



PELTON

LENDER PRESENTATION

MAY 2022

DISCLAIMER

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this presentation other than statements of historical fact, including, without limitation, our strategic and financial goals and expectations; our financial outlook; our future operating results and financial position; our profitability; our objectives for future operations; statements regarding our future performance and our market opportunity. The words “believe,” “may,” “will,” “estimate,” “potential,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions.

We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions and other important factors that could cause actual results to differ materially from those stated, including, without limitation: our ability to achieve and maintain future profitability; our ability to attract and maintain Subscribers; our ability to effectively manage our growth; our ability to accurately forecast consumer demand of our products and services and adequately maintain our inventory; our ability to execute and achieve the benefits of our restructuring initiative and other cost saving measures; our ability to anticipate consumer preferences and successfully develop and introduce new products and services in a timely manner, or effectively manage the introduction of new or enhanced products and services or the way in which such products and services are offered; our ability to anticipate appropriate pricing levels for our Connected Fitness Products and subscriptions; demand for our products and services and growth of the connected fitness products industry; our ability to predict our long-term performance and declines in our revenue growth as our business matures; the direct and indirect impacts to our business and financial performance from the COVID-19 pandemic; the effects of increased competition in our markets and our ability to compete effectively; our reliance on and our ability to partner with third parties such as music licensors, service providers, and suppliers; declines in sales of our Bike and Bike+; our reliance on and lack of control over third-party suppliers, contract manufacturers and logistics partners for our Connected Fitness Products; our dependence on third-party licenses for use of music in our content; actual or perceived defects in, or safety of, our products, including any impact of product recalls or legal or regulatory claims, proceedings or investigations involving our products; our ability to maintain, protect, and enhance our intellectual property; our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally; and those risks and uncertainties described in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 and “Risk Factors” in Part II, Item 1A of our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2021 and March 31, 2022, as such factors may be updated in our filings with the Securities and Exchange Commission, which are available on the Investor Relations page of our website at <https://investor.onepeloton.com/investor-relations> and on the SEC website at www.sec.gov.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Our forward-looking statements speak only as of the date of this presentation, and we undertake no obligation to update any of these forward-looking statements for any reason after the date of this presentation or to conform these statements to actual results or revised expectations, except as required by law.

Non-GAAP Financial Measures

This presentation includes references to non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, net debt and free cash flow. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, this non-GAAP financial measure should be read in conjunction with the Company’s financial statements prepared in accordance with GAAP. The reconciliations of this non-GAAP financial measure to the corresponding GAAP measure should be carefully evaluated. See the Appendix for reconciliations of historical non-GAAP financial measures included in this presentation. A reconciliation of non-GAAP guidance to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, many of the costs and expenses that may be incurred in the future.

TODAY'S SPEAKERS



Barry McCarthy
President & Chief Executive Officer



Jill Woodworth
Chief Financial Officer



COMPANY OVERVIEW

OUR BRAND PURPOSE

We motivate the world to live better

MOTIVATION

We meet you where you are and give you the motivation to keep moving forward

THE WORLD

A global community united by the encouragement and support they receive from each other

LIVE BETTER

Helping people feel their best—physically, mentally, emotionally—every day



**WE ARE A
MEMBER
OBSESSED
COMPANY**



OUR ENGAGEMENT SECRET SAUCE



CONTENT & MUSIC



WORLD CLASS INSTRUCTORS



COMMUNITY

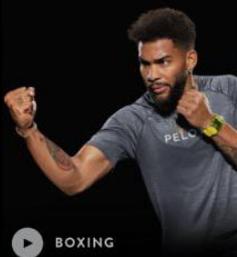


HARDWARE, SOFTWARE & USER EXPERIENCE



BRAND

CONTENT MODALITIES



STRENGTH

BOXING

RUNNING

CYCLING

YOGA

MEDITATION

STRETCHING

WALKING

BIKE BOOTCAMP

TREAD BOOTCAMP

PILATES

BARRE

CARDIO

OUTDOOR RUNNING

With specialty content always in development

New classes
PELOTON FAMILY

ADAPTIVE TRAINING CONTENT

SCENIC CONTENT

WE'RE JUST GETTING STARTED

**OUR GROWTH VISION:
CREATE A GLOBAL CONNECTED FITNESS
PLATFORM WITH 100M MEMBERS**



STRATEGIC PRIORITIES

1

**STABILIZING THE CASH FLOW –
FCF POSITIVE IN FY23**

2

**GETTING THE PEOPLE IN THE
RIGHT ROLES**

3

GROWING AGAIN



CREDIT HIGHLIGHTS

KEY CREDIT HIGHLIGHTS



- 1 Pioneer of connected fitness with a substantial market opportunity

- 2 Exceptional engagement drives high member retention

- 3 Subscription business provides a recurring, high-margin revenue stream

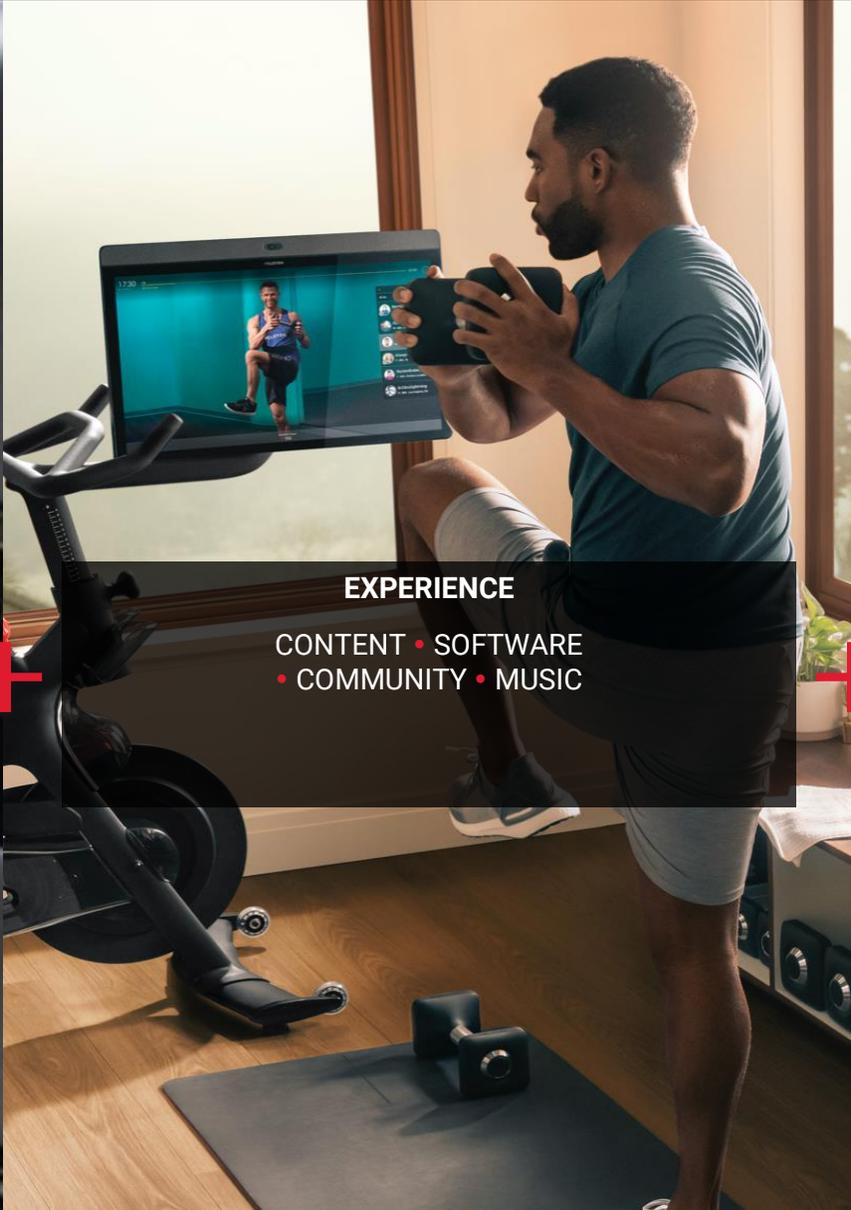
- 4 Core management team driving the turnaround

WE PIONEERED THE CONNECTED FITNESS CATEGORY



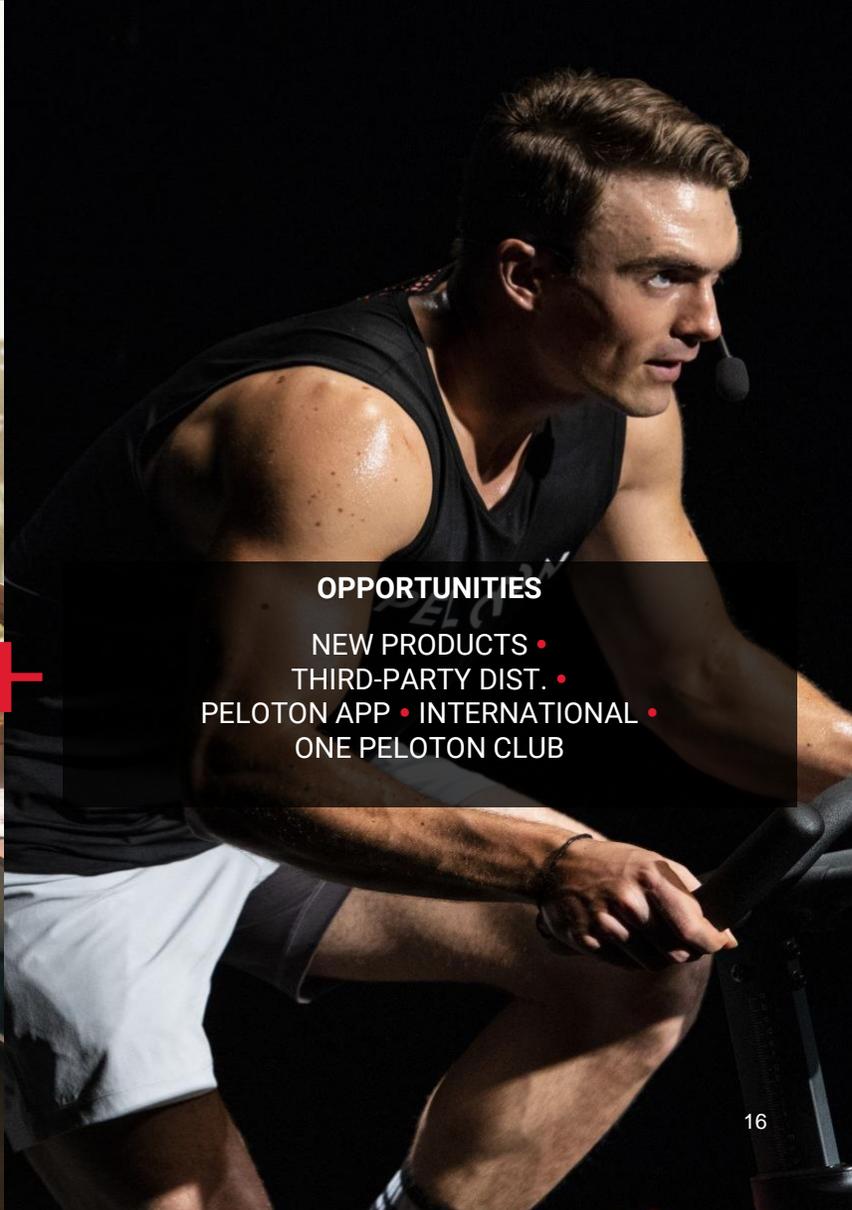
HARDWARE

- BIKE
- BIKE+
- APP
- TREAD
- GUIDE
- ROWER



EXPERIENCE

- CONTENT
- SOFTWARE
- COMMUNITY
- MUSIC



OPPORTUNITIES

- NEW PRODUCTS
- THIRD-PARTY DIST.
- PELOTON APP
- INTERNATIONAL
- ONE PELOTON CLUB

WE ARE DEMOCRATIZING ACCESS TO HIGH-QUALITY FITNESS

	AVERAGE MONTHLY COST FOR <u>ONE</u> PERSON	AVERAGE MONTHLY COST FOR <u>TWO</u> PEOPLE
Peloton Bike ¹	\$82 \$44 only after 39-months	\$82 \$44 only after 39-months
Peloton Bike+ ²	\$91 \$44 only after 43-months	\$91 \$44 only after 43-months
Peloton Tread ³	\$107 \$44 only after 43-months	\$107 \$44 only after 43-months
Average cost of boutique fitness⁴	\$300	\$600

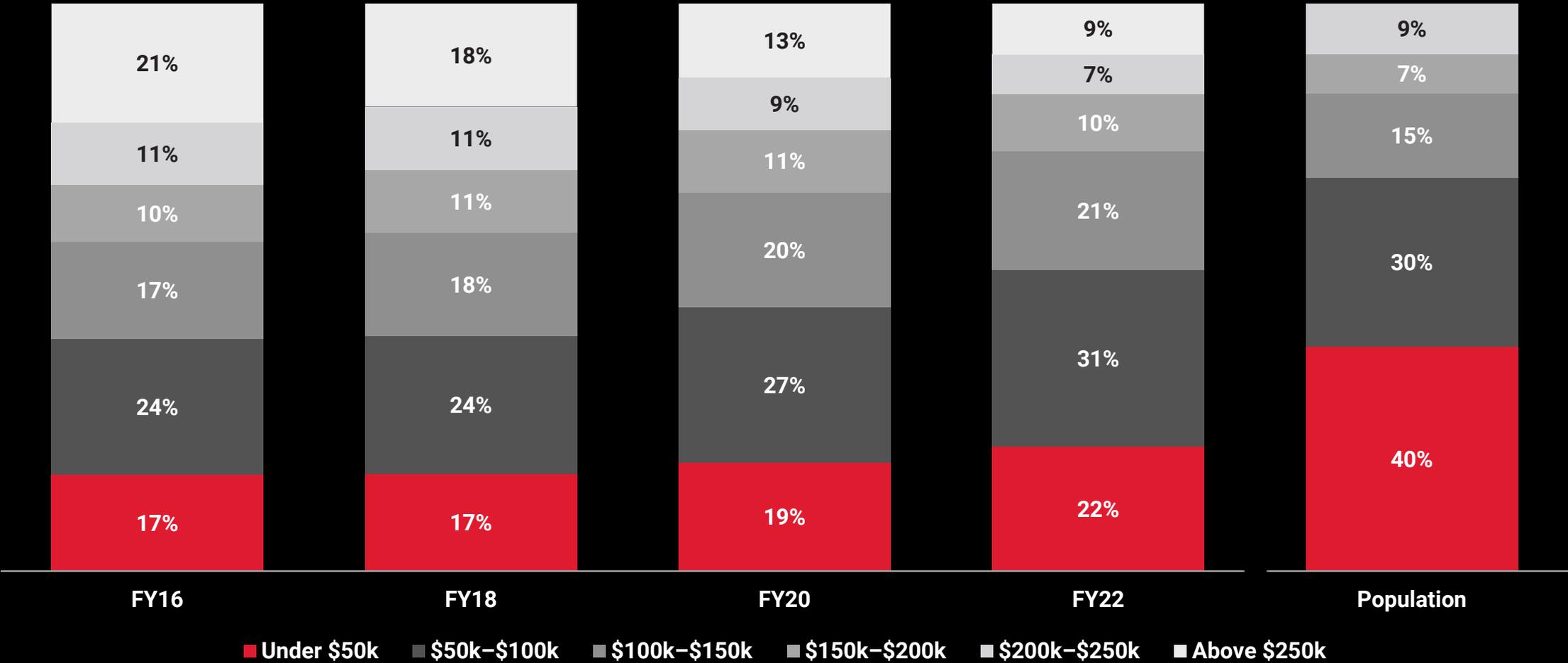
¹ Assumes Bike cost of \$1,195 plus \$250 delivery financed over 39 months with 0% APR + \$44/mo subscription

² Assumes Bike+ cost of \$1,995 including free delivery financed over 43 months with 0% APR + \$44/mo subscription

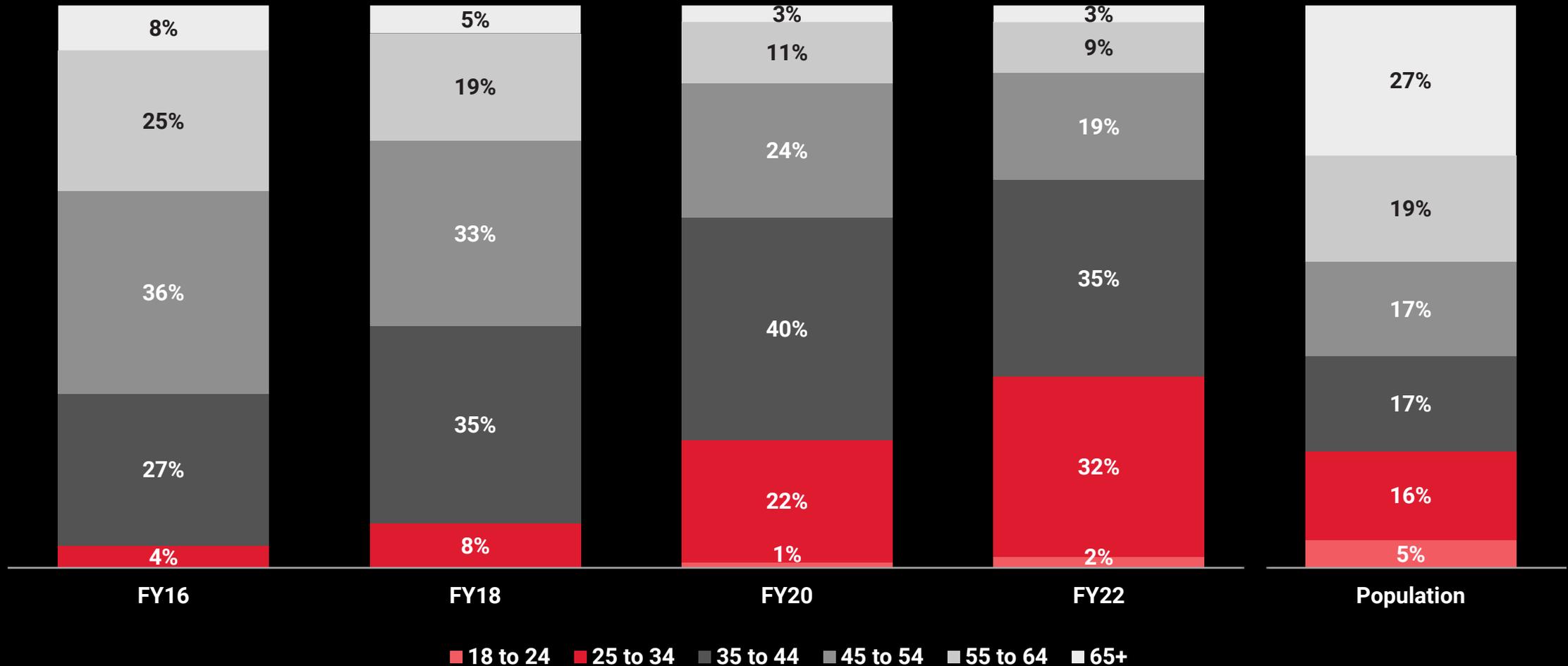
³ Assumes Tread cost of \$2,345 plus \$350 delivery financed over 43 months with 0% APR + \$44/mo subscription

⁴ Average cost of memberships for SoulCycle, ClassPass, Equinox and Orange Theory (Assumes 3 classes per week at SoulCycle single-class rate in NYC area (\$38 per class); Assumes monthly rate at ClassPass for 10-15 classes in NYC area; Prices vary by studio; Assumes unlimited monthly membership in NYC area at Equinox; Prices vary by location)

53% OF U.S. BIKE PURCHASERS NOW HAVE HH INCOMES <\$100K AND GROWING



67% OF US BIKE PURCHASERS ARE AGED 25 TO 44, BUT 25 TO 34 IS GROWING THE FASTEST



SIGNIFICANT INCREASE IN VALUE PROPOSITION TO OUR MEMBERS OVER TIME

THEN AND NOW

	2014	2022
Products	Peloton Bike, iOS App	Peloton Bike, Peloton Bike+, Peloton Tread, Peloton Guide, Rower, iOS App, Android App
Content language	English	English, German, Spanish
Disciplines	Cycling, limited stretching & strength content	14 disciplines
Gaming content	None	Lanebreak and scenic workouts
Class type	Fewer than 5 class types	80+ class types
Instructors	6	54
Monthly classes produced	Fewer than 400	1,000+
Programs	0	23 programs and growing!
Artist series	0	150+ collaborations

MASSIVE OPPORTUNITY AHEAD OF US



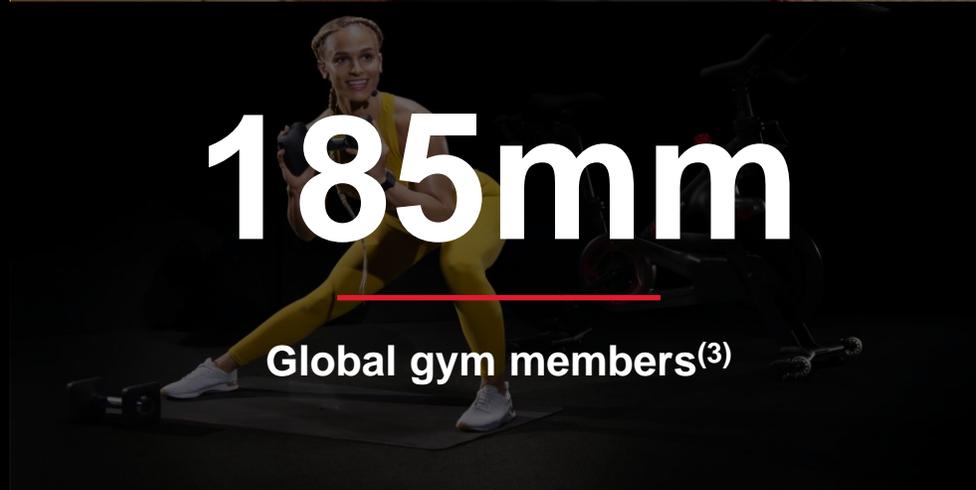
\$828bn

Global fitness and wellness spend⁽¹⁾



\$79bn

Digital Fitness market
expected by 2026⁽²⁾



185mm

Global gym members⁽³⁾



64mm

U.S. gym members⁽³⁾

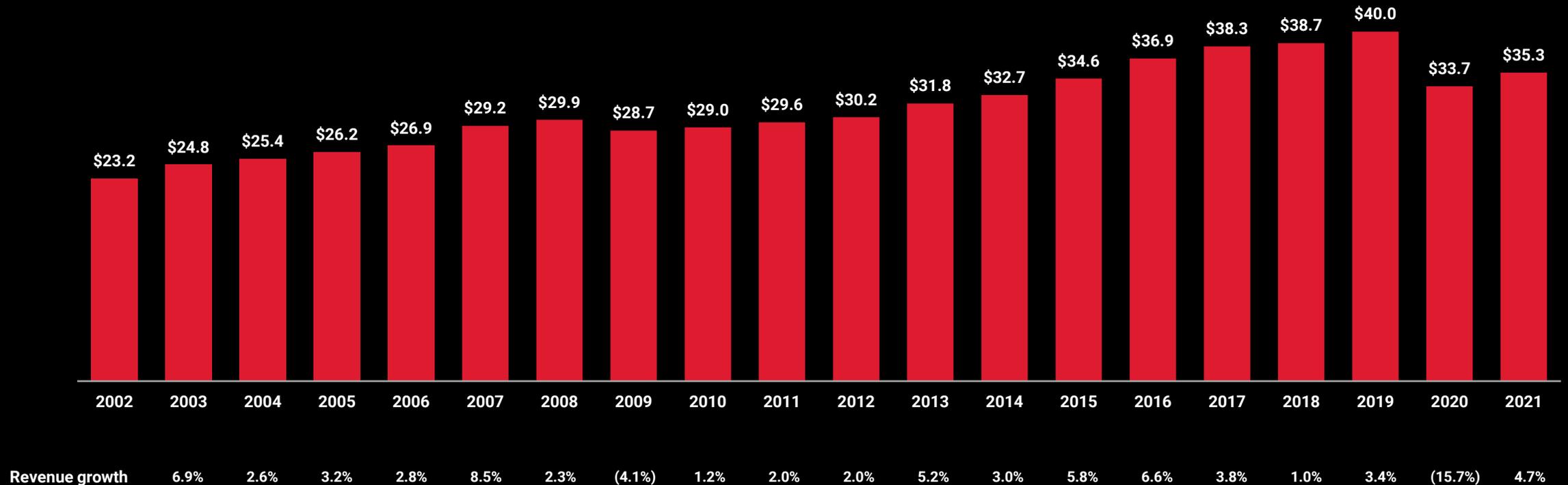
¹ Global Wellness Institute, The Global Wellness Economy: Looking Beyond COVID (December 2021); Figures reflect 2021 Global Wellness Institute estimates

² TBRC Business Research PVT LTD

³ Per the following report from the International Health, Racquet & Sportsclub Association: The 2020 IHRSA Global Report

FITNESS INDUSTRY HAS PROVEN RESILIENT DURING RECESSIONARY PERIODS

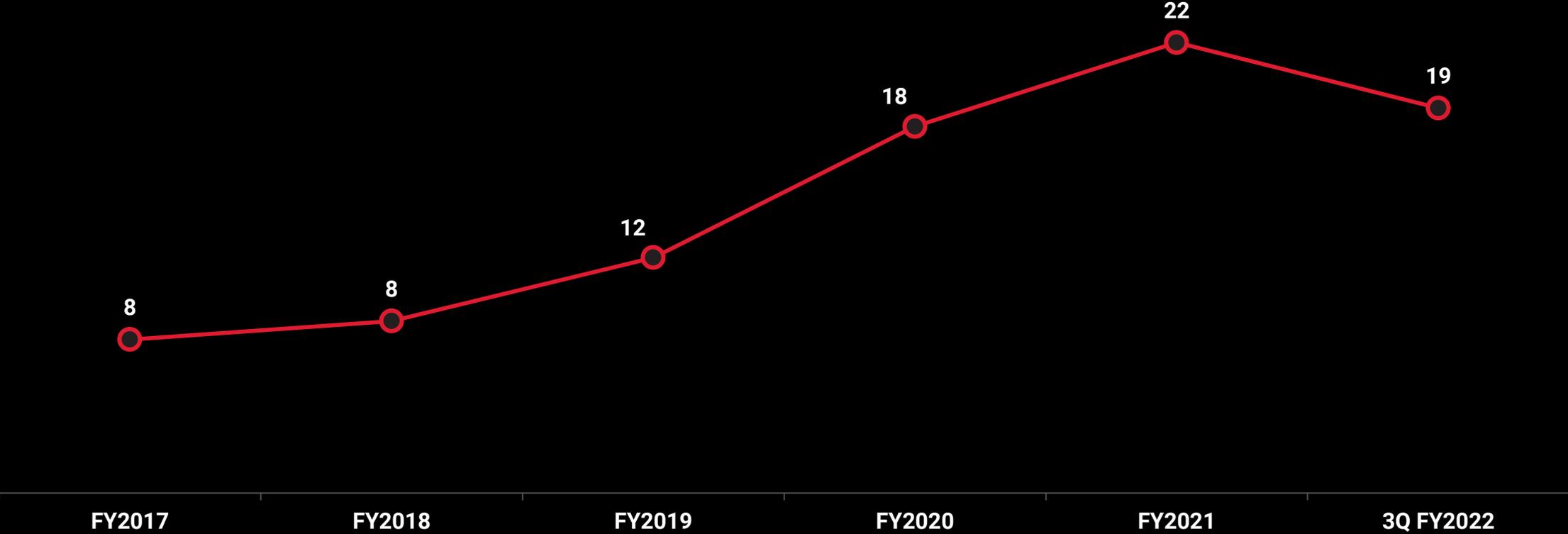
U.S. FITNESS CENTER / HEALTH CLUB INDUSTRY REVENUE (\$BN)¹



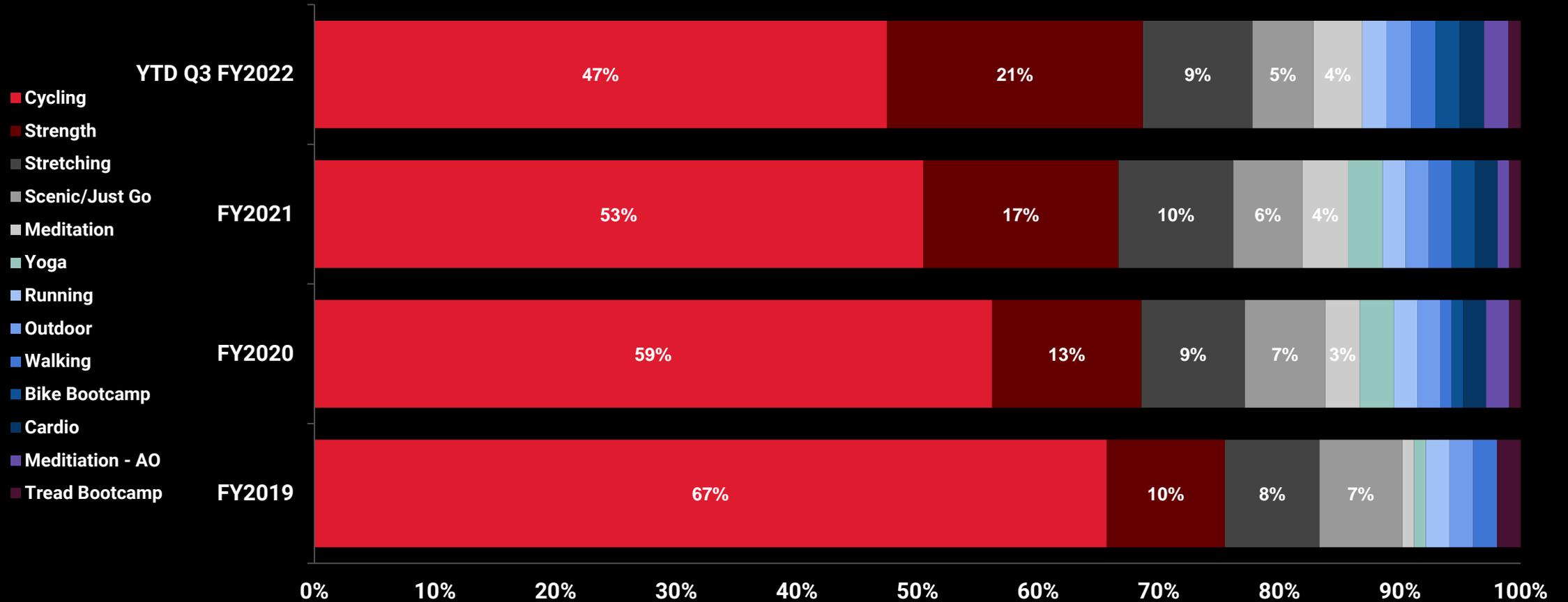
¹ Global Health – Fitness Clubs in the US Industry (IBIS World)

OUR MEMBERS WORK OUT 19 TIMES PER MONTH ON AVERAGE FOR CONNECTED FITNESS SUBSCRIPTIONS

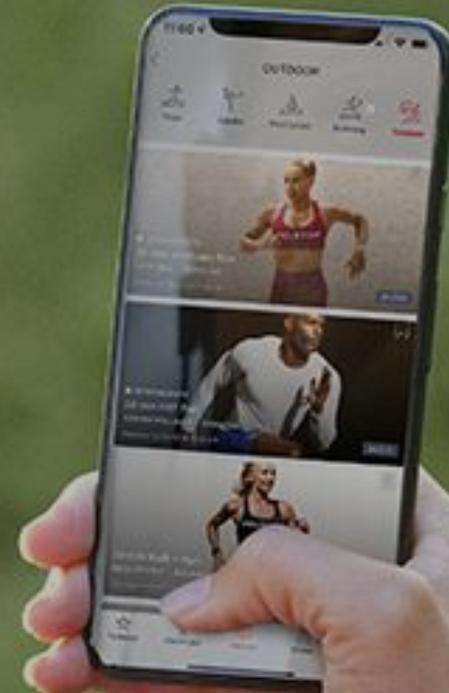
AVERAGE MONTHLY WORKOUTS PER CONNECTED FITNESS SUBSCRIPTION



OUR MEMBERS USE MULTIPLE MODALITIES



94% OF MEMBERS
WHO JOINED IN
2021 ARE STILL
USING PELOTON



HIGHLY PREDICTABLE RETENTION OF RECENT COHORTS

CONNECTED FITNESS RETENTION BY ACTIVATION COHORT (FISCAL YEAR)

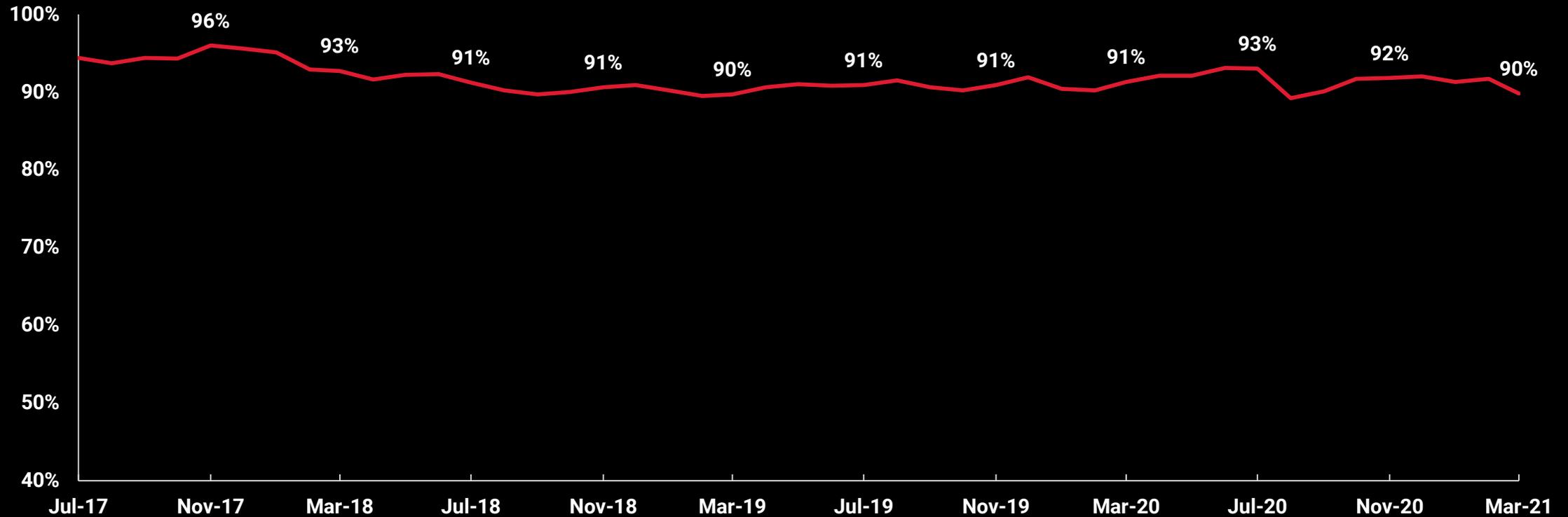


FY2019	97%	95%	92%	90%	89%	88%
FY2020	96%	95%	93%	92%	90%	88%
FY2021	97%	95%	93%	91%	90%	87%
FY2022	96%	93%				

¹ 2022 cohort size is as of Q2 FY22

12-MONTH RETENTION RATE ACROSS COHORTS HAS BEEN STABLE OVER THE YEARS

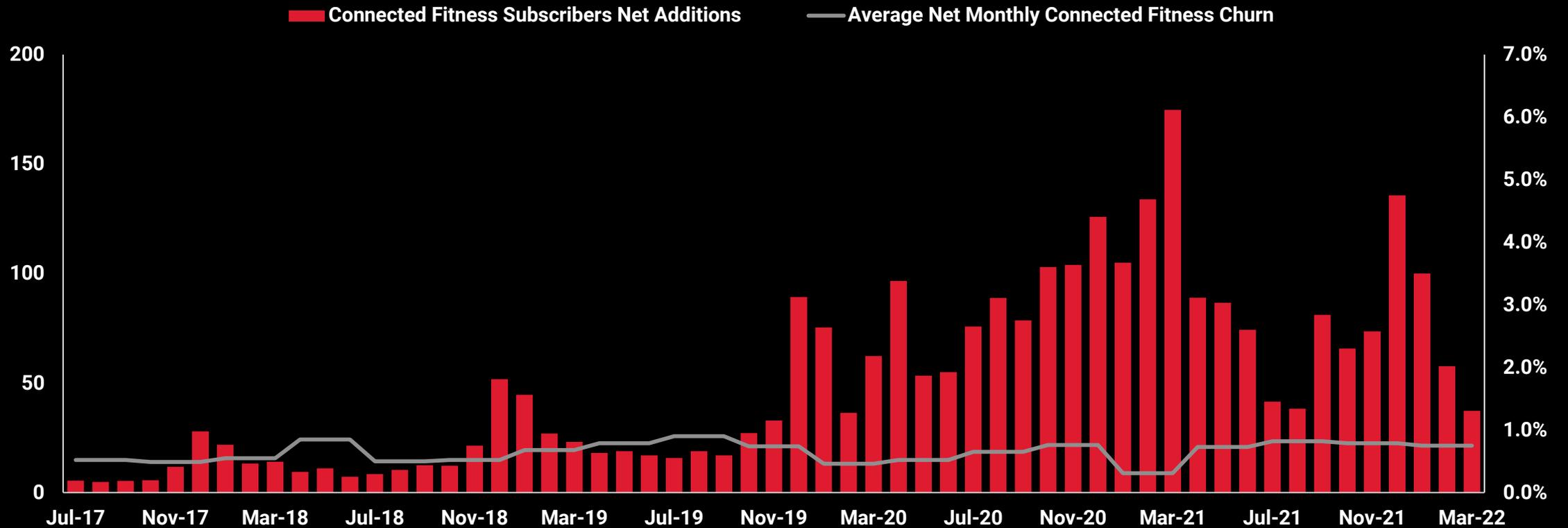
CONNECTED FITNESS 12-MONTH RETENTION RATE



ACTIVATION COHORT BY MONTH

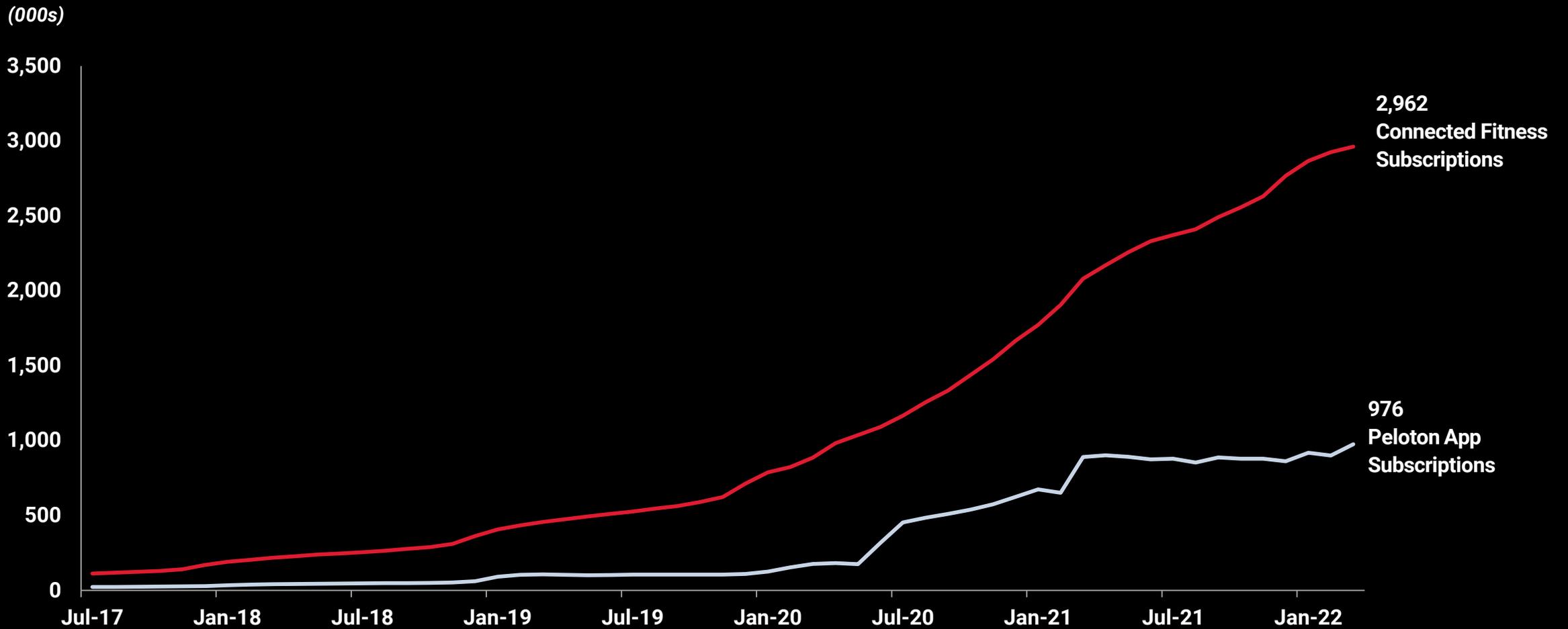
HEALTHY TRACK RECORD OF NET SUBSCRIBER GROWTH

CONNECTED FITNESS SUBSCRIBERS NET ADDITIONS AND AVERAGE NET MONTHLY CONNECTED FITNESS CHURN¹



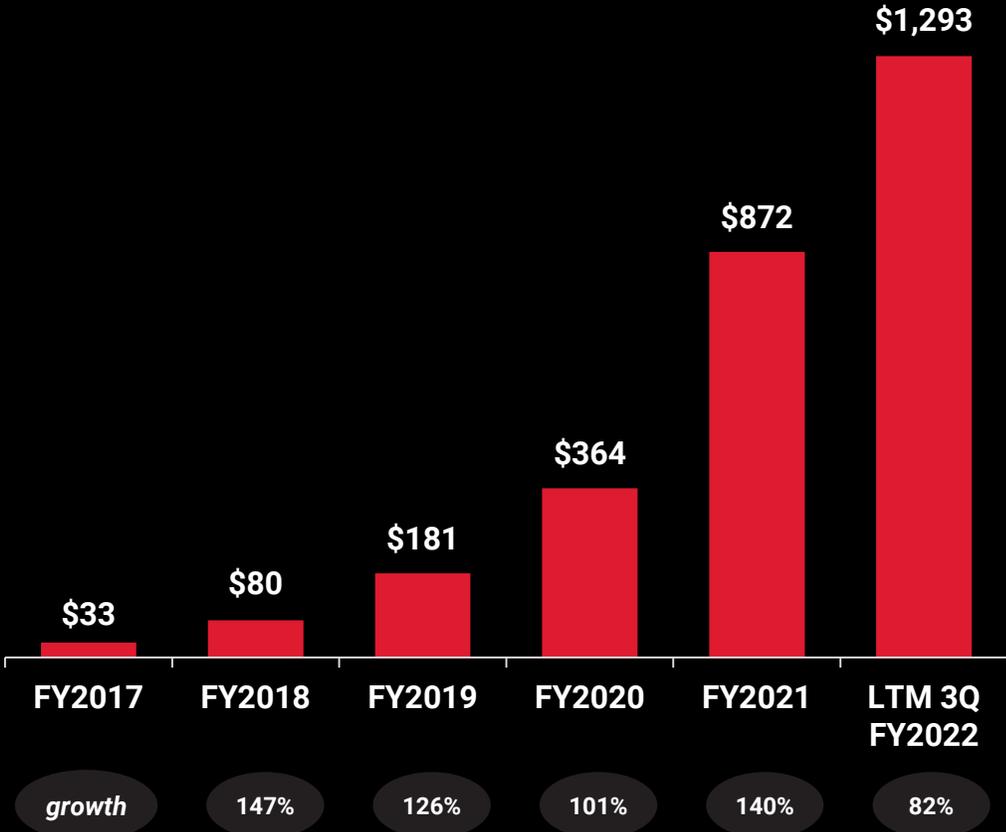
¹ Average Net Monthly Connected Fitness Churn defined as Connected Fitness Subscription cancellations, net of reactivations, in the quarter, divided by the average number of beginning Connected Fitness Subscriptions in each month, divided by three months

PELTON'S SUBSCRIBER BASE CONTINUES TO GROW

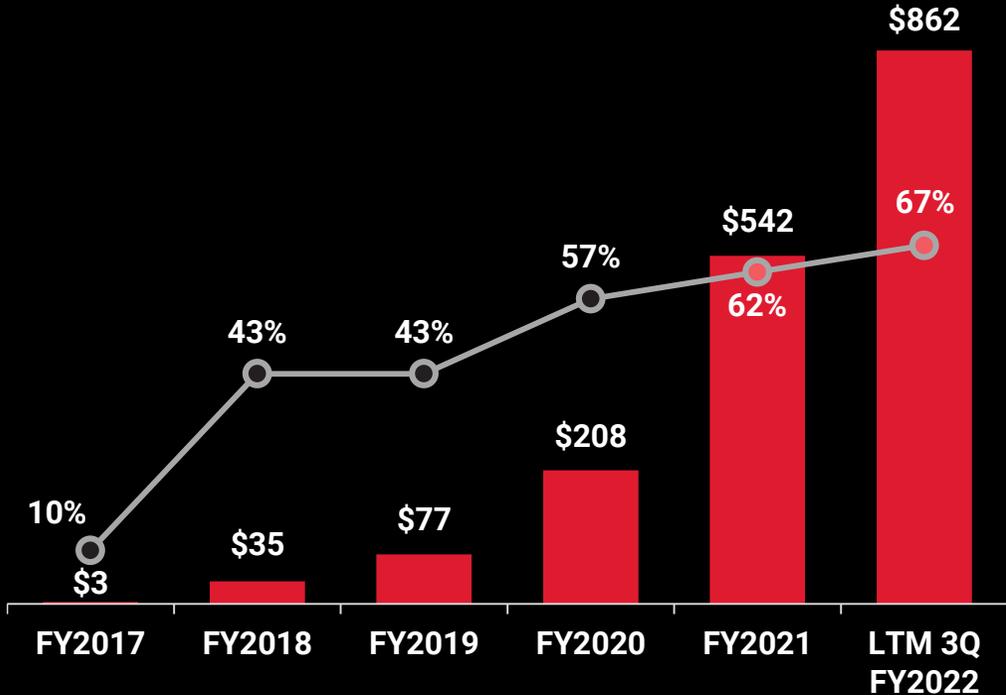


RECURRING, HIGH-MARGIN SUBSCRIPTION REVENUE STREAM

SUBSCRIPTION REVENUE (\$mm)



SUBSCRIPTION GROSS PROFIT AND MARGIN (\$mm)



Note: Fiscal year ends June 30 (ex. FY 2021 represents July 01, 2020 – June 30, 2021)

CORE MANAGEMENT TEAM DRIVING TURNAROUND

WINNING CULTURE



Operate With a Bias For Action



Empower Teams of Smart Creatives



Put Members First

MANAGEMENT TEAM CHANGES

- Barry McCarthy, former Netflix and Spotify CFO, joined Peloton as President & CEO on 2/8/2022
- Andy Rendich joined the company as Chief Supply Chain Officer on 3/16/2022
- 30 years of experience in supply chain, operations, customer service, and technology
- Other talent additions expected across the org in the coming months, particularly as we shift our focus from being hardware to software-centric

CORE MANAGEMENT TEAM



Barry McCarthy
President &
Chief Executive Officer



John Foley
Co-founder &
Executive Chair



Jill Woodworth
Chief Financial
Officer



Hisao Kushi
Co-founder &
Chief Legal Officer



Andy Rendich
Chief Supply
Chain Officer



Tom Cortese
Co-founder &
Chief Product Officer



Dion Camp Sanders
Chief Strategy
Officer



Kevin Cornils
Chief Commercial
Officer



Jen Cotter
Chief Content
Officer



Shari Eaton
Chief People
Officer



STRATEGIC AND FINANCIAL UPDATE

OUR GOAL IS TO RESTORE THE BUSINESS TO POSITIVE FREE CASH FLOW IN FY2023

CONNECTED FITNESS GROSS MARGIN IMPROVEMENT

- Q3 gross margin burdened by numerous one-time charges: Tread+ recall, accessory inventory write-down, higher delivery and storage costs due to global supply chain crisis
 - Some of these costs will continue in Q4 given elevated inventory levels, but will subside over time
- Continued areas of improvement: shift to 3PL, improved warehouse management and labor structure, better negotiated freight rates
- Expect reduction in Connected Fitness COGS of \$30 - \$35mm in 2HFY22 and \$100mm in for FY23

COST SAVINGS

- Comprehensive restructuring plan in progress
- At least \$800mm annual run-rate savings by FY24; significant portion to be realized by FY23
 - \$165mm opex reductions and \$30-35mm COGS savings in 2HFY22
 - \$450mm opex savings and \$100mm COGS savings in FY23

INVENTORY AS SOURCE OF CASH

- Currently have excess inventory relative to demand, which has consumed a significant amount of cash
- Believe this inventory will sell eventually and obsolescence risk is negligible, so primarily a cash flow timing issue

CAPEX

- Majority of capital expenditures in Q3 related to Peloton Output Park, which will be recouped later this calendar year upon sale of facility
- Expect significantly lower capex spend in FY23

GROW OUR REVENUE

- Measureable uplift in monthly revenue from recent price changes
 - Hardware price cuts: meaningfully increased daily unit sales
 - Subscription price increase: growth in monthly revenue if churn remains at current levels
- Expanding GTM capabilities: third party retailers, app revamp, international, FaaS

3Q FY2022 SUMMARY

	Q3 FY22 <i>(Actual)</i>
(\$ mm)	
USER METRICS	
Members (mm)	7.00
CF subscriptions (mm)	2.96
Average monthly workouts	18.8
Net churn %	0.75%
FINANCIAL METRICS	
CF revenue	\$594
Subscription revenue	\$370
Total revenue	\$964
Connected Fitness gross profit	(\$68)
<i>CF gross margin %</i>	<i>(11%)</i>
Subscription gross profit	\$252
<i>Subscription margin %</i>	<i>68%</i>
Total gross profit	\$184
<i>Total gross profit margin %</i>	<i>19%</i>
Net loss	(\$757)
Adjusted EBITDA	(\$194)
<i>Adjusted EBITDA margin %</i>	<i>(20%)</i>

Q4 FY2022 OUTLOOK

(\$mm)	4Q FY2022 Range	
	Low	High
CF subscriptions (mm)		2.98
Net CF subscription additions (mm)		.02
Total revenue	\$675	\$700
Total gross margin		~31%
Adjusted EBITDA	(\$120)	(\$115)
Adjusted EBITDA margin	(18%)	(16%)



APPENDIX: ADDITIONAL MATERIALS

HISTORICAL FINANCIALS

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY Q3 2021	FY Q3 2022
Connected Fitness Subscribers	107,700	245,600	511,200	1,091,000	2,331,000	2,080,860	2,961,767
% Growth in Connected Fitness Subscribers	207%	128%	108%	113%	114%	135%	42%
Net Connected Fitness Monthly Churn	0.70%	0.64%	0.65%	0.62%	0.61%	0.31%	0.75%
(\$mm)							
Connected Fitness Products	\$186	\$355	\$734	\$1,462	\$3,150	\$1,023	\$594
Subscription	\$33	\$80	\$181	\$364	\$872	\$239	\$370
Total Revenue	\$219	\$435	\$915	\$1,826	\$4,022	\$1,262	\$964
Connected Fitness Products	\$116	\$200	\$428	\$833	\$2,240	\$733	\$662
Subscription	\$29	\$46	\$104	\$156	\$330	\$85	\$118
Total Cost of Revenue	\$145	\$246	\$531	\$989	\$2,570	\$817	\$780
Total Gross Profit	\$74	\$190	\$384	\$837	\$1,452	\$445	\$184
Connected Fitness Product Gross Margin %	38%	44%	43%	43%	29%	28%	(11%)
Subscription Gross Margin %	10%	43%	43%	57%	62%	65%	68%
Gross Margin %	34%	44%	42%	46%	36%	35%	19%
Selling & Marketing Expense	\$86	\$151	\$324	\$477	\$730	\$208	\$228
<i>% of Sales</i>	39%	35%	35%	26%	18%	17%	24%
General & Administrative Expense	\$46	\$62	\$207	\$352	\$662	\$181	\$242
<i>% of Sales</i>	21%	14%	23%	19%	16%	14%	25%
Research & Development Expense	\$13	\$23	\$55	\$89	\$248	\$70	\$77
<i>% of Sales</i>	6%	5%	6%	5%	6%	6%	8%
Total Operating Expenses	\$145	\$237	\$586	\$918	\$1,640	\$459	\$920
<i>% of Sales</i>	66%	54%	64%	50%	41%	36%	95%
Loss from Operations	(\$71)	(\$47)	(\$202)	(\$81)	(\$188)	(\$14)	(\$736)
Margin %	(33%)	(11%)	(22%)	(4%)	(5%)	(1%)	(76%)
Adjusted EBITDA	(\$52)	(\$30)	(\$71)	\$118	\$254	\$63	(\$194)
Adjusted EBITDA Margin	(24%)	(7%)	(8%)	6%	6%	5%	(20%)

Note: Fiscal year ends June 30 (ex. FY 2021 represents July 01, 2020 – June 30, 2021)

NON-GAAP ADJUSTED EBITDA RECONCILIATION

(\$mm)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY Q3 2021	FY Q3 2022
Net Loss	(\$71.1)	(\$47.9)	(\$195.6)	(\$71.6)	(\$189.0)	(\$8.6)	(\$757.1)
Adjustments:							
Other income (expense), net	\$0.3	\$0.3	(\$6.7)	(\$12.4)	\$10.4	\$4.0	\$19.2
Provision for income taxes	–	\$0.1	\$0.1	\$3.3	(\$9.2)	(\$9.1)	\$2.1
Depreciation and amortization expense	\$3.7	\$6.6	\$21.7	\$40.2	\$63.8	\$14.5	\$38.1
Stock-based compensation expense	\$10.3	\$8.5	\$89.5	\$88.8	\$194.0	\$41.7	\$72.3
Restructuring expense	--	--	--	--	--	--	\$158.5
Goodwill impairment	--	--	--	--	--	--	\$181.9
Impairment expense and loss on disposals	--	--	--	--	--	--	\$32.5
Product recalls	–	–	–	–	\$100.0	--	\$21.4
Transaction costs	–	\$0.5	\$0.4	–	\$28.9	\$6.3	\$1.0
Litigation and settlement expenses	\$5.0	\$1.5	\$12.1	\$60.1	\$35.8	\$11.1	\$36.2
Other adjustment items	–	–	\$7.2	\$9.4	\$18.9	\$3.3	--
Total Adjustments	\$19.3	\$17.5	\$124.3	\$189.3	\$442.7	\$71.8	\$563.2
Adjusted EBITDA	(\$51.8)	(\$30.4)	(\$71.3)	\$117.7	\$253.7	\$63.2	(\$194.0)
Adjusted EBITDA Margin	(23.7%)	(7.0%)	(7.8%)	6.4%	6.3%	5.0%	(20.1%)

Note: Fiscal year ends June 30 (ex. FY 2021 represents July 01, 2020 – June 30, 2021)