CORPORATE PARTICIPANTS
Shane Torchiana, Chief Executive Officer, Bird
Michael Washinushi, Chief Financial Officer, Bird

Good morning everyone and welcome to Bird's first quarter 2023 financial results conference call. On this call are Shane Torchiana, Bird's CEO; and Michael Washinushi, Bird's CFO. Before we begin, I need to remind you that all statements made on this call that do not relate to matters of historical fact to 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, 2022 and in our other filings with the SEC.

On this call, management will also reference non-GAAP measures including adjusted EBITDA, adjusted operating expenses, ride profit before vehicle depreciation, and free cash flow; which we view as important in assessing the performance of our business. A reconciliation of each non-GAAP measure to the most directly comparable 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 in the prior year except as otherwise specified. I will now turn the conference call over to Shane Torchiana.

Shane Torchiana

Thank you all for joining us today for our first quarter fiscal 2023 financial results conference call.

We reported $29.5 million in revenues in Q1, with $28.5 million in Sharing revenues, with a 16% Sharing gross margin and 52% Ride Profit margin (before vehicle depreciation), up from 35% last year.

As a reminder, Q1 is our slowest – and coldest – seasonal period, but as we enter Q2 and warmer weather we continue to see strong demand for micromobility and eco-friendly transportation across the hundreds of cities we serve. To put this into context, there are 90 markets that launch operations in Q2 that weren't operating in Q1 (including all of our Canadian markets), representing 14% of expected Q2 revenue. We also see higher revenue per vehicle per day as the weather warms and people get out into the world.

As we stepped into 2023, we've seen great progress on the transformation we began in Q3 of last year. As part of that we remained laser focused on our mission to provide clean, equitable transportation alternatives for the consumers, communities and cities we serve, while fully committing to be a self-sustaining company that generates positive cash flow this year.

That transformation relies on three focus areas: aligning our costs to cash inflows, improving asset efficiency, and being a trusted partner to the cities we operate in. This strategy has set us on our way to a free cash flow and EBITDA positive 2023, and also supports our long-term growth plan in what continues to be a multi-billion-dollar addressable market.

Now, I'd like to dive a bit deeper into Q1 specifics in those three major focus areas.

First, aligning cost structure with inflows.

As we've discussed, our top priority is to be free cash flow positive, and ultimately, self-funding.

As part of this, we continue to decrease our adjusted operating expenses year-over-year, targeting approximately $100 million of total cost for this year. We ended the first quarter with adjusted operating expenses at $30.6 million, down 39% year-over-year, and expect our cost optimization initiatives will continue to flow through our financial performance as we progress in fiscal 2023.

Ride Profit margin (before vehicle depreciation), which is a proxy for city level cash margin, reached 52% for Q1 2023. Throughout Q1, we continued to aggressively reduce our central cost structure with savings from exiting our lowest performing cities in EMEA and North America and reducing unnecessary central overhead cost aggressively.

Our second focus area is improving asset efficiency.

To reiterate, the three legs of our asset efficiency stool are: 1) improved supply-demand matching through our demand-based vehicle drop model; 2) increasing our vehicle deployment rate and 3) extending the average life of our vehicles.

At the beginning of the year we began deploying a new software-at-scale to improve where we drop scooters that also layers in predictive models that anticipate where the next rides will take place, with the goal of improving scooter utilization. As we increase adoption of new vehicle placement technology, we continue to see substantial optimization; specifically, that markets where it's been implemented have seen an over 25% increase in revenue per vehicle per day, compared to the markets where this technology has not been implemented. This is in line with our prior expectations, but there is still far more upside to this figure as we further improve drop locations, routing, and rebalance logic using this model.

Additionally, we are in the process of repairing and refurbishing damaged and underutilized devices, ensuring our key markets have the latest vehicles and that they’re in excellent shape for riders this spring and summer. Building out a more robust repair capability in local markets leads to longer-term CapEx, as we get more rides out of the same vehicles, and also extends the useful life of the vehicles to several years or more.

We expect to see continued upside ahead in repair and in useful life as we roll out learnings from our recent Canadian acquisition, where we saw repair rates that were considerably faster and average vehicle life – on the same vehicles we operate at Bird Global – of 1 to 2 additional years.

The third pillar to our roadmap is to be the trusted partner that cities deserve.

We are focused on generating cash flow from our existing markets and exiting any lagging Markets, while deepening existing partnerships within our profitable cities and selectively expanding where we expect to see a clear return on our investment. Our relationships with city regulators and officials are the key to Bird’s long-term success. Ensuring they are happy with our relationship not only streamlines our operations but also unlocks growth in the business.

We are working constructively with cities around the world to evolve regulations to better meet the needs of all stakeholders. As an example of our efforts to improve relationships with cities and regulators, we have recently worked with city officials in Atlanta, Nashville, Cleveland, Cincinnati, Richmond, Lexington, St. Louis, and Gainesville to extend the hours and areas of operations for their micromobility programs. By permitting micromobility operations in new areas and in the evenings, these cities are offering their residents a reliable, sustainable transportation option for getting home at night, and of course, these policies benefit our revenue as well.

Moving to our European operations, over the past 8 months, we have also shut down a significant portion of the European markets we operated in. As planned, this results in dramatically reduced operating expenses and a higher quality footprint which is one of main drivers behind the financial improvement in our European business. With these changes, we continue to be more focused on executing in our core business and portfolio in the region.

I’m also pleased to share a recent RFP success we had in Australia with the City of Perth. This new city that launched in Q2 marks the first major Australian city for our shared e-scooter services, building upon momentum in the country with successful operations across Bunbury, Albany and Margaret River.

In Q1 we experienced continued momentum in North America and Europe as well, including notable city wins in North America: Lincoln, Nebraska; Burlington, Vermont; Logan, Utah; Montgomery, Alabama; Grand Junction, Colorado; Orange County, Florida; and Pocatello, Idaho, and in EMEA: Grosseto in Italy, Bastia, Ajaccio, and Vichy in France. These wins point to the market potential we have yet to capture.

In addition to new launches, we are seeing success with permit renewals in a number of cities where Bird already operates. In the U.S., this notably includes Louisville, Kentucky; South Bend, Indiana; and more. Internationally, we renewed our permits with Tel Aviv, Israel and Turin, Italy, showcasing the continued demand for micromobility as well as a strong satisfaction with Bird from our city partners. In many cases, these renewals include expanded operating zones and led to bigger fleet caps.

Lastly, we are committed to investing in new technologies. These new technologies are designed and integrated into the Bird rider experience in order to support safe riding and parking. New product solutions include Global Google Maps Integration, Enhanced Bird Visual Parking System, Rider Age Verification, Double Riding Detection and Camera-Equipped Vehicles to detect unsafe riding. These technologies plus many more to come will continue to give Bird an edge with cities, especially in comparison to subs-scale players in the category that cannot invest in the same level of technological development.

To conclude, I'd like to thank our riders, city partners, and our team of Bird employees around the globe. Without you, none of this would be possible. We are still in the early days of seeing the impact from our transformation but with the dramatic improvement on margin year-on-year, even in our coldest quarter, I am more than excited about our prospects of becoming a self-sustaining, free cash flow positive company in 2023.

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

Michael Washinushi

Thank you, Shane.

I would like to start by recapping a few key highlights from Q1. I am pleased that we ended the quarter with significant year-over-year improvement on our gross margins (excluding

Depreciation), net income and adjusted EBITDA, showcasing the effectiveness of our cost optimization efforts. As Shane highlighted, Sharing gross margin came in at 16%, Ride Profit margin (before vehicle depreciation) increased to 52%, up from 35% last year. Operating cash flow was negative $(21.7) million and free cash flow came in at negative $(25.3) million, also aligning with our goals to become a self-sustaining, free cash flow positive growth company.

While we are still in the early stages of our strategic plan to optimize the business for profitability and cash flow, I am pleased with the progress we have to share today.

Now on to our first quarter results. Total revenue came in at $29.5 million, down 17% or $5.8 million year-over-year, of which $4.1 million was due to lower product sales as we strategically exited our retail business over the course of 2022. Our core Sharing business, which represents nearly 97% or the majority of revenues, declined 5% year-over-year. Rides in Q1 declined 30% year-over-year. As a reminder, our Q1‘22 comparison was also before exiting a number of unprofitable markets, resulting in meaningful drag to revenues in Q1’23, affecting growth. As we exited the seasonally slower winter months, we continued with unseasonably cold conditions in the Northwestern, Northeastern and Central northern portions of the US. Additionally, we experienced unexpected new IDV regulations in EMEA.

Q1 consolidated gross margin reached 17%, up 15 points from 2% last year, and ride profit margin before vehicle depreciation reached 52%, up 17 points from 35% last year, primarily driven by lower cost of sharing. While cost benefited from lower rides, we realized a favorable change in the effective fleet manager payment rate due to the closure of several jurisdictions in which we paid higher payments.

Q1 adjusted operating expenses decreased 39% year-over-year to $30.6 million, compared to $50.0 million last year. As a percentage of revenue, Q1 adjusted operating expenses were 104% of revenue, compared to 141% in the same period a year ago. We continue to realize benefits from the reductions in force that occurred in 2022, optimization in third party spend in professional fees, technology costs, and advertising, and reduction in logistic and facilities expenses following our geographic footprint rationalization.

We expect further operating expense savings through 2023 resulting in adjusted operating expenses of approximately $100 million. Our Q1 net loss came in at $(44.3) million and adjusted EBITDA was negative $(15.6) million, compared to negative $(39.4) million in the prior period.

We ended Q1 with total cash and cash equivalents of $18.3 million, including $12.8 million of unrestricted cash. Additionally, seasonality has a strong impact on cash flow and we expect to return to positive free cash flow over the next three quarters. In March, we secured additional funding, bringing total new capital to almost $33 million in the last 6 months. The funding strengthens our cash position in support of expanding into new markets and investing in new technologies.

Looking ahead, we remain confident in the transformation of Bird Global as a profitable and self-sustaining business. We are still realizing the impact of the changes we have made within the past 4 months and believe the targets we laid out last quarter are achievable. To reiterate, for our fiscal 2023, we are expecting positive adjusted EBITDA in the range of $15 million to $20 million on a full year basis and our first year of positive free cash flow in the range of $5 million to $10 million with a target of approximately $100M in adjusted operating expenses. We expect to generate positive free cash flow for the balance of the year given the seasonality of our business. Lastly, our performance up to quarter end is tracking in line with our 2023 expectations and we are tightly controlling our cash burn giving us confidence in our full year 2023 guidance.