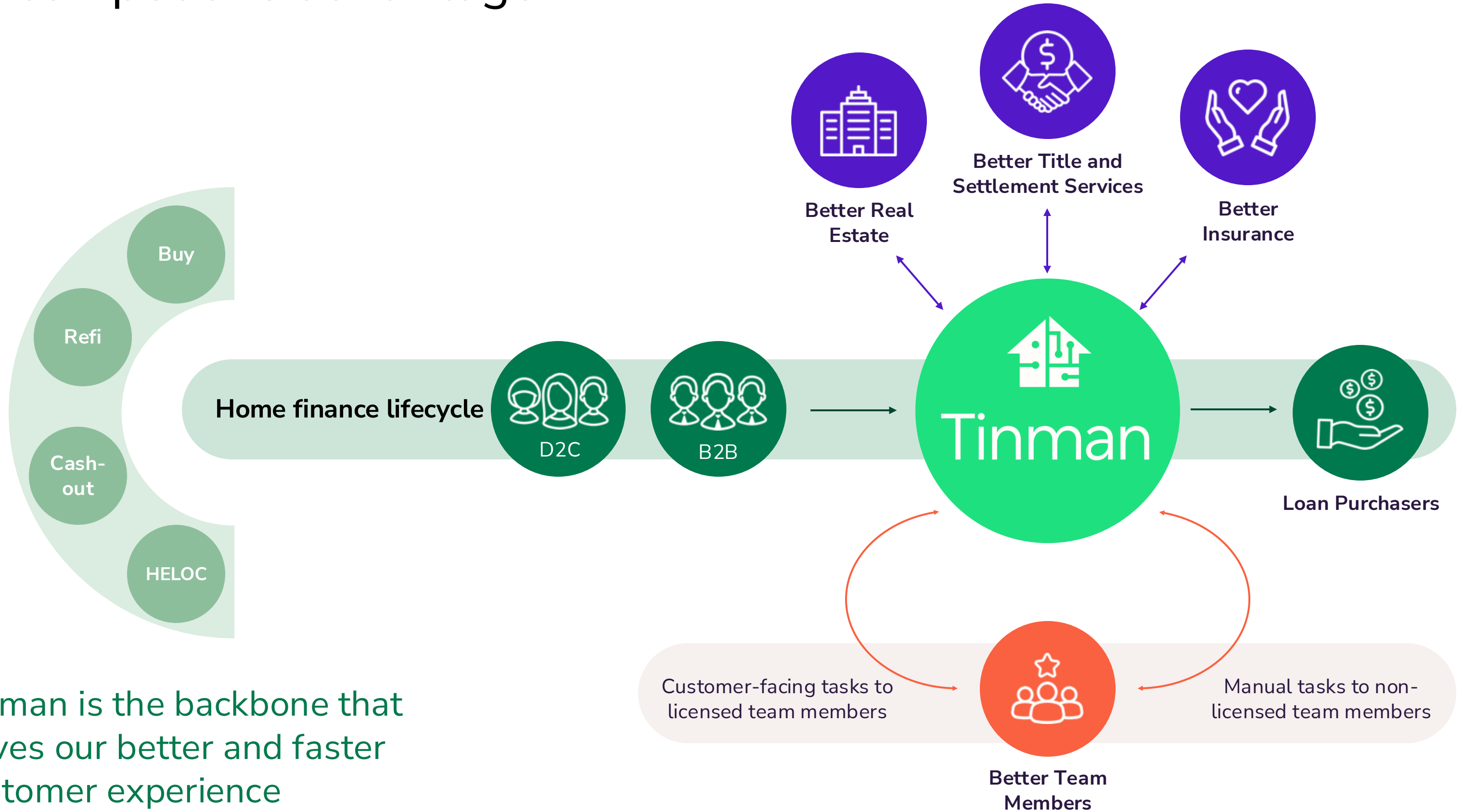


Faster Processing



Driving the Best Value

# Our end-to-end proprietary technology, Tinman, powers our digital competitive advantage



Tinman is the backbone that drives our better and faster customer experience

# Our proprietary technology delivers tangible results

## Better Customer Experience



Represented  
**80%**  
of Q3'24 D2C loans

## Decreased Fulfillment Cost

**35%**  
Below industry average  
of \$9,000 per loan<sup>1</sup>

## Increased labor productivity

**17.7**  
Funds per Month by the  
Average Ramped Better  
Mortgage Loan  
Consultant<sup>1</sup>

**4x**  
Above the Industry  
Average<sup>1</sup>

## Superior loan quality

**0%**  
Better Post Closing  
Defect Rate<sup>2</sup>

**1.53%**  
Industry Average Post  
Closing Defect Rate<sup>2</sup>

1. Based on 2023 data reviewed as part of an internal benchmarking exercise in conjunction with the Mortgage Bankers Association/STRATMOR data  
2. Based on a 2H 2024 Post closing Quality Control Sample

# Tinman powers Better and our partners

Reduce costs, improve experience, improve quality

# Better

## D2C

Own entire customer experience end-to-end

- ✓ Direct customer acquisition
- ✓ Low-cost value proposition
- ✓ Better-branded, high quality customer experience



## B2B

Zero-CAC, co-branding or white-label solutions

- ✓ Same digital-first experience as D2C
- ✓ Strong brand affinity
- ✓ Powered 100% by Better technology
- ✓ Provide bespoke experience by combining existing solutions and customizing functionality
- ✓ Plan to further diversify Better's distribution channels by leveraging Tinman to power local loan officers through 'NEO Powered by Better'

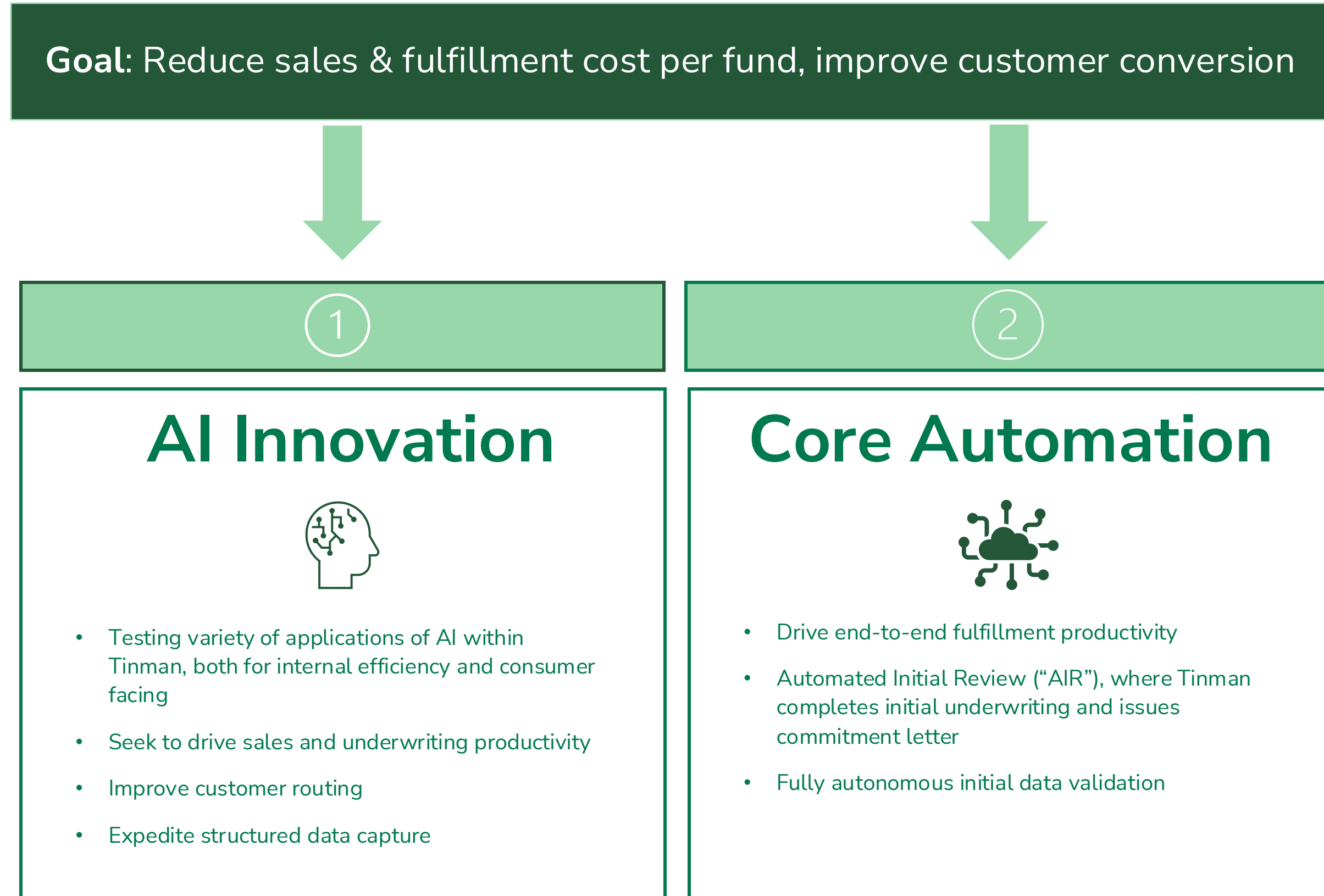
## D2C Online

- Online adoption of mortgage is expected to continue to increase
- Meet customers where they are through digital, self-serve platform
- Leverage AI to improve responsiveness and speed

## Local

- Lower acquisition cost model compared to digital channels
- Improved pricing given differentiated, white-glove service
- Relationship-based conversion benefits drive strong unit economics

**Grow purchase by leveraging technology across distribution channels**



## What is Betsy?

Betsy is an **AI voice platform** programmed to make or take calls from borrowers as a virtual company representative and increase Better's sales team efficiency. Betsy can make calls on behalf of sales representatives and is more scalable than hiring additional headcount.

## What can Betsy do on calls with customers?

Betsy is programmed to verbally communicate with customers to:

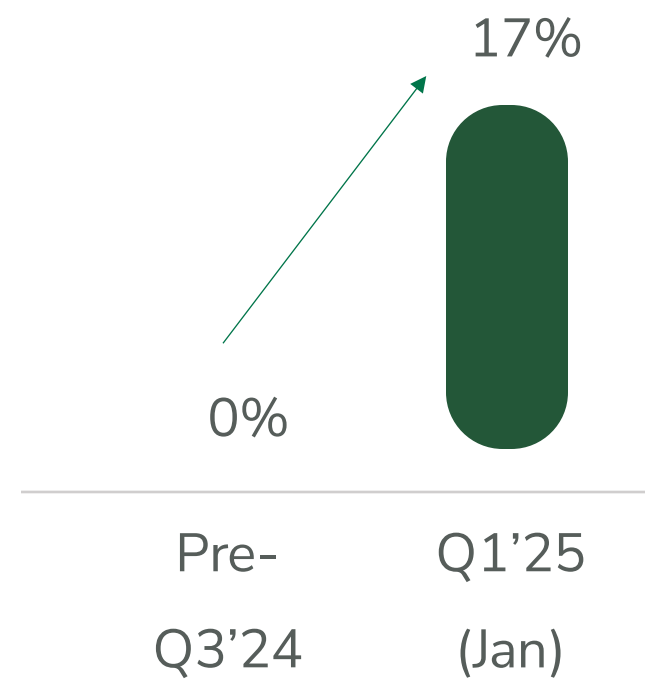
- ✓ Answer mortgage application inquiries
- ✓ Collect and verify outstanding application data
- ✓ Connect customers with complex questions to experienced loan team members
- ✓ Resolve issues in real-time instead of keeping the customer on hold

## The **Impact** of Betsy

- **Increased Capacity for Sales Reps:** Betsy creates **immediate bandwidth** for Loan Consultants, Home Lending Advisors, and Sales Development Associates by taking on a portion of their call workload and enabling them to manage higher loan volumes.
- **Scalability:** Betsy provides a **more scalable and cost-effective** solution than hiring additional headcount and requires no training, while improving our speed to lead.
- **24/7 Service:** Betsy provides close-to-real-time customer outreach and inquiry support and can be available whenever customers needs us

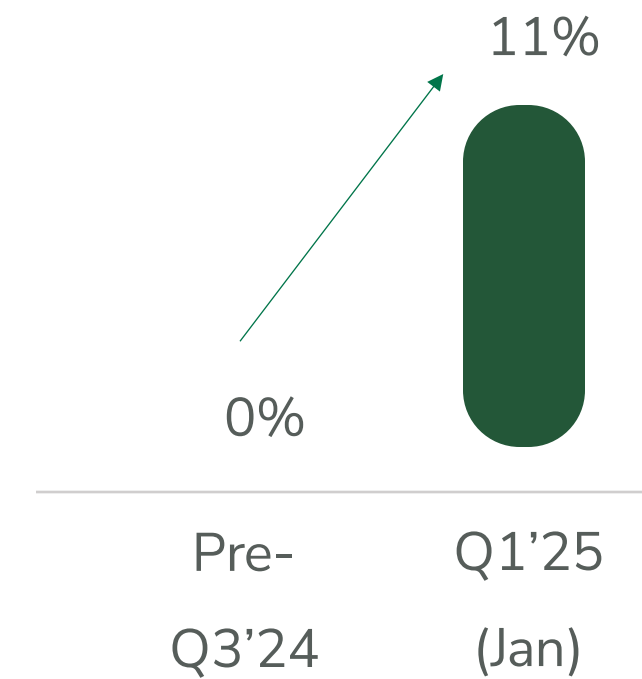
**Introducing Betsy™:**  
Revolutionizing Sales Calling  
through Artificial Intelligence

## AI-Generated Outbound Calls



As Betsy's capabilities improve, working to **increase AI-answered calls to improve customer connect rate and decrease labor cost**

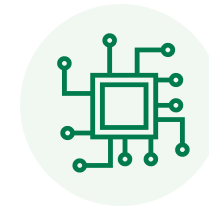
## AI-Answered Inbound Calls





## Regulatory Tailwinds

- With new administration, mortgage regulatory risk is expected to ease
- Increased digitization and innovation on behalf of the customer in mortgage space
- Post-financial crisis, regulatory changes and compliance-related processes have added on average 50-100 basis points (\$2-4k on a \$400k loan) in additional costs to the loan origination process<sup>1</sup>



## AI Benefits

- New administration likely to support rapid expansion of AI use cases
- Mortgage industry ripe for AI disruption given formulaic, repetitive tasks



## Alignment of Economics

- Expect originators to be rewarded for high quality production and further economic bifurcation benefiting high quality producers
- Our technology drives lower than average defect rates

# Focus on Target Opportunities



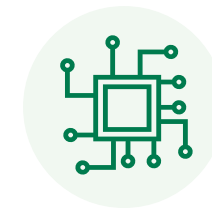
## Funnel Conversion

- Increase pull-through on approximately 60,000 monthly mortgage application starts through product & service enhancements
- Strengthen relationships with real estate agents to improve purchase distribution
- Continue hiring experienced Loan Officers with demonstrated customer service track records on highly variable, low fixed compensation plans to align incentives with business outcomes



## Acquisition Channel Diversification

- Increase acquisition spend in performing channels, while cautiously investing in new channels and brand marketing
- Onboard additional B2B partners, leaning into home equity demand
- Persist through extended B2B sales cycles given our platform advantage and favorable medium-term trends of banks and others exiting mortgage



## Continued Investment in Automation and AI

- Investments made over the past three years enable operating leverage as we grow, where we expect to grow revenue faster than expenses
- Continued investments in One Day Mortgage to make customer experience highly automated and best in class
- Continued investments in AI to reduce labor cost and customer time spent



## Fixed Cost Reduction for Improved Profitability

- Continued re-evaluation of vendor costs and criticality
- Continued targeted reductions in corporate overheads
- Sustain well capitalized positioning by cautiously managing liquidity

# Reconciliation of Non-GAAP Measures

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## Reconciliation of Non-GAAP Metrics

<i>(Amounts in thousands)</i>	Three Months Ended September 30,		Three Months Ended June 30,
	2024	2023	2024
<b>Adjusted Net Loss</b>			
Net income (loss)	(\$54,080)	(\$353,889)	(\$41,365)
Stock-based compensation expense	5,487	39,417	7,959
Change in fair value of warrants and equity related liabilities	(206)	(861)	102
Change in fair value of bifurcated derivative	—	237,667	—
Restructuring, impairment, and other expenses	43	679	184
<b>Adjusted Net Loss</b>	<b>(\$48,756)</b>	<b>(\$76,987)</b>	<b>(\$33,120)</b>
<b>Adjusted EBITDA</b>			
Net income (loss)	(\$54,080)	(\$353,889)	(\$41,365)
Income tax expense / (benefit)	126	659	203
Depreciation and amortization expense	8,259	10,492	7,990
Stock-based compensation expense	5,487	39,417	7,959
Interest and amortization on non-funding debt	1,631	11,939	1,668
Restructuring, impairment, and other expenses	43	679	184
Change in fair value of warrants and equity related liabilities	(206)	(861)	102
Change in fair value of convertible preferred stock warrants	—	—	—
Change in fair value of bifurcated derivative	—	237,667	—
<b>Adjusted EBITDA</b>	<b>(\$38,740)</b>	<b>(\$53,897)</b>	<b>(\$23,259)</b>

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Thank  
You

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Q&A

