Shareholder Alert: Bernstein Litowitz Berger & Grossmann LLP Announces the Filing of Securities Class Action Lawsuit Against Stitch Fix, Inc.

New York, NY – (Business Wire) – August 26, 2022 – Today, prominent investor rights law firm Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action lawsuit for violations of the federal securities laws in the U.S. District Court for the Northern District of California against Stitch Fix, Inc. ("Stitch Fix" or the "Company"), certain of the Company's current and former senior executives, and certain of the Company's controlling shareholders on behalf of purchasers of Stitch Fix Class A common stock between December 8, 2020, and March 8, 2022, inclusive (the "Class Period").

BLB&G filed this action on behalf of its clients, Retail Wholesale Department Store Union ("RWDSU") Local 338 Retirement Fund, RWDSU Local 338 Health & Welfare Fund, RWDSU Local 338 General Fund, and RWDSU Local 338 Benefits Trust Fund, and the case is captioned *Retail Wholesale Department Store Union Local 338 Retirement Fund v. Stitch Fix, Inc.*, No. 3:22-cv-4893 (N.D. Cal.). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. A copy of the complaint is available on BLB&G's website by clicking here.

Stitch Fix's Alleged Fraud

Stitch Fix sells a range of apparel, shoes, and accessories through its website and mobile application. Traditionally, Stitch Fix sold products as a "Fix," through which the customer would receive a monthly box of items chosen by a personal stylist. The customer would not know specifically which items they were receiving but would have the option to return whichever items it did not want. The customer paid a $20 "styling fee" per Fix, and that fee would be applied to any of the items the customer chose to buy.

Prior to the Class Period, in 2019, Stitch Fix announced a new direct-buy retail component, eventually named "Freestyle." The Freestyle program allowed customers to shop the site for specific products, giving the customer more control over what items they received, but also removing the curation element that differentiated Stitch Fix from other e-retailers. The Freestyle program was first made available to a subset of existing Stitch Fix customers in 2020, and incrementally rolled out to all existing customers in early 2021. In September 2021, the Freestyle program was formally launched to new customers.

The complaint alleges that, throughout the Class Period, Stitch Fix made numerous false and misleading statements to investors concerning the synergy between the Company's Fix and Freestyle programs, and repeatedly denied claims that the Freestyle program could cannibalize the Company's legacy Fix business. Specifically, Stitch Fix repeatedly assured investors that the Company's Freestyle business was "an additive experience" and "complimentary" to the Fix business, that "the combination of those two things will allow us to address many more types of clients," and that "we see solid growth in both sides of the business." In truth, throughout the Class Period, Stitch Fix concealed the fact that these programs were not complementary or additive. Stitch Fix knew that the Freestyle program would be much preferred to the Company's original Fix model, and that the Freestyle program would inevitably cannibalize the Company's legacy Fix business. As a result of these misrepresentations and omissions, Stitch Fix's Class A common stock traded at artificially inflated prices during the Class Period.

The truth began to emerge on December 7, 2021, when Stitch Fix announced a loss for its first quarter of 2022 and cut its full-year revenue projections, and admitted for the first time that, as a result of the "expansion into Freestyle" the Company "may experience short-term impacts of cannibalization." As a result of these disclosures, Stitch Fix's share price declined by $5.97 per share, or 24%, from a closing price of $24.97 per share on December 7, 2021, to a closing price of $19.00 per share on December 8, 2021. However, Stitch Fix continued to assure investors that this was a short-term problem.

Then, on March 8, 2022, when Stitch Fix reported earnings for its second quarter of 2022, the Company offered a weak outlook for its third quarter of 2022 and cut its guidance for the full year. Stitch Fix attributed the guidance cut to "friction" between the Freestyle and Fix businesses. As a result of this disclosure, the price of Stitch Fix stock declined by $0.67 per share, or 6%, from $11.01 per share to $10.34 per share.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than October 25, 2022, which is the first business day on which the U.S. District Court for the Northern District of California is open that is 60 days after the publication date of August 26, 2022. Any member of the proposed Class may seek to serve as Lead Plaintiff through counsel of their choice, or may choose to do nothing and remain a member of the proposed Class.

If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact Scott R. Foglietta of BLB&G at 212-554-1903, or via e-mail at scott.foglietta@blbglaw.com.

About BLB&G

BLB&G is widely recognized worldwide as a leading law firm advising institutional investors on issues related to corporate governance, shareholder rights, and securities litigation. Since its founding in 1983, BLB&G has built an international reputation for excellence and integrity and pioneered the use of the litigation process to achieve precedent-setting governance reforms. Unique among its peers, BLB&G has obtained several of the largest and most significant securities recoveries in history, recovering over $37 billion on behalf of defrauded investors. More information about the firm can be found online at www.blbglaw.com.

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