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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

GENNADY SHNAYDER, Individually and on
Behalf of All Others Similarly Situated,

Plaintiffs,

v.

ALLBIRDS, INC., JOSEPH ZWILLINGER,
TIMOTHY BROWN, MICHAEL BUFANO,
NEIL BLUMENTHAL, DICK BOYCE,
MANDY FIELDS, NANCY GREEN, DAN
LEVITAN, EMILY WEISS, MORGAN
STANLEY & CO. LLC, J.P. MORGAN
SECURITIES LLC, BOFA SECURITIES,
INC., ROBERT W. BAIRD & CO.,
WILLIAM BLAIR & COMPANY, L.L.C.,
PIPER SANDLER & CO., COWEN AND
COMPANY, LLC, GUGGENHEIM
SECURITIES, LLC, KEYBANC CAPITAL
MARKETS INC., STIFEL, NICOLAUS &
COMPANY, INCORPORATED, TELSEY
ADVISORY GROUP LLC, C.L. KING &
ASSOCIATES, INC., DREXEL HAMILTON,
LLC, LOOP CAPITAL MARKETS LLC,
PENSERRA SECURITIES LLC, SAMUEL
A. RAMIREZ & COMPANY, INC., and
SIEBERT WILLIAMS SHANK & CO. LLC,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

CLASS ACTION

1 Plaintiff Gennady Shnayder (“Plaintiff”), individually and on behalf of all others similarly
2 situated, by and through his attorneys, alleges the following upon information and belief, except as
3 to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s
4 information and belief is based upon, among other things, his counsel’s investigation, which
5 includes without limitation: (a) review and analysis of regulatory filings made by Allbirds, Inc.
6 (“Allbirds” or the “Company”) with the United States (“U.S.”) Securities and Exchange
7 Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and
8 disseminated by Allbirds; and (c) review of other publicly available information concerning
9 Allbirds.

10 NATURE OF THE ACTION AND OVERVIEW

11 1. This is a class action on behalf of persons and entities that purchased or otherwise
12 acquired: (a) Allbirds Class A common stock pursuant and/or traceable to the registration statement
13 and prospectus (collectively, the “Registration Statement”) issued in connection with the
14 Company’s November 2021 initial public offering (“IPO” or the “Offering”); and/or (b) Allbirds
15 securities between November 4, 2021 and March 9, 2023, inclusive (the “Class Period”). Plaintiff
16 pursues claims against under the Securities Act of 1933 (the “Securities Act”) and the Securities
17 Exchange Act of 1934 (the “Exchange Act”).

18 2. Allbirds is a footwear and apparel company. Footwear represents the majority of the
19 Company’s revenue and brand. Its core products include lifestyle and performance shoes, such as
20 the Dasher and the Runner.

21 3. On November 4, 2021, the Company filed its prospectus on Form 424B4 with the
22 SEC, which forms part of the Registration Statement. In the IPO, the Company sold approximately
23 16,850,799 shares of Class A common stock at a price of \$15.00 per share. The Company received
24 proceeds of approximately \$237 million from the Offering, net of underwriting discounts and
25 commissions. The Company stated that it intended to use the net proceeds from the offering for
26 “general corporate purposes, including working capital, operating expenses and capital
27 expenditures.”
28

1 4. On March 9, 2023, after the market closed, the Company issued a press release
2 announcing a fourth quarter 2022 net loss of \$24.9 million and a full year 2022 net loss of \$101.4
3 million. The Company also announced a full year 2022 adjusted EBITDA loss of \$60.4 million,
4 which was higher than the guidance target that estimated an adjusted EBITDA loss of \$42.5 million
5 to \$37.5 million. Allbirds also disclosed in the press release that, in response to these negative
6 results, it created a “strategic transformation plan to reignite growth, improve costs and capital
7 efficiency, and drive profitability.” The plan purportedly focused on four areas: reigniting product
8 and brand, optimizing U.S. stores and slowing the pace of openings, evaluating transition of
9 international go-to-market strategy, and improving cost savings and capital efficiency.

10 5. Also on March 9, 2023, after the market closed, Allbirds announced that its Chief
11 Financial Officer, Michael Bufano (“Bufano”), was stepping down.

12 6. The same day, March 9, 2023, the Company held a conference call with analysts to
13 discuss its fourth quarter 2022 results. On the call, Defendant Joseph Zwillinger (“Zwillinger”), the
14 Company’s Co-CEO, explained that Allbirds’ poor results were driven in part by the fact that
15 Allbirds “overemphasized products that extended beyond our core DNA.” As a result, he explained.
16 “some products and colors have had narrower appeal than expected” and “[b]ecause we were
17 spending significant time and resources on these new products that did not resonate well, we
18 underinvested in our core consumers’ favorite products.”

19 7. On this news, the Company’s stock price fell \$1.11, or 47%, to close at \$1.25 per
20 share on March 10, 2023, thereby injuring investors.

21 8. By the commencement of this action, the Company’s stock price had closed as low
22 as \$1.06 per share, a 92.9% decline from the Company’s \$15.00 per share IPO price.

23 9. In the Registration Statement and throughout the Class Period, Defendants made
24 materially false and/or misleading statements, as well as failed to disclose material adverse facts
25 about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose
26 to investors: (1) that Allbirds was overemphasizing products that extended beyond the Company’s
27 core offerings; (2) that the Company’s non-core products had a narrower appeal and were not
28 resonating with customers as well as the Company’s core products; (3) that Allbirds was

1 underinvesting in its core consumers' favorite products to push the Company's newer products with
2 narrower appeal; (4) that underinvesting in Allbirds' core products was negatively impacting the
3 Company's sales; and (5) that, as a result of the foregoing, Defendants' positive statements about
4 the Company's business, operations, and prospects, were materially misleading and/or lacked a
5 reasonable basis.

6 10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
7 in the market value of the Company's securities, Plaintiff and other Class members have suffered
8 significant losses and damages.

9 **JURISDICTION AND VENUE**

10 11. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the
11 Securities Act (15 U.S.C. §§ 77k and 77o), Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C.
12 §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

13 12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.
14 § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v) and Section 27 of the Exchange Act (15
15 U.S.C. § 78aa).

16 13. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section
17 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud
18 or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein,
19 including the dissemination of materially false and/or misleading information, occurred in
20 substantial part in this Judicial District. In addition, the Company's principal executive offices are
21 in this District.

22 14. In connection with the acts, transactions, and conduct alleged herein, Defendants
23 directly and indirectly used the means and instrumentalities of interstate commerce, including the
24 United States mail, interstate telephone communications, and the facilities of a national securities
25 exchange.

26 **PARTIES**

27 15. Plaintiff Gennady Shnayder, as set forth in the accompanying certification,
28 incorporated by reference herein, purchased or otherwise acquired Allbirds common stock pursuant

1 and/or traceable to the Registration Statement issued in connection with the Company's IPO and/or
2 Allbirds securities during the Class Period, and suffered damages as a result of the federal securities
3 law violations and false and/or misleading statements and/or material omissions alleged herein.

4 16. Defendant Allbirds is incorporated under the laws of the Delaware with its principal
5 executive offices located in San Francisco, California. Allbirds' shares trade on the NASDAQ stock
6 market under the symbol "BIRD."

7 17. Defendant Joseph Zwillinger was, at all relevant times, a Co-Chief Executive Officer
8 ("CEO") and a director of the Company, and signed or authorized the signing of the Company's
9 Registration Statement filed with the SEC.

10 18. Defendant Timothy Brown ("Brown") was, at all relevant times, a Co-Chief
11 Executive Officer ("CEO") of the Company, and signed or authorized the signing of the Company's
12 Registration Statement filed with the SEC.

13 19. Defendant Michael Bufano was, at all relevant times, the Chief Financial Officer
14 ("CFO") of the Company, and signed or authorized the signing of the Company's Registration
15 Statement filed with the SEC.

16 20. Defendants Zwillinger, Brown, and Bufano (collectively, the "Individual
17 Defendants"), because of their positions with the Company, possessed the power and authority to
18 control the contents of the Company's reports to the SEC, press releases and presentations to
19 securities analysts, money and portfolio managers and institutional investors, i.e., the market. The
20 Individual Defendants were provided with copies of the Company's reports and press releases
21 alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and
22 opportunity to prevent their issuance or cause them to be corrected. Because of their positions and
23 access to material non-public information available to them, the Individual Defendants knew that
24 the adverse facts specified herein had not been disclosed to, and were being concealed from, the
25 public, and that the positive representations which were being made were then materially false
26 and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

27 21. Defendant Neil Blumenthal ("Blumenthal") was a director of the Company and
28 signed or authorized the signing of the Company's Registration Statement filed with the SEC.

1 22. Defendant Dick Boyce (“Boyce”) was a director of the Company and signed or
2 authorized the signing of the Company’s Registration Statement filed with the SEC

3 23. Defendant Mandy Fields (“Fields”) was a director of the Company and signed or
4 authorized the signing of the Company’s Registration Statement filed with the SEC.

5 24. Defendant Nancy Green (“Green”) was a director of the Company and signed or
6 authorized the signing of the Company’s Registration Statement filed with the SEC.

7 25. Defendant Dan Levitan (“Levitan”) was a director of the Company and signed or
8 authorized the signing of the Company’s Registration Statement filed with the SEC.

9 26. Defendant Emily Weiss (“Weiss”) was a director of the Company and signed or
10 authorized the signing of the Company’s Registration Statement filed with the SEC.

11 27. Defendants Zwilling, Bufano, Brown, Blumenthal, Boyce, Fields, Green, Levitan,
12 and Weiss are collectively referred to hereinafter as the “Securities Act Individual Defendants.”

13 28. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) served as an underwriter
14 for the Company’s IPO. In the IPO, Morgan Stanley agreed to purchase 5,637,136 shares of the
15 Company’s common stock, exclusive of the over-allotment option.

16 29. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) served as an underwriter for
17 the Company’s IPO. In the IPO, J.P. Morgan agreed to purchase 5,637,136 shares of the Company’s
18 common stock, exclusive of the over-allotment option.

19 30. Defendant BofA Securities, Inc (“BofA”) served as an underwriter for the
20 Company’s IPO. In the IPO, BofA agreed to purchase 3,587,269 shares of the Company’s common
21 stock, exclusive of the over-allotment option.

22 31. Defendant Robert W. Baird & Co. Incorporated (“Baird”) served as an underwriter
23 for the Company’s IPO. In the IPO, Baird agreed to purchase 775,385 shares of the Company’s
24 common stock, exclusive of the over-allotment option.

25 32. Defendant William Blair & Company, L.L.C (“William Blair”) served as an
26 underwriter for the Company’s IPO. In the IPO, William Blair agreed to purchase 775,385 shares
27 of the Company’s common stock, exclusive of the over-allotment option.

28

1 33. Defendant Piper Sandler & Co. (“Piper Sandler”) served as an underwriter for the
2 Company’s IPO. In the IPO, Piper Sandler agreed to purchase 775,385 shares of the Company’s
3 common stock, exclusive of the over-allotment option.

4 34. Defendant Cowen and Company, LLC (“Cowen”) served as an underwriter for the
5 Company’s IPO. In the IPO, Cowen agreed to purchase 581,538 shares of the Company’s common
6 stock, exclusive of the over-allotment option.

7 35. Defendant Guggenheim Securities, LLC (“Guggenheim”) served as an underwriter
8 for the Company’s IPO. In the IPO, Guggenheim agreed to purchase 581,538 shares of the
9 Company’s common stock, exclusive of the over-allotment option.

10 36. Defendant KeyBanc Capital Markets Inc. (“KeyBanc”) served as an underwriter for
11 the Company’s IPO. In the IPO, KeyBanc agreed to purchase 581,538 shares of the Company’s
12 common stock, exclusive of the over-allotment option.

13 37. Defendant Stifel, Nicolaus & Company, Incorporated (“Stifel”) served as an
14 underwriter for the Company’s IPO. In the IPO, Stifel agreed to purchase 581,538 shares of the
15 Company’s common stock, exclusive of the over-allotment option.

16 38. Defendant Telsey Advisory Group LLC (“Telsey”) served as an underwriter for the
17 Company’s IPO. In the IPO, Telsey agreed to purchase 242,307 shares of the Company’s common
18 stock, exclusive of the over-allotment option.

19 39. Defendant C.L. King & Associates, Inc. (“C.L. King”) served as an underwriter for
20 the Company’s IPO. In the IPO, C.L. King agreed to purchase 72,692 shares of the Company’s
21 common stock, exclusive of the over-allotment option.

22 40. Defendant Drexel Hamilton, LLC (“Drexel Hamilton”) served as an underwriter for
23 the Company’s IPO. In the IPO, Drexel Hamilton agreed to purchase 72,692 shares of the
24 Company’s common stock, exclusive of the over-allotment option.

25 41. Defendant Loop Capital Markets LLC. (“Loop Capital”) served as an underwriter for
26 the Company’s IPO. In the IPO, Loop Capital agreed to purchase 72,692 shares of the Company’s
27 common stock, exclusive of the over-allotment option.

28

1 42. Defendant Penserra Securities LLC (“Penserra”) served as an underwriter for the
2 Company’s IPO. In the IPO, Penserra agreed to purchase 72,692 shares of the Company’s common
3 stock, exclusive of the over-allotment option.

4 43. Defendant Samuel A. Ramirez & Company, Inc. (“Samuel A. Ramirez”) served as
5 an underwriter for the Company’s IPO. In the IPO, Samuel A. Ramirez agreed to purchase 72,692
6 shares of the Company’s common stock, exclusive of the over-allotment option.

7 44. Defendant Siebert Williams Shank & Co., LLC (“Siebert Williams”) served as an
8 underwriter for the Company’s IPO. In the IPO, Siebert Williams agreed to purchase 72,692 shares
9 of the Company’s common stock, exclusive of the over-allotment option.

10 45. Defendants Morgan Stanley, J.P. Morgan, BofA, Baird, William Blair, Piper Sandler,
11 Cowen, Guggenheim, KeyBanc, Stifel, Telsey, C.L. King, Loop Capital, Penserra, Samuel A.
12 Ramirez, and Siebert Williams are collectively referred to hereinafter as the “Underwriter
13 Defendants.”

14 **SUBSTANTIVE ALLEGATIONS**

15 **Background**

16 46. Allbirds is a footwear and apparel company. Footwear represents the majority of the
17 Company’s revenue and brand. Its core products include lifestyle and performance shoes, such as
18 the Dasher and the Runner.

19 **The Company’s False and/or Misleading**

20 **Registration Statement and Prospectus**

21 47. On August 31, 2021, the Company filed its Registration Statement on Form S-1 with
22 the SEC, which forms part of the Registration Statement. The Company subsequently made several
23 amendments to the Form S-1.

24 48. On October 25, 2021, the Company filed its final amendment to the Registration
25 Statement with the SEC on Form S-1/A, which forms part of the Registration Statement. The
26 Registration Statement was declared effective on November 2, 2021.

27 49. On November 4, 2021, the Company filed its prospectus on Form 424B4 with the
28 SEC, which forms part of the Registration Statement. In the IPO, the Company sold approximately

1 16,850,799 shares of Class A common stock at a price of \$15.00 per share. The Company received
2 proceeds of approximately \$237 million from the Offering, net of underwriting discounts and
3 commissions. The Company stated that it intended to use the net proceeds from the offering for
4 “general corporate purposes, including working capital, operating expenses and capital
5 expenditures.”

6 50. The Registration Statement was negligently prepared and, as a result, contained
7 untrue statements of material facts or omitted to state other facts necessary to make the statements
8 made not misleading, and was not prepared in accordance with the rules and regulations governing
9 its preparation.

10 51. Under applicable SEC rules and regulations, the Registration Statement was required
11 to disclose known trends, events or uncertainties that were having, and were reasonably likely to
12 have, an impact on the Company’s continuing operations.

13 52. The Registration Statement¹ highlighted why the Company had been successful prior
14 to the IPO. Among the reasons for its success, the Company listed a “deep connection with our
15 community of customers”:

16 By making great products and telling the story of an inspirational, purpose-driven
17 brand, *we have formed a deep connection with our community of customers*. We
18 have sold our products to over four million customers since our founding. As of June
19 30, 2021, we had more than two million people on our email list and nearly one
20 million followers on social media. Our high Net Promoter Score, which has
21 consistently been 83 or higher since the first quarter of 2019 and was 86 for the first
22 half of 2021, demonstrates our strong following and growing brand advocates who
23 love Allbirds. *Approximately 53% of our net sales in 2020 came from repeat
24 customers*. This is true globally, as our customers span 35 countries, and 24% of our
25 net revenue in 2020 came from outside the United States. See the section titled
26 “Market, Industry, and Other Data” for additional information regarding Net
27 Promoter Score.

28 As a brand with a digitally-led vertical retail distribution strategy, we are able to own
the customer experience, which allows us to use data to determine who our customers
are, what is important to them, and what products are most relevant and when,
allowing us to create a strong connection with our customers. We have learned that
our customers live an active and curious lifestyle, care about health and well-being,
prioritize quality over price, frequently purchase products online, live in urban center
settings, and appreciate socially conscious brands. In addition to communicating
more effectively with our customers, these insights allow us to meet customers’
needs through the creation of new products and enhancements to our existing line.

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

1 Further, to illustrate the importance of engaging our customer base, the average
2 spend by a repeat customer in a given cohort is over 25% more in their second year
3 as compared to what was spent in the first year, and the average spend by a repeat
4 customer continues to increase each subsequent year.

5 53. The Registration Statement also discussed five strategies that will maintain the
6 Company's success. The strategies failed to state that the Company was shifting its focus toward
7 new customers at the expense of its core customers.

8 54. The Registration Statement strategies also included deepening engagement with the
9 Company's community of customers, which also failed to state the shift in focus. The strategy stated,
10 in relevant part:

11 *By deepening our relationships with our repeat customers, we believe we are well-*
12 *positioned to capture a greater share of the approximately seven pairs of shoes and*
13 *68 pieces of clothing that the average American bought in 2018 and realize*
14 *substantial growth in our business.* We believe there is continued opportunity to
15 grow our closet share as we further expand our brand and product selection, as
16 evidenced by the fact that approximately 80% of orders from repeat customers in the
17 six-month period ended June 30, 2021 included a different item than in their first
18 order and 26% of those orders were for multiple items.

19 55. In the Registration Statement and throughout the Class Period, Defendants made
20 materially false and/or misleading statements, as well as failed to disclose material adverse facts
21 about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose
22 to investors: (1) that Allbirds was overemphasizing products that extended beyond the Company's
23 core offerings; (2) that the Company's non-core products had a narrower appeal and were not
24 resonating with customers as well as the Company's core products; (3) that Allbirds was
25 underinvesting in its core consumers' favorite products to push the Company's newer products with
26 narrower appeal; (4) that underinvesting in Allbirds' core products was negatively impacting the
27 Company's sales; and (5) that, as a result of the foregoing, Defendants' positive statements about
28 the Company's business, operations, and prospects, were materially misleading and/or lacked a
reasonable basis.

29 **Statements Issued During the Class Period**

30 56. The Class Period begins on November 4, 2021. On that day, Allbirds' common stock
31 began publicly trading pursuant to the Registration Statement, including the statements identified in
32 ¶¶ 52-54.

1 57. On November 30, 2021, the Company issued a press release announcing its third
2 quarter 2021 financial results. Defendant Zwilling also stated the following about the Company's
3 performance but did not disclose that the strategic plan was at the expense of core customers:

4 "We are pleased to deliver strong third quarter performance, which reflects solid
5 execution by our teams and robust global demand for the Allbirds brand," said Joey
6 Zwilling, Co-Founder and Co-CEO. "Revenue was strong across channels and
7 geographies, growing 33% year over year, with notable strength in U.S. physical
8 retail. Importantly, we saw strong consumer response in the quarter to our new
9 product innovation, including our new Perform Apparel line."

10 "We're at the forefront of a generational change in consumer values and purchase
11 behaviors, led by our mission to make better things in a better way—which means
12 we're aligning our purpose of reversing climate change with our product quality and
13 financial outcomes. Looking ahead, we believe Allbirds is uniquely positioned in an
14 exceptionally large and growing market. *As we continue to execute our strategic
15 plan, we are focused on accelerating growth, creating value for our shareholders
16 and building for a multi-decade journey.*"

17 58. On May 10, 2022, the Company issued a press release announcing its first quarter
18 2022 financial results. The press release announced a reduction to its financial targets but failed to
19 state that the Company had shifted its focus toward attracting new customers at the expense of its
20 core customers. Defendant Zwilling was quoted saying the following about the Company's
21 performance:

22 "We are pleased to deliver strong first quarter performance across our key financial
23 metrics, particularly against the backdrop of a volatile operating environment," said
24 Joey Zwilling, co-Founder and Co-CEO. "Tumult around the world since our last
25 earnings report, including Russia's invasion of Ukraine and China's COVID-19
26 restrictions, impacted the performance of our international business in Q1 and is
27 expected to persist for the remainder of 2022. These factors were more than offset
28 by excellent performance in our U.S. business, which delivered net revenue growth
of 35% in the first quarter. Net revenue growth for the total business again
accelerated on both a one- and two-year basis in the quarter, up 26% and 49%,
respectively."

 "We believe our teams are continuing to execute well amidst the external headwinds
and we remain focused on driving the topline through our core growth pillars of
delivering product innovation, growing our store portfolio and expanding
internationally, with those growth pillars highlighted in 2022 by what we believe is
the most exciting new product roadmap in the history of the company. While we are
adopting a more conservative near-term outlook in light of the transitory external
headwinds affecting our international business, we expect to deliver strong full year
revenue growth of 21% to 24% in 2022. Importantly, we remain confident that our
digital-savvy, omni-channel operating model will support continued growth and
enable us to create meaningful value for our shareholders in the years ahead."

1 59. On August 8, 2022, the Company issued a press release reporting its second quarter
2 2022 financial results. The press release announced a reduction in guidance targets but failed to state
3 that the Company had shifted its focus away from core customers. Defendant Bufano was quoted
4 saying the following but did not disclose that the Company’s focus was at the expense of core
5 customers:

6 In this operating environment, we are focused on controlling what we can control
7 and have implemented a series of Simplification Initiatives focused on automating
8 and expanding our supply chain and streamlining our operating structure. These
9 Simplification Initiatives are expected to generate annualized SG&A expense
10 savings of \$13 million to \$15 million beginning in 2023 and significant cost of
11 revenue savings in future years. We will reinvest some of these savings into building
brand momentum through product innovation, marketing, retail stores, and marquee
third party partnerships. ***We are confident that these investments in the customer,
coupled with our Simplification Initiatives, will help us navigate this consumer
slowdown and position us for accelerated profitable growth*** when the headwinds
pass.

12 60. On November 8, 2022, the Company issued a press release announcing third quarter
13 2022 financial results. The Company announced that it was maintaining full year guidance targets
14 but failed to state that it had shifted focus toward attracting new customers at the expense of its core
15 customers. Defendant Zwillingler was quoted saying the following about the Company’s
16 performance, but he failed to state that the Company had shifted its focus toward attracting new
17 customers:

18 “We delivered a strong quarter in what remains a highly dynamic operating
19 environment. I am proud that we exceeded our Q3 adjusted revenue and adjusted
20 EBITDA guidance targets while also delivering on our sustainability goals,” said
21 Joey Zwillingler, Co-Founder and Co-CEO. “Looking ahead to year end and 2023,
22 we continue to expect macro headwinds to persist but believe that our brand, our
growth strategy, and simplification initiatives position us well to emerge strongly
from this period. Thanks to the team’s hard work I remain confident in our ability to
continue to execute into the holiday season and next year.”

23 “November also marks the one year anniversary of our IPO, a critical step in building
24 Allbirds into a 100 year brand while setting a new industry standard for sustainable
25 business for others to follow. We recently released our “Flight Status” sustainability
26 report for 2021, which shows that we were able to reduce our average product carbon
27 footprint by 12% while growing our net revenues by 27% in 2021. We remain on
28 track to deliver on our goal to cut our already low per product carbon footprint in
half by 2025 and achieve near zero by 2030, while also delivering on our
Sustainability Principles & Objectives Framework commitments first enumerated in
our S-1. I could not be more proud of what we have achieved and remain
tremendously optimistic about the future.”

1 (Footnotes omitted.)

2 64. In response to the disappointing results, the 4Q22 Press Release also announced a
3 “strategic transformation to drive sustained and profitable growth.” The plan focuses on these areas:

- 4 • Reignite product and brand
 - 5 ○ Executing a highly-focused brand strategy that reconnects with core consumers.
- 6 • Optimize U.S. stores and slow pace of openings.
 - 7 ○ Driving traffic and conversion to our U.S. fleet and selectively expanding
 - 8 our third party wholesale channel.
- 9 • Evaluate transition of international go-to-market strategy
 - 10 ○ Evaluating potential distributor partners in certain international markets
 - 11 to grow internationally in a cost- and capital-efficient manner
- 12 • Improve cost savings and capital efficiency
 - 13 ○ Building upon and further accelerating 2022 cost and cash optimization
 - 14 initiatives to accelerate cost of revenue savings and SG&A savings, and
 - 15 improve cash optimization.

16 65. Also on March 9, 2023, after the market closed, the Company held an earnings call
17 conference. Defendant Zwilling explained how the Company had fallen short and what decisions
18 led to the poor financial results. Defendant Zwilling stated:

19 However, in this journey we also made some missteps. *First, we overemphasized*
20 *products that extended beyond our core DNA.* And as a result, some products and
21 colors have had narrower appeal than expected. *Because we were spending*
22 *significant time and resources on these new products that did not resonate well, we*
23 *underinvested in our core consumers' favorite products.* Finally, we did not
24 increase our brand awareness to the level that we anticipated.

25 *In essence, over the past couple of years, we shifted our focus away from our core*
26 *consumer and we must refocus sharply on this large and attract [sic] group.* Taking
27 a look at Q4 specifically this dynamic was exacerbated by the fact that the final weeks
28 of December were exceptionally promotional and we did not sufficiently promote to
meet consumers' expectations. As a result, Q4 was the first quarter of negative
growth in our history. We are disappointed with these results. And we know that, as
we look ahead the status quo is not enough.

29 66. On this news, the Company's stock price fell \$1.11, or 47%, to close at \$1.25 per
30 share on March 10, 2023, thereby injuring investors.

31 67. By the commencement of this action, the Company's stock price had closed as low
32 as \$1.06 per share, a 92.9% decline from the Company's \$15.00 per share IPO price.

CLASS ACTION ALLEGATIONS

1
2 68. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
3 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased
4 or otherwise acquired Allbirds: (a) Class A common stock pursuant and/or traceable to the
5 Company’s false and/or misleading Registration Statement issued in connection with the
6 Company’s IPO; and/or (b) securities between November 4, 2021 and March 9, 2023, inclusive,
7 and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers
8 and directors of the Company, at all relevant times, members of their immediate families and their
9 legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had
10 a controlling interest.

11 69. The members of the Class are so numerous that joinder of all members is
12 impracticable. While the exact number of Class members is unknown to Plaintiff at this time and
13 can only be ascertained through appropriate discovery, Plaintiff believes that there are at least
14 hundreds or thousands of members in the proposed Class. In the IPO, the Company sold
15 approximately 16,850,799 shares of Class A common stock at a price of \$15.00 per share. Moreover,
16 record owners and other members of the Class may be identified from records maintained by
17 Allbirds or its transfer agent and may be notified of the pendency of this action by mail, using the
18 form of notice similar to that customarily used in securities class actions.

19 70. Plaintiff’s claims are typical of the claims of the members of the Class as all members
20 of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that
21 is complained of herein.

22 71. Plaintiff will fairly and adequately protect the interests of the members of the Class
23 and has retained counsel competent and experienced in class and securities litigation.

24 72. Common questions of law and fact exist as to all members of the Class and
25 predominate over any questions solely affecting individual members of the Class. Among the
26 questions of law and fact common to the Class are:

27 (a) whether the federal securities laws was violated by Defendants’ acts as alleged
28 herein;

1 (b) whether the Registration Statement, statements made by Defendants to the investing
2 public in connection with the Company's IPO, and statements made by Defendants to the investing
3 public during the Class Period omitted and/or misrepresented material facts about the business,
4 operations, and prospects of Allbirds; and

5 (c) to what extent the members of the Class have sustained damages and the proper
6 measure of damages.

7 73. A class action is superior to all other available methods for the fair and efficient
8 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
9 damages suffered by individual Class members may be relatively small, the expense and burden of
10 individual litigation makes it impossible for members of the Class to individually redress the wrongs
11 done to them. There will be no difficulty in the management of this action as a class action.

12 **UNDISCLOSED ADVERSE FACTS**

13 74. The market for Allbirds' securities was open, well-developed and efficient at all
14 relevant times. As a result of these materially false and/or misleading statements, and/or failures to
15 disclose, Allbirds' securities traded at artificially inflated prices during the Class Period. Plaintiff
16 and other members of the Class purchased or otherwise acquired Allbirds' securities relying upon
17 the integrity of the market price of the Company's securities and market information relating to
18 Allbirds, and have been damaged thereby.

19 75. During the Class Period, Defendants materially misled the investing public, thereby
20 inflating the price of Allbirds' securities, by publicly issuing false and/or misleading statements
21 and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth
22 herein, not false and/or misleading. The statements and omissions were materially false and/or
23 misleading because they failed to disclose material adverse information and/or misrepresented the
24 truth about Allbirds' business, operations, and prospects as alleged herein.

25 76. At all relevant times, the material misrepresentations and omissions particularized in
26 this Complaint directly or proximately caused or were a substantial contributing cause of the
27 damages sustained by Plaintiff and other members of the Class. As described herein, during the
28 Class Period, Defendants made or caused to be made a series of materially false and/or misleading

1 statements about Allbirds' financial well-being and prospects. These material misstatements and/or
2 omissions had the cause and effect of creating in the market an unrealistically positive assessment
3 of the Company and its financial well-being and prospects, thus causing the Company's securities
4 to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or
5 misleading statements during the Class Period resulted in Plaintiff and other members of the Class
6 purchasing the Company's securities at artificially inflated prices, thus causing the damages
7 complained of herein when the truth was revealed.

8 **LOSS CAUSATION**

9 77. Defendants' wrongful conduct, as alleged herein, directly and proximately caused
10 the economic loss suffered by Plaintiff and the Class.

11 78. During the Class Period, Plaintiff and the Class purchased Allbirds' securities at
12 artificially inflated prices and were damaged thereby. The price of the Company's securities
13 significantly declined when the misrepresentations made to the market, and/or the information
14 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,
15 causing investors' losses.

16 **SCIENTER ALLEGATIONS**

17 79. As alleged herein, Defendants acted with scienter since Defendants knew that the
18 public documents and statements issued or disseminated in the name of the Company were
19 materially false and/or misleading; knew that such statements or documents would be issued or
20 disseminated to the investing public; and knowingly and substantially participated or acquiesced in
21 the issuance or dissemination of such statements or documents as primary violations of the federal
22 securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their
23 receipt of information reflecting the true facts regarding Allbirds, their control over, and/or receipt
24 and/or modification of Allbirds' allegedly materially misleading misstatements and/or their
25 associations with the Company which made them privy to confidential proprietary information
26 concerning Allbirds, participated in the fraudulent scheme alleged herein.

1 national circuits of major newswire services and through other wide-ranging public disclosures,
2 such as communications with the financial press and other similar reporting services; and/or

3 (d) Allbirds was followed by securities analysts employed by brokerage firms who wrote
4 reports about the Company, and these reports were distributed to the sales force and certain
5 customers of their respective brokerage firms. Each of these reports was publicly available and
6 entered the public marketplace.

7 83. As a result of the foregoing, the market for Allbirds' securities promptly digested
8 current information regarding Allbirds from all publicly available sources and reflected such
9 information in Allbirds' share price. Under these circumstances, all purchasers of Allbirds'
10 securities during the Class Period suffered similar injury through their purchase of Allbirds'
11 securities at artificially inflated prices and a presumption of reliance applies.

12 84. A Class-wide presumption of reliance is also appropriate in this action under the
13 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),
14 because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or
15 omissions. Because this action involves Defendants' failure to disclose material adverse information
16 regarding the Company's business operations and financial prospects—information that Defendants
17 were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is
18 necessary is that the facts withheld be material in the sense that a reasonable investor might have
19 considered them important in making investment decisions. Given the importance of the Class
20 Period material misstatements and omissions set forth above, that requirement is satisfied here.

21 **NO SAFE HARBOR**

22 85. The statutory safe harbor provided for forward-looking statements under certain
23 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The
24 statements alleged to be false and misleading herein all relate to then-existing facts and conditions.
25 In addition, to the extent certain of the statements alleged to be false may be characterized as forward
26 looking, they were not identified as “forward-looking statements” when made and there were no
27 meaningful cautionary statements identifying important factors that could cause actual results to
28 differ materially from those in the purportedly forward-looking statements. In the alternative, to the

1 extent that the statutory safe harbor is determined to apply to any forward-looking statements
2 pleaded herein, Defendants are liable for those false forward-looking statements because at the time
3 each of those forward-looking statements was made, the speaker had actual knowledge that the
4 forward-looking statement was materially false or misleading, and/or the forward-looking statement
5 was authorized or approved by an executive officer of Allbirds who knew that the statement was
6 false when made.

7 **FIRST CLAIM**

8 **Violation of Section 11 of the Securities Act**

9 **(Against All Defendants)**

10 86. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
11 set forth herein.

12 87. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k,
13 on behalf of the Class, against the Defendants.

14 88. The Registration Statement for the IPO was inaccurate and misleading, contained
15 untrue statements of material facts, omitted to state other facts necessary to make the statements
16 made not misleading, and omitted to state material facts required to be stated therein.

17 89. Allbirds is the registrant for the IPO. The Defendants named herein were responsible
18 for the contents and dissemination of the Registration Statement.

19 90. As issuer of the shares, Allbirds is strictly liable to Plaintiff and the Class for the
20 misstatements and omissions.

21 91. None of the Defendants named herein made a reasonable investigation or possessed
22 reasonable grounds for the belief that the statements contained in the Registration Statement was
23 true and without omissions of any material facts and were not misleading.

24 92. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled
25 a person who violated Section 11 of the Securities Act.

26 93. Plaintiff acquired Allbirds shares pursuant and/or traceable to the Registration
27 Statement for the IPO.

1 94. Plaintiff and the Class have sustained damages. The value of Allbirds Class A
2 common stock has declined substantially subsequent to and due to the Defendants' violations.

3 **SECOND CLAIM**

4 **Violation of Section 15 of the Securities Act**

5 **(Against the Securities Act Individual Defendants)**

6 95. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
7 set forth herein.

8 96. This count is asserted against the Individual Defendants and is based upon Section
9 15 of the Securities Act.

10 97. The Individual Defendants, by virtue of their offices, directorship, and specific acts
11 were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Allbirds
12 within the meaning of Section 15 of the Securities Act. The Individual Defendants had the power
13 and influence and exercised the same to cause Allbirds to engage in the acts described herein.

14 98. The Individual Defendants' positions made them privy to and provided them with
15 actual knowledge of the material facts concealed from Plaintiff and the Class.

16 99. By virtue of the conduct alleged herein, the Individual Defendants are liable for the
17 aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

18 **THIRD CLAIM**

19 **Violation of Section 10(b) of The Exchange Act and**

20 **Rule 10b-5 Promulgated Thereunder**

21 **Against Allbirds and the Individual Defendants**

22 100. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
23 set forth herein.

24 101. During the Class Period, Defendants carried out a plan, scheme and course of conduct
25 which was intended to and, throughout the Class Period, did: (i) deceive the investing public,
26 including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other
27 members of the Class to purchase Allbirds' securities at artificially inflated prices. In furtherance of
28

1 this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions
2 set forth herein.

3 102. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue
4 statements of material fact and/or omitted to state material facts necessary to make the statements
5 not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a
6 fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially
7 high market prices for Allbirds' securities in violation of Section 10(b) of the Exchange Act and
8 Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal
9 conduct charged herein or as controlling persons as alleged below.

10 103. Defendants, individually and in concert, directly and indirectly, by the use, means or
11 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
12 continuous course of conduct to conceal adverse material information about Allbirds' financial well-
13 being and prospects, as specified herein.

14 104. Defendants employed devices, schemes and artifices to defraud, while in possession
15 of material adverse non-public information and engaged in acts, practices, and a course of conduct
16 as alleged herein in an effort to assure investors of Allbirds' value and performance and continued
17 substantial growth, which included the making of, or the participation in the making of, untrue
18 statements of material facts and/or omitting to state material facts necessary in order to make the
19 statements made about Allbirds and its business operations and future prospects in light of the
20 circumstances under which they were made, not misleading, as set forth more particularly herein,
21 and engaged in transactions, practices and a course of business which operated as a fraud and deceit
22 upon the purchasers of the Company's securities during the Class Period.

23 105. Each of the Individual Defendants' primary liability and controlling person liability
24 arises from the following facts: (i) the Individual Defendants were high-level executives and/or
25 directors at the Company during the Class Period and members of the Company's management team
26 or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities
27 as a senior officer and/or director of the Company, was privy to and participated in the creation,
28 development and reporting of the Company's internal budgets, plans, projections and/or reports;

1 (iii) each of these defendants enjoyed significant personal contact and familiarity with the other
2 defendants and was advised of, and had access to, other members of the Company's management
3 team, internal reports and other data and information about the Company's finances, operations, and
4 sales at all relevant times; and (iv) each of these defendants was aware of the Company's
5 dissemination of information to the investing public which they knew and/or recklessly disregarded
6 was materially false and misleading.

7 106. Defendants had actual knowledge of the misrepresentations and/or omissions of
8 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
9 ascertain and to disclose such facts, even though such facts were available to them. Such defendants'
10 material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose
11 and effect of concealing Allbirds' financial well-being and prospects from the investing public and
12 supporting the artificially inflated price of its securities. As demonstrated by Defendants'
13 overstatements and/or misstatements of the Company's business, operations, financial well-being,
14 and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the
15 misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by
16 deliberately refraining from taking those steps necessary to discover whether those statements were
17 false or misleading.

18 107. As a result of the dissemination of the materially false and/or misleading information
19 and/or failure to disclose material facts, as set forth above, the market price of Allbirds' securities
20 was artificially inflated during the Class Period. In ignorance of the fact that market prices of the
21 Company's securities were artificially inflated, and relying directly or indirectly on the false and
22 misleading statements made by Defendants, or upon the integrity of the market in which the
23 securities trades, and/or in the absence of material adverse information that was known to or
24 recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during
25 the Class Period, Plaintiff and the other members of the Class acquired Allbirds' securities during
26 the Class Period at artificially high prices and were damaged thereby.

27 108. At the time of said misrepresentations and/or omissions, Plaintiff and other members
28 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other

1 members of the Class and the marketplace known the truth regarding the problems that Allbirds was
2 experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class
3 would not have purchased or otherwise acquired their Allbirds securities, or, if they had acquired
4 such securities during the Class Period, they would not have done so at the artificially inflated prices
5 which they paid.

6 109. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act
7 and Rule 10b-5 promulgated thereunder.

8 110. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the
9 other members of the Class suffered damages in connection with their respective purchases and
10 sales of the Company's securities during the Class Period.

11 **FOURTH CLAIM**

12 **Violation of Section 20(a) of The Exchange Act**

13 **Against the Individual Defendants**

14 111. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
15 set forth herein.

16 112. Individual Defendants acted as controlling persons of Allbirds within the meaning of
17 Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their
18 ownership and contractual rights, participation in, and/or awareness of the Company's operations
19 and intimate knowledge of the false financial statements filed by the Company with the SEC and
20 disseminated to the investing public, Individual Defendants had the power to influence and control
21 and did influence and control, directly or indirectly, the decision-making of the Company, including
22 the content and dissemination of the various statements which Plaintiff contends are false and
23 misleading. Individual Defendants were provided with or had unlimited access to copies of the
24 Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be
25 misleading prior to and/or shortly after these statements were issued and had the ability to prevent
26 the issuance of the statements or cause the statements to be corrected.

27 113. In particular, Individual Defendants had direct and supervisory involvement in the
28 day-to-day operations of the Company and, therefore, had the power to control or influence the

1 particular transactions giving rise to the securities violations as alleged herein, and exercised the
2 same.

3 114. As set forth above, Allbirds and Individual Defendants each violated Section 10(b)
4 and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position
5 as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange
6 Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members
7 of the Class suffered damages in connection with their purchases of the Company's securities during
8 the Class Period.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

11 (a) Determining that this action is a proper class action under Rule 23 of the Federal
12 Rules of Civil Procedure;

13 (b) Awarding compensatory damages in favor of Plaintiff and the other Class members
14 against all defendants, jointly and severally, for all damages sustained as a result of Defendants'
15 wrongdoing, in an amount to be proven at trial, including interest thereon;

16 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this
17 action, including counsel fees and expert fees; and

18 (d) Such other and further relief as the Court may deem just and proper.

19 **JURY TRIAL DEMANDED**

20 Plaintiff hereby demands a trial by jury.

21 Dated: April 13, 2023