UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 7, 2024

Allbirds, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-40963	47-3999983
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

730 Montgomery Street
San Francisco, CA 94111
(Address of principal executive offices, including zip code)

(628) 225-4848
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value	**BIRD**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On March 12, 2024, Allbirds, Inc. (the "Company") reported financial results and business highlights for the quarter and fiscal year ended December 31, 2023. A copy of this press release (the "Earnings Press Release") is furnished as Exhibit 99.1 to this Current Report on Form 8-K (the "Current Report") and is incorporated by reference.

The information in this Item 2.02 of this Current Report (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 7, 2024, Joseph Zwillinger, the President, Chief Executive Officer and Secretary of the Company informed the Company's Board of Directors (the "Board") of his intention to transition from his role as President, Chief Executive Officer and Secretary, effective March 15, 2024.

On March 9, 2024, the Board appointed Joe Vernachio, the Company's current Chief Operating Officer, to serve as President, Chief Executive Officer and Secretary of the Company, effective March 15, 2024. Mr. Vernachio was also appointed to the Board, effective March 15, 2024, and will serve as a Class II director and will stand for reelection at the 2026 annual meeting of stockholders.

Mr. Zwillinger will continue serving as a member of the Board and will serve as an advisor to the Company through December 31, 2024.

Mr. Vernachio, 59, served as the Company's Chief Operating Officer since June 2021. From April 2017 to May 2021, Mr. Vernachio served as President of Mountain Hardwear, Inc., an outdoor apparel, equipment, and accessories company, where he led all aspects of Mountain Hardwear's global business, including brand positioning, go-to-market strategies, and execution across all distribution channels. From March 2011 to March 2017, Mr. Vernachio served in several roles at The North Face, an outdoor products company and subsidiary of VF Corporation, including most recently as Vice President of Global Product from July 2012 to March 2017, in which role he oversaw the brand's apparel, footwear, and equipment across all regions. Mr. Vernachio holds an A.S. in Forest Sciences and Biology from Paul Smith's College.

Joe Vernachio Offer Letter and Compensation Arrangement

On March 9, 2024, the Company entered into an Offer Letter with Mr. Vernachio (the "Offer Letter"). Under the terms of the Offer Letter, Mr. Vernachio will receive an annual base salary of $500,000 and will be eligible to receive an annual, performance-based cash bonus with a target cash bonus opportunity of 80% of Mr. Vernachio's annual base salary. Any actual annual performance bonus amount will be based upon the Board's good faith assessment of Mr. Vernachio's and the Company's attainment of performance goals established by the Board in its reasonable discretion.

The Management Compensation and Leadership Committee of the Board has approved the grant to Mr. Vernachio on March 15, 2024 (the "Grant Date"), of (i) an award of restricted stock units with a grant date value of $600,000 (the "RSU Award"), and (ii) an award of performance-based restricted stock units with a grant date value of $600,000 (the "PSU Award" and such units, "PSUs"), in each case pursuant to the Company's 2021 Equity Incentive Plan and standard forms of award agreements thereunder.

The RSU Award will become eligible to vest based on Mr. Vernachio's continuous services to the Company. 1/12th of the shares underlying the RSU Award will vest on the three-month anniversary of the Grant Date, and the remaining shares underlying the RSU Award will vest in 11 equal quarterly installments on each vesting date thereafter, subject to Mr. Vernachio's continuous service as of each such vesting date. The Company's vesting dates are March 1st, June 1st, September 1st, and December 1st. The dollar value of the RSU Award will be converted into a number of shares of the Company's Class A common stock ("Common Stock," and shares of Common Stock, the "Shares") by dividing (i) the value of the RSU Award, by (ii) the average closing price of Shares on the Nasdaq Stock Market for the 30 trading days immediately prior to the Grant Date.

The PSU Award will become eligible to vest upon the attainment of certain stock price goals, as described below. None of the PSUs vest purely based on continued employment. The dollar value of the PSU Award will be converted into a number of Shares of Common Stock by dividing (i) the value of the PSU Award, by (ii) the average closing price of Shares on the Nasdaq Stock Market for the 30 trading days immediately prior to the Grant Date.

The PSUs are eligible to vest based on the Company's stock price performance over a three-year performance period beginning on March 15, 2024 (the "Grant Date") and ending March 15, 2027. The PSUs are divided into two tranches. Each tranche is eligible to vest based on the achievement of a stock price goal (each, a "Company Stock Price Target"), measured based on the average of the closing prices of the Common Stock over a consecutive 30 trading day period during the performance period as set forth below. This measurement period is designed to reward Mr. Vernachio only if the Company achieves sustained growth in the Company's stock price.

The following table shows a summary of each tranche, including the percentage of PSUs eligible to vest per tranche and the applicable Company Stock Price Target.

Tranche	**Company Stock Price Target**	**Percentage of PSUs eligible to vest**
1	$2.00	50% of PSUs
2	$3.00	50% of PSUs

Upon achievement of a Company Stock Price Target, the PSUs in the applicable tranche will vest 50% upon the certification of achievement by the Management Compensation and Leadership Committee of the Board and 50% on the one year anniversary of such certification, subject in each case to Mr. Vernachio's continued service as CEO through the applicable vesting date.

If the average closing price of the Common Stock fails to reach the Company Stock Price Target for a particular tranche of the PSUs over a consecutive 30 trading day period during the performance period, or if Mr. Vernachio terminates service to the Company as CEO before achieving the Company Stock Price Target, no portion of that tranche will vest and unearned shares are forfeited. The Company Stock Price Targets and number of Shares underlying the PSUs will be adjusted to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications, or similar event under the Company's 2021 Equity Incentive Plan.

In the event of a change in control (as such term is defined in the Company's 2021 Equity Incentive Plan) of the Company before the end of the performance period, the price in the change in control will be used to determine performance versus the Company Stock Price Targets for each tranche. For each tranche, if the change in control price exceeds the respective tranche's Company Stock Price Target, all PSUs subject to that tranche shall be earned. PSUs earned based on the change in control price will vest immediately prior to the closing of the change in control and any unearned PSUs will be forfeited.

In the event of the termination of Mr. Vernachio's employment as CEO for any reason, any portion of the PSUs associated with a Company Stock Price Target that has not been achieved will be forfeited to the Company upon Mr. Vernachio's termination as CEO.

Pursuant to the terms of the Offer Letter, Mr. Vernachio's employment is at will and may be terminated at any time by the Company or Mr. Vernachio.

Mr. Vernachio is eligible to receive severance benefits under the terms of the Company's Severance and Change in Control Plan (the "Severance Plan"). A description of the Severance Plan is included in the Company's definitive proxy statement on Schedule 14A filed with the U.S. Securities and Exchange Commission on April 28, 2022.

Mr. Vernachio was not selected as an officer nor appointed as a director pursuant to any arrangements or understandings with the Company or with any other person, and there are no related party transactions between the Company and Mr. Vernachio that would require disclosure under Item 404(a) of Regulation S-K.

The foregoing description of the Offer Letter is qualified in its entirety by reference to the full text of the Offer Letter, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Joseph Zwillinger Transition and Special Advisor Agreement

On March 8, 2024, the Company entered into a Transition and Special Advisor Agreement with Mr. Zwillinger (the "Transition Agreement") in connection with his executive transition. Pursuant to the Transition Agreement, Mr. Zwillinger will serve as a non-employee advisor to the Company starting on May 20, 2024 (the "Transition Date") and through December 31, 2024. Mr. Zwillinger will receive cash payments in the gross amount of $187,500, less applicable withholdings, which will be paid in seven equal monthly installments following the Transition Date. The Company will also pay directly to the carrier the full amount of COBRA premiums for continued group health plan coverage for Mr. Zwillinger and his spouse and/or dependents through December 31, 2024.

The equity awards held by Mr. Zwillinger immediately prior to the Transition Date that are subject to time-based vesting will continue to vest pursuant to their original award agreements so long as Mr. Zwillinger remains a "service provider" (as defined in the Company's 2021 Equity Incentive Plan) to the Company as a member of the Board through the applicable vesting date.

However, any equity awards held by Mr. Zwillinger immediately prior to the Transition Date that are subject (in whole or in part) to performance-based vesting will vest only if and to the extent the performance goals specified in the applicable award agreement are achieved prior to the date on which Mr. Zwillinger ceases to be a "service provider" (as defined in the Company's 2021 Equity Incentive Plan) to the Company as a member of the Board, in addition to any time-based requirements.

The foregoing description of the Transition Agreement is qualified in its entirety by reference to the full text of the Transition Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Offer Letter between Allbirds, Inc. and Joseph Vernachio, dated March 9, 2024
10.2	Transition and Special Advisor Agreement between Allbirds, Inc. and Joseph Zwillinger, dated March 8, 2024
99.1	Earnings Press Release, dated March 12, 2024
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	Allbirds, Inc.
Dated: March 12, 2024	
	By: /s/ Joseph Zwillinger
	Joseph Zwillinger
	Chief Executive Officer

March 9, 2024

Dear Joe,

The Board of Directors (the “Board”) of Allbirds, Inc. (the “Company”) is thrilled to extend this offer of employment for the position of President, Chief Executive Officer and Secretary (“CEO”), reporting to the Company’s Board.

As CEO, you will have such duties, responsibilities and authority as is customary for persons situated in similar executive capacities and as may from time to time reasonably be assigned to you by the Board. Your principal work location will be the Company’s headquarters office in San Francisco, California, subject to required business travel.

Subject to any limitations imposed by applicable law, the Board plans to appoint you as a Class II member of the Board. You will be nominated for election as a member of the Board at the Company’s 2026 annual meeting of stockholders, so long as you continue to serve as the CEO through that date. In addition, while you continue to serve as CEO, the Board and/or the Sustainability, Nomination and Governance Committee of the Board will nominate you for reelection to the Board at each subsequent annual meeting at which your term on the Board is scheduled to expire and that occurs while you are CEO, but subject to the requirements of applicable law (including, without limitation, any rules or regulations of any exchange on which the common stock of the Company is then listed). If your position as CEO is terminated for any reason, you automatically will be deemed to have resigned from the Board and all positions that you hold with the Company and its affiliates, unless requested otherwise in writing by the Board. You will cooperate with the Company in documenting such resignation(s) and will promptly complete and return to the Company all documents reasonably specified by the Company for such purpose

Your initial base salary will be $500,000 per year, less applicable payroll deductions and withholdings, paid on the Company’s normal payroll schedule. The Company reserves the right to modify your base salary with advance notice in a manner comparable to other Company officers. Your annual base salary will be subject to review and adjustment based upon the Company’s normal performance review practices. As a salaried exempt employee, you will not be entitled to overtime pay and your salary is intended to cover all hours worked including any hours worked in excess of 8 in a day, or 40 in a workweek, or overtime as otherwise mandated by applicable federal or state law.

We are pleased to inform you that you will be eligible to participate in Allbirds’s annual performance-driven bonus program, with an initial target opportunity equal to 80% base salary and an initial maximum opportunity equal to 160% of base salary. Any bonus is discretionary and shall be decided by the Company in its sole discretion. Target incentives do not constitute a promise on the part of the Company for payment of a bonus. To qualify for bonus payment, you must remain employed with the Company on the date on which the bonus is paid.

During your employment, you will be eligible for employee benefits consistent with the Company’s practices and in accordance with the terms of the applicable benefit plans as they currently exist and subject to any future modifications in the Company’s discretion. A full description of the Company's current benefits is available upon request. We believe that rest and relaxation is important to a productive workplace, and hence, offer flexible paid time off, subject to applicable federal, state, and local laws. You must request flexible paid time off in accordance with the policies outlined in the Employee Handbook.

Additionally, you will be eligible to participate in special employee pricing for Allbirds' products as said pricing currently exists and subject to any future modifications in the Company's sole discretion. The Company may change some compensation components and benefits from time-to-time at its discretion.

We are pleased to inform you that we will recommend to the Board or a committee of the Board that you be granted an award of restricted stock units (the "RSUs") with a grant date value of $600,000 (the "RSU Award"), to be granted under and subject to the terms and conditions of the Allbirds, Inc. Equity Incentive Plan, as amended from time to time (the "Plan"), as well as the terms and conditions of the applicable RSU Award agreement and the notice of RSU Award grant, all of which will be provided to you as soon as practicable after the grant date and which you will be required to accept in accordance with Allbirds' acceptance procedures.

The number of RSUs granted is calculated using the average closing price of the Company's Class A common stock for the 30 trading days prior to the grant date. Each RSU represents a contingent right to receive one share of our common stock upon vesting. The RSU Award will be governed by the terms and conditions of the Plan and your grant agreement, and will include a three year vesting schedule, under which 1/12th of your total RSUs will vest three months after the vesting commencement date, and 1/12th of the total RSUs will vest at the end of each quarter thereafter, until either the grant is fully vested or your Continuous Service (as defined in the Plan) terminates, whichever occurs first.

Also, subject to approval by the Compensation Committee of the Board (the "Compensation Committee"), the Company will grant you performance-based restricted stock units (the "PSUs") with a grant date value of $600,000 (the "PSU Award"). Such PSUs are eligible to vest based on the achievement of performance goals approved by the Compensation Committee over a three-year performance period, subject to your Continuous Service (as defined in the Plan) during the vesting term. Subject to the approval by the Compensation Committee, such performance goals will relate to achievement of specified levels of stock prices of the Company's Class A common stock.

The number of PSUs granted is calculated using the average closing price of the Company's Class A common stock for the 30 trading days prior to the grant date. Each PSU represents a contingent right to receive one share of our common stock upon vesting.

In addition to the foregoing, you will be eligible to continue to participate in Allbirds' Severance and Change in Control Plan, which provides for, among other things, twelve (12) months of base pay and benefits plus equity acceleration in the event of termination related to an applicable "Change in Control" (as such term is defined in the Severance and Change in Control Plan). You will also be eligible for consideration in the Company's annual equity refresh program, which will target an aggregate refresh grant value determined annually by the Board; provided, however, that any annual refresh grant (including the specific form of such grant or grants) shall be at the

Company’s sole discretion and dependent on both company and individual performance.

As a Company employee, you will be expected to abide by Company rules and policies as they currently exist and subject to any future modifications in the Company’s discretion including, without limitation, maintaining as confidential proprietary information of the Company. The requirement that you maintain as confidential proprietary information of the Company shall extend beyond separation of your employment. In your new role, you must continue to comply with theEmployee Confidential Information and Inventions Assignment Agreement that you previously executed with the Company.

Your employment is at-will. You may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause or advance notice. Your employment at-will status can only be modified in a written agreement signed by an authorized officer of the Company.

As a condition of employment, you must sign and comply with the Mutual Dispute Resolution Agreement, which will be provided under separate cover. This letter is merely a summary of the principal terms of our employment offer and is not a contract of employment for any definite period of time. This letter supersedes any prior or subsequent oral or written representations regarding the terms of potential employment with the Company, including but not limited to the kind, character, or existence of work, the length of time such work would last, and your compensation for the work By signing below, you acknowledge that you are not relying on any representations other than those set forth in this letter.

Please sign and date the letter, and return them to me if you wish to accept employment at the Company under the terms described above. If you accept our offer, we would like you to start on March 15, 2024.

Sincerely,

/s/ Richard Boyce

Richard Boyce
Lead Independent Director of the
Board of Directors

Understood and Accepted:

/s/ Joseph Vernachio	March 9, 2024
Joseph Vernachio	Date

March 8, 2024

Joseph Zwillinger

Re: Transition and Special Advisor Agreement

Dear Joey:

The Board of Directors (the "Board") of Allbirds, Inc. ("Allbirds" or the "Company") thanks you for your vision and hard work in co-founding the Company and for your vital leadership of the Company over the years. We are pleased that, even though you no longer will serve as Chief Executive Officer, you will provide services to the Company in a non-employee special advisory role (the "Advisory Role") and will also remain a member of the Board.

This letter agreement (the "Agreement") describes the terms applicable to your ceasing to be a Company employee and officer, your service to the Company in the Advisory Role, and your remaining on the Board. Please sign and return this Agreement to the Company on or before March 30, 2023 (the "Execution Deadline"). This Agreement will become effective on the 8th day after it has been signed by both you and a duly authorized representative of the Company (the "Effective Date"), except that this Agreement will not become effective if, prior to that 8th day, you or the Company revoke this Agreement.

1. Roles. Your service as Chief Executive Officer of the Company will terminate as of March 15, 2024 (the "Transition Date"), and you will continue to be employed by the Company until May 20, 2024 (the "Separation Date"). During the period from the Transition Date to the Separation Date (the "Transition Period"), you shall assist with the transition of your duties and obligations to your named successor. During the Transition Period you shall continue to receive the same base salary (currently $375,000 per annum) and shall be entitled to receive the same employee benefits you have as of the Transition Date. Notwithstanding the foregoing, you hereby agree that you shall not be entitled to participate in Allbirds's annual performance-driven bonus program with respect to the 2024 fiscal year.

    a. Advisory Role. Effective May 20, 2024, you will commence service to Allbirds in the Advisory Role. Unless terminated earlier, the Advisory Role will terminate on December 31, 2024 (the "Advisory Period"). During the Advisory Period you will provide advisory services as requested and specifically defined by the Board, which services will be related to ensuring a smooth transition following the appointment of Allbirds' new Chief Executive Officer (the "New CEO"), aiding the New CEO, as specifically requested by the New CEO or the Board, and assisting in such other operational matters befitting your expertise and professional experience.

    b. Board Service. Your service as a member of the Board will continue in accordance with the Company's Amended and Restated by-laws.

2. Advisory Period Compensation and Benefits. In consideration of your transition from service as a Company officer and employee and the services to be provided by you in the Advisory Role, you will be eligible to receive the following compensation and benefits set forth below.

    a. Advisory Cash Fee. The Company will pay you a gross amount in cash equal to $187,500, less applicable taxes and withholdings, (the "Advisory Cash Fee"). The Advisory Cash Fee will be paid to you in 7 equal monthly installments, following the Separation Date and in accordance with the Company's standard payroll practices. If your service in the Advisory Role terminates, no further portion of the Advisory Cash Fee will be made under this Section 2.a.

b. Benefit Payments. If you timely elect continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), the Company will pay directly to the carrier the full amount of COBRA premiums for continued group health plan coverage for you, and any of your spouse and/or dependents enrolled under a group health plan sponsored by the Company as of the Separation Date through December 31, 2024 (the foregoing payments, the “COBRA Payments”). If your service in the Advisory Role terminates, no further COBRA Payments will be made under this Section 2.b.

c. Treatment of Existing Equity Awards. All of your Company equity awards that are outstanding as of immediately prior to the Transition Date and that are subject to time-based vesting (“Time-Based Equity Awards”) will continue to vest pursuant to the terms of the applicable Company equity plan and the applicable award agreement, subject to your continued service to the Company as a member of the Board through the applicable vesting date (and subject to the following). Notwithstanding the preceding, any Company equity awards that are outstanding as of immediately prior to the Transition Date that are subject (in whole or in part) to performance-based vesting will vest only if and to the extent the performance goals specified in the applicable award agreement are achieved prior to the date on which your service to the Company as a member of the Board ceases, in addition to any time-based requirements. All of your equity awards remain subject to the terms and conditions of such applicable equity plans and award agreements (the “Stock Agreements”), except to the limited extent provided in this section 2.c. You agree that you are not eligible for any additional equity awards based on performance in 2024.

3. Acknowledgements. You acknowledge and agree that without this Agreement, you otherwise would not be entitled to the consideration set forth in Section 2 of this Agreement. You further acknowledge and agree that your transition into the Advisory Role will not entitle you to any severance or other post-employment benefits (for example, but without limitation, any severance, equity acceleration or post-employment benefits described in the Company’s Executive Change in Control and Severance Plan (the “Severance Plan”)). You acknowledge that this Agreement replaces and supersedes any employment agreement entered into between you and the Company.

4. Resignation as Officer, Director and Employee. Effective as of the Transition Date, you will be deemed to have resigned from your role as an officer of the Company and of any subsidiary and of any other controlled entity of the Company, and as a member of the board of directors of any subsidiary and any other controlled entity of the Company, but you will continue to provide services to the Company as an employee up until the Separation Date and then in the Advisory Role and as a member of the Board. As a condition to receiving payments and benefits under this Agreement, you agree to provide your reasonable full cooperation to the Company in implementing such resignations (for example, but without limitation, by promptly signing and returning any documents provided by the Company necessary to effect or confirm your resignation).

5. Payment of Salary and Receipt of All Benefits. Within 30 days following the Separation Date, the Company shall pay to you any portion of your base salary through the Separation Date that remains unpaid, if any, any business expenses that have not been reimbursed by the Company as of the Separation Date that were incurred by you on or prior to the Separation Date. You acknowledge and agree that, other than as set forth in this Agreement, the Company and its agents have paid or provided all salary, wages, bonuses, accrued vacation/paid time off, notice periods, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, equity awards, vesting, and any and all other benefits and compensation due to you. You acknowledge and agree that you are not entitled to any payments or benefits under the Severance Plan and that, effective as of the Separation Date, you will cease to be a participant in that plan.

6. Release of Claims.

a. General Release. You agree that the consideration in Section 2 of this Agreement, which you would not otherwise be entitled to receive, represents settlement in full of all outstanding obligations owed to you by the Company, its subsidiaries and other controlled entities, and you, individually and on behalf of your heirs, executors, administrators, representatives, attorneys, successors, and assigns, knowingly and voluntarily release and forever discharge the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns, both individually and in their business capacities, and their employee benefit plans and programs and the trustees, administrators, fiduciaries, and insurers of such plans and programs, both individually and in their business capacities (collectively, the “Released Parties”), to the full extent permitted by law, from any and all claims, liabilities and obligations, both known and unknown, asserted or unasserted, which you have or may have against the Released Parties as of the date of execution of this Agreement (collectively, the “Released Claims”).

b. Scope of Release. The Released Claims include, but are not limited to: (i) any and all claims relating to or arising from your employment relationship with the Company, the decision to terminate that relationship, and the termination of that relationship; (ii) all claims related to the Severance Plan, your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, sick time, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including, but not limited to, fair employment claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the Americans with Disabilities Act of 1990; Sections 1981 through 1988 of Title 42 of the United States Code; The Employee Retirement Income Security Act of 1974; The Immigration Reform and Control Act; The Age Discrimination in Employment Act of 1967; The Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family and Medical Leave Act, the Equal Pay Act; the Genetic Information Nondiscrimination Act of 2008; the California Labor Code (as amended); the California Fair Employment and Housing Act (as amended); any and all rights and claims for fraud in the inducement related to this or any other agreement.

You understand and acknowledge that this waiver and release is knowing and voluntary. You understand and acknowledge that the consideration given for this waiver and release is in addition to anything of value to which you were already entitled. You further understand and acknowledge that the Company advises you by this writing that: (a) you have the opportunity and should consult with an attorney prior to executing this Agreement; (b) you have twenty-one (21) days to consider whether you wish to execute this Agreement; (c) you have seven (7) days following your execution of this Agreement to revoke this Agreement; and (d) this Agreement shall not be effective until after the revocation period has expired. You acknowledge and understand that any revocation of this Agreement must be accomplished by a written notification to the person executing this Agreement on the Company’s behalf that is received prior to the Effective Date.

You warrant and represent that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein. You agree that the release set forth in this section will be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not extend to any right you may have to unemployment compensation benefits, workers’ compensation benefits or vested benefits under the Company’s 401(k) plan. In addition, this release does not extend to any rights of indemnification you may have pursuant to any indemnification agreement, pursuant to the Company’s or its subsidiaries’ certificate of incorporation, bylaws, or other governing documents, or under any applicable D&O

insurance policy with the Company, subject to the respective terms, conditions, and limitations of such indemnification agreement, certificate of incorporation, bylaws or governing document, or D&O insurance policy, in each case, as may be applicable.

You acknowledge and agree that this Agreement is a negotiated transition and special advisor agreement for which consideration does not constitute, in whole or in part, any employment related benefit, such as a bonus, raise, or employment.

7. Collective/Class Action Waiver. If any claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective, or multi-party action or proceeding based on such a claim in which the Company, or any of the other Released Parties is a party.

8. Section 1542 Waiver. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

9. Return of Company Property. By no later than the close of business on the Separation Date, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control, including, but not limited to, Company files, notes, financial and operational information, customer lists and contact information, product and services information, research and development information, drawings, records, plans, forecasts, reports, payroll information, spreadsheets, studies, analyses, compilations of data, proposals, agreements, sales and marketing information, personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, mobile telephones, tablets, handheld devices, and servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company and all reproductions thereof in whole or in part and in any medium. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) business days after the Separation Date, you agree to permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. Notwithstanding the foregoing, you may retain Company materials relevant to your service to the Company as a member of the Board. Provided that you timely return this fully signed and dated Agreement to the Company and you fully comply with your obligations hereunder, the Company will, as an additional separation benefit and adequate consideration, allow you to keep any laptop computer and associated peripherals issued to you during your employment. You acknowledge and agree to comply with the terms of the Company's insider trading policy to the extent such policy remains applicable to you.

10. Continuing Obligations. You acknowledge that, separate from this Agreement, you remain under continuing obligations to the Company under the terms of the Employee Confidential Information and Invention Assignment Agreement you executed in connection with your employment with

the Company (the “Confidentiality Agreement”), specifically including the provisions therein regarding nondisclosure of the Company’s trade secrets and confidential and proprietary information.

11. Breach. You acknowledge and agree that, notwithstanding any contrary provision of this Agreement, any material breach of Sections 9 or 10 of this Agreement will entitle the Company immediately to recover and/or cease providing the consideration provided to you under this Agreement and to obtain damages, except as provided by law, provided that the Company shall provide to you written notice of any such breach and, to the extent such breach is curable, you shall be provided 10 business days to cure. You acknowledge and agree that the opportunity to receive the monetary consideration set forth in Sections 2 and the other promises and commitments of the Company under this Agreement will serve as full and complete consideration for the promises and obligations assumed by you under this Agreement.

12. Tax Liabilities. The Company makes no representations or warranties with respect to the tax liabilities or consequences of the payments and any other consideration provided to you or made on your behalf under the terms of this Agreement. You agree and understand that you are responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. All payments and benefits under this Agreement will be reduced by applicable tax and other withholdings and any such withholding shall be remitted to the applicable government authorities.

13. Protected Activity Not Prohibited. You understand that nothing in this Agreement will in any way limit or prohibit you from engaging in any Protected Activity. For purposes of this Agreement, “Protected Activity” will mean: (i) filing and/or pursuing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board (“Government Agencies”); and/or (ii) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful. Notwithstanding the foregoing, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any Company trade secrets, proprietary information, or confidential information that does not involve unlawful acts in the workplace or the activity otherwise protected herein. You further understand that “Protected Activity” does not include the disclosure of any Company attorney-client privileged communications or attorney work product. In addition, pursuant to the Defend Trade Secrets Act of 2016, you are notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual’s attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Finally, nothing in this Agreement constitutes a waiver of any rights you may have under the Sarbanes-Oxley Act or Section 7 of the National Labor Relations Act (“NLRA”). For purposes of clarity, nothing in this Agreement shall be interpreted to impair or limit your participation in any legally protected activities, such as (v) making truthful statements in response to a subpoena or other legal process, (w) forming, joining, or supporting labor unions, (x) bargaining collectively through representatives of employees’ choosing, (y) discussing wages, benefits, or terms and conditions of employment, and (z) discussing, or raising complaints about, working conditions for the purpose of mutual aid or protection of you or the Company’s other current or former employees, to the extent such activities are protected by Section 7 of the NLRA.

14. Section 409A. It is intended that this Agreement comply with, or be exempt from, Internal Revenue Code Section 409A and the final regulations and official guidance thereunder ("Section 409A") and any ambiguities and ambiguous terms herein will be interpreted to so comply and/or be exempt from Section 409A. Each payment and benefit to be paid or provided under this Agreement is intended to constitute a series of separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. If and only to the extent necessary to avoid the imposition on you of an additional tax under Section 409A, payments or benefits under this Agreement will be delayed until six months and one day after you incur a "separation from service" under Section 409A (to the extent such payment or benefits otherwise would be paid within such six-month period). The Company and you will work together in good faith to consider either (i) amendments to this Agreement; or (ii) revisions to this Agreement with respect to the payment of any awards, which are necessary or appropriate to avoid imposition of any additional tax or income recognition prior to the actual payment to you under Section 409A. In no event will the Released Parties have any responsibility, liability or obligation to reimburse or indemnify you, or hold you harmless for any taxes that may be imposed, or other costs incurred, as a result of Section 409A.

15. General. This Agreement, the Confidentiality Agreement, and the Stock Agreements constitute the complete, final and exclusive embodiment of the entire agreement between you and the Company. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its subject matter. This Agreement may be amended only in a writing signed by you and a duly authorized Company officer or director authorized by the Board to sign the amendment to this Agreement. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. This Agreement was the result of negotiations between the Parties and their respective counsel, if represented. In the event of vagueness, ambiguity, or uncertainty, this Agreement shall not be construed against the Party preparing it, but shall be construed as if both Parties prepared it jointly. In the event that any provision or any portion of any provision of this Agreement becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic image copies of signatures (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000) or other transmission method shall be equivalent to original signatures.

Finally, we want to reiterate our thanks to you for your valuable service to the Company and your efforts in ensuring a smooth transition. We ask that you please execute and return this Agreement to the Company by the Execution Deadline.

Dated: March 8, 2024 **Joseph Zwillinger**

__/s/ Joseph Zwillinger ________________

Dated: March 8, 2024 **Allbirds, Inc.**

__/s/ Richard Boyce_____________________

Richard Boyce
Lead Independent Director of the Board

ALLBIRDS REPORTS FOURTH QUARTER AND FULL YEAR 2023 FINANCIAL RESULTS; ACHIEVES Q4 FINANCIAL GUIDANCE TARGETS

Allbirds COO Joe Vernachio Appointed CEO as Company Accelerates Strategic Transformation Plan

Company Provides 2024 Outlook

SAN FRANCISCO, Calif., March 12, 2024 (GlobeNewswire) – Allbirds, Inc. (NASDAQ: BIRD), a global lifestyle brand that innovates with naturally derived materials to make better footwear and apparel products in a better way, today reported financial results for the fourth quarter ended December 31, 2023.

Separately, the Company also announced today that COO Joe Vernachio has been appointed as CEO, effective March 15, 2024. He will oversee all operations and continue advancing Allbirds' strategic transformation plan. Co-Founder & CEO Joey Zwillinger will remain on the Board of Directors and serve as a special advisor to Allbirds.

Fourth Quarter and Full Year 2023 Overview

- Fourth quarter net revenue decreased 14.5% to $72.0 million versus a year ago; full year net revenue decreased 14.7% to $254.1 million versus a year ago.
- Fourth quarter net loss of $56.8 million, or $0.37 per basic and diluted share; full year net loss of $152.5 million, or $1.01 per basic and diluted share.
- Fourth quarter Adjusted EBITDA[1] loss of $19.5 million; full year adjusted EBITDA[1] loss of $78.4 million.
- Inventory at year end of $57.8 million, representing a decrease of 51% versus a year ago.
- Significantly reduced fourth quarter and full year operating cash use; fourth quarter operating cash use of $4.7 million compared to $8.4 million a year ago and full year operating cash use of $30.2 million compared to $90.6 million in 2022.
- At December 31, 2023, the Company had $180.0 million of liquidity, including $130.0 million of cash and cash equivalents and $50.0 million of availability under its revolving credit facility.
- Finalized agreement with Australasia distributor in Q4 and subsequently finalized agreement with Japan distributor.

"The Company made meaningful progress in 2023 both operationally and financially, ending the year in a much stronger position," said Joey Zwillinger, Chief Executive Officer. "With the transformative actions we completed over the past year, coupled with world-class leadership, I am confident in the team, and in particular, Joe Vernachio's stewardship of the brand for this next chapter for Allbirds. We entered 2024 with a strong cash position, healthy inventory composition and volume, and a strengthened foundation. Looking ahead, Joe's focus on growth and rebuilding consumer momentum through compelling products and storytelling is what the company needs now, and sets Allbirds up to achieve durable, profitable growth and create value for our shareholders."

Fourth Quarter Operating Results

In the fourth quarter of 2023, net revenue decreased 14.5% to $72.0 million compared to the fourth quarter of 2022. The year-over-year decrease is primarily attributable to a lower average selling price, driven by increased promotional activity, partially offset by an increase in third-party net revenue.

Gross profit totaled $27.4 million compared to $36.3 million in the fourth quarter of 2022, and gross margin declined to 38.0% compared to 43.1% in the fourth quarter of 2022. The decline in gross profit and gross margin is primarily due to the decrease in average selling price.

Selling, general, and administrative expense (SG&A) was $41.5 million, or 57.7% of net revenue, compared to $41.6 million, or 49.5% of net revenue in the fourth quarter of 2022. The decrease is primarily attributable to a decrease in stock-based compensation, partially offset by an increase to depreciation and amortization expense.

Marketing expense totaled $14.9 million, or 20.6% of net revenue, compared to $16.8 million, or 20.0% of net revenue in the fourth quarter of 2022, reflecting a reduction in marketing spend compared to the same period in 2022, driven by decreased digital advertising spend.

Impairment expense totaled $27.4 million, or 38.1% of net revenue, compared to $3.3 million, or 3.9% of net revenue in the fourth quarter of 2022, resulting from the non-cash impairment of property and equipment and operating lease right-of-use assets associated with certain of our retail stores.

Restructuring expense totaled $1.2 million, or 1.7% of net revenue compared to nearly zero in the fourth quarter of 2022, primarily as a result of employee-related benefits and professional service fees associated with execution of the strategic transformation plan announced in March 2023.

In the fourth quarter of 2023, net loss was $56.8 million compared to $24.9 million in the fourth quarter of 2022, and net loss margin was 78.9% compared to 29.5% in the fourth quarter of 2022.

In the fourth quarter of 2023, Adjusted EBITDA[1] was a loss of $19.5 million, compared to a loss of $12.5 million in the fourth quarter of 2022, and adjusted EBITDA margin[1] declined to (27.1)% compared to (14.9)% in the fourth quarter of 2022.

Full Year Operating Results

Full-year 2023 net revenue decreased 14.7% to $254.1 million compared to $297.8 million in 2022. The year-over-year decrease is primarily attributable to a lower average selling price, driven by increased promotional activity, partially offset by an increase in third-party net revenue.

Gross profit in 2023 totaled $104.2 million compared to $129.6 million in 2022, while gross margin declined to 41.0% in 2023 versus 43.5% in 2022. The decrease in gross profit and gross margin is primarily due to the decrease in average selling price.

SG&A in 2023 was $174.0 million, or 68.5% of net revenue, compared to $166.7 million, or 56.0% of net revenue, in 2022, with the increase primarily attributable to an increase in operational expenses due to a full year of operations for stores opened during 2022, including depreciation expense, rent, and utility expense.

Marketing expense in 2023 totaled $49.0 million compared to $59.1 million in 2022 and improved as a percentage of net revenue to 19.3% from 19.9% for the same period last year due to decreased digital advertising spend.

Impairment expense totaled $27.4 million, or 10.8% of net revenue, compared to $3.3 million, or 1.1% of net revenue in the fourth quarter of 2022, resulting from the non-cash impairment of property and equipment and operating lease right-of-use assets associated with certain of our retail stores.

Restructuring expense in 2023 totaled $6.8 million, or 2.7% of net revenue, compared to $0.8 million, or 0.3% of net revenue, in the same period in 2022, primarily as a result of higher professional fees and employee-related expenses associated with the execution of the strategic transformation plan announced in March 2023.

Net loss in 2023 was $152.5 million compared to $101.4 million in 2022, and net loss margin was 60.0% compared to 34.0% in 2022.

Adjusted EBITDA loss[1] in 2023 was $78.4 million compared to a loss of $60.4 million in 2022, and adjusted EBITDA margin[1] declined to (30.9)% compared to (20.3)% for 2022.

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[1] For a reconciliation of each non-GAAP financial measure to its most directly comparable GAAP financial measure, please refer to the reconciliation tables in the section titled "Non-GAAP Financial Measures below.

Strategic Transformation Plan

In 2023, Allbirds delivered strong execution under its strategic transformation plan designed to reignite growth in the coming years, as well as improve capital efficiency, and drive improved profitability. The Company’s newly appointed CEO Joe Vernachio will be leading the remaining work under the transformation plan, which focuses on four key areas:

- Reignite product and brand: Executing a highly focused brand strategy to drive resonance with the consumer through fresh, innovative products, as well as more impactful storytelling and marketing.
- Optimize United States (U.S.) distribution and retail store profitability: Driving traffic and conversion to our U.S. fleet, selectively closing Allbirds stores and expanding our third-party wholesale channel. In 2024, the Company expects to close 10-15 U.S. retail store locations.
- Evaluate transition of international go-to-market strategy: Transitioning to a distributor model in certain international markets to grow those regions in a cost- and capital-efficient manner. In the third quarter of 2023, Allbirds transitioned two regions, Canada and South Korea, and we have subsequently finalized agreements for an additional two regions, Australasia and Japan.
- Improve cost savings and capital efficiency: Tracking to the cost of goods savings and SG&A savings we outlined for 2025, and optimizing cash.

Balance Sheet Highlights

Allbirds ended the year with $130.0 million of cash and cash equivalents, reflecting a significant improvement in operating cash use versus a year ago. Operating cash use improved significantly in the fourth quarter and full year 2023 to $4.7 million and $30.2 million, respectively, compared to $8.4 million and $90.6 million, respectively, in 2022. Inventories totaled $57.8 million, a decrease of 50.5% compared to $116.8 million at the end of 2022. The decrease from the end of 2022 is primarily attributable to fewer units of on hand inventory.

2024 Financial Guidance Targets

Allbirds is providing the following financial guidance targets for 2024. The Company’s outlook for the full year reflects approximately $32-37 million of negative impact to revenue associated with the transition from a direct selling model to a distributor model in international markets, as well as the anticipated closure of 10-15 Allbirds stores in 2024. In order to help investors best understand the financial impact of the Company’s transition to a distributor model in international markets, Allbirds is providing net revenue guidance for its U.S. and international geographical markets in 2024.

<u>Full Year 2024 Outlook</u>

- Net revenue of $190 million to $210 million
  - U.S. net revenue of $150 million to $165 million, including a $7 million to $9 million impact resulting from anticipated store closures
  - International net revenue of $40 million to $45 million, including $25 million to $28 million of impact resulting from anticipated transitions to a distributor model in certain international markets
- Gross margin of 42% to 45%
- Adjusted EBITDA loss of $78 million to $63 million

<u>First Quarter 2024 Outlook</u>

- Net revenue of $37 million to $42 million
  - U.S. net revenue of $28 million to $31 million
  - International net revenue of $9 million to $11 million

- Adjusted EBITDA[2] loss of $27 million to $23 million.

The Company will provide additional commentary on 2023 business trends during its earnings call.

Conference Call Information

Allbirds will host a conference call to discuss the results, followed by Q&A, at 5:00 p.m. Eastern Time today, March 12, 2024. A live webcast and replay of the conference call will be available on the investor relations section of the Allbirds website at https://www.ir.allbirds.com. Information on the Company's website is not, and will not be deemed to be, a part of this press release or incorporated into any other filings the Company may make with the Securities and Exchange Commission. A replay of the webcast will also be archived on the Allbirds website for 12 months.

About Allbirds, Inc.

Dreamed up in New Zealand, Allbirds launched in San Francisco in 2016 with the ethos of using natural materials to create the world's most comfortable shoes. With carbon reduction as its north star, Allbirds is paving the way for a more sustainable approach to business through product innovation, industry collaboration (like open sourcing its carbon footprint calculator) and being the first footwear brand to carbon label all of its products. www.allbirds.com.

Forward-Looking Statements

This press release and related conference call contain "forward-looking" statements, as the term is defined under federal securities laws, that are based on management's beliefs and assumptions and on information currently available to management. All statements other than statements of historical facts, including statements regarding our strategic transformation plan and related efforts, future financial performance, including our financial outlook on financial results and guidance targets, planned transition to a distributor model in certain international markets, anticipated distributor model arrangements, focus on improving efficiencies and driving profitability, restructuring charges, estimated and/or targeted cost savings, medium-term financial targets, market position, future results of operations, financial condition, business strategy and plans, reducing the carbon footprint of our products, materials innovation and new product launches, and objectives of management for future operations are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "designed," "objective," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties which could cause actual results or facts to differ materially from those statements expressed or implied in the forward-looking statements, including, but not limited to: unfavorable economic conditions; our ability to execute our strategic transformation plans, simplification initiatives or our long-term growth strategy; fluctuations in our operating results; our ability to achieve the financial outlook and guidance targets for the first quarter of 2024; our ability to complete transitions to a distributor model in certain international markets; our ability to achieve our cost savings targets by 2025; deteriorating economic conditions, including economic recession, inflation, tax rates, foreign currency exchange rates, or the availability of capital; impairment of long-lived assets; the strength of our brand; our net losses since inception; the competitive marketplace; our reliance on technical and materials innovation; our use of sustainable high-quality materials and environmentally friendly manufacturing processes and supply chain practices; our ability to attract new customers and increase sales to existing customers; the impact of climate change and government and investor focus on sustainability issues; our ability to anticipate product trends and consumer preferences, including with respect to the product

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[2] A reconciliation of these non-GAAP financial measures to corresponding GAAP financial measures is not available on a forward-looking basis without unreasonable effort as we are currently unable to predict with a reasonable degree of certainty certain expense items that are excluded in calculating adjusted EBITDA, although it is important to note that these factors could be material to our results computed in accordance with GAAP. We have provided a reconciliation of GAAP to non-GAAP financial measures in the section titled "Reconciliation of GAAP to Non-GAAP Financial Measures" for our fourth quarter 2023 and 2022 results included in this press release.

launches we have planned for the first half of 2024; breaches of security or privacy of business information; and our ability to forecast consumer demand. Moreover, we operate in a very competitive and rapidly changing environment in which new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results or performance to differ materially from those contained in any forward-looking statements we may make.

Further a further discussion of these and other factors that could cause our financial results, performance, and achievements to differ materially from any results, performance, or achievements anticipated, expressed, or implied by these forward-looking statements is included in the filings we make with the SEC, including our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, and future reports we may file with the SEC from time to time. The forward-looking statements contained in this press release and related conference call relate only to events as of the date stated or, if no date is stated, as of the date of this press release and related conference call. We undertake no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in or expressed by, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Use of Non-GAAP Financial Measures

This press release and accompanying financial tables include references to adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures. We believe that providing these non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, and not in isolation or as substitutes for analysis of our results of operations under GAAP, are useful to investors as they are widely used measures of performance, and the adjustments we make to these non-GAAP financial measures may provide investors further insight into our profitability and additional perspectives in comparing our performance to other companies and in comparing our performance over time on a consistent basis. These non-GAAP financial measures should not be considered as alternatives to net loss or net loss margin as calculated and presented in accordance with GAAP.

Adjusted EBITDA is defined as net loss before stock-based compensation expense, including common stock warrant expense, depreciation and amortization expense, impairment expense, restructuring expense (consisting of professional fees, severance payments, and other related charges from our August 2022 and March 2023 initiatives), non-cash gains or losses on the sales of businesses relating to our March 2023 initiatives, other income or expense (consisting of non-cash changes in the fair value of our equity investments, non-cash gains or losses on foreign currency, and non-cash gains or losses on sales of property and equipment), interest income or expense, and income tax provision or benefit.

Adjusted EBITDA margin is defined as adjusted EBITDA divided by net revenue.

Other companies, including companies in our industry, may calculate these adjusted financial measures differently, which reduces their usefulness as comparative measures. Because of these limitations, we consider, and investors should consider, these adjusted financial measures together with other operating and financial performance measures presented in accordance with GAAP.

Investor Relations:

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Allbirds, Inc.

Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share, per share amounts, and percentages)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net revenue	$ 71,990	$ 84,178	$ 254,065	$ 297,766
Cost of revenue	44,615	47,874	149,833	168,138
Gross profit	27,375	36,304	104,232	129,628
Operating expense:				
Selling, general, and administrative expense	41,528	41,631	174,044	166,736
Marketing expense	14,850	16,815	49,042	59,109
Impairment expense	27,392	3,286	27,392	3,286
Restructuring expense	1,243	35	6,757	782
Total operating expense	85,013	61,767	257,235	229,913
Loss from operations	(57,638)	(25,463)	(153,003)	(100,285)
Loss from sales of businesses	(415)	—	(2,761)	—
Interest income	1,115	126	4,076	19
Other (expense) income	(138)	(254)	(436)	139
Loss before provision for income taxes	(57,076)	(25,591)	(152,124)	(100,127)
Income tax benefit (provision)	297	725	(334)	(1,227)
Net loss	$ (56,779)	$ (24,866)	$ (152,458)	$ (101,354)
Net loss per share data:				
Net loss per share attributable to common stockholders, basic and diluted	$ (0.37)	$ (0.17)	$ (1.01)	$ (0.68)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	153,674,506	149,573,335	151,672,437	148,754,428
Other comprehensive loss:				
Foreign currency translation gain (loss)	1,714	3,486	276	(4,277)
Total comprehensive loss	$ (55,065)	$ (21,380)	$ (152,182)	$ (105,631)

Allbirds, Inc.

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Statements of Operations Data, as a Percentage of Net Revenue:				
Net revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	62.0 %	56.9 %	59.0 %	56.5 %
Gross profit	38.0 %	43.1 %	41.0 %	43.5 %
Operating expense:				
Selling, general, and administrative expense	57.7 %	49.5 %	68.5 %	56.0 %
Marketing expense	20.6 %	20.0 %	19.3 %	19.9 %
Impairment expense	38.1 %	3.9 %	10.8 %	1.1 %
Restructuring expense	1.7 %	— %	2.7 %	0.3 %
Total operating expense	118.1 %	73.4 %	101.2 %	77.2 %
Loss from operations	(80.1)%	(30.2)%	(60.2)%	(33.7)%
Loss from sales of businesses	(0.6)%	— %	(1.1)%	— %
Interest income	1.5 %	0.1 %	1.6 %	0.0 %
Other (expense) income	(0.2)%	(0.3)%	(0.2)%	0.0 %
Loss before provision for income taxes	(79.3)%	(30.4)%	(59.9)%	(33.6)%
Income tax benefit (provision)	0.4 %	0.9 %	(0.1)%	(0.4)%
Net loss	(78.9)%	(29.5)%	(60.0)%	(34.0)%
Other comprehensive loss:				
Foreign currency translation gain (loss)	2.4 %	4.1 %	0.1 %	(1.4)%
Total comprehensive loss	(76.5)%	(25.4)%	(59.9)%	(35.5)%

Allbirds, Inc.

Consolidated Balance Sheets
(in thousands, except share amounts)
(unaudited)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 130,032	$ 167,136
Accounts receivable	8,188	9,206
Inventory	57,763	116,796
Prepaid expenses and other current assets	16,423	15,796
Total current assets	212,406	308,934
Property and equipment—net	26,085	54,340
Operating lease right-of-use assets	67,085	91,232
Other assets	7,129	7,858
Total assets	$ 312,705	$ 462,364
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	5,851	12,245
Accrued expenses and other current liabilities	22,987	23,448
Current lease liabilities	15,218	10,263
Deferred revenue	4,551	4,057
Total current liabilities	48,607	50,012
Noncurrent liabilities:		
Noncurrent lease liabilities	78,731	95,583
Other long-term liabilities	38	—
Total noncurrent liabilities	78,769	95,583
Total liabilities	$ 127,376	$ 145,595
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Class A Common stock, $0.0001 par value; 2,000,000,000 shares authorized as of December 31, 2023 and 2022; 102,579,222 and 96,768,745 shares issued and outstanding as of December 31, 2023 and 2022, respectively	10	10
Class B Common stock, $0.0001 par value; 200,000,000 shares authorized as of December 31, 2023 and 2022; 52,547,761 and 53,137,729 shares issued and outstanding as of December 31, 2023 and 2022, respectively	5	5
Additional paid-in capital	579,848	559,106
Accumulated other comprehensive loss	(3,335)	(3,611)
Accumulated deficit	(391,199)	(238,741)
Total stockholders' equity	185,329	316,769
Total liabilities and stockholders' equity	$ 312,705	$ 462,364

Allbirds, Inc.

Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (152,458)	$ (101,354)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21,005	14,679
Amortization of debt issuance costs	49	49
Stock-based compensation	19,346	19,873
Inventory write-down	8,253	14,437
Deferred taxes	(474)	(898)
Impairment expense	27,374	3,279
Realized loss on equity investment	84	—
Loss from sales of businesses	2,772	—
Changes in assets and liabilities:		
Accounts receivable	1,000	1,605
Inventory	47,529	(24,742)
Prepaid expenses and other current assets	(1,158)	18,100
Operating lease right-of-use assets and current and noncurrent lease liabilities	2,555	12,265
Accounts payable and accrued expenses	(6,706)	(37,593)
Other long-term liabilities	38	(10,157)
Deferred revenue	569	(126)
Net cash used in operating activities	(30,222)	(90,583)
Cash flows from investing activities:		
Purchase of property and equipment	(10,870)	(31,363)
Proceeds from sale of equity investment	166	—
Proceeds from sales of businesses	2,182	—
Changes in security deposits	810	(929)
Net cash used in investing activities	(7,712)	(32,292)
Cash flows from financing activities:		
Payments of deferred offering costs	—	(744)
Repayment of non-recourse promissory note	—	539
Proceeds from issuance of common stock under the employee stock purchase plan	327	1,201
Proceeds from the exercise of stock options	894	2,751
Taxes withheld and paid on employee stock awards	(581)	(166)
Net cash provided by financing activities	640	3,581
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	200	(1,515)
Net decrease in cash, cash equivalents, and restricted cash	(37,094)	(120,809)
Cash, cash equivalents, and restricted cash—beginning of period	167,767	288,576
Cash, cash equivalents, and restricted cash—end of period	$ 130,673	$ 167,767
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 111	$ 88
Cash paid for taxes	$ 1,785	$ 1,424
Noncash investing and financing activities:		
Purchase of property and equipment included in accounts payable	$ —	$ 601
Non-cash exercise of common stock warrants	$ —	$ 35
Stock-based compensation included in capitalized internal-use software	$ 866	$ 1,199
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 130,032	$ 167,136
Restricted cash included in prepaid expenses and other current assets	641	632
Total cash, cash equivalents, and restricted cash	$ 130,673	$ 167,767

Allbirds, Inc.

Reconciliation of GAAP to Non-GAAP Financial Measures
(in thousands, except share, per share amounts, and percentages)
(unaudited)

The following tables present a reconciliation of adjusted EBITDA to its most comparable GAAP measure, net loss, and presentation of net loss margin and adjusted EBITDA margin for the periods indicated: :

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net loss	$ (56,779)	$ (24,866)	$ (152,458)	$ (45,370)
Add (deduct):				
Stock-based compensation expense, including common stock warrant expense	3,684	5,088	19,346	20,026
Depreciation and amortization expense	5,789	4,511	21,058	15,754
Impairment expense	27,392	3,286	27,392	3,286
Restructuring expense	1,243	35	6,757	782
Loss from sales of businesses	415	—	2,761	—
Other expense (income)	138	254	(4,076)	(19)
Interest (income) expense	(1,115)	(126)	436	(139)
Income tax provision (benefit)	(297)	(725)	334	1,227
Adjusted EBITDA	$ (19,530)	$ (12,543)	$ (78,450)	$ (60,437)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net revenue	$ 71,990	$ 84,178	$ 254,065	$ 297,766
Net loss	$ (56,779)	$ (24,866)	$ (152,458)	$ (101,354)
Net loss margin	(78.9)%	(29.5)%	(60.0)%	(34.0)%
Adjusted EBITDA	$ (19,530)	$ (12,543)	$ (78,450)	$ (60,437)
Adjusted EBITDA margin	(27.1)%	(14.9)%	(30.9)%	(20.3)%

Allbirds, Inc.

Net Revenue and Store Count by Primary Geographical Market
(in thousands, except for store count)
(unaudited)

	Net Revenue by Primary Geographical Market			
	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
United States	$ 55,800	$ 65,586	$ 191,054	$ 229,814
International	16,190	18,592	63,011	67,952
Total net revenue	$ 71,990	$ 84,178	$ 254,065	$ 297,766

	Store Count by Primary Geographical Market								
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
United States	23	27	32	38	42	42	44	45	45
International[1]	12	12	14	13	16	17	18	15	15
Total stores	35	39	46	51	58	59	62	60	60

END OF RELEASE

[1] In the third quarter of 2022, we opened two new international stores and had three store leases expire, resulting in a net reduction of one lease. In the third quarter of 2023, we transitioned the operations of two stores in Canada and one store in South Korea to unrelated third-party distributors, resulting in a reduction of three international stores.