

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

VINAYAK SAVANT, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

IROBOT CORPORATION, GLEN D.
WEINSTEIN, GARY S. COHEN, JULIE
ZEILER, and KARIAN WONG,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Vinayak Savant (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding iRobot Corporation (“iRobot” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired iRobot securities between

January 29, 2024 and March 11, 2025, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. iRobot designs, builds, and sells robots and home innovation products in the U.S., Europe, the Middle East, Africa, Japan, and internationally. The Company’s portfolio of home robots and smart home devices features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation. iRobot is primarily known for its robot vacuum cleaner (“RVC”) products sold under the “Roomba” brand name.

3. While iRobot’s Roomba was the first commercially successful RVC, iRobot’s business has steadily declined over the past decade, apart from a brief sales bump during the COVID-19 pandemic. Competitors from China undercut the luxury-priced Roomba, while other consumer electronics firms like Samsung and SharkNinja introduced their own RVCs. By 2016, iRobot’s market share had dropped to 64% in 2016, and then to only 46% by 2020.

4. Investors believed that iRobot was saved when, in August 2022, iRobot entered into a merger agreement with Amazon.com, Inc. (“Amazon”) pursuant to which Amazon would acquire iRobot for \$61 per share in an all-cash transaction valued at approximately \$1.7 billion (the “Amazon Acquisition”). In a joint press release announcing the Amazon Acquisition, iRobot’s then Chief Executive Officer (“CEO”) Colin Angle was quoted as stating, in relevant part, “Amazon shares our passion for building thoughtful innovations that empower people to do more at home, and I cannot think of a better place for our team to continue our mission. I’m hugely excited to be a part of Amazon and to see what we can build together for customers in the years ahead.”

5. However, in January 2024, Amazon and iRobot announced that they had mutually agreed to terminate the Amazon Acquisition, citing regulatory concerns. Specifically, the companies stated that there was “no path to regulatory approval in the European Union” and reports circulated that the U.S. Federal Trade Commission was in the process of drafting a lawsuit that would seek to stop the deal. Concurrent with this announcement, iRobot also reported that Colin Angle would step down from his role as CEO, and that the Company would be cutting approximately 350 employees, representing 31% of iRobot’s workforce.

6. Notwithstanding the termination of the Amazon Acquisition and the subsequent job cuts, the Company has consistently maintained that it is “confident in [its] ability to build on [its] legacy of innovation as a standalone company and to navigate this period successfully.” Moreover, in the wake of the Amazon Acquisition’s termination, iRobot touted that it would be implementing an operational restructuring plan (the “Restructuring Plan”)—which the Company has sometimes referred to as “iRobot Elevate”—“designed to position the Company for stabilization in the current environment, while focusing on profitability and advancing key growth initiatives to extend its market share in the mid-tier and premium segments.” The Restructuring Plan, according to the Company, would “enable [it] to chart a new strategic path for sustainable value creation.”

7. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) iRobot overstated the extent to which the Restructuring Plan would help the Company maintain stability after the termination of the Amazon Acquisition; (ii) as a result, it was unlikely that iRobot would be able to profitably operate as a standalone company; (iii) accordingly, there was substantial doubt about

the Company's ability to continue as a going concern; and (iv) as a result, Defendants' public statements were materially false and misleading at all relevant times.

8. On March 12, 2025, iRobot issued a press release reporting its fourth quarter and full year 2024 financial results. For the quarter, iRobot reported a loss of \$2.06 per share on revenue of \$172 million, representing a 44% year-over-year decline. iRobot also cautioned investors that "there can be no assurance that [iRobot's] new product launches will be successful due to potential factors, including, but not limited to consumer demand, competition, macroeconomic conditions, and tariff policies." Accordingly, "[g]iven these uncertainties and the implication they may have on the Company's financials, there is substantial doubt about the Company's ability to continue as a going concern for a period of at least 12 months from the date of the issuance of its consolidated 2024 financial statements." In addition, the press release stated that, in light of the foregoing developments, iRobot was cancelling its fourth-quarter and full-year 2024 results conference call and webcast, and that the Company would not be providing a 2025 outlook.

9. Market analysts were quick to comment on iRobot's announcement. For example, on March 12, 2025, an analyst from *Seeking Alpha* downgraded iRobot to a sell rating from a hold rating "due to [a] bleak outlook," stating that "iRobot's business prospects have deteriorated significantly since the Amazon acquisition fell through, leading to massive layoffs and growing losses," "Q4 earnings were disastrous, missing guidance and showing worsening gross margins due to excess inventory and lower sales volumes," "iRobot's future is uncertain, with substantial doubts about its viability within the next 12 months, despite ongoing discussions with its primary lender," and that the Company's "survival hinges on new Roombas being a hit, which seems unlikely." That same day, in an article entitled "Why iRobot Stock Is Crashing Today," *The*

Motley Fool stated, in relevant part, that “iRobot’s costly restructuring efforts -- including a 50% workforce reduction -- have yet to yield stability.”

10. On this news, iRobot’s stock price fell \$3.255 per share, or 51.58%, over the following two trading sessions, to close at \$3.055 per share on March 13, 2025.

11. After the end of the Class Period, in May 2025, iRobot experienced a short squeeze—*i.e.*, a rapid increase in the price of a stock owing primarily to an excess of short selling of a stock rather than underlying fundamentals—after it was announced that U.S. tariffs on European Union imports would be delayed until July 2025. However, notwithstanding the increase in the Company’s stock price, market analysts noted that iRobot’s underlying fundamentals remained highly concerning. For example, on May 29, 2025, *Seeking Alpha* stated that iRobot’s “[t]echnical indicators have turned bullish short-term, but the company’s cash burn and deteriorating financials outweigh these positives” and “Q1 [2025] results revealed falling revenue, worsening losses, shrinking cash reserves, and declining gross margins, signaling severe operational stress.”

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

JURISDICTION AND VENUE

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

14. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

15. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Pursuant to iRobot's most recently filed Quarterly Report with the SEC, as of April 25, 2025, there were 31,105,480 of the Company's common stock outstanding. iRobot's securities trade on the Nasdaq Global Select Market ("NASDAQ"). Accordingly, there are presumably hundreds, if not thousands, of investors in iRobot's securities located within the U.S., some of whom undoubtedly reside within this Judicial District.

16. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

17. Plaintiff, as set forth in the attached Certification, acquired iRobot securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

18. Defendant iRobot is a Delaware corporation with principal executive offices located at 8 Crosby Drive, Bedford, Massachusetts 01730. The Company's common stock trades in an efficient market on the NASDAQ under the ticker symbol "IRBT."

19. Defendant Glen D. Weinstein ("Weinstein") served as iRobot's Interim Chief Executive Officer ("CEO") from January 2024 to May 2024.

20. Defendant Gary S. Cohen ("Cohen") has served as iRobot's CEO since May 2024.

21. Defendant Julie Zeiler ("Zeiler") served as iRobot's Chief Financial Officer ("CFO") from prior to the start of the Class Period until December 2024.

22. Defendant Karian Wong (“Wong”) has served as iRobot’s CFO since December 2024.

23. Defendants Weinstein, Cohen, Zeiler, and Wong are collectively referred to herein as the “Individual Defendants.”

24. The Individual Defendants possessed the power and authority to control the contents of iRobot’s SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of iRobot’s SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with iRobot, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

25. iRobot and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

26. iRobot designs, builds, and sells robots and home innovation products in the U.S., Europe, the Middle East, Africa, Japan, and internationally. The Company’s portfolio of home robots and smart home devices features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation. iRobot is primarily known for its RVC products sold under the “Roomba” brand name.

27. While iRobot's Roomba was the first commercially successful RVC, iRobot's business has steadily declined over the past decade, apart from a brief sales bump during the COVID-19 pandemic. Competitors from China undercut the luxury-priced Roomba, while other consumer electronics firms like Samsung and SharkNinja introduced their own RVCs. By 2016, iRobot's market share had dropped to 64% in 2016, and then to only 46% by 2020.

28. Investors believed that iRobot was saved when, in August 2022, iRobot entered into the Amazon Acquisition. In a joint press release announcing the Amazon Acquisition, iRobot's then CEO Colin Angle was quoted as stating, in relevant part, "Amazon shares our passion for building thoughtful innovations that empower people to do more at home, and I cannot think of a better place for our team to continue our mission. I'm hugely excited to be a part of Amazon and to see what we can build together for customers in the years ahead."

Materially False and Misleading Statements Issued During the Class Period

29. The Class Period begins on January 29, 2024, when iRobot issued a press release announcing that Amazon and iRobot had agreed to terminate the Amazon Acquisition. The press release stated, in relevant part:

"iRobot is an innovation pioneer with a clear vision to make consumer robots a reality," said Colin Angle, Founder of iRobot. "The termination of the agreement with Amazon is disappointing, *but iRobot now turns toward the future with a focus and commitment to continue building thoughtful robots and intelligent home innovations that make life better, and that our customers around the world love.*"¹

30. That same day, the Company issued a press release entitled "iRobot Announces Operational Restructuring Plan to Position Company for the Future." The press release stated, in relevant part:

¹ All emphases included herein are added unless otherwise indicated.

Today, iRobot [. . .] announced that it will implement an operational restructuring plan designed to position the Company for stabilization in the current environment, while focusing on profitability and advancing key growth initiatives to extend its market share in the mid-tier and premium segments. This plan was approved following iRobot's and Amazon's mutual decision to terminate their previously announced merger agreement.

iRobot's immediate priority in undertaking the operational restructuring plan is to more closely align its cost structure with near-term revenue expectations and drive profitability, including through the following financial and strategic initiatives:

- Achieving margin improvements and generating approximately \$80-\$100 million in savings on equivalent volumes through the execution of agreements with joint design and contract manufacturing partners on more attractive terms that provide significant reductions in cost of goods sold;
- Reducing R&D expense by approximately \$20 million year-over-year through increased offshoring of non-core engineering functions to lower-cost regions;
- Centralizing global marketing activities and consolidating agency expenditures to reduce sales and marketing expenses by approximately \$30 million year-over-year while seeking efficiencies in demand generation activities to drive sales more cost effectively;
- Rightsizing the Company's global real estate footprint through additional subleasing at its corporate headquarters and the elimination of offices and facilities in smaller, underperforming geographies; and
- Focusing iRobot's product roadmap on core value drivers and pausing all work related to non-floorcare innovations, including air purification, robotic lawn mowing and education.

The Company will continue executing key strategic activities to support iRobot's return to profitability, including increasing its brand recognition, driving product innovation and redesigning its go-to-market strategy. Enhancements to the Company's go-to-market playbook will focus the business on iRobot's most profitable customers, geographies and channels, including its growing direct-to-consumer channel, while rebalancing the Company's spending mix between price, promotion and demand generation to optimize returns.

Andrew Miller, Chairman of the Board, said, “iRobot is a pioneer of the consumer robot field and beloved by its customers around the world. With a legacy of innovation and a foundation of creativity, the Board and I believe that iRobot can – and will – grow its presence and continue to build a cutting-edge suite of robotic floorcare solutions that help consumers make their homes easier to maintain and healthier places to live. To do this successfully, however, we must rapidly align our operating model and cost structure to our future as a standalone company. Though decisions that impact our people are difficult, we must move forward with a more sustainable business model, and a renewed focus on profitability. ***We are confident that the actions we are announcing today will enable us to chart a new strategic path for sustainable value creation.***”

31. On February 26, 2024, iRobot issued a press release announcing the Company’s Q4 and full year 2023 financial results. The press release stated, in relevant part:

“As we shared last month, we are actively implementing an operational restructuring plan designed to both stabilize the business in the current environment and advance our growth initiatives,” said [Defendant] Weinstein[.] ***“The plan will simplify our cost structure, create a more sustainable business model, and enable us to focus on our core value drivers. As we move forward with urgency and focus, our management team and Board are confident in iRobot’s ability to build on our innovation and to navigate this period successfully as a standalone company.”***

“We are managing through a challenging period and making critical strategic progress that we believe will help expand and better position our business for the future,” added [Defendant] Weinstein. “We are confident that the actions we are taking today will drive improved performance going forward.”

32. On February 27, 2024, iRobot filed an Annual Report on Form 10-K with the SEC, reporting the Company’s financial and operational results for the year ended December 30, 2023 (the “2023 10-K”). The 2023 10-K contained a substantively similar description of the Company’s Restructuring Plan as discussed, *supra*, in ¶ 30.

33. Appended to the 2023 10-K as an exhibit was a signed certification pursuant to the Sarbanes-Oxley Act of 2002 by Defendants Weinstein and Zeiler, attesting that “the information contained in the [2023 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

34. That same day, iRobot hosted an earnings call with investors and analysts to discuss the Company's Q4 2023 results (the "Q4 2023 Earnings Call"). During the scripted portion of the Q4 2023 Earnings Call, Defendant Weinstein stated, in relevant part:

Our future is different than we had envisioned in August of 2022 or even at the start of this year, given the decision by iRobot and Amazon to terminate our transaction. ***The management team and Board are confident in our ability to build on our legacy of innovation as a standalone company and to navigate this period successfully.***

As we shared on January 29th, we are taking aggressive action to significantly improve our near-term operations. To that end, today, I'm going to outline the tenets of the restructuring plan we announced last month.

The operational restructuring plan we announced last month is designed to stabilize the business in our current environment, while also advancing our longer-term growth initiatives. The operational restructuring plan is centered around simplifying our cost structure, implementing a more sustainable business model, and focusing on our core value drivers. Those core value drivers are: first, leverage our brand and innovative products to extend or reclaim our leadership in the mid and premium segments; and second, focus on geographies that offer the greatest scale and profitability.

Our immediate priorities in executing this plan are to more closely align our cost structure with near-term revenue expectations, improve liquidity and drive bottom-line improvements. Specifically, the plan is structured to: first, achieve gross margin improvements through a focus on design to value and removal of unnecessary costs and more attractive terms with our manufacturing partners; second, reduce R&D expenses by relocating certain non-core engineering functions, including increasing reliance on third-parties to provide those functions and pausing work unrelated to our core floorcare business; third, centralize our global marketing activities to be more efficient in demand generation and provide a meaningful reduction in non-working marketing and agency fees; and fourth, streamline our legal entity and real-estate footprint to fit our current business needs and near-term revenue expectations.

As we've outlined, we have a plan in place to simplify our cost structure, implement a more sustainable business model, and focus on our core value drivers of leveraging our brand and innovative products to regain and extend our leadership across segments and geographies. ***Coupled with the restructuring actions we***

announced, we believe our second half 2024 performance will serve as a springboard for our -- driving our future.

35. On May 7, 2024, iRobot issued a press release announcing its Q1 2024 financial results. The press release stating, in relevant part:

“We exceeded our financial expectations for the first quarter as our team executed on our restructuring plan to significantly improve iRobot’s near-term operations,” said [Defendant] Weinstein[.] “Our plan is designed to stabilize the business in the current market environment without sacrificing longer-term growth initiatives. In the first quarter, we took aggressive actions to simplify our cost structure, implement a more sustainable business model and focus on our core value drivers.[“]

36. On May 8, 2024, iRobot hosted an earnings call with investors and analysts to discuss the Company’s Q1 2024 results (the “Q1 2024 Earnings Call”). During the scripted portion of the Q1 2024 Earnings Call, Defendant Weinstein stated, in relevant part:

We took aggressive action in Q1 to implement our restructuring plan to significantly improve our near-term operations. On today’s call, I’ll share with you the progress we have made with key elements of the plan and discuss what you can expect from iRobot moving forward. With the successes we achieved in the first quarter, and with a new CEO in place, we are all the more confident in our iRobot’s ability to build on our legacy of innovation.

Operationally, Q1 represented an important first step with respect to our restructuring plan. The plan is designed to stabilize the business in the current market environment without sacrificing longer-term growth initiatives. We are committed to simplifying our cost structure, implementing a more sustainable business model and concentrating on our core value drivers. We are leveraging our brand and innovative products to extend or reclaim leadership positions in the mid and premium market segments as well as leveraging our new product launches that balance price point and cost to participate more fully in the entry market segment. In addition, we are focused on geographies that offer the greatest scale and profitability.

In short, we have an iconic brand that people are passionate about, and we have great products. About 5 weeks ago, consumer reports released its 2024 guide to robotic vacuums. iRobot products held all 5 top positions and 7 of the top 8 rated

robots with new models coming and our focused marketing driving sales at key retailers and online we believe we are well positioned to stabilize the business. ***The first quarter represented an important step in iRobot's journey, and we are proud of the way that it was able to deliver on the promises we outlined previously.***

37. On August 6, 2024, iRobot issued a press release announcing the Company's Q2 2024 financial results. The press release stated, in relevant part:

"We are executing iRobot Elevate, a strategy focused on five pillars of financial performance, customer-centricity, bringing innovative products to market in an entirely new and more profitable way, continuing our operational and organization improvements, and developing and retaining our best talent," said [Defendant] Cohen[.] "We are elevating everything we do at iRobot to improve our performance and generate long-term shareholder value."

"In the second quarter, we made significant progress, specifically in lowering the Company's cost structure through aggressive restructuring efforts. As part of our iRobot Elevate strategy, we strengthened our balance sheet, narrowed our operating loss, decreased headcount, and substantially reduced inventory. Without a non-recurring charge related to the write-off of excess component inventory and the losses on non-cancelable purchase commitments as part of the transition to our new product development paradigm with our contract manufacturers, we would have met our Q2 improvement targets for gross margin, operating loss, and net loss per share."

"Looking ahead, I am confident we can capitalize on our iconic brand with a renewed consumer-centric emphasis and a sharply focused innovation and product roadmap to advance our growth initiatives and deliver long-term shareholder value."

38. On August 7, 2024, iRobot hosted an earnings call with investors and analysts to discuss the Company's Q2 2024 results (the "Q2 2024 Earnings Call"). During the scripted portion of the Q2 2024 Earnings Call, Defendant Cohen stated, in relevant part:

During the past three months, I have identified several inefficiencies within our business that I believe have hindered iRobot's ability to maximize the potential of our powerful technology, brand, and consumer appeal. We had a high-cost product line that is now in the process of being refreshed in order to enhance our competitiveness and improve our profitability. At the same time, we had an organizational structure with too many layers that was built for a much larger

company and that slowed decision making. Additionally, the R&D model carried too much overhead in high-cost countries for too many non-core ideas.

Our restructuring plan addresses all of these issues. Since I have joined, we have made several changes to our executive leadership team and reorganized the R&D to be better aligned with our vision of how to deliver new products. In fact, I am pleased to announce Jeff Engel has officially joined iRobot as President and Chief Operating Officer, reporting to me. Jeff has been with iRobot for seven months as our Chief Restructuring Officer and Advisor. He will be responsible for R&D, operations and supply chain and product management, and will continue his duties as CRO, since our work in this area is not completed.

Jeff's willingness to join iRobot at this time and his faith in our turnaround speaks volumes to the company's growth prospects. And he has been instrumental in helping us deliver against our restructuring targets. Our second quarter results demonstrate that our restructuring plan is on track and delivering the expected results. We have made tough but appropriate decisions to achieve our planned operating expense and headcount reduction targets. We have also reduced inefficient marketing spend and improved our product margins via our new contract manufacturing strategy.

As we navigate near-term headwinds, we remain confident in our ability to build on iRobot's legacy of innovation to advance our long-term growth initiatives. To that end, we have launched iRobot Elevate, which is a new strategy centered on improving our financial performance, increasing consumer focus to elevate our brand, bringing innovative products to market in an entirely new and more profitable way, continuing our operational and organization improvements, and developing and retaining our best talent.

Our near-term goal is to stabilize the business, improve the balance sheet and launch new products that set us on a path to revenue growth. I am confident in our turnaround plan, pleased with our early returns and energized by our future potential. Turnarounds are challenging, take time, energy and commitment. I have done it before, and I plan to do it again.

39. On November 5, 2024, iRobot hosted an earnings call with investors and analysts to discuss the Company's Q3 2024 results (the "Q3 2024 Earnings Call"). During the scripted portion of the Q3 2024 Earnings Call, Defendant Cohen stated, in relevant part:

As we begin this new chapter in iRobot's history, one thing is abundantly clear. We have a powerful brand that will serve as the foundation for the turnaround of this company. Which should come as no surprise that in my conversations with stakeholders, it is the power of our iconic brand that comes up again and again. That brand power is at the heart of our turnaround strategy, iRobot Elevate.

In executing iRobot Elevate, we are focused on providing our iconic brand with an improved platform to return to profitable growth. We are making operational and organizational changes and bringing new innovative products to market. While this work is ongoing, we are already realizing benefits and our improved financial performance. ***We recognize that turnarounds of this scale take time, but I am encouraged by our progress toward the goals that we set in February.***

But even in our current turnaround, iRobot continues to be the leader in several segments and we remain confident that as we aggressively introduce new robots with more features and enhanced capabilities, our share and sales volume will rebound. And consumers remain loyal to the Roomba brand. In fact, in a recent promotion with one of our major retailers, iRobot had four of the top five SKUs in the robot vacuum cleaner category. We still have work-in front of us to become a more agile growth business, but our culture of innovation remains strong and I believe that we can achieve our growth and value creation goals. I see incredible opportunities for this company and we are optimistic about our prospects in 2025. This optimism is based on our expectations regarding the growth in the robotic floor care category as a whole, as well as success from our own new product programs.

In closing, we are mindful of the market and operational challenges ahead and believe our actions will elevate iRobot's overall performance and ultimately generate long-term growth and shareholder value.

40. On November 6, 2024, iRobot issued a press release announcing its Q3 2024 financial results. The press release stated, in relevant part:

"We continue to make progress on our turnaround strategy," said [Defendant] Cohen[.] "In the third quarter, we expanded our non-GAAP gross margin by 590 basis points year over year and improved our use of operating cash. However, our overall results did not meet the expectations we set in August, as persistent market segment and competitive headwinds impacted our sell-through performance. Although we now expect it will take more time to stabilize our revenue trend, ***we are on track to exceed our operating expense targets for the year, while at the same time continuing to invest in areas that are expected to drive growth.***

“Our ongoing restructuring has fundamentally changed the way we innovate, develop and build our robots, which is central to improving our performance and generating long-term shareholder value. With the benefit of lower operating costs, we expect to enhance margins and improve profitability in 2025.

“As we move forward in this new chapter in iRobot’s history, one thing is abundantly clear: we have a powerful brand that will serve as the foundation for the turnaround of this Company. ***That brand power is at the heart of our turnaround strategy, iRobot Elevate. In executing that strategy, we are focused on providing our iconic brand with an improved platform to drive long-term profitable growth.***”

Fourth-Quarter and Full-Year 2024 Outlook

iRobot is providing GAAP and non-GAAP financial expectations for the fourth quarter ending December 28, 2024 and updating the full-year 2024 outlook it provided on August 7, 2024.

Fourth Quarter 2024:

Metric	GAAP	Adjustments	Non-GAAP
Revenue	\$175 – \$200 million	—	\$175 – \$200 million
Gross Margin	24% – 27%	~0%	24% – 27%
Operating Loss	(\$43) – (\$34) million	~\$12 million	(\$31) – (\$22) million
Net Loss Per Share	(\$1.88) – (\$1.58)	~\$0.38	(\$1.50) – (\$1.20)

41. On January 13, 2025, iRobot issued a press release announcing preliminary Q4 2024 financial results. The press release stated, in relevant part:

“We have fundamentally changed the way we innovate, develop and build our robots, which is central to our strategy for improving financial performance and generating long-term shareholder value,” [Defendant] Cohen said. “We exceeded our 2024 operating expense restructuring targets while we are investing in areas that are expected to drive growth. We remain on schedule with our product launches planned for 2025 that are designed to excite consumers with feature-rich robots and improve the consumer product experience.”

For the full year 2025, iRobot currently expects to return to year-over-year top-line growth as it introduces new and revitalized products. The Company expects

the second half of 2025 will be stronger than the first half of the year as its product lineup ramps up. The Company expects first-quarter 2025 results will continue to reflect a transitional period for its product line. With the benefit of lower product costs and reduced development timelines, iRobot expects enhanced margins and improved profitability in 2025. iRobot will be sharing additional details, including its outlook for 2025, on its fourth-quarter and year-end 2024 conference call.

42. The statements referenced in ¶¶ 29-41 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) iRobot overstated the extent to which the Restructuring Plan would help the Company maintain stability after the termination of the Amazon Acquisition; (ii) as a result, it was unlikely that iRobot would be able to profitably operate as a standalone company; (iii) accordingly, there was substantial doubt about the Company's ability to continue as a going concern; and (iv) as a result, Defendants' public statements were materially false and misleading at all relevant times.

43. In addition, Defendants violated Item 303 of SEC Regulation S-K, 17 C.F.R. § 229.303(b)(2)(ii) ("Item 303"), which required iRobot to "[d]escribe any known trends or uncertainties that have had or that are reasonably likely to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations." Defendants' failure to disclose the rising levels of competition iRobot was facing violated Item 303 because this issue represented a known trend or uncertainty that was likely to have a material unfavorable impact on the Company's business and financial results.

The Truth Emerges

44. On March 12, 2025, iRobot issued a press release reporting its fourth quarter and full year 2024 financial results. For the quarter, iRobot reported a loss of \$2.06 per share on

revenue of \$172 million, representing a 44% year-over-year decline. The press release also stated, in relevant part:

As will be noted in iRobot's Annual Report on Form 10-K for the year ended December 28, 2024 (10-K), there can be no assurance that the new product launches will be successful due to potential factors, including, but not limited to consumer demand, competition, macroeconomic conditions, and tariff policies. ***Given these uncertainties and the implication they may have on the Company's financials, there is substantial doubt about the Company's ability to continue as a going concern for a period of at least 12 months from the date of the issuance of its consolidated 2024 financial statements.*** Additional information will be included in the 10-K that is filed with the SEC.

Fourth-Quarter and Full-Year 2024 Conference Call

In light of these developments, ***the Company has canceled its fourth-quarter and full-year 2024 results conference call and webcast***, originally scheduled for today, March 12, 2025 at 8:30 a.m. ET, ***and is not providing a 2025 outlook at this time.***

45. Market analysts were quick to comment on iRobot's announcement. For example, on March 12, 2025, an analyst from *Seeking Alpha* downgraded iRobot to a sell rating from a hold rating "due to [a] bleak outlook," stating, in relevant part:

- iRobot's business prospects have deteriorated significantly since the Amazon acquisition fell through, leading to massive layoffs and growing losses.
- Q4 earnings were disastrous, missing guidance and showing worsening gross margins due to excess inventory and lower sales volumes.
- iRobot's future is uncertain, with substantial doubts about its viability within the next 12 months, despite ongoing discussions with its primary lender.
- Downgrade to a sell rating due to bleak outlook; survival hinges on new Roombas being a hit, which seems unlikely.

How Did We Get Here?

Everything here largely starts in January 2024, when Amazon and iRobot agreed to scrap the planned buyout. It wasn't a shocking turn of events, but it did set iRobot on a plan of massive cost-cutting, with 31% cut in staff back at the time, and another 16% cut announced in November.

In Q3 it looked potentially promising. They beat by 3¢ EPS non-GAAP, actually profitable on a non-GAAP basis, though their outlook for Q4 was a loss per share between \$1.20 and \$1.50. In retrospect, we should be so lucky to have only lost that much.

As recently as March 11, the day before the pre-market earnings release, iRobot was sounding kind of upbeat, announcing an array of new advanced Roomba and 2-in-1 products. The 2025 line of products had some interesting features, and would go on sale later this month in North America and Europe.

But Then Q4 Happened

Before the market opened, and before they ultimately canceled the conference call, iRobot issued Q4 earnings. It was not pretty.

	Q4 2023	Q4 2024 (guidance)	Q4 2024 (actual)
Revenue	\$307.5 million	\$171 million	\$172 million
Gross Margins	18.9%	24%-27%	9.5%
Operating Income	(\$52.2 million)	(\$22 - \$31 million)	(\$61 million)
GAAP EPS	(\$2.28)	(\$1.58 - \$1.88)	(\$2.52)
Non-GAAP EPS	(\$1.82)	(\$1.20 - \$1.50)	(\$2.06)

(source: IR release from iRobot for actual earnings, Q3 report for guidance data)

As you can see, not only is the situation getting quite a bit worse year-over-year, but they missed on Q4 guidance badly, even though it was offered just a few months ago. This is a serious problem, and is presumably a big reason why iRobot decided not to offer any further outlook information for 2025.

Losses are growing, and much worse than guidance. Perhaps the biggest problem though is that the gross margins that they expected to get a little better actually got precipitously worse. Some of the drag on gross margins for Q4 2024, and for the full year figures we're about to look at are because they had to write off a lot of excess inventory, and they have existing purchase agreements that don't really make sense with the much lower volume they're selling lately.

Where We Go From Here

Then the even bigger news hit, and given how bad the earnings numbers look that's really saying something. iRobot announced that they have a lot of uncertainties right now, and put together they provide a "substantial doubt" about iRobot being able to remain a going concern even within the next 12 months.

The uncertainties contain few surprises, mostly including questions about demand and growing competition, but also much bigger near-term issues like the threats posed by tariffs and macroeconomic conditions. We could be sliding into recession right now, at least according to some, and that's not a good time for a consumer robot company who is already floundering.

46. That same day, *The Motley Fool* published an article entitled "Why iRobot Stock Is Crashing Today," which stated, in relevant part:

iRobot [. . .] stock has fallen 35% after the company issued a "going concern" warning, raising doubts about its ability to stay in business over the next year.

A business model under pressure

iRobot is struggling to keep up with rising competition, especially from lower-cost Chinese robotic vacuum manufacturers. These rivals offer similar or better features at reduced prices, eroding iRobot's once-dominant position.

Meanwhile, iRobot's costly restructuring efforts -- including a 50% workforce reduction -- have yet to yield stability. The company has also been dealing with excess inventory write-offs, further damaging its margins.

In a desperate bid to regain its footing, iRobot has launched eight new Roomba models, touting lidar navigation and improved mapping technology. However, the company's financial turmoil has overshadowed this product push, leaving investors skeptical.

What's next for iRobot?

With no clear path to profitability, iRobot has hired financial advisors to explore strategic alternatives, including a potential sale or refinancing. However, it remains unclear whether these efforts will be enough to restore investor confidence.

47. On this news, iRobot's stock price fell \$3.255 per share, or 51.58%, over the following two trading sessions, to close at \$3.055 per share on March 13, 2025.

48. After the end of the Class Period, in May 2025, iRobot experienced a short squeeze—*i.e.*, a rapid increase in the price of a stock owing primarily to an excess of short selling of a stock rather than underlying fundamentals—after it was announced that U.S. tariffs on European Union imports would be delayed until July 2025. However, notwithstanding the increase in the Company's stock price, market analysts noted that iRobot's underlying fundamentals remained highly concerning. For example, on May 29, 2025, an analyst from *Seeking Alpha* stated, in relevant part:

- iRobot's recent surge is likely a short squeeze driven by tariff relief news, but underlying fundamentals remain highly concerning.
- Technical indicators have turned bullish short-term, but the company's cash burn and deteriorating financials outweigh these positives.
- Q1 results revealed falling revenue, worsening losses, shrinking cash reserves, and declining gross margins, signaling severe operational stress.
- Despite a rock-bottom P/S ratio, I believe iRobot is a sell due to real bankruptcy risk and the likelihood of further dilution or debt.

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

SCIENTER ALLEGATIONS

50. During the Class Period, Defendants had both the motive and opportunity to commit fraud. They also had actual knowledge of the misleading nature of the statements they made, or acted in reckless disregard of the true information known to them at the time. In so doing, Defendants participated in a scheme to defraud and committed acts, practices, and participated in a course of business that operated as a fraud or deceit on purchasers of the Company's securities during the Class Period.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

51. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired iRobot securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

52. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, iRobot securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by iRobot or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

53. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

54. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

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

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of iRobot;
- whether the Individual Defendants caused iRobot to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of iRobot securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

57. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- iRobot securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold iRobot securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

58. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

59. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

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

61. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

62. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of iRobot securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire iRobot securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

63. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for iRobot securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about iRobot's finances and business prospects.

64. By virtue of their positions at iRobot, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended

thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

65. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of iRobot, the Individual Defendants had knowledge of the details of iRobot's internal affairs.

66. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of iRobot. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to iRobot's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of iRobot securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning iRobot's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired iRobot securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

67. During the Class Period, iRobot securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of iRobot securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of iRobot securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of iRobot securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

68. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

69. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

70. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

71. During the Class Period, the Individual Defendants participated in the operation and management of iRobot, and conducted and participated, directly and indirectly, in the conduct of iRobot's business affairs. Because of their senior positions, they knew the adverse non-public information about iRobot's misstatement of income and expenses and false financial statements.

72. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to iRobot's financial condition and results of operations, and to correct promptly any public statements issued by iRobot which had become materially false or misleading.

73. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which iRobot disseminated in the marketplace during the Class Period concerning iRobot's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause iRobot to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of iRobot within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of iRobot securities.

74. Each of the Individual Defendants, therefore, acted as a controlling person of iRobot. By reason of their senior management positions and/or being directors of iRobot, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, iRobot to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of iRobot and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

75. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by iRobot.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: July 7, 2025
