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7   **UNITED STATES DISTRICT COURT**
8   **NORTHERN DISTRICT OF CALIFORNIA**

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10 EUGENE LI, Individually and on Behalf of All | Case No.
    Others Similarly Situated,
11 | **COMPLAINT FOR VIOLATIONS OF**
                                                     | **THE FEDERAL SECURITIES LAWS**
                        Plaintiff,
12 | **CLASS ACTION**
                                                     |
13   v. | <u>Demand for Jury Trial</u>

14 ROBLOX CORP., DAVID BASZUCKI,
    MANUEL BRONSTEIN, MICHAEL
15 GUTHRIE, and CHRISTINA WOOTTON,

16   Defendants.

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1   Eugene Li, Plaintiff ("Plaintiff"), individually and on behalf of all other persons similarly

2   situated, by their undersigned attorneys, alleges in this Complaint for violations of the federal

3   securities laws (the "Complaint") the following based upon knowledge with respect to their own

4   acts, and upon facts obtained through an investigation conducted by his counsel, which included,

5   *inter alia*: (a) review and analysis of relevant filings made by Roblox, Corp. ("Roblox" or the

6   "Company") with the United States Securities and Exchange Commission (the "SEC"); (b) review

7   and analysis of Roblox's public documents, conference calls, press releases, and stock chart; (c)

8   review and analysis of securities analysts' reports and advisories concerning the Company; and

9   (d) information readily obtainable on the internet.

10   Plaintiff believes that further substantial evidentiary support will exist for the allegations

11   set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the

12   allegations contained herein are known only to the defendants or are exclusively within their

13   control.

14   <u>**NATURE OF THE ACTION**</u>

15   1.   This is a federal securities class action on behalf of all investors who purchased or

16   otherwise acquired Roblox securities between November 15, 2023 and May 8, 2024 inclusive

17   (the "Class Period"), seeking to recover damages caused by Defendants' violations of the federal

18   securities laws (the "Class").

19   2.   Roblox is an online entertainment publisher and distributor which also sells

20   advertising space on those platforms. Roblox's various platforms attract 77.7 million daily users.

21   Its shares trade on the New York Stock Exchange under the ticker symbol "RBLX."

22   3.   In November 2023, Defendants provided investors with material information

23   concerning Roblox's expected revenue for the first quarter of 2024 (Q1-24) and fiscal year 2024

24   (FY-24). This was the first time Roblox offered earnings and revenue guidance to its investors

25   since the Company went public in 2021. Defendants' statements included, among other things,

26   that Roblox expected $4.14 billion to $4.28 billion of "bookings" in FY-24 – reflecting 25%-27%

27   annual growth – and $3.3 billion to $3.4 billion annual revenue.

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1   4.   Defendants provided several reasons for their bullish revenue guidance. These

2 included its innovative economic incentives for online content creators; new digital purchasable

3 items; expansion to new platforms such as PlayStation; and expanded advertising revenue.

4   5.   The Company reiterated its Q1-24 and FY-24 earnings projections during a

5 February 7, 2024 earnings call while also reiterating its strength in its new technology and digital

6 economy.

7   6.   On May 8, 2024, investors discovered that these previous statements were false

8 when Roblox hosted its Q1-24 earnings call and released its associated financial reports. The

9 Company announced it was reducing its previously-announced bookings guidance to $4.0 billion

10 for FY-24. It also announced 19% bookings growth in Q1-24. The company blamed its digital

11 economy, new purchasable items, and platform expansion for the decline.

12   7.   Investors and analysts reacted immediately to the Company's revelation. The price

13 of Roblox's common stock declined dramatically. Roblox shares closed at $39.03/share on May

14 8, 2024; however, shares lost over 22% the next day, closing at $30.42 on May 9, 2024.

15 **JURISDICTION AND VENUE**

16   8.   Plaintiff brings this action, on behalf of himself and other similarly situated

17 investors, to recover losses sustained in connection with Defendants' fraud.

18   9.   The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the

19 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the

20 SEC (17 C.F.R. §240.10b-5).

21   10.   This Court has jurisdiction over the subject matter of this action pursuant to 28

22 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

23   11.   Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.

24 §1391(b).   Roblox is headquartered in this District and a significant portion of its business,

25 actions, and the subsequent damages to Plaintiff and the Class, took place within this District.

26   12.   In connection with the acts, conduct and other wrongs alleged in this Complaint,

27 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,

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1   including but not limited to, the United States mail, interstate telephone communications and the

2   facilities of the national securities exchange.

3   **THE PARTIES**

4   13.   Plaintiff purchased Roblox common stock at artificially inflated prices during the

5   Class Period and was damaged upon the revelation of the Defendants' fraud. Plaintiff's

6   certification evidencing his transaction(s) in Roblox is attached hereto.

7   14.   Roblox Corp. is a Delaware corporation. Its corporate headquarters is located at

8   970 Park Place, San Mateo, California, 94403. During the Class Period, the Company's common

9   stock traded on the New York Stock Market (the "NYSE") under the symbol "RBLX."

10   15.   David Baszucki ("Baszucki") was, at all relevant times, the President, CEO, and

11   Board Chairman of Roblox.

12   16.   Defendant Michael Guthrie ("Guthrie") was, at all relevant times, the Chief

13   Financial Officer of Roblox.

14   17.   Defendant Manuel Bronstein ("Bronstein") was, at all relevant times, the Chief

15   Product Officer of Roblox.

16   18.   Defendant Christina Wootton ("Wooton") was, at all relevant times, the Chief

17   Partnership Officer at Roblox.

18   19.   Defendants Baszucki, Guthrie, Bronstein, and Wooton are sometimes referred to

19   herein as the "Individual Defendants." Roblox together with the Individual Defendants are

20   referred to herein as the "Defendants."

21   20.   The Individual Defendants, because of their positions with the Company,

22   possessed the power and authority to control the contents of Roblox's reports to the SEC, press

23   releases, and presentations to securities analysts, money and portfolio managers, and institutional

24   investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the Company's

25   reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance

26   and had the ability and opportunity to prevent their issuance or cause them to be corrected.

27   Because of their positions and access to material non-public information available to them, each

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1   of these Individual Defendants knew that the adverse facts specified herein had not been disclosed

2   to, and were being concealed from, the public, and that the positive representations which were

3   being made were then materially false and/or misleading. The Individual Defendants are liable

4   for the false statements pleaded herein, as those statements were each "group-published"

5   information, the result of the collective actions of the Individual Defendants.

6   21.   Roblox is liable for the acts of the Individual Defendants, and its employees under

7   the doctrine of respondeat superior and common law principles of agency as all the wrongful act

8   complained of herein were carried out within the scope of their employment with authorization.

9   22.   The scienter of the Individual Defendants, and other employees and agents of the

10   Company are similarly imputed to Roblox under respondeat superior and agency principles.

SUBSTANTIVE ALLEGATIONS

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12   ***Company Background***

13   23.   Roblox is an online entertainment company which produces, publishes, and

14   distributes online games and software. It publishes the popular "Roblox" game, which attracts

15   millions of users per day. It also distributes the "Roblox Studio" software, which allows other

16   developers to produce programs and elements on Roblox's platforms.   The company sells

17   advertising space on its online media.

18   24.   One of Roblox's revenue sources is called "bookings," which refer to online sales

19   activities generated by Roblox's users/consumers. "Bookings" come primarily from users'

20   purchases of Roblox's online currency, which can be used to pay for subscription fees or for in-

21   game items.

22   ***Roblox Guides to Bookings Growth Based on Technology Development and Advertising***

23   *Investor Day: November 15, 2023*

24   25.   On November 15, 2023, Roblox hosted its Analyst/Investor Day Presentation.

25   26.   At the presentation, Roblox President, CEO and Chairman David Baszucki led off

26   by saying, "[f]irst, we're going to talk about growth. We're going to talk about how growth in

27   DAUs [daily average users] and hours leads to bookings growth."

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27.   Michael Guthrie, the Company's Chief Financial Officer, discussed Roblox's guidance for growth over the coming year:

> Last week we highlighted that we are comfortable with FactSet's mean consensus estimates for Q4 of 2023 as of November 7. On our Q4 earnings call next February, we will provide guidance for the full fiscal year 2024 and for Q1 of 2024. Based on FactSet, as of November 12, the mean consensus for fiscal 2024 is as follows: bookings of $4.03 billion, adjusted EBITDA of $489.9 million, which correlates to our calculation of covenant adjusted EBITDA and revenue of 3 point – okay. Perfect.

> We're comfortable with these mean consensus figure for revenue, bookings, and adjusted EBITDA for fiscal 2024. Further, we expect that infrastructure-related capital expenditures for 2024 will not exceed $100 million and we expect to spend approximately $80 million on tenant improvements on our new campus in San Mateo, and we expect share dilution will be in the range of 3% to 4%.

> Given that we will talk specifically about 2024 in February, we want to give a high-level view of future growth and margins today. Between 2025 and 2027, we are targeting annual bookings growth of 20% plus. We will do this by continuing to grow our user base, both across all ages and internationally. We will also introduce product changes that make Roblox more of an everyday experience than it is currently. We also believe that our brand business will contribute with increasing significance to monetization over that time frame.

28.   During the Q&A portion of the Investor Day presentation, Matthew Andrew Cost of Morgan Stanley asked about the guidance during the following exchange:

> *Cost*: On the 20% plus growth target over the next few years, how much does that depend on success in ads and shopping? You've talk a lot about that today. Are you baking in an expectation of really scaling those businesses? Or are they sort of a positive on top of it?

> *Guthrie:* So just to clarify, what I said was comfort[able] with '24 consensus for bookings, and then I said 25% to 27%. So that's 3 years after that at 20% plus. Our business in '24 really parts of '24, '24, are brands plus the virtue economy. So any numbers that we give are going to include both from now on going forward.

29.   Baszucki highlighted "3 things that are supporting this growth. . . . First, let's just talk about avatars and why they're so important, and second we're going to be talking about your social graph and then we're also going to be talking about just how important it is to communicate in 3D."

30.   Chief Product Officer, Manuel Bronstein also described some of the technical features which supported Roblox's growth. First, he highlighted "Platform expansions. . . . in Q3 of this year, we launched the PlayStation, the Meta Quest, and we improve our experience and revamp our experience on the Xbox console."

31.   Bronstein also highlighted "investments in the economy," that is, Roblox's revenue share with content developers. He said:

> [W]e made a decision. We said, hey, we have a revenue share with experiences that are willing to distribute catalog items. We have the marketplace. We have items that are created by our GDC community. We gave developers the ability to become distributors or resellers of that content. That was a decisions that we made in 2021, and we improved the revenue share for developers to incentivize them to become distributors of that content.
>
> Fast forward to 2023 and a class of experiences started making really good use of this economic principle, and they became – they created a new category that we're defining as social shopping experiences. These are places where you can go with your avatar, you can check out outfits. Your friends are around you.
>
> . . .
>
> Catalog Avatar Creator capitalize on these economic design and is now one of our top grossing experiences on the platform. And they are creating this category that we're calling social shopping that will be very powerful for brands as they continue to come to Roblox.
>
> . . .
>
> We also launched this year and gave creators the ability to create UGC, user-generated bodies and heads, completing this notion that now creators can product avatars for Roblox.

32.   Finally, Chief Partnerships Officer Christina Wootton highlighted the Company's advertising growth.   She described the addition of premium items to Roblox, created by recognizable brands like Nike and artists such as BlackPink. Wootton also mentioned expanding the platform, adding:

> [V]ideo ads rights now with premium partners, and we're testing these . . . We will be officially rolling out video ads in the first half of 2024. And our goal for the next 6 months is to really build the foundation for an ad product that we can scale.

33.   After the Investor Day Event, analyst David Karnovsky of J.P. Morgan wrote about management's guidance, stating the anticipated "acceleration in top-line growth ~16.5% for 2024 vs. 2%-plus thereafter) we estimate implies significant contribution from advertising."   Clark Lampen of BTIG opined the guidance seemed "very reasonable in terms of the ad ramp and core margin trajectory. . . . Roblox also check a very important box for investors with forward guidance and insights into the underlying drivers that provides a level and medium-term visibility that had been lacking previously."

Earnings Call: February 7, 2024

34.   On February 7, 2024, Roblox held its Q4-2024 earnings call and released its associated financial statements.

35.   In its investor slidedeck released that day, the Company guided to $3.45 billion to $3.525 billion revenue for FY-25, with $4.14 billion to $4.28 billion bookings in FY-24.

36.   During the call, Baszucki reported results in Q4-2024, "our DAU [was] $71.5 million, up 22%. Hours engaged 15.5 billion, up 21$ year-on-year. Revenue, $749 million, up 30% year-on-year and bookings $1.1 billion, up 25% year-on-year."   Baszucki also reported results for FY-23, including "DAU is up 22%, hours up 22%, revenue up 26% and bookings of $3.5 billion, up 23% year-on-year."

37.   Baszucki suggested some of the reasons for the Q4 success included:

[W]e released Roblox on PlayStation and on Meta Quest, both of them attracted new users and continued on our vision that we want Roblox everywhere. In our vibrant economy expansion, in Q4, we delivered develop subscriptions. We're moving consistent with the vision of everything is creator-driven, our Avatar platform to full UGC.

And quick update on our advertising initiative. We had the most brand engagements ever in Q4, 69 brands working with the platform, and we're scaling up over 2024.

38.   Guthrie described the relationship between DAU growth and bookings. He said, "[o]ur bookings per DAU . . . was up 3% overall. . . . . [M]onthly unique payers hit an all-time

peak in the fourth quarter. And a big call out, our bookings per monthly unique payer was the highest of any Q4 and actually, of course, the highest in the history."

39.   William Lampden, a BTIG analyst, asked about bookings and DAU:

Lampden: [T]he uptick in bookings per DAU growth that we saw this quarter, should we expect that to continue? And if so, are the recent releases or maybe economy items that are in the pipeline that you'd highlight for us amongst the drivers?

. . .

Guthrie: [O]n the bookings per DAU question, I'm going to be focused primarily – we will be focused primarily on bookings and bookings growth. If DAUs happen to grow a little bit faster, then that number might come down a little bit. If they happen to grow more slowly, that number will go up a little bit.

On the other hand, I will say the economy at Roblox has more compelling initiatives going on than I've ever seen. And so I'm certainly excited and optimistic about the ability to continue to improve monetization.

40.   During the question-and-answer section of the call, Jeffries analyst Andrew Paul Uerkwitz also asked about the 2024 guidance, DAU, and bookings:

Uerkwitz: Mike, could you talk a little bit about the full year '24 guidance? How you think about the different mix of DAU growth and maybe spend per hour, even maybe spend per player? Like what's the key metrics we should be watching for to see whether you overperform or come in line there?

Guthrie: So, Andrew, the forecasts that we build internally are generally driven primarily by user growth. We tend to take a conservative assumption on engagement. We have relatively high engagement on the platform. So we don't tend to forecast meaningful increases in engagement per uses, even though we have achieved those over time, but we just generally take a fairly conservative view. We're relatively – we stay conservative on our conversion to payer numbers. And so we have tended to have a little bit of extra room there.

And then in terms of monetization, we're fairly conservative improvements in monetization, but we do forecast some improvements that we have to achieve those. As I mentioned earlier, we – our economy team has a lot of things that are very – so compelling opportunities to improve monetization. We tend to bake a fairly small number of those into the models that those are available for upside.

41.   Needham & Company analyst Bernard McTernan also asked about bookings:

McTernan: [T]he bookings acceleration that happened in the U.S., just any thoughts in terms of what's driving that? Remember last year, there we some thoughts that were could have been some outperformance last year because of gift cards, so if that could back played through in a similar way?

. . .

Guthrie: In terms of – the question is, why were bookins so strong in the fourth quarter? We like to think it's growing our user base. They're more engaged. The content continues to get better and better. The platform continues to scale. We were on a couple of new platforms in the fourth quarter. So that clearly had an impact.

42.   Analyst Jason Ross Tilchen of Cannaccord asked about bookings and advertising during the following exchange:

Tilchen: I'm curious with the really strong bookings growth in Q4. I'm wondering to whatever extent you can share about upside that was driven by advertising? And then just more higher level, where do you stand today in terms of building out some of those additional capabilities and measurement tools you talked about at Investor Day?

Baszucki: I'll go high level and then I'll let Mike. We have a plan throughout this year to add more ability for our partners to measure and see what's going on, on the platform. We had real bookings in Q4. We had a quarterly target for advertising within the company. We're not sharing the splits, but we're very focused on this year maturing the size of that market.

Guthrie: Jason, we said in the past that we're going to start disclosing specific financial data on advertising when it becomes material and really important to the financial results. And so while we're really pleased with the progress, we have not hit that point yet.

43.   The above statements in Paragraphs 25 to 42 were false and/or materially misleading. Defendants created the false impression that they possessed reliable information pertaining to the Company's projected revenue outlook and anticipated bookings growth, due largely to expansions in Roblox's available platforms, changes in Roblox's digital technology (such as avatars), Roblox's shared economy with content creators, and advertising revenue. In truth, Roblox knew each of those bookings and revenue sources were tenuous at best. In fact, the

Company faced difficulty converting DAUs into bookings and eventually blamed the very technology and platform growth it lauded as revolutionary and revenue-generating for this bookings problem. Defendants misled investors by providing the public with a materially flawed outlook for the relationship between DAU, bookings, and technology it lauded during its Investor Day and Earnings Call.

Roblox Reveals Weak Q1-24 Bookings and Revises Bookings Guidance

May 8, 2024

44.   On May 8, 2024, Roblox hosted its Q1-2024 earnings call and released its associated financial statements and projections.

45.   In the investor slidedeck released that day, the Company announced it revised its guidance for FY-2024. The Company revised downward bookings for FY-24 to $4.0 billion to $4.14 billion. The Company revised downward total revenue to $3.30 billion to $3.40 billion.

46.   Baszucki revealed bookings growth for Q1-24 was less than the 25%-27% growth previously guided:

> Our bookings [for the quarter] were $923.8 million, which was in the middle of our guidance range of $910 million to $940 million, but I do want to highlight we wanted that number and expected that number to be higher . . . That represents 19.4% year-on-year bookings growth.

47.   Bookings growth outpaced growth in other key metrics. Baszucki said, "our DAUs came in at over 77 million daily people on our platform with year-on-year growth of 17%. . . . Our hours' engaged were 16.7 billion in the quarter that's 15% year-on-year growth."

48.   Baszucki touched on the disconnect between bookings, DAUs, and hours engaged. In his response, he blamed the technology growth and platforms he lauded as revolutionary just the quarter prior. He said:

> [Y]our can see that our bookings in Q1 grew faster than DAUs in hours. I want to make a few comments on this. . . . We don't report the number, but we did see less growth in Q1 tha[n] we expected, and we wanted to highlight where we believe this is coming from.

> First off, we shipped a bunch of new tech in the second half of last year. We rolled out dynamic heads, layered clothing, anti-cheat, expanded voice, and we believe,

especially in low-end Android, even near the end of Q4, we are starting to see drag with this. . . .

The other thing is, we believe, once again, in the midst of Q4, our velocity of new content and our velocity of highlighting just the amazing amount of new content bubbling up on our platform was not optimal. And once again, over the last 3 months, we've made a lot of expansions and enhancements in our search and discovery system that we'll talk about with you.

We've also taken a lot of steps on live ops and content that we'll talk above, we've done a lot of stuff around our economy in the last 3 months. And I want to highlight, over the last – really over the last half of April and the first half of May, we've seen USA and Canada bookings, DAU and hour growth come back to north of 20%.

Now that's not showing in our full Q1 numbers. And as for those of you that read our letter, you will see that we are going to be more conservative on our guidance, primarily because we only have 3 weeks of data from these improvements. So we are going to be lowering our guidance in 2024 a bit.
. . .
On the – on our virtual economy, I want to highlight that was we've gone to a UGC economy, our economy team has been hard at work, working through out to optimize both utility from our users as well as utility from our creators and utility from our platform.

49.   Analysts expressed surprise over Roblox's revised guidance and the Company's timing for doing so. Analyst Nick McKay of Wedbush rebuked the company for slashing "its guidance . . . at one of its first real opportunities to do so. As a result, the stock will be burdened by a management credibility issue over the near term."

50.   For instance, Oppenheimer analyst Matin Yang wrote "[w]e stay sidelined based on increasing uncertainty over the platforms sustainable bookings growth rate." He also chided management for "[u]nseasonal decline, [u]nsatisfactory explanations," noting "[t]he surprising revision of 2024 guidance calls into question how much control RBLX has over user engagement and monetization on its platform. Given the nascent stage of new monetization sources . . . and lack of visbility into the root cause of the recent engagement weakness, we stay sidelines."

51.   BTIG analyst Clark Lampen slashed Roblox's target from $54 to $46 after the earnings calls. He also chided the Company's transparency and management credibility:

Yesterday's guide down . . . presents the conundrum of determining whether Roblox has properly fixed recent engagement problems, or whether there are more

substantial issues at play that could cause a downdraft in growth . . . guidance from the company indicates it's not 100% confident that it has correctly diagnosed and solved the problems.

52.   Joshua Tilton, an analyst for Wolfe, similarly wrote, "we believe results and the lowered guidance may raise concerns regarding managements visibility into core bookings growth."

53.   The fact that these analysts, and others, discussed Roblox's bookings and revenue shortfall and missed projection shows that the investing public placed great weight upon Roblox's prior revenue and sales estimates. The frequent, in-depth discussion of Roblox's guidance confirms that Defendants' statements during the Class Period were material.

54.   Investors placed weight on the guide-down, as illustrated by the one-day drop in share price after the earnings call. Roblox shares closed on May 8, 2024 at $39.03/share. However, Roblox shares closed on May 9, 2024 at $30.42/share – a 22% decline.

Loss Causation and Economic Loss

55.   During the Class Period, as detailed herein, Roblox and the Defendants made materially false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Roblox's common stock and operated as a fraud or deceit on Class Period purchasers of Roblox's common stock by materially misleading the investing public. Later, when Roblox and Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the price of Roblox's common stock materially declined, as the prior artificial inflation came out of the price over time. As a result of their purchases of Roblox's common stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under federal securities laws.

56.   Roblox's stock price fell in response to the corrective event on May 8, 2024 as alleged *supra*. On May 8, 2024, Defendants disclosed information that was directly related to their prior misrepresentations and material omissions concerning Roblox's forecasting processes and revenue guidance for 2024.

57.   In particular, on May 8, 2024, Roblox announced revised guidance for FY-2024, in particular guiding downward its outlook for revenue and bookings.

Presumption of Reliance; Fraud-On-The-Market

58.   At all relevant times, the market for Roblox's common stock was an efficient market for the following reasons, among others:

(a)   Roblox's common stock met the requirements for listing and was listed and actively traded on the NYSE during the Class Period, a highly efficient and automated market;

(b)   Roblox communicated with public investors via established market communication mechanisms, including disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

(c)   Roblox was followed by several securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms during the Class Period. Each of these reports was publicly available and entered the public marketplace; and

(d)   Unexpected material news about Roblox was reflected in and incorporated into the Company's stock price during the Class Period.

59.   As a result of the foregoing, the market for Roblox's common stock promptly digested current information regarding the Company from all publicly available sources and reflected such information in Roblox's stock price. Under these circumstances, all purchasers of Roblox's common stock during the Class Period suffered similar injury through their purchase of Roblox's common stock at artificially inflated prices, and a presumption of reliance applies.

60.   Alternatively, reliance need not be proven in this action because the action involves omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material

1   in the sense that a reasonable investor might have considered the omitted information important

2   in deciding whether to buy or sell the subject security.

3   ***No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine***

4   61.   The statutory safe harbor provided for forward-looking statements under certain

5   circumstances does not apply to any of the material misrepresentations and omissions alleged in

6   this Complaint. As alleged above, Defendants' liability stems from the fact that they provided

7   investors with revenue projections while at the same time failing to maintain adequate forecasting

8   processes. Defendants provided the public with forecasts that failed to account for this decline in

9   sales and/or adequately disclose the fact that the Company at the current time did not have

10 adequate forecasting processes.

11   62.   To the extent certain of the statements alleged to be misleading or inaccurate may

12 be characterized as forward looking, they were not identified as "forward-looking statements"

13 when made and there were no meaningful cautionary statements identifying important factors that

14 could cause actual results to differ materially from those in the purportedly forward-looking

15 statements.

16   63.   Defendants are also liable for any false or misleading "forward-looking

17 statements" pleaded because, at the time each "forward-looking statement" was made, the speaker

18 knew the "forward-looking statement" was false or misleading and the "forward-looking

19 statement" was authorized and/or approved by an executive officer of Roblox who knew that the

20 "forward-looking statement" was false. Alternatively, none of the historic or present-tense

21 statements made by Defendants were assumptions underlying or relating to any plan, projection,

22 or statement of future economic performance, as they were not stated to be such assumptions

23 underlying or relating to any projection or statement of future economic performance when made,

24 nor were any of the projections or forecasts made by the defendants expressly related to or stated

25 to be dependent on those historic or present-tense statements when made.

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CLASS ACTION ALLEGATIONS

64.   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 Roblox's common stock during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosure. 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.

65.   The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Roblox's common stock were actively traded on the NYSE. 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 Roblox 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. As of April 15, 2024, there were approximately 591.3 million shares of the Company's common stock outstanding. Upon information and belief, these shares are held by thousands, if not millions, of individuals located throughout the country and possibly the world. Joinder would be highly impracticable.

66.   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.

67.   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.

68.   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:

(a)   whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b)   whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Roblox

(c)   whether the Individual Defendants caused Roblox to issue false and misleading financial statements during the Class Period;

(d)   whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;

(e)   whether the prices of Roblox's common stock during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

(f)   whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

69.   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.

COUNT I

Against All Defendants for Violations of

Section 10(b) and Rule 10b-5 Promulgated Thereunder

70.   Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

71.   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.

72.   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 Roblox common stock; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Roblox's securities 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.

73.   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 Roblox's 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 the Company.

74.   By virtue of their positions at the Company, 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.

75.   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 the Company, the Individual Defendants had knowledge of the details of Roblox's internal affairs.

76.   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 the Company. 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 Roblox'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 Roblox's common stock was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning the Company which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Roblox's common stock at artificially inflated prices and relied upon the price of the common stock, the integrity of the market for the common stock and/or upon statements disseminated by Defendants, and were damaged thereby.

77.   During the Class Period, Roblox's common stock was 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 Roblox's common stock 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 common stock, 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 Roblox's common stock was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Roblox's common stock declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

78.   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.

79.   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 common stock during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

Against the Individual Defendants

for Violations of Section 20(a) of the Exchange Act

80.   Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

81.   During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the

conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about Roblox's misstatements.

82.   As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information, and to correct promptly any public statements issued by Roblox which had become materially false or misleading.

83.   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 Roblox disseminated in the marketplace during the Class Period concerning the misrepresentations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Roblox to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company 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 Roblox's common stock.

84.   Each of the Individual Defendants, therefore, acted as a controlling person of the Company. By reason of their senior management positions and/or being directors of the Company, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Roblox to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of the Company 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.

85.   By reason of the above conduct, the Individual Defendants and/or Roblox are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demand 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 representatives;

1   B.   Requiring Defendants to pay damages sustained by Plaintiff and the Class by

2 reason of the acts and transactions alleged herein;

3   C.   Awarding Plaintiff and the other members of the Class pre-judgment and post-

4 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

5   D.   Awarding such other and further relief as this Court may deem just and proper.

6   **<u>DEMAND FOR TRIAL BY JURY</u>**

7   Plaintiff hereby demands a trial by jury.

8

9 Dated: June 10, 2024   Respectfully submitted,

10   **LEVI & KORSINSKY, LLP**

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12   <u>*/s/ Adam M. Apton*</u>
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