PELOTON

Company Overview

FEBRUARY 2020

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This presentation and the accompanying oral commentary contain "forward-looking" statements based on the Company's beliefs and assumptions and on information currently available to the Company. Forward-looking statements include all statements other than statements of historical fact contained in this presentation, including information or predictions concerning the future of the Company's business, anticipated events and trends, potential growth opportunities, competitive position, technological and market trends, industry environment, potential market opportunities, the economy and other future conditions. Any forward-looking statements made herein or made elsewhere by the Company are made solely based on information available to the Company as of the date hereof and based only on our current beliefs, expectations and good faith assumptions that we believe to be reasonable when made. As such, they are subject to inherent uncertainties, known and unknown risks and changes in circumstances that are difficult to predict and in many cases outside our control, and you should not rely on such forward-looking statements. The Company makes no representations or warranties that the projected results will be achieved, and actual results may differ materially from our expectations. Except as required by law, the Company does not assume any obligation to update any such forward-looking statements.

The Company's fiscal year end is June 30. The Company's fiscal years ended June 30, 2017, 2018, and 2019 are referred to in this presentation as FY 2017, FY 2018 and FY 2019, respectively, unless stated otherwise. Statements contained herein are made as of or for the first fiscal quarter ended September 30, 2019. The information in the presentation is provided to you as of the dates indicated and the Company does not intend to update the information after its distribution, even in the event that the information becomes materially inaccurate.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other data about the Company's industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither the Company nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk.

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This presentation contains certain supplemental financial measures that are not calculated pursuant to U.S. generally accepted accounting principles ("GAAP"). These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

For a discussion of the material risks and other important factors that could impact our actual results, please refer to our SEC filings available on the SEC's EDGAR system and our website, as well as the risks and other important factors discussed in our shareholder letter for the first quarter of fiscal year 2020.

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WHO WE ARE

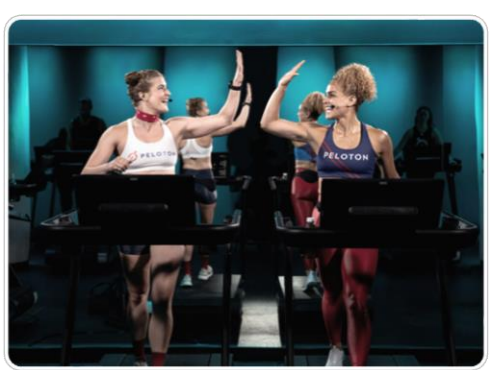
PELOTON IS THE LARGEST INTERACTIVE FITNESS PLATFORM IN THE WORLD WITH A COMMUNITY OF OVER 2.0 MILLION MEMBERS

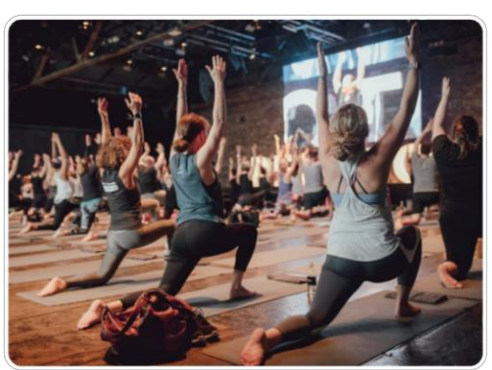
We believe physical activity is fundamental to a healthy and happy life

We are disrupting the fitness industry through our first-of-its kind platform

Our ambition is to empower people to improve their lives through fitness

We make fitness entertaining, approachable, effective and convenient





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BY THE NUMBERS – DECEMBER 31, 2019

>2.0mm MEMBERS IN OUR LOYAL COMMUNITY(1)	712k CONNECTED FITNESS SUBSCRIBERS +96% YOY GROWTH	93% AVERAGE 12-MONTH CONNECTED FITNESS SUBSCRIBER RETENTION RATE
$1.2bn LAST TWELVE MONTHS TOTAL REVENUE +98% YOY GROWTH	0.74% AVERAGE NET MONTHLY CONNECTED FITNESS CHURN FOR Q2 2020	12.6x AVERAGE MONTHLY WORKOUTS PER CONNECTED FITNESS SUBSCRIBER (VS. 9.7X LY)

HIGH GROWTH – SCALE – STRONG RETENTION – RECURRING REVENUE – EFFICIENT CUSTOMER ACQUISITION

Note: Fiscal year ends June 30 (ex. Q2 2020 represents October 01, 2019 – December 31, 2019).
(1) Includes Connected Fitness Subscribers which on average have 2 user profiles, commercial user profiles and Digital user profiles.

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1 Pioneer of connected fitness

2 Vertically integrated platform

3 Massive market opportunity

4 Category-defining brand with broad appeal

5 Strong product engagement driving low churn[1]

6 Compelling financial model with robust unit economics

7 Founder-led, multi-disciplinary management team

(1) Represents average net monthly Connected Fitness churn.

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WE PIONEERED THE CONNECTED FITNESS CATEGORY

THE BIKE

*Launched in **2014***

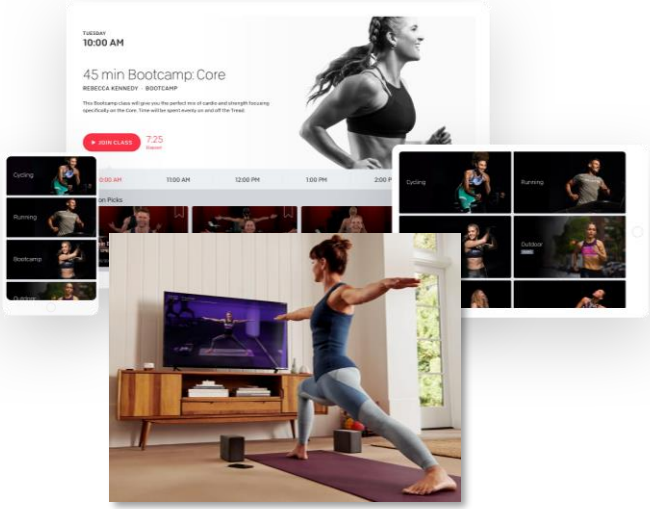
***$2,245** or $58.00 per month with 0% APR 39-month financing*

THE TREAD

*Launched in **2018***

***$4,295** or $111.00 per month with 0% APR 39-month financing*

PELOTON DIGITAL



***$12.99** per month for Digital Subscription (Included in Connected Fitness Subscription)*

***$39.00** per month for Connected Fitness Subscription*

- ✓ In-home convenience
- ✓ Constantly evolving programming
- ✓ Engaged, global community
- ✓ Unlimited household use
- ✓ World class instructors
- ✓ Variety of fitness disciplines

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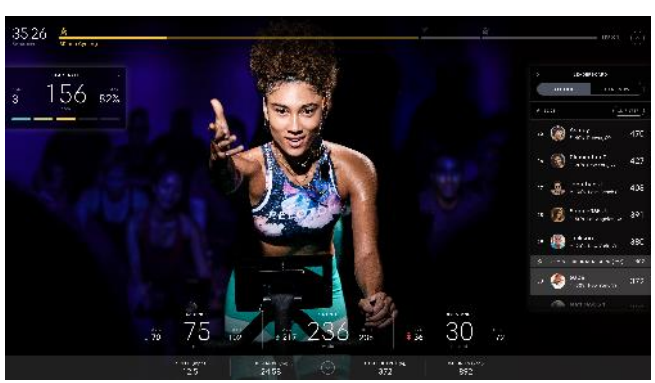
WE BELIEVE WE ARE THE FIRST COMPANY TO DELIVER PRODUCTS AT THE NEXUS OF FITNESS, TECHNOLOGY AND MEDIA…

CONNECTED FITNESS PRODUCTS

ORIGINAL PROGRAMMING



PROPRIETARY NETWORKED SOFTWARE

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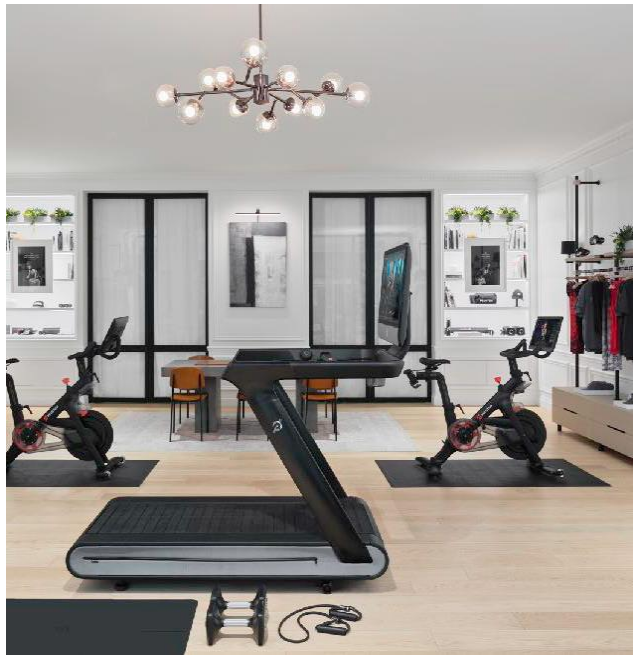
...AND WE CONTROL THE ENTIRE CUSTOMER EXPERIENCE

Multi-channel Sales Model



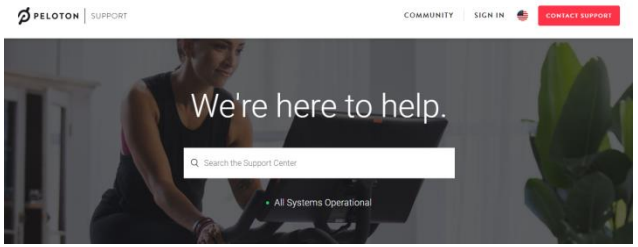
SEAMLESS EXPERIENCE THROUGHOUT THE PURCHASE PROCESS

96 GLOBAL SHOWROOMS[1]

Delivery & Servicing

HIGH-TOUCH BRAND EXPERIENCE

Member Support



SERVING EVERY NEED OF OUR MEMBERS

(1) As of December 31, 2019.

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WE BELIEVE THE FITNESS INDUSTRY IS POISED FOR DISRUPTION

- MOVIE THEATERS
- GAMING ARCADES
- MUSIC STORES
- BOOKSTORES

DISRUPTED BY STREAMING DIGITAL MEDIA
DUE TO RISING CONSUMER TRENDS FOCUSED ON:

- ✓ Value
- ✓ Time-shifted consumption
- ✓ Selection
- ✓ Location

HEALTH CLUBS & BOUTIQUE FITNESS OPERATORS

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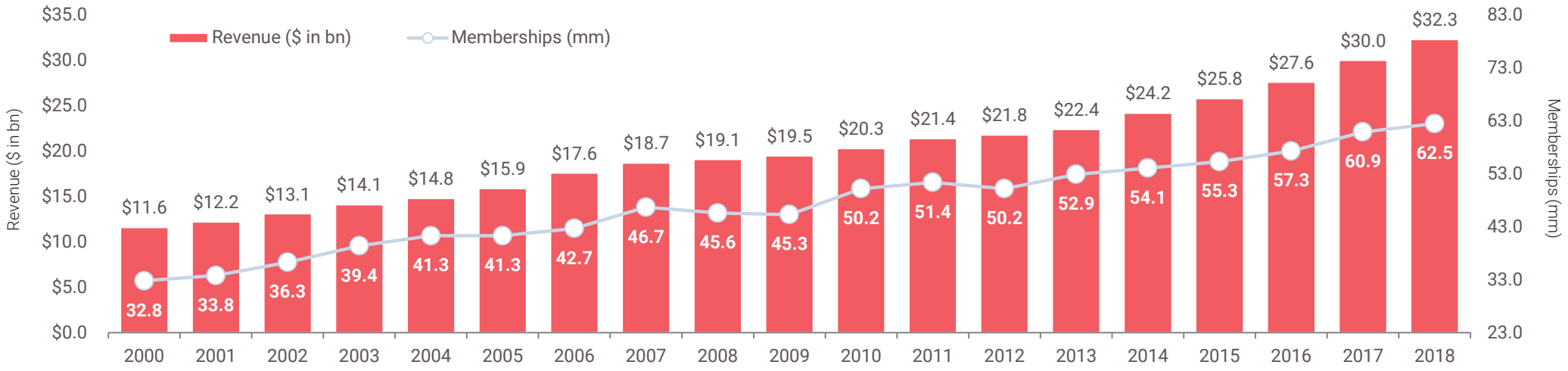
THE FITNESS AND WELLNESS MARKET IS MASSIVE AND GROWING

$4.2trn	$600bn	183mm	62mm	90mm
Total health and wellness industry[1]	Global fitness and wellness spend[1]	Global gym members[2]	U.S. gym members[2]	Gym members in Peloton markets[2][3]

U.S. FITNESS CENTER / HEALTH CLUB INDUSTRY REVENUE ($BN) AND MEMBERSHIPS (MM)[2]



Revenue growth	5.2%	7.4%	7.6%	5.0%	7.4%	10.7%	6.2%	2.1%	2.1%	4.1%	5.4%	1.9%	2.8%	8.0%	6.6%	7.0%	8.7%	7.8%

IN 2008 – 2009, THE U.S. FITNESS INDUSTRY CONTINUED TO GROW DESPITE ECONOMIC RECESSION

(1) Global Wellness Institute, Wellness Now a $4.2 Trillion Global Industry, October 2018.
(2) Per the following reports from the International Health, Racquet & Sportsclub Association: (i) The 2019 IHRSA Global Report and (ii) the 2018 IHRSA Global Report.
(3) Includes U.S., Canada, U.K., and Germany.

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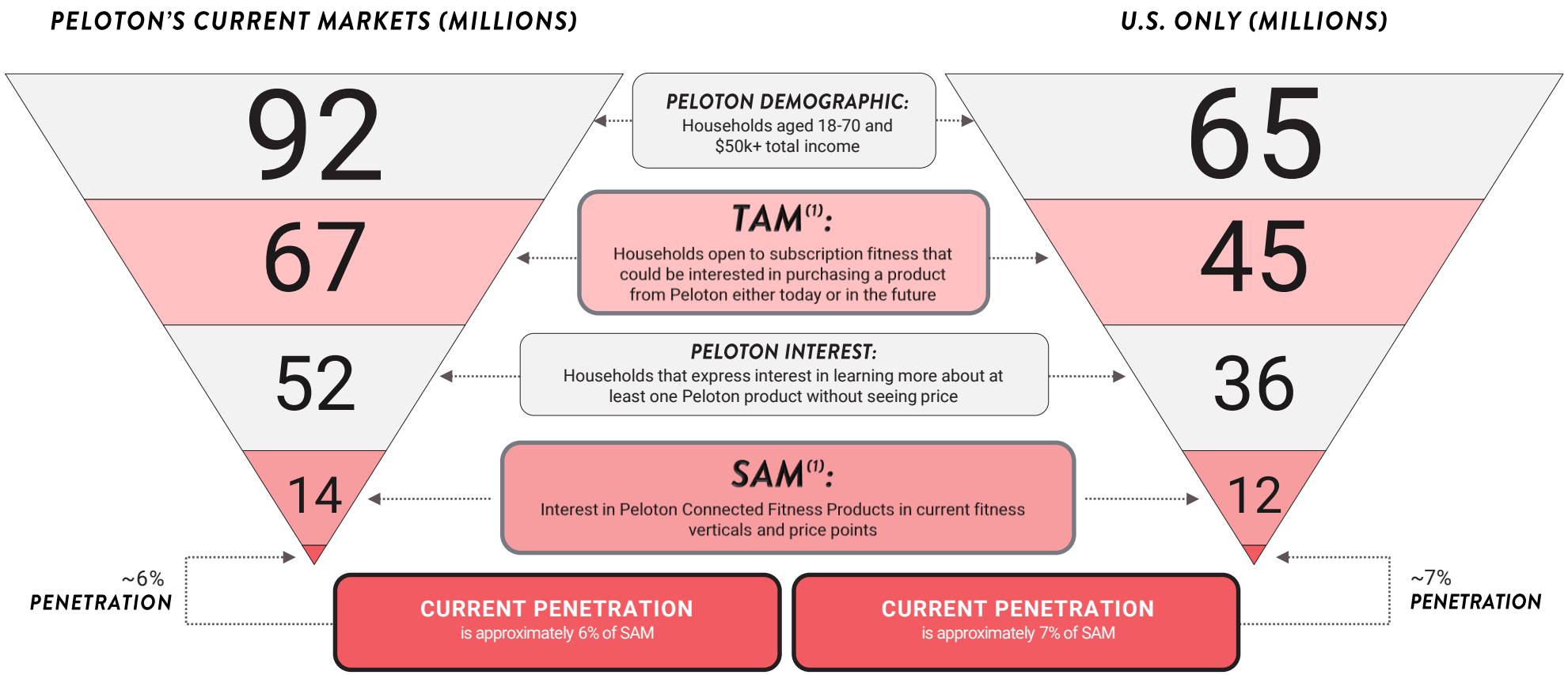
PELOTON IS ~6% PENETRATED INTO ITS SAM IN CURRENT MARKETS



4 OUT OF 5 PELOTON MEMBERS WERE NOT IN THE MARKET FOR FITNESS EQUIPMENT WHEN THEY PURCHASED A PELOTON

Note: As of December 31, 2019.

(1) Total Addressable Market (TAM) that Peloton can reach over the long term in our current and announced markets (U.S., U.K., Canada, and Germany). Serviceable Addressable Market (SAM) that Peloton addresses with our current product verticals and price points.

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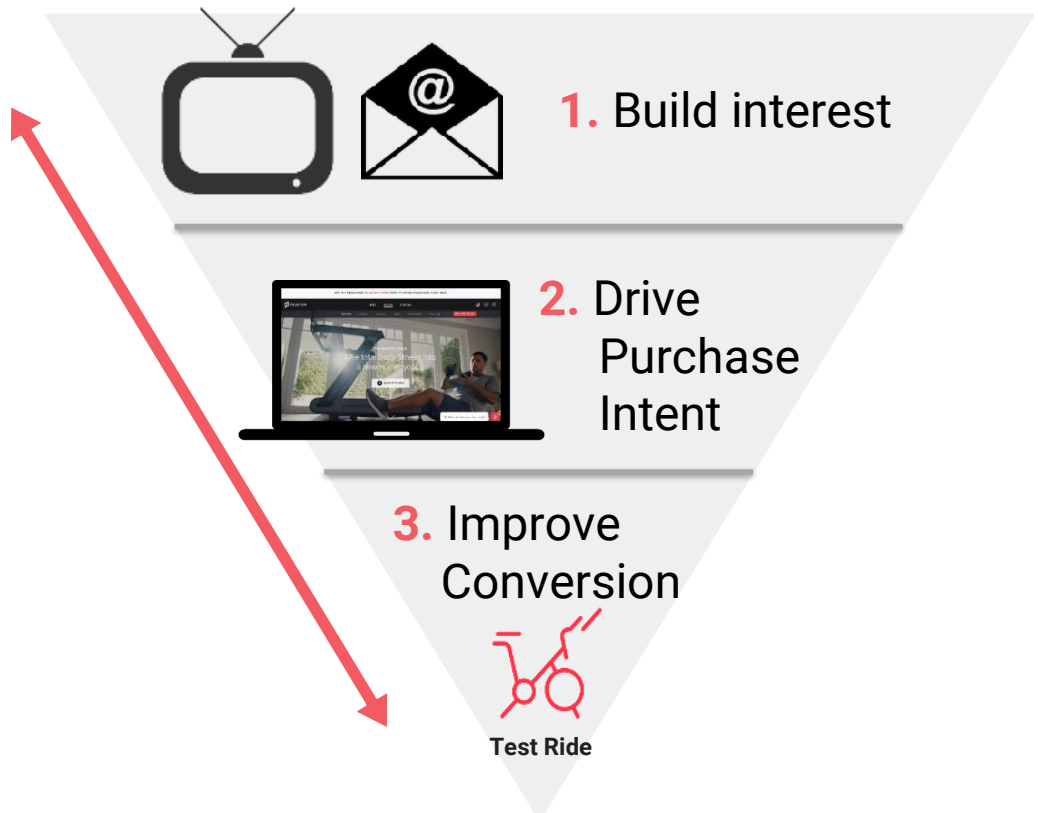
HIGHLY SOPHISTICATED BRAND AND PERFORMANCE MARKETING COMBINATION DRIVES PREDICTABLE SALES GROWTH...

ELEVATED BRAND MARKETING

Elevated approach has resulted in growing brand awareness, reaching **67%** today [1]

DATA DRIVEN PERFORMANCE MARKETING FUNNEL



...AND ALSO INCREASING WORD-OF-MOUTH REFERRALS

WORD-OF-MOUTH HAS BECOME ONE OF OUR LARGEST SALES CHANNELS

43% of Peloton buyers in FY 2019 first heard about Peloton from a friend or a family member, up from 23% in FY 2017

(1) As of April 03, 2019.

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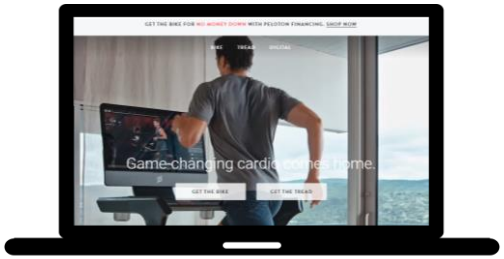
DIRECT-TO-CONSUMER MULTI-CHANNEL SALES MODEL

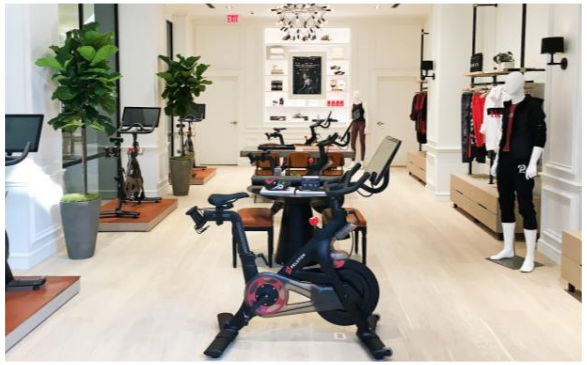
WEB AND INSIDE SALES

START A LIVE CHAT 1-866-679-9129



- Website provides elevated brand experience
- Platform for product education and product review

SHOWROOMS



- 96 showrooms globally as of December 31, 2019 (1)
- Allow customers to experience and try our products

COMMERCIAL

- Drives trial and brand awareness
- Provides convenience which keeps Members engaged

CHANNELS WORK TOGETHER – 37% OF CUSTOMERS BUY IN A DIFFERENT CHANNEL THAN WHERE THEY WERE FIRST CAPTURED

(1) Includes 75 full showrooms, 20 microstores, and 1 concept store showroom.

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WE ARE DEMOCRATIZING ACCESS TO HIGH-QUALITY FITNESS

- 45-minute boutique studio fitness classes cost as much as $25.00 – $45.00 per class, per person
- A Connected Fitness Subscription is $39.00 per month, scales within the household and offers unlimited use
- We aim to continually add value to our Subscription by increasing our library of classes, adding new fitness verticals and frequently updating features and functionality

	Average Monthly Cost For One Person	Average Monthly Cost For Two People
PELOTON BIKE (1)	$58 + $39 = $97 $39 only after 39-months	$58 + $39 = $97 $39 only after 39-months
FLYWHEEL(2)	$300	$600
SOULCYCLE(3)	$432	$864
PELOTON TREAD (4)	$111 + $39 = $150 $39 only after 39-months	$111 + $39 = $150 $39 only after 39-months
CLASSPASS(5)	$159	$318
EQUINOX(6)	$260	$520
ORANGE THEORY(7)	$279	$558
BARRY'S(8)	$340	$680

Source: Company websites as of December 31, 2019
(1) Assumes bike + delivery cost of $2,245 financed over 39 months with 0% APR + $39/mo subscription.
(2) Assumes price of 12-class monthly pack in NYC area.
(3) Assumes 3 classes per week at single-class rate in NYC area.
(4) Assumes tread + delivery cost of $4,295 financed over 39 months with 0% APR + $39/mo subscription.
(5) Assumes monthly rate for 10-15 classes in NYC area; Prices vary by studio.
(6) Assumes global access membership.
(7) Assumes unlimited monthly membership in NYC area.
(8) Assumes Star membership – 12-class monthly pack in NYC area.

WE OFFER ATTRACTIVE $0 DOWN AND 0% APR FINANCING PROGRAMS TO ELIMINATE UP-FRONT INVESTMENT

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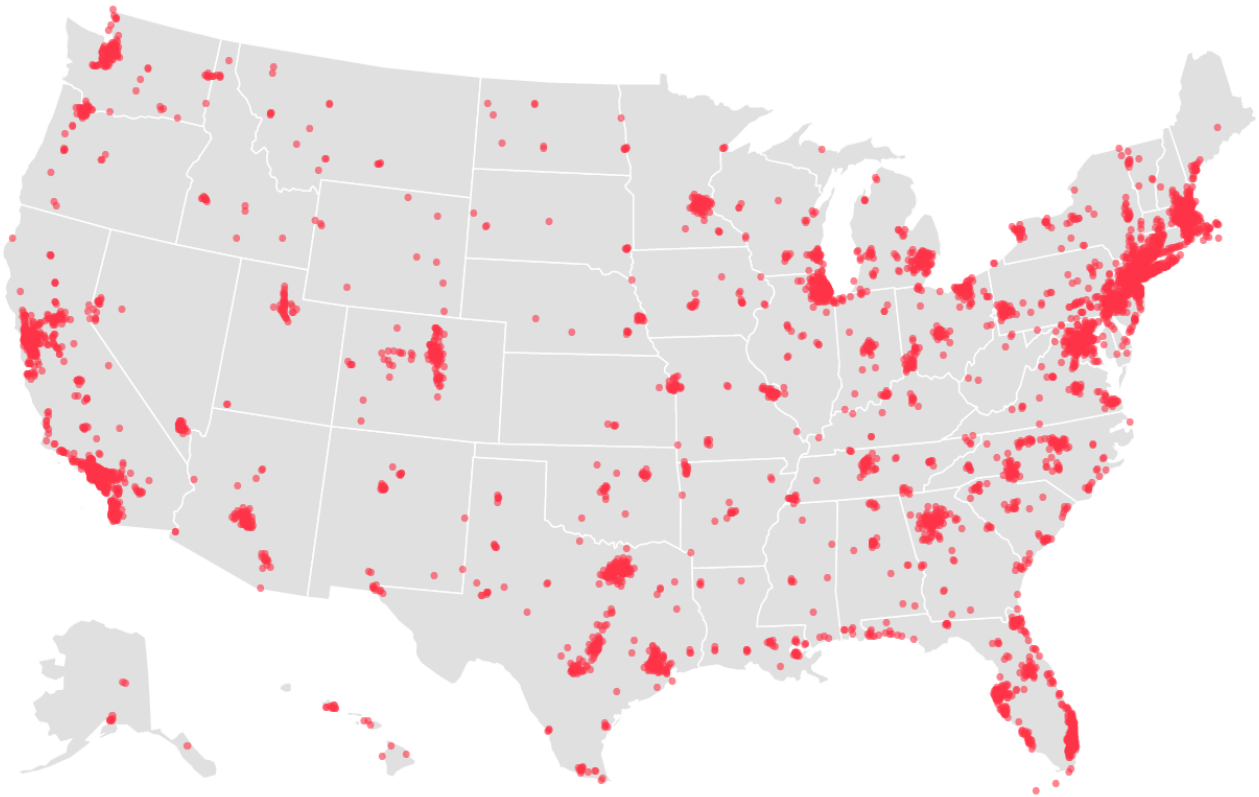
OUR CONSUMER BASE IS ALREADY NATIONAL, WITH YOUNGER AND LESS AFFLUENT CONSUMERS TAKING SHARE



U.S. Bikes Sold

YOUNGER

UNDER 35

Is our fastest growing age group

LOWER AVG. HH INCOME

UNDER $75K

Is our fastest growing income bracket

ON AVERAGE, WE SELL A BIKE OR TREAD IN EVERY STATE EVERY DAY

Note: Age and Income include all connected fitness products (Bike and Tread through March 31, 2019).
Source: Internal Sales Data; View of the Consumer Study - US Bike (2019), View of the Consumer - US Bike and Tread (2019).

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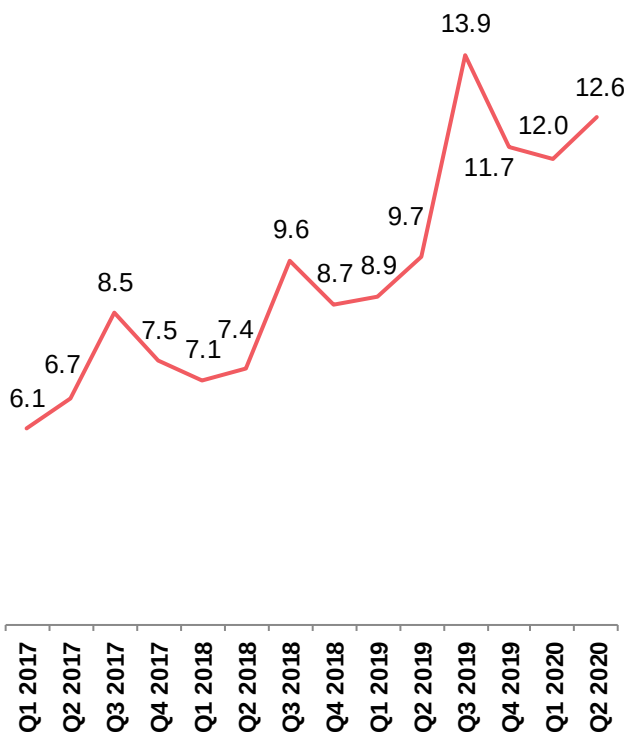
ENGAGING-TO-THE-POINT-OF-ADDICTIVE FITNESS DRIVES HIGH RETENTION

Increasing Usage Over Time = More Value For Your Membership

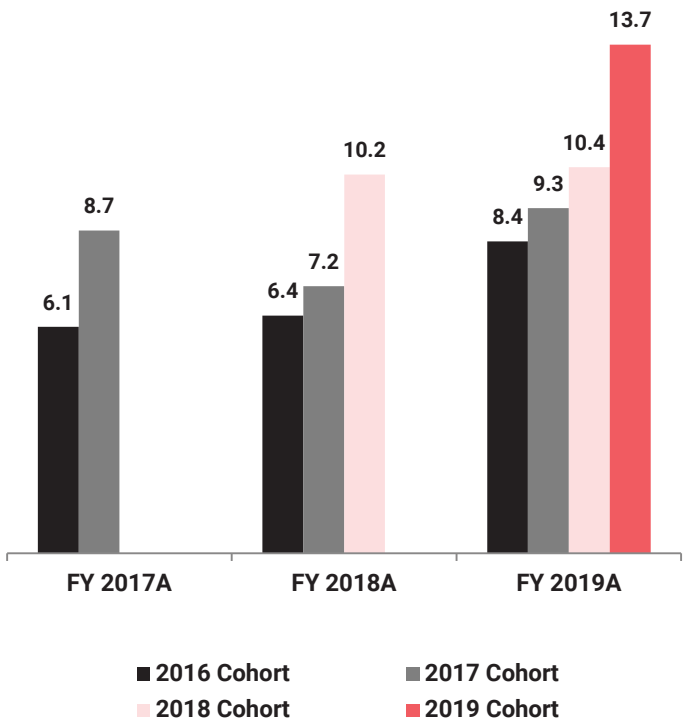
Average Monthly Workouts per Connected Fitness Subscriber

FY 2017A	FY 2018A	FY 2019A
7.5	8.4	11.5



Engagement Has Accelerated Even As Cohorts Age

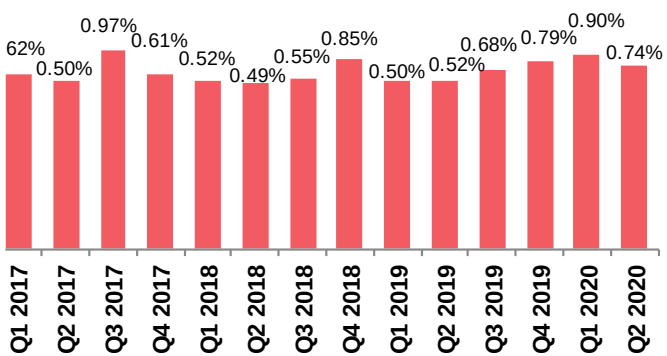
Average Monthly Workouts per Connected Fitness Subscriber by Cohort



We Are Acutely Focused On Keeping Connected Fitness Product Churn Low

Average Net Monthly Connected Fitness Churn

FY 2017A	FY 2018A	FY 2019A
0.70%	0.64%	0.65%



As of December 31, 2019, 92% of our Connected Fitness Subscribers were paying month-to-month

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WE CONTINUE TO ADD MORE VALUE TO THE MEMBERSHIP

CONSTANTLY UPDATE LIBRARY WITH FRESH NEW CONTENT

~950
classes produced every month

Thousands
of classes available on demand

FREQUENTLY INTRODUCE NEW INTERACTIVE SOFTWARE FEATURES

Community interaction
Here Now Leaderboard – May 2018
Motivational High-Fives – May 2018

Music
Create your own audio mix – May 2019
"Love" your favorite songs – Feb 2019

PROVIDE MORE VALUE

4 new fitness verticals
launched in the last 20 months[1]

35%
of workouts completed in FY 2019 were not indoor cycling classes vs. 22% in FY 2018

ENCOURAGE GOALS

Customized emails
to encourage Members to increase activity

Challenges
to inspire accountability

(1) Includes running, bootcamp, walking, and outdoor. As of December 31, 2019.

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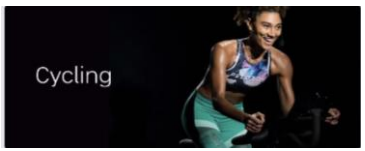
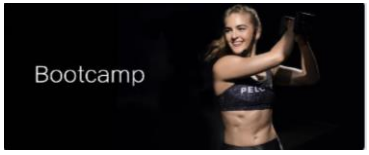
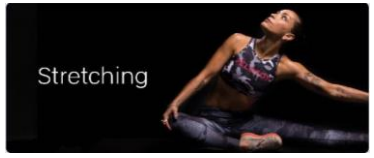
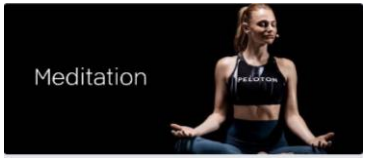
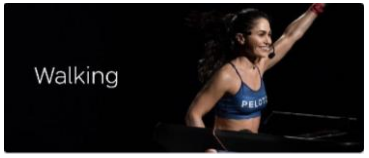
OUR WORLD-CLASS INSTRUCTORS SPAN TEN FITNESS AND WELLNESS VERTICALS











Aditi Shah

Alex Toussaint

Ally Love

Andy Speer

Anna Greenberg

Becs Gentry

Ben Alldis
(U.K.)

Chase Tucker

Christine D'ercole

Cody Rigsby

Denis Morton

Emma Lovewell

Erik Jäger
(DE)

Hannah Corbin

Hannah Frankson
(U.K.)

Irène Scholz
(DE)

Jenn Sherman

Jess King

Jess Sims

Kendall Toole

Kristin Mcgee

Leanne Hainsby
(U.K.)

Matt Wilpers

Matty Maggiacomo

Oliver Lee

Olivia Amato

Rebecca Kennedy

Robin Arzon

Ross Rayburn

Sam Yo
(U.K.)

Selena Samuela

Tunde Oyeneyin

CURRENT GLOBAL CAST OF INSTRUCTORS

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Q3 AND FULL FISCAL YEAR 2020 BUSINESS OUTLOOK

	Q3 2020	FY 2020
CONNECTED FITNESS SUBSCRIBERS	843,000 - 848,000 *85% YoY growth at midpoint*	920,000 - 930,000 *81% YoY growth at midpoint*
AVERAGE NET MONTHLY CONNECTED FITNESS CHURN	<0.95%	<0.95%
TOTAL REVENUE	$470 - $480M *50% YoY growth at midpoint*	$1.53 - $1.55B *68% YoY growth at midpoint*
GROSS MARGIN	43% - 44%	43.5% - 44.5%
ADJUSTED EBITDA	$(35) - $(25)M *(6.3%) margin at midpoint*	$(115) - $(95)M *(6.8%) margin at midpoint*

Note: guidance represents the range as previously provided during the earnings call and in the shareholder letter filed February 5, 2020.

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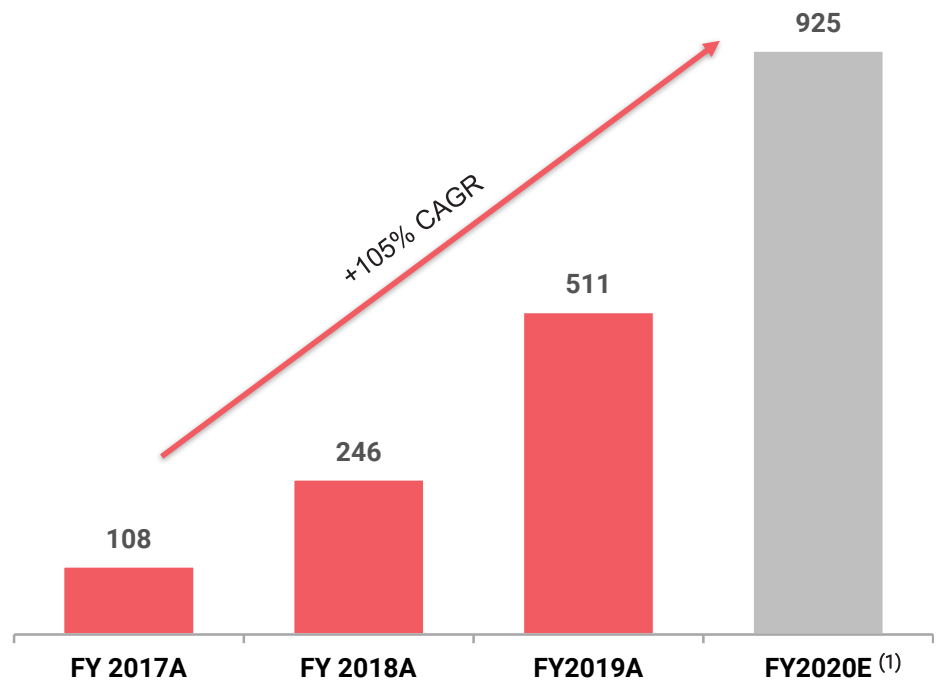
HIGH GROWTH UNDERPINNED BY PREDICTABLE CONNECTED FITNESS PRODUCT SALES AND RECURRING SUBSCRIPTION REVENUE

NOTE: FY2020E REPRESENTS MIDPOINT OF GUIDANCE RANGE [1]

Connected Fitness Subscribers

(000s)

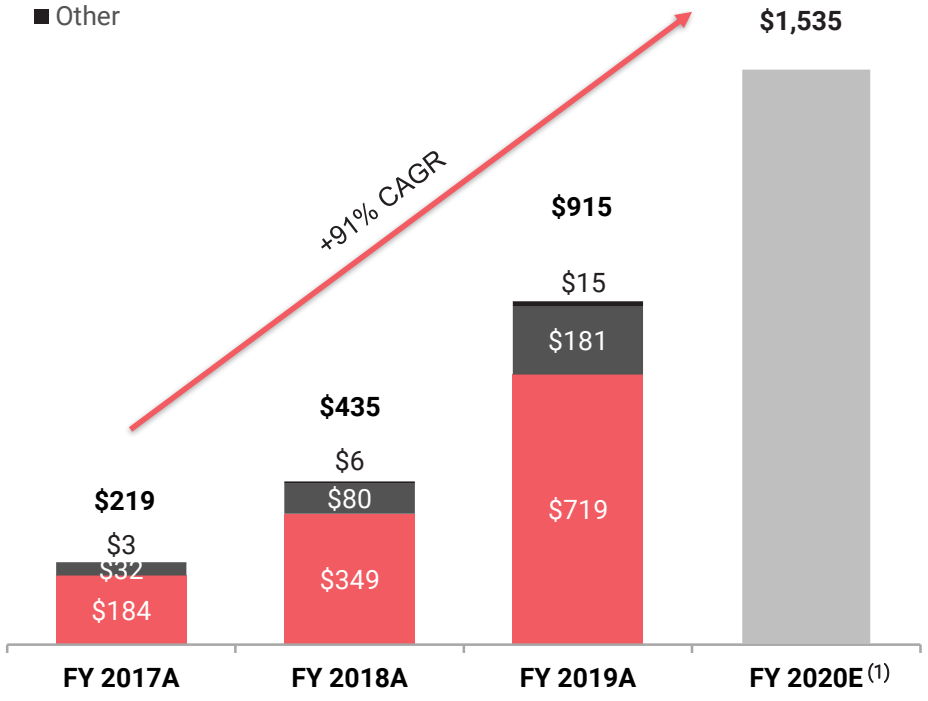


	FY 2017A	FY 2018A	FY2019A	FY2020E [1]
Avg. Net[2] Monthly Churn	0.70%	0.64%	0.65%	<0.95%
Digital Subs. *(000s)*	22	46	102	N/A

Global Revenue

($ in mm)

- Connected Ftness Products
- Subscription
- Other



Note: Fiscal year ends June 30 (ex. FY 2020 represents July 01, 2019 – June 30, 2020).
(1) Note guidance represents midpoint of range as previously provided during the earnings call and in the shareholder letter filed February 5, 2020. See page 19 for details.
(2) Represents Average Net Monthly Churn for Connected Fitness Subscribers.

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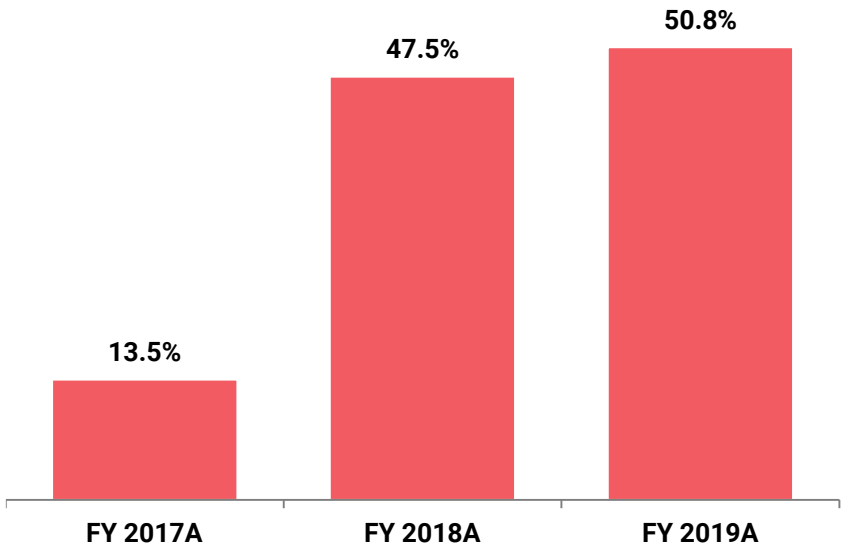
STRONG CONNECTED FITNESS GROSS PROFIT AND SUBSCRIPTION CONTRIBUTION MARGINS

Subscription Contribution Margin[1]

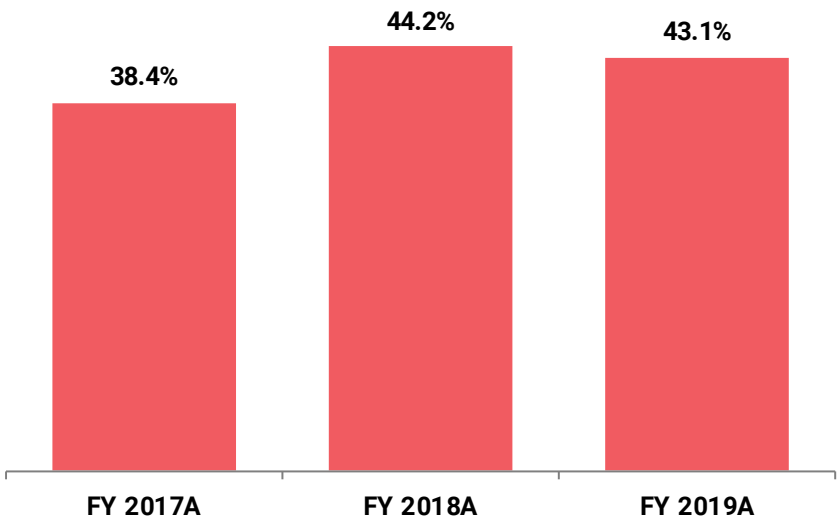
Content Creation Costs That Can Be Leveraged

- ✓ Studio Rent and Related
- ✓ Instructor Salaries
- ✓ Production Costs
- ✓ Studio Other (incl. management as well as other direct studio costs)



	FY 2017A	FY 2018A	FY 2019A
Content costs for past use	$15.5	$14.5	$16.4
Content costs for past use (% of Subscription revenue)	*47.9%*	*18.1%*	*9.1%*

Adjusted Connected Fitness Gross Margin[1]



Note: Fiscal year ends June 30 (ex. FY 2019 represents July 01, 2018 – June 30, 2019). Reconciliations of GAAP to non-GAAP figures contained in the appendix.
(1) Represents non-GAAP figure.

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ATTRACTIVE CONNECTED FITNESS SUBSCRIBER LIFETIME VALUE

		FY 2019
Connected Fitness Subscriber Lifetime Value	Monthly subscription price	$39.00
	×	
	Subscriber LTV months	154
	×	
	(Subscription Contribution plus content costs for past use) divided by Subscription Revenue[1]	59.8%
	LTV per Connected Fitness Subscriber	**$3,593**
NCAC	Adjusted Sales & Marketing ($mm)[1][2]	$311.6
	−	
	Adjusted Connected Fitness Gross Profit ($mm)[1][3]	$309.9
	÷	
	Connected Fitness Subscribers added	~295,000
	NCAC per Connected Fitness Subscriber added	**$5**

Implied by 1 / **0.65%** Average Net Monthly Connected Fitness Churn

Sales & Marketing (Total CAC) largely offset by Connected Fitness Gross Profit

Almost immediate **payback**

(1) Reconciliations of GAAP to non-GAAP figures contained in the appendix.
(2) Reflects all sales and marketing expenses, including acquisition marketing expense, brand and creative marketing expense, retail-related expenses, commissions, merchant fees, and sales & marketing personnel expense and excludes stock-based compensation expense and depreciation and amortization expense.
(3) Excludes stock-based compensation expense and depreciation and amortization expense.

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INVESTING IN TECHNOLOGY AND INFRASTRUCTURE TO EXTEND OUR LEADERSHIP POSITION

State-of-the-art New Content Production Hubs

5 MANHATTAN WEST, NYC

- Projected opening in Spring 2020
- Four production studios

11 FLORAL STREET, COVENT GARDEN, LONDON

- Projected opening end of calendar 2020
- Three production studios

Supply Chain and Logistics

- Continue to grow and optimize supply chain
- Continue to build out warehouse capacity and systems

Retail Expansion

- 96 Global Showrooms as of December 31, 2019 which includes 76 full showrooms and 20 microstores
- Continued expansion planned across all 4 markets (U.S., Canada, U.K. and Germany)

New Headquarters in New York

- New headquarters at Hudson Commons; planned move Fall 2020
- To include a dedicated R&D facility for new product design, development, and testing

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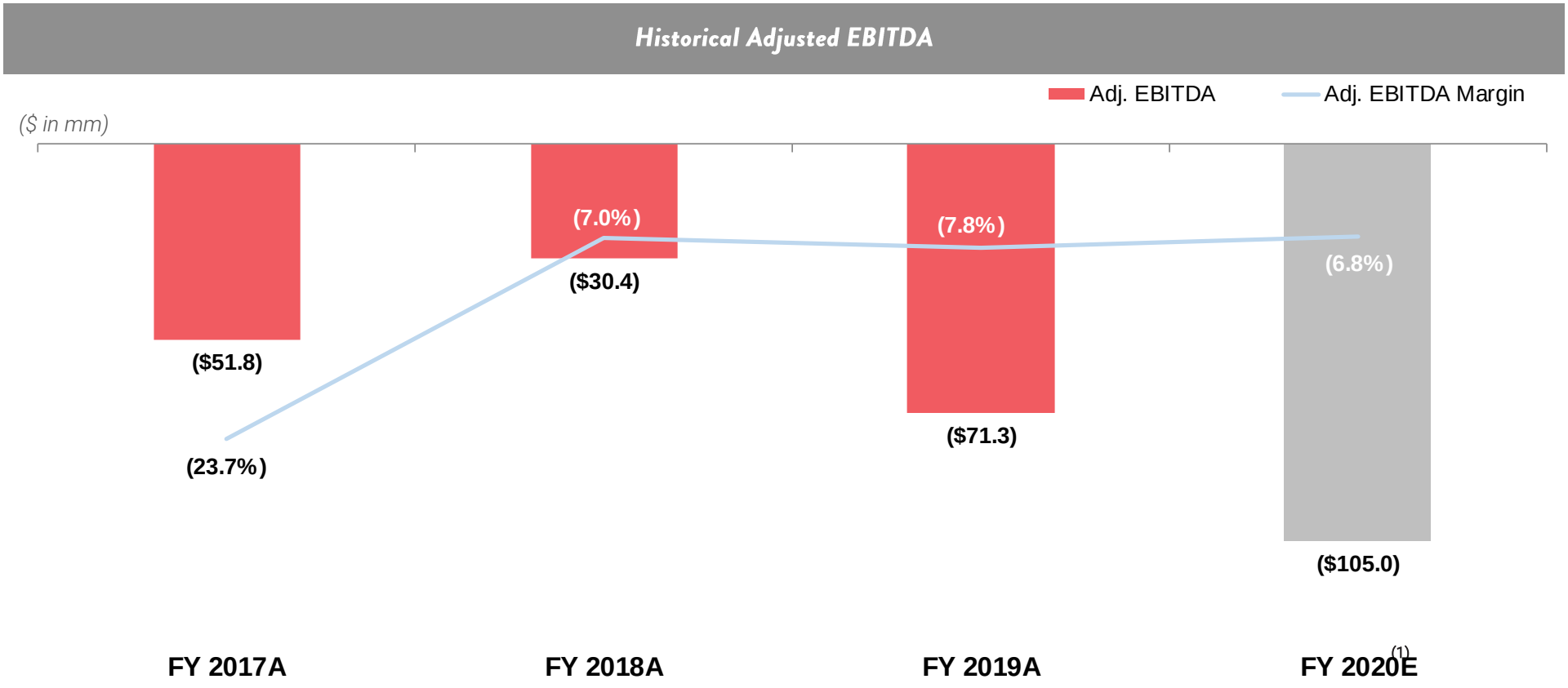
INVESTING TODAY TO SUPPORT FUTURE GROWTH

NOTE: FY2020E REPRESENTS MIDPOINT OF GUIDANCE RANGE [1]



	FY 2017A	FY 2018A	FY 2019A	FY 2020E (1)
Content costs for past use	$15.5	$14.5	$16.4	N/A
Content costs for past use (% of Total Revenue)	*7.1%*	*3.3%*	*1.8%*	N/A

Note: Fiscal year ends June 30 (ex. FY 2020 represents July 01, 2019 – June 30, 2020). Reconciliations of GAAP to non-GAAP figures contained in the appendix.
(1) Note guidance represents midpoint of range as previously provided during the earnings call and in the shareholder letter filed November 5, 2019. See page 19 for details.

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TOGETHER WE GO FAR

Winning Culture...

Operate With a Bias For Action

Empower Teams of Smart Creatives

Put Members First

...Carried by a Team With Diverse Backgrounds

- Software Development
- Product Design
- Fitness Instruction
- Content Production
- Marketing
- Music
- Logistics
- Retail
- Apparel
- Finance

Passionately Founder-Led

John Foley
Co-founder &
Chief Executive Officer

William Lynch
President

Jill Woodworth
Chief Financial Officer

Tom Cortese
Co-founder &
Chief Operating Officer

Hisao Kushi
Co-founder &
Chief Legal Officer

Kevin Cornils
Managing Director, Int'l

Yony Feng
Co-founder &
Chief Technology Officer

Tim Shannehan
Chief Revenue Officer

Jen Cotter
Chief Content Officer

Jon Adee
Chief Supply Chain Officer

Mariana Garavaglia
Chief People Officer

Carolyn Tisch-Blodgett
SVP Brand Marketing

Brad Olson
SVP Member Experience

Johnny Jiang
Head of Acquisition Marketing

Paul DeGooyer
Head of Music

Dion Camp Sanders
Head of Strategy

Dana Laidhold
Treasurer

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WE WILL CONTINUE TO...

- **Grow our subscriber base**
- Create **new interactive features** to bring our members closer together
- Produce the **best fitness content** in the world
- **Design new products** in existing and new fitness verticals
- Expand our **global footprint**
- Make the home or anywhere else you might be the **best place in the world** to workout

WE ARE JUST GETTING STARTED

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APPENDIX: ADDITIONAL MATERIALS

HISTORICAL FINANCIALS

	FY 2017	FY 2018	FY 2019	H1 2019	H1 2020
Connected Fitness Subscribers	**107,708**	**245,667**	**511,202**	**362,388**	**712,005**
% Growth in Connected Fitness Subscribers	**207%**	**128%**	**108%**	**115%**	**96%**
Net Connected Fitness Monthly Churn	**0.70%**	**0.64%**	**0.65%**	**0.51%**	**0.81%**
($ in mm)					
Connected Fitness Products	$184	$349	$719	$299	$539
Subscription	$32	$80	$181	$69	$144
Other	$3	$6	$15	$7	$11
Total Revenue	**$219**	**$435**	**$915**	**$375**	**$694**
Connected Fitness Products	$114	$195	$411	$169	$316
Subscription	$29	$46	$104	$37	$62
Other	$2	$5	$17	$7	$14
Total Cost of Revenue	**$145**	**$245**	**$531**	**$212**	**$392**
Total Gross Profit	**$74**	**$190**	**$384**	**$163**	**$302**
Connected Fitness Product Gross Margin %	*38%*	*44%*	*43%*	*44%*	*41%*
Subscription Gross Margin %	*10%*	*43%*	*43%*	*47%*	*57%*
Other Gross Margin %	*29%*	*21%*	*(16%)*	*(0%)*	*(21%)*
Gross Margin %	***34%***	***44%***	***42%***	***43%***	***44%***
Selling & Marketing Expense	$86	$151	$324	$145	$238
% of Sales	*39%*	*35%*	*35%*	*39%*	*34%*
General & Administrative Expense	$46	$62	$207	$105	$138
% of Sales	*21%*	*14%*	*23%*	*28%*	*20%*
Research & Development Expense	$13	$23	$55	$24	$38
% of Sales	*6%*	*5%*	*6%*	*6%*	*5%*
Total Operating Expenses	**$145**	**$237**	**$586**	**$274**	**$415**
% of Sales	***66%***	***55%***	***64%***	***73%***	***60%***
Loss from Operations	**($71)**	**($48)**	**($202)**	**($112)**	**($112)**
Margin %	***(33%)***	***(11%)***	***(22%)***	***(30%)***	***(16%)***
Interest Expense, Net & Other Expenses	$0	$0	$7	$2	$7
Net Loss	**($71)**	**($48)**	**($196)**	**($110)**	**($105)**
Adjusted EBITDA	**($52)**	**($30)**	**($71)**	**($28)**	**($49)**
Adjusted EBITDA Margin (% of Total Revenue)	***(24%)***	***(7%)***	***(8%)***	***(7%)***	***(7%)***
Content costs for past use	**$16**	**$15**	**$16**	**$5**	**$1**
Content costs for past use (% of Total Revenue)	***7%***	***3%***	***2%***	***1%***	***0%***

Note: Fiscal year ends June 30 (ex. FY 2019 represents July 01, 2018 – June 30, 2019).

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NON-GAAP ADJUSTED EBITDA RECONCILIATION

($ in mm)	FY 2017	FY 2018	FY 2019	H1 2019	H1 2020
Net Loss	($71.1)	($47.9)	($195.6)	($109.6)	($105.2)
Adjustments:					
Other income (expense), net	($0.3)	($0.3)	$6.7	$1.9	$6.9
Provision for income taxes	–	$0.1	$0.1	–	($0.4)
Depreciation and amortization expense	$3.7	$6.6	$21.7	$9.2	$17.2
Stock-based compensation expense	$10.3	$8.5	$89.5	$68.5	$35.8
Transaction costs	–	$0.5	$0.4	–	$0.3
Litigation expenses	$5.0	$1.5	$12.1	$4.0	$9.7
Ground lease expense related to build-to-suit obligations	–	–	$7.2	$1.7	–
Total Adjustments	$19.3	$17.5	$124.3	$81.5	$55.7
Adjusted EBITDA	($51.8)	($30.4)	($71.3)	($28.1)	($49.4)
Adjusted EBITDA Margin	*(23.7%)*	*(7.0%)*	*(7.8%)*	*(7.5%)*	*(7.1%)*
Content costs for past use	$15.5	$14.5	$16.4	$5.1	$1.0
Content costs for past use (% of Total Revenue)	*7.1%*	*3.3%*	*1.8%*	*1.4%*	*0.1%*

Note: Fiscal year ends June 30 (ex. FY 2019 represents July 01, 2018 – June 30, 2019).

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NON-GAAP SUBSCRIPTION CONTRIBUTION MARGIN RECONCILIATION

($ in mm)	FY 2017	FY 2018	FY 2019	H1 2019	H1 2020
Subscription Revenue	$32.5	$80.3	$181.1	$69.1	$144.3
Cost of Subscription	$29.3	$45.5	$103.7	$36.6	$61.9
Subscription Gross Profit	$3.2	$34.8	$77.4	$32.4	$82.4
Subscription Gross Margin	*9.7%*	*43.3%*	*42.7%*	*46.9%*	*57.1%*
Adjustments:					
Depreciation and Amortization Expense	$1.2	$2.8	$11.3	$4.4	$7.5
Stock-Based Compensation Expense	$0.1	$0.6	$3.2	$1.8	$2.2
Total Adjustments	$1.3	$3.4	$14.5	$6.2	$9.6
Subscription Contribution	$4.4	$38.2	$91.9	$38.7	$92.0
Subscription Contribution Margin	*13.5%*	*47.6%*	*50.7%*	*56.0%*	*63.8%*
Content Costs for Past Use	$15.5	$14.5	$16.4	$5.1	$1.0
Content Costs for Past Use (% of Subscription Revenu	*47.9%*	*18.1%*	*9.1%*	*7.4%*	*0.7%*

Note: Fiscal year ends June 30 (ex. FY 2019 represents July 01, 2018 – June 30, 2019).

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NON-GAAP RECONCILIATION OF CONNECTED FITNESS GROSS PROFIT MARGIN AND SALES & MARKETING EXPENSE

($ in mm)	FY 2017	FY 2018	FY 2019	H1 2019	H1 2020
Connected Fitness Gross Profit - GAAP	$70.0	$153.6	$308.4	$130.5	$222.2
Connected Fitness Gross Proft (% of Connected Fitness Revenue) - GAAP	*38.1%*	*44.1%*	*42.9%*	*43.6%*	*41.2%*
Adjustments:					
Depreciation & Amoritization Expense	$0.4	$0.3	$1.2	$0.4	$1.3
Stock-based Compensation Expense	–	–	$0.3	$0.1	$0.7
Total Adjustments	$0.4	$0.3	$1.5	$0.5	$2.0
Connected Fitness Gross Profit - Non-GAAP	$70.4	$153.9	$309.9	$131.0	$240.6
Connected Fitness Gross Profit % of Connected Fitness Revenue	*38.4%*	*44.1%*	*43.1%*	*43.8%*	*44.7%*

($ in mm)	FY 2017	FY 2018	FY 2019	H1 2019	H1 2020
Sales & Marketing - GAAP	$86.0	$151.4	$324.0	$145.0	$238.1
Sales & Marketing (% of Total Revenue) - GAAP	*39.3%*	*34.8%*	*35.4%*	*38.7%*	*34.3%*
Adjustments:					
Depreciation & Amoritization Expense	($1.0)	($1.7)	($4.0)	($1.4)	($3.8)
Stock-based Compensation Expense	($0.4)	($0.7)	($8.4)	($6.8)	($3.6)
Total Adjustments	($1.4)	($2.4)	($12.4)	($8.3)	($7.4)
Sales & Marketing - Non-GAAP	$84.6	$149.0	$311.6	$136.7	$230.6
Sales & Marketing % of Total Revenue	*38.7%*	*34.3%*	*34.1%*	*36.5%*	*33.2%*

Note: Fiscal year ends June 30 (ex. FY 2019 represents July 01, 2018 – June 30, 2019).

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