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Q4 2022 Investor Presentation

allbirds

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In addition, this presentation contains certain “non-GAAP financial measures.” The non-GAAP measures are presented for supplemental informational purposes only. Reconciliations to the most directly comparable financial measure calculated and presented in accordance with GAAP are provided at the end of this presentation.

This presentation includes market data and other statistical information from our own internal estimates and research as well as surveys conducted by third parties. While we believe that surveys conducted by third parties are reliable, we have not independently verified third-party sources. While we believe our internal company research is reliable and the definitions of our market and industry are appropriate, neither such research nor these definitions have been verified by any independent source.

This presentation includes references to our Net Promoter Score, which we use to measure our customers’ brand loyalty and satisfaction and which can range from -100 to +100 based on the question: “How likely are you to recommend Allbirds to a friend or colleague?” Responses were collected from 0 (Would definitely not recommend) to 10 (Would definitely recommend). Our Net Promoter Score is based on a survey of approximately 2,000 consumers, commissioned by us and conducted by Boston Consulting Group in January 2023. Our Net Promoter Score was calculated by using the standard methodology of subtracting the percentage of customers who responded that they are not likely to recommend Allbirds (a score of 6 or lower) from the percentage of customers who responded that they are very likely to recommend Allbirds (a score of 9 or 10) and averaged across all geographic markets. The Net Promoter Score gives no weight to customers who declined to answer the survey question. This method is substantially consistent with how businesses across our industry and other industries typically calculate their Net Promoter Score.

Key Takeaways

- We know we disappointed in 2022 – **we are taking decisive action to drive change and improve performance**
- **Launching transformation strategy** to reignite growth and expand gross margins
- Primary focus is on **cash flow** and **achieving profitability**
- Additions to **leadership team aligned with focus on transformation initiatives**
- **2023 will be a transition year** to set us up for success in 2024 and beyond, targeting **cash flow profitability and positive adjusted-EBITDA in 2025**





Q4 Overview

- US business was down 14%, driven by digital softness
- Offset most of the guidance miss on sales due to the positive impact of our Simplification Initiatives and tight cost management
- Simplification Initiatives announced in Q2 2022 remain on track with expectations

(\$ in Thousands)	Q4 2022	Full Year 2022
Net Revenue	\$84,178	\$297,766
YOY Change	-13%	7%
Gross Profit	\$36,304	\$129,628
% of Net Revenue	43.1%	43.5%
Adjusted EBITDA ⁽¹⁾	(\$12,543)	(\$60,437)

1. Adjusted EBITDA is a non-GAAP financial measure and is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. This non-GAAP financial measure has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. A reconciliation of this measure to the most directly comparable GAAP measures is included at the end of this presentation.



Strengthening our Cash and Capital Structure

- Continue to **tighten** new inventory buys
- Expect 2023 capex to come down by **more than half** YoY to \$10M - \$15M due to fewer Allbirds store openings
- **Executed an LOI with JP Morgan** to extend and upsize our undrawn revolver, which when amended, would extend the maturity **through 2026** and provide us with access to up to \$50M of committed liquidity and the option to request an **upsized to \$100M**
- **Slowed** rate of cash burn in Q4, continuing the quarter over quarter trend throughout the year
- Starting 2023 in a **strong liquidity** position

We believe there is no additional need for capital in the foreseeable future

Our Journey

Where we are today:

- Leading NPS with a core consumer who loves us
- Established third-party selling relationships with high quality partners: Dick's Sporting Goods, Nordstrom, REI & Scheels
- Enhanced efficiency through Simplification Initiatives, which are near completion
- Brought Product and Brand together under one leader, hired new Chief Transformation Officer and Head of Stores
- Significantly increased bench of company leaders and board members with deep footwear experience
- Realigned incentives to focus more heavily on cash flow and profitability

Where we are going: Strategic Transformation

- Reconnect with our core consumers
- Meet new consumers in a capital efficient way
- Intend to significantly reduce operating complexity and costs
- Focus on profitable growth



The Allbirds Consumer⁽¹⁾

- Fairly evenly split by gender though **core consumer skews more female** relative to industry peers
- **Young** - average age is mid-30s
- **Active** lifestyle, **adventurous** and world **travelers**
- Care about the **environment** and making a **positive impact**
- Partial to **premium** products and brands
- **Even geographic weighting** vs the general population

1. Based on a survey of ~2,000 consumers, commissioned by Allbirds and conducted by Boston Consulting Group in January 2023.





Strong Brand Fundamentals Create Significant Opportunity to Reconnect with our Core Customer

Recent study¹ confirmed:

- **Leading Net Promoter Score:** one of the highest in a peer company group
- **Brand loyalty and satisfaction remain strong:** 96% of shoppers in past year say they would consider purchasing again
- **Quality, comfort and design** as three key reasons why they recommend our brand
- Primary reason customers did not make another purchase is **products they wanted were not available**

1. Based on a survey of ~2,000 consumers, commissioned by Allbirds and conducted by Boston Consulting Group in January 2023

Transformation Strategy to Drive Growth and Margin Expansion

1. **Reignite product and brand:** execute a highly-focused brand strategy that reconnects with core consumers.
2. **Optimize U.S. stores and slow pace of openings:** drive traffic and conversion to our U.S. fleet and selectively expand our third party wholesale channel.
3. **Evaluate a transition of our international go-to-market strategy:** evaluate potential distributor partners in certain international markets to grow internationally in a cost- and capital-efficient manner.
4. **Improve cost and capital efficiency:** build upon and further accelerate 2022 cost and cash optimization initiatives to accelerate cost of revenue savings and SG&A savings, and improve cash optimization.



How We Will Measure the Success of our Strategic Transformation



Reignite product & brand

- ✓ Brand awareness in US
- ✓ Percentage of sales coming from core franchises



Optimize U.S. stores and slow pace of openings

- ✓ Number of third-party doors
- ✓ Owned store operating metrics



Transition international GTM strategy

- ✓ Expect to provide investors with updates regarding discussions with potential international distribution partners as we move forward



Capital efficiency and productivity

- ✓ Landed product margin out of factories as % of product MSRP
- ✓ Direct Business Gross Margin
- ✓ SG&A as percent of sales

Cost Savings Target from our Strategic Transformation



Cost Savings Target

\$35M - \$45M over the next three years

✓ Cost of Goods savings of \$20M - \$25M

✓ SG&A savings of \$15M - \$20M

Our team is energized and focused on reigniting our growth



Annie Mitchell

Joining as **Chief Financial Officer**

Strong track record overseeing strategic planning at big-brand, global companies as well as founder-led, high growth companies.

Presently: VP of Finance & Insights at GymShark

Previously: 10 years at adidas, most recently Senior VP of Finance and CFO of North America



Jared Fix

Joined as **Chief Transformation Officer**

Significant experience driving operational improvement across organizations, with a focus on consumer-facing industries.

Previously: COO, Alto Pharmacy, Chief Growth Officer at Constellations Brands

Began career as a Management Consultant for McKinsey, after serving as a U.S. Army Captain



Joey Zwillinger

Co-Founder, Co-CEO, Director



Tim Brown

Co-Founder, co-CEO, Director



Benny Joseph

Chief Technology & Culture Officer



Kate Ridley

Chief Brand & Product Officer



Joe Vernachio

Chief Operating Officer





THANK EWE!

Reconciliation of Non-GAAP Measure

(\$ in Thousands)	Q4 2022	Full Year 2022
Net loss	(24,866)	(101,354)
Add (deduct):		
Stock-based compensation expense	5,088	20,026
Depreciation and amortization expense	4,511	15,754
Impairment expense	3,286	3,286
Restructuring expense	35	782
Other expense (income)	254	(19)
Interest (income)	(126)	(139)
Income tax (benefit) provision	(725)	1,227
Adjusted EBITDA	(12,543)	(60,437)