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DILIGENCE PAYS
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This Bird You Cannot Change: Allbirds' Downfall From $4 Billion to $39 Million Fire Sale

Regular readers know that we warned of the dangers of investing in Allbirds (BIRD) well before its IPO. In case you're not aware, here's our track record:

- In September 2021, pre IPO red flags and caution that the stock was significantly overvalued.
- In February 2022, don't catch the falling knife that was Allbirds' stock price.
- In October 2022, added Allbirds to our Zombie Stock list, which features stocks likely headed to $0.
- In November 2023, we closed our Danger Zone position after the stock outperformed the S&P 500 by 94% as a short. The stock wasn't cheap, but it traded below $1 (pre-stock split) at the time, which left little upside left for a short position.

The Final Nail in the Coffin

On March 31, 2026, the company's latest 10-K filing confirmed what our fundamental analysis showed years ago: the business is worth next to nothing.

Allbirds is selling, pending shareholder approval, substantially all its assets for just $39 million. The sale price is just 1% of its $4 billion peak valuation and less than 2% of its $2+ billion IPO valuation.

Additionally, the company's latest 10-K includes a going concern disclosure, with management citing "substantial doubt about the Company's ability to continue as a going concern" and stating plainly that it does not expect to continue operations after the Asset Sale closes.

We suspend the Stock Rating for any company that issues a going concern disclosure to ensure our clients are aware of the material development.

Figure 1: BIRD Going Concern Suspended Rating

Allbirds Inc (BIRD)

Closing Price: $2.66 (Apr 02, 2026)
Market Value: $23 Million
Sector: Consumer Cyclicals
Latest Filing: 10-K for the fiscal year ending Dec 31, 2025
Next Expected Filing: 10-Q on Jun 30, 2026

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Risk/Reward Rating *Suspended*	Quality of Earnings		Valuation		
	Economic vs Reported EPS	ROIC	2 yr Avg FCF (excl cash) Yield	Price to EBV	Market-Implied GAP
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

Sources: New Constructs, LLC and company filings

As Lynyrd Skynyrd once sang, "This bird you cannot change." Allbirds never did. Neither did the speculators who fell for the hype.

From $4 Billion to $39 Million

American Exchange Group agreed to pay $39 million in cash for substantially all of Allbirds' assets and certain liabilities. The deal must be approved by stockholders and is expected to close in Q2 2026.

Let's put that $39 million in perspective:

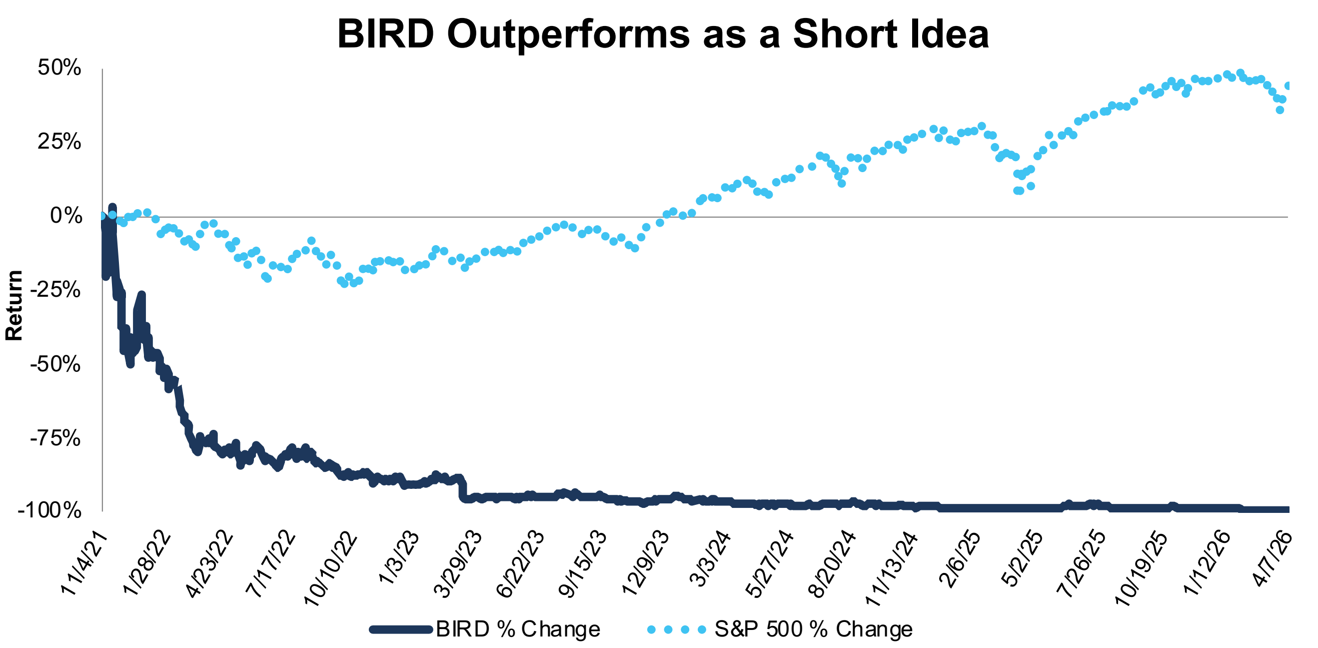
- Allbirds' IPO valuation: ~$2 billion
- Peak valuation: $4 billion in November 2021, right after its IPO
- Current asset sale price: $39 million
- Value destruction: 99%+

Since our pre-IPO Danger Zone warning, investors who ignored our research and bought at the IPO price (or almost any other price) have watched their investment evaporate. In our initial pre-IPO report, we suggested the company was worth as little as $119 million, which turned out to be too generous.

Following the asset sale closing, Allbirds intends to dissolve and distribute whatever proceeds remain to stockholders after settling liabilities and transaction costs.

Equity investors will be lucky to recover a few pennies on their dollars.

Figure 2: BIRD Performance Since IPO



Sources: New Constructs, LLC and company filings

Bonusing Executives to Supervise the Funeral

On March 30, 2026, Allbirds' board approved an Executive Retention Plan. CEO Joseph Vernachio gets a one-time $500,000 payment to stay through closing. CFO Ann Mitchell gets $400,000.

That's $900,000 in retention awards for executives to oversee the company's liquidation. Shareholders who bought at IPO and held on will watch nearly $1 million go to management while their own holdings become worthless.

The irony is not lost on us.

The Deteriorating Fundamentals We Predicted

You may wonder, how could we have seen the downfall of Allbirds even before its IPO when Wall Street was touting the next great direct-to-consumer business model?

The answer is unconflicted, superior fundamental research. Our pre-IPO research showed Allbirds couldn't scale profitably. Its costs were headed in the wrong direction, it faced stiff competition, and we predicted that the company's losses would only get worse at it invested heavily in a costly brick-and-mortar strategy.

The business model we criticized in 2021 never improved, it just ran out of runway.

In Q1 2026, Allbirds closed all remaining full-price retail stores in the United States. The company now operates just two outlet stores in the US and two full-price stores in London.

The brick-and-mortar expansion failed, exactly as we predicted.

Profitability never improved either. The company currently earns a return on invested capital (ROIC) of -45% and its net operating profit after-tax (NOPAT) margin is -50%. The company's economic earnings, or the true cash flows of the business, sit at -$92 million as well.

The Lesson: Fundamentals Always Matter, Eventually

Allbirds is a textbook case of what happens when investors chase narrative and ignore fundamentals. The sustainable materials, the DTC model, and the celebrity endorsements might look good in IPO investor presentations. But, none of it was enough to support the economics of the business.

Allbirds isn't the only company we've warned investors about. In fact, we have many more calls like this one. Get access here.

This article was originally published on April 10, 2026.

Disclosure: David Trainer, Garrett O'Grady, and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.

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It's Official: We Deliver the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of Core Earnings and Earnings Distortion materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

In The Journal of Financial Economics, a top peer-reviewed journal, Core Earnings: New Data & Evidence proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior fundamental data, earnings models, and research. More details.

Key quotes from the paper:

- "[New Constructs'] *Total Adjustments* differs significantly from the items identified and excluded from Compustat's adjusted earnings measures. For example… 50% to 70% of the variation in *Total Adjustments* is not explained by *S&P Global's (SPGI) Adjustments* individually." – pp. 14, 1st para.
- "A final source of differences [between New Constructs' and S&P Global's data] is due to data collection oversights…we identified cases where Compustat did not collect information relating to firms' income that is useful in assessing core earnings." – pp. 16, 2nd para.

Superior Models

Ernst & Young features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg's in Getting ROIC Right. See the Appendix for direct comparison details.

Key quotes from the paper:

- "…an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC." – pp. 8, 5th para.
- "The majority of the difference…comes from New Constructs' machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies." – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts' stock ratings outperform those from human analysts as shown in this paper from Harvard Business School. Bloomberg features the paper here.

Key quotes from the paper:

- "the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant." – pp. 6, 3rd para.
- "Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts." – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are here.

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