

CORPORATE PARTICIPANTS

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Karen Tan

Good afternoon, everyone, and welcome to Bird's Third Quarter 2022 Earnings Conference Call. Before we begin, I need to remind you that all statements made on this call that do not relate to matters of historical fact should be considered forward-looking statements under the U.S. federal securities laws, including statements regarding our current expectations for the business and our financial performance. These statements are neither promises nor guarantees and are subject to risks and uncertainties that could cause actual results to differ materially from the historical experience or present expectations.

A description of the risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements on this call can be found in the Risk Factors section of our Form 10-K for the year ended December 31, 2021 filed with the SEC on March 15, 2022, in the Risk Factors section of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 filed with the SEC on August 15, 2022, and in our other filings with the SEC.

This call will also reference non-GAAP measures, including Adjusted EBITDA, Adjusted Operating Expenses, Ride Profit Margin and Free Cash Flow that we view as important in assessing the performance of our business. A reconciliation of each non-GAAP measure to the nearest GAAP measure is available in our earnings release on the company's Investor Relations page at ir.bird.co. The growth percentages that follow are in comparison to the same period of the prior year, except as otherwise specified. I will now turn the conference over to Bird's President and CEO, Shane Torchiana.

Shane Torchiana

Thank you, Karen, and thank you all for joining us today for our third quarter earnings conference call.

Before I begin, I want to take a minute to thank the Board and our employees for putting their trust in me to lead our exceptional company in our next chapter as CEO. Over the last four years here, I have gained a solid understanding of what drives our business. This experience coupled with my prior experiences as a management consultant (largely spent taking out costs at large companies), and as an investor (looking

at asset valuations) have been instructive as I've thought through what we can do to drive profitability and create long term shareholder value.

Today, we are at an inflection point in our business. Looking ahead, we will prioritize cash generation against near-term growth. Through 2021, Bird stood out in an investment ecosystem that prized companies with high growth potential with less of an emphasis on the cost of achieving that growth. Given our strong product market fit and annual revenue growth rate of 48% from 2018 to 2021, we thrived in this environment. However, today's macroeconomic environment and accordingly different market sentiment have caused us to revisit the strategy to tilt the focus more towards self-sustainability over growth. To be clear, we remain bullish on the long-term growth prospects of the category but prefer a path that proves profitability before capturing the full market opportunity.

We have had to adapt quickly, taking aggressive steps to accelerate our path to achieve profitability. Specifically, we have 1) sharpened our geographic and product focus, 2) enhanced the structure of our leadership team to fit to our strategy, and 3) initiated a 40-50% overall reduction in our central cost structure versus Q2.

Looking ahead, we see three pillars to drive our path to self-sustainability.

The first of the three pillars is to be the trusted partner that cities deserve.

Recently we've doubled down on putting cities at the center of everything we do. Building on progress made this year, we plan to continue to work closely with and listen to our city partners to understand their pain points deeply. Against these transportation pain points (e.g. safety, clutter, equity of access, and sustainability), we expect to continue to work diligently across our technology, operations, and government partnerships teams to build our offering (recent examples include sidewalk detection, and virtual parking in collaboration with Google) in order to be at the forefront of city innovation. This, we believe, is essential in building capital-T trust and a sense of partnership with our cities, which in turn is key in retaining our existing permits and growing our footprint with new cities.

Our second pillar is to continue to improve asset efficiency.

You could think of this as improving the return on our assets. The three legs of this stool are: 1) improved supply-demand matching through our new demand based vehicle drop model, 2) increasing our vehicle deployment rate and 3) extending the average life of our vehicles.

As previously referenced, we are investing in our model for street level vehicle supply and demand matching. This supply and demand-based local optimization combines leveraging our deep local expertise from our team and fleet manager partners and the data-driven insights captured by the over 175 million Rides we've generated. Currently far too many of our vehicles are being dropped in locations every day where we know they won't drive incremental trips. Correcting this is a complex but exciting area of vast opportunity for Bird and our fleet manager partners. We are currently in the process of optimizing the balance of utilization lift from optimal drop locations with the incremental additional efforts required for those drops. Based on testing in 100 plus markets over the last several months, this initial optimization is expected to significantly improve the rider experience (i.e., likelihood of proximate vehicle becoming available), our seasonally adjusted utilization rates, and ride margins. Specifically, we expect that we can increase our vehicle utilization by 10-20% in the near-term, perhaps even more in the longer-term.

Second, we can be more efficient with how many vehicles our fleet manager partners need at any given time to support vehicle caps in a local market. We have a clear path to deploy more of our vehicles at any given time versus having them sitting in a warehouse charging or awaiting repair. The primary benefit of this is that we can capture incremental growth opportunities without having to spend more capital on new vehicles.

Lastly, by continuing to improve our inventory management product, investing in new methods, tools, and training for repair and refurbishment, better aligning our fleet manager partners' profiles and incentives, and rolling out even more efficient vehicles – for instance, with swappable batteries and better tracking devices – we should expect to not only see a higher percentage of our fleet out on the road at any given time but also continue to extend the useful average life of our vehicles. Even longer useful lives will continue our strong historical trend of reducing capital expenditures, expanding gross margins by decreasing depreciation per trip, and reducing Bird's greenhouse gas impact (as carbon from vehicle creation is spread over more trips).

Our third major pillar is to align cost structure with inflows.

Our last strategic pillar is to ensure our cost structure is aligned with the cash margin our business generates. Our #1 priority for our business is to be free cash flow positive and ultimately, self-funding. We have made great progress in reducing our costs and will seek to ensure that discipline remains part of our DNA going forward.

Earlier this year, we announced our profitability-focused strategy to evolve our business to be self-funding, including: (1) focusing on our profitable core Sharing business, (2) adjusting our city footprint to focus on our higher-margin markets, and (3) streamlining our fixed cost structure. Our team has worked diligently to execute on each of these initiatives, which we believe will continue to flow through our financial performance as we progress into early fiscal 2023.

As we noted last quarter, we have slowed the expansion of our retail product sales business and prioritized our core Sharing business. In doing so, we expect to reduce the drag from a lower-margin, capital intensive business. We plan to continue to sell a minimal amount of retail products and support our channel and retail partners, but the revenue and profit contribution is expected to become immaterial as we head into fiscal 2023.

We've looked at the performance data closely in all of our markets and regions and it has become clear that some markets are still too far from supporting a vibrant, self-sustaining micromobility industry. In some cases, this is a result of under-regulation — e.g., no vehicle caps — that leads to an oversupply of vehicles and operators alike, some of whom don't behave rationally financially. For instance, we recently captured the leading position in some large German markets but learned in the process that it is unlikely any operator will be turning a profit in those markets any time soon. As a result, we have made the tough decision to exit entirely from Germany, Norway, and Sweden, as well as to wind down operations in several dozen additional smaller to mid-sized cities across Europe and somewhat in the US. Going forward, we expect that our EMEA footprint will look materially different, focusing on markets where we are a leader and where our asset productivity — as measured by margin per vehicle per day — is attractive. We don't believe that selling \$2 for \$1 is a viable business strategy and do not plan to stay in markets where that's a requirement. While this change is expected to reduce top-line revenue by \$20-25 million on an annual basis, we expect these market exits will actually increase our gross profit dollars by approximately \$10 million on an annual basis. This is on top of the additional operating expense savings that fall below gross margin.

Transitioning to operating expense reduction initiatives, in Q3 we executed on our \$80 million annualized cost savings target and achieved an annualized operating expense run-rate of approximately \$160 million. But as we look ahead to fiscal 2023, we are taking on a more aggressive approach to cost optimization efforts and have uncovered opportunities to drive additional set of efficiencies. Along with our market footprint adjustments, we are taking additional cost savings actions, and expect to bring our annualized adjusted operating expense run-rate to \$120-130M, reducing central costs by 40-50% from Q2. We expect to see these savings mostly completed in Q4 2022 and to realize the full benefit in early 2023.

As noted above, our #1 priority is for our business to be free cash flow positive, and secondarily to turn Adjusted EBITDA positive on a full-year basis, even if we have to sacrifice some growth to achieve that.

I will now turn the call over to Ben to review our financial performance and outlook in more detail.

Ben Lu

Thanks, Shane.

I also want to start by recognizing the incredibly talented Bird management team and employees that I now have the privilege of working with. As an outsider, I was impressed by what this company has accomplished over the past five years and two months into the role, I am even more impressed by the resiliency, hard work and dedication that the entire organization puts forth each day. More importantly, our operations and finance teams have been nimble and adaptive to change as we work diligently and collectively to evolve our business to one that is profitable and self-sustainable.

While we are prioritizing profitability in the short-term, we remain optimistic about the mid to long-term prospects of the industry. We are committed to being a leader in environmentally friendly electric transportation around the world.

Before I talk about the quarter, let me briefly address the accounting restatements disclosed in our earnings release today.

During the evaluation of our rider wallet subledger, we found a design error within our internal back-end IT systems. The systems do not capture some failed payments occurring after the completion of a ride that

were incorrectly booked as revenue, resulting in the overstatement of revenue and understatement of deferred revenue. As a result, we expect to restate our historical revenues by \$12.5 million in the first two quarters of fiscal year 2022, \$14.6 million in fiscal year 2021 and \$4.5 million in fiscal year 2020. More specific details will be included in our amended 10-K and 10-Qs when filed.

For context, we had been evaluating our rider wallet subledger for the purposes of recording breakage revenue. By way of background, breakage revenue is akin to companies with gift card programs. Companies estimate the amount of gift card balances that they expect not to be redeemed, and record this as estimated breakage revenue. At Bird, many customers have created preload wallet deposits that are available for future redemption via rides. We are evaluating the probability that a portion of the US wallet balance, which currently sits at \$67 million, will not be redeemed.

While the restatement will reduce our historical revenues, we are in the process of completing an analysis of preloaded wallet balances against historical redemption patterns, which we expect to be completed in the next quarter. Upon completion, we expect to record recurring breakage revenue and also anticipate booking a true-up that would increase our revenues next quarter.

It is also important for you to know that there is no impact on our cash position or cash flows as a result of these two accounting changes.

Now onto our third quarter financial results.

We reported our first quarter of positive Adjusted EBITDA and cash flow from operations to the tune of \$200K and \$2.2 million, respectively. And with minimal capex of \$3.5 million in the quarter, our free cash flow was slightly negative \$1.2 million, demonstrating strong progress against our target of turning the business to positive free cash flow. Of course, the seasonally colder winter months will be more challenging for free cash flow, but we are continuing to align our cost structure and prudently managing our capex spending to put us on a path to self sustainability.

For the quarter, we reported revenues of \$73 million, up 19% against Q3 last year, consisting of a 15% increase in Sharing revenues and \$2.7 million increase in Product Sales. The 15% increase in Sharing revenues was driven by a 9% growth in rides.

Our Q3 rides reached a record high, but did come in below our expectations, while our deployed vehicles were up 49%. Lead times for our vehicles were exceptionally long last year and had reached up to 12-18 months. When we placed our vehicle orders in the first half of 2021 in the midst of a challenging global supply chain environment, we overcommitted on our vehicle orders, which led to the near-term mismatch between ride volume and vehicle deployment. Going forward, you can expect us to be much more disciplined around our vehicle capex spending as we focus more on improving our asset deployment strategy that Shane had mentioned earlier.

Now let me talk briefly about our margins.

Consolidated gross margin reached a record 38%, up from 13% last year, benefiting from lower depreciation, operational efficiency from greater scale, and a one-time benefit from retail product sales that were booked as contra-cost of product sales.

Ride profit margin before vehicle depreciation also reached a record 55%, up from 45% last year with 5% point of improvement driven by operational efficiency as we scale across larger fleet manager partners. Including depreciation, Sharing gross margin was 37% compared to 14% last year, due primarily to asset impairments from last quarter and tariff adjustment.

By region, North America's sharing gross margin was 39% compared to 24% a year ago, and EMEA's sharing gross margin was 32% compared to a loss of 11% last year.

Q3 adjusted operating expenses increased 9% year-over-year to \$40 million, slower than the 19% increase in revenues and decreased nearly 30% from \$56 million in Q2, achieving our annualized run-rate cost savings of \$80 million. As Shane had mentioned earlier, we expect to further reduce our adjusted operating expense to an annualized run-rate of \$120-130 million, versus our prior guidance of \$160 million.

We ended Q3 with total cash and restricted cash of \$88 million, including \$39 million of unrestricted cash. Additionally, as of September 30, 2022, we have 48.5 million shares of equity financing available through our standby equity purchase agreement with Yorkville, which we may seek to use depending on market conditions.

In October, we amended our existing \$150 million Apollo vehicle financing facility to align amortization payments with seasonal peaks of the business in the summer months when vehicles generate the most cash and provide greater financial flexibility in the winter months. Additionally, we paid down \$45 million of the facility loan balance using our restricted cash, which will significantly reduce our future interest and amortization payments.

We estimate that our capex next year should be fairly minimal as we focus more on improving our vehicle utilization and deployment strategy.

Now, as a result of the new accounting changes I mentioned earlier, we are withdrawing our previous fiscal year 2022 revenue guidance of \$275-325 million. As I had noted earlier, we are working to estimate a one-time true-up to breakeven for Q4 and on a go-forward basis as well as refining our near-term forecasting as we implement these two accounting processes. We remain focused on achieving our cost reduction plans that will better position the company to reach full-year EBITDA profitability.

For some context however, our current ride trends thus far in the quarter are tracking in line to slightly below normal seasonality, which is that both total rides and rides per deployed vehicle tend to be seasonally softer as we head into the winter months. In addition, we will see some modest revenue reduction due to the announced exit from several unprofitable markets though this should positively benefit our overall gross profit dollars.

And, with that, I'll turn it over to Karen to go over questions from our investors using our new Q&A platform, before opening the session to our analysts.