

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

New York, NY – (PR Newswire) – November 18, 2021. 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 Southern District of New York against Peloton Interactive, Inc. (“Peloton” or the “Company”) and certain of its senior executives (collectively, “Defendants”) on behalf of investors in Peloton common stock between December 9, 2020 and November 4, 2021, inclusive (the “Class Period”)

BLB&G filed this action on behalf of its client, City of Hialeah Employees’ Retirement System, and the case is captioned *City of Hialeah Employees’ Retirement System v. Peloton Interactive, Inc.*, No. 1:21-cv-9582 (S.D.N.Y.). 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](#).

Peloton’s Alleged Fraud

Headquartered in New York, New York, Peloton offers interactive, internet-connected exercise equipment, including bicycles and treadmills designed and marketed for use in customers’ homes, along with subscriptions that allow users to access exercise classes while using their Peloton equipment or with their own home equipment. For most of 2020 and 2021, as the COVID-19 pandemic and related stay-at-home orders and business closures largely kept individuals out of the gym, the demand for in-home exercise options increased dramatically. Against that backdrop, in the months leading up to the Class Period, Peloton experienced unprecedented demand for its products and services.

The complaint alleges that, throughout the Class Period, Defendants repeatedly, falsely assured investors that the Company’s positive results and growth would continue after the pandemic. In addition, during the Class Period, Defendants made false and misleading statements about the amount of inventory that Peloton held, and touted the Company’s ability to keep its inventory levels in line with substantial, sustained demand. As a result of Defendants’ misrepresentations, Peloton common stock traded at artificially inflated prices during the Class Period.

The truth about the plummeting demand for Peloton’s products was revealed through two disclosures. First, after the market closed on August 26, 2021, the Company disclosed that it had identified a material weakness in its internal controls over financial reporting “with respect to identification and valuation of inventory.” In its Annual Report filed with the SEC on Form 10-K on August 27, Peloton explained that “this material weakness arose because our controls were not effectively designed, documented and maintained to verify that our physical inventory counts were correctly counted and communicated for reporting in our financial statements.” However, at the same time that Peloton disclosed the weakness in its internal controls, Defendants continued to misrepresent and conceal the unsustainable nature of Peloton’s financial results and growth post-COVID, issuing guidance of \$5.4 billion of total revenue for fiscal year 2022, representing 34% year-over-year growth.

Then, on November 4, 2021, the Company announced second quarter financial results that fell far short of expectations and reduced its total revenue guidance for fiscal 2022 by a staggering \$1 billion. Peloton further disclosed that inventory had skyrocketed to \$1.27 billion, 91% of which comprised “finished products” that the Company still held. On Peloton’s November 4 earnings conference call with investors, Defendants admitted that Peloton overestimated demand and underestimated the impact of gyms reopening as the pandemic subsides. As a result of these disclosures, Peloton’s share price declined precipitously.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than January 18, 2022, which is the first business day on which the U.S. District Court for the Southern District of New York is open that is 60 days after the publication date of November 18, 2021. 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 \$33 billion on behalf of defrauded investors. More information about the firm can be found online at www.blbglaw.com.

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