



PELOTON

Company Overview

MAY 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 third fiscal quarter ended March 31, 2020. 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 third quarter of fiscal year 2020.

WHO WE ARE

PELOTON IS THE LARGEST INTERACTIVE FITNESS PLATFORM IN THE WORLD WITH A COMMUNITY OF **OVER 2.6 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**



BY THE NUMBERS – MARCH 31, 2020

<p>>2.6mm</p> <p>MEMBERS IN OUR LOYAL COMMUNITY⁽¹⁾</p>	<p>>886k</p> <p>CONNECTED FITNESS SUBSCRIBERS +94% YOY GROWTH</p>	<p>93%</p> <p>AVERAGE 12-MONTH CONNECTED FITNESS SUBSCRIBER RETENTION RATE</p>
<p>\$1.4bn</p> <p>LAST TWELVE MONTHS TOTAL REVENUE +81% YOY GROWTH</p>	<p>0.46%</p> <p>AVERAGE NET MONTHLY CONNECTED FITNESS CHURN FOR Q3 2020</p>	<p>17.7x</p> <p>AVERAGE MONTHLY WORKOUTS PER CONNECTED FITNESS SUBSCRIBER (VS. 13.9X LY)</p>

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

Note: Fiscal year ends June 30 (ex. Q3 2020 represents January 1, 2020 – March 31, 2020).

(1) Includes Connected Fitness Subscribers, which on average have approximately 2 user profiles, commercial user profiles and paid Digital user profiles (excludes free trial).

- 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.

WE PIONEERED THE CONNECTED FITNESS CATEGORY

THE BIKE



Launched in 2014

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

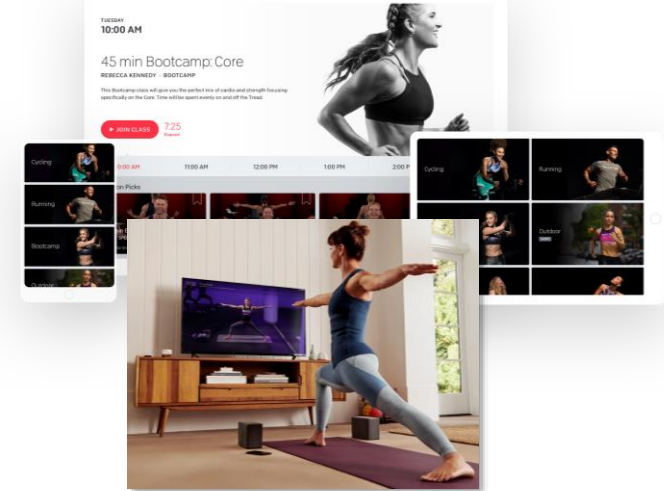
THE TREAD



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

✓ Unlimited household use

✓ Constantly evolving programming

✓ World class instructors

✓ Engaged, global community

✓ Variety of fitness disciplines

2. VERTICALLY INTEGRATED PLATFORM

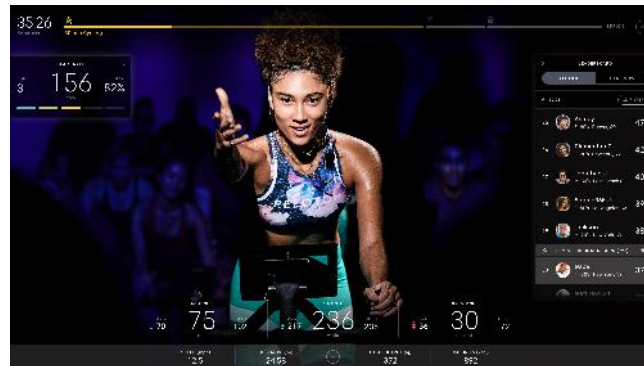
WE BELIEVE WE ARE THE FIRST COMPANY TO DELIVER PRODUCTS AT THE NEXUS OF FITNESS, TECHNOLOGY AND MEDIA...



CONNECTED FITNESS PRODUCTS



ORIGINAL PROGRAMMING



PROPRIETARY NETWORKED SOFTWARE

...AND WE CONTROL THE ENTIRE CUSTOMER EXPERIENCE

Multi-channel Sales Model



**SEAMLESS EXPERIENCE
THROUGHOUT THE
PURCHASE PROCESS**

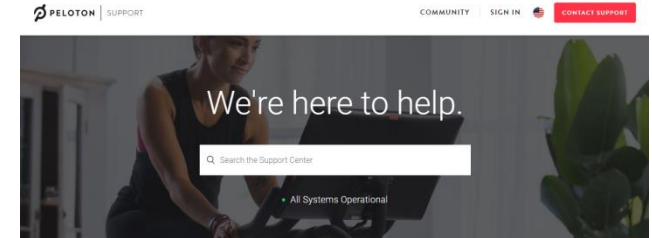
97 GLOBAL SHOWROOMS⁽¹⁾

Delivery & Servicing



**HIGH-TOUCH BRAND
EXPERIENCE**

Member Support



**SERVING EVERY NEED OF
OUR MEMBERS**

(1) As of March 31, 2020.

WE BELIEVE THE FITNESS INDUSTRY IS POISED FOR DISRUPTION



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

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



3. MASSIVE MARKET OPPORTUNITY

THE FITNESS AND WELLNESS MARKET IS MASSIVE AND GROWING

\$4.2trn

Total health and wellness industry⁽¹⁾

\$600bn

Global fitness and wellness spend⁽¹⁾

183mm

Global gym members⁽²⁾

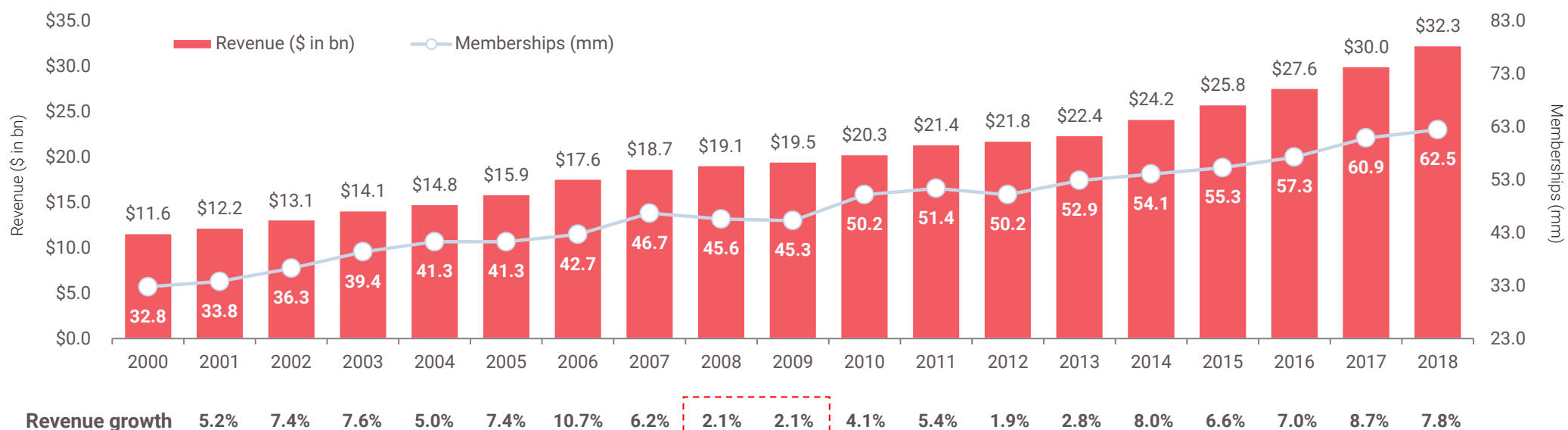
62mm

U.S. gym members⁽²⁾

90mm

Gym members in Peloton markets⁽²⁾⁽³⁾

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



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.

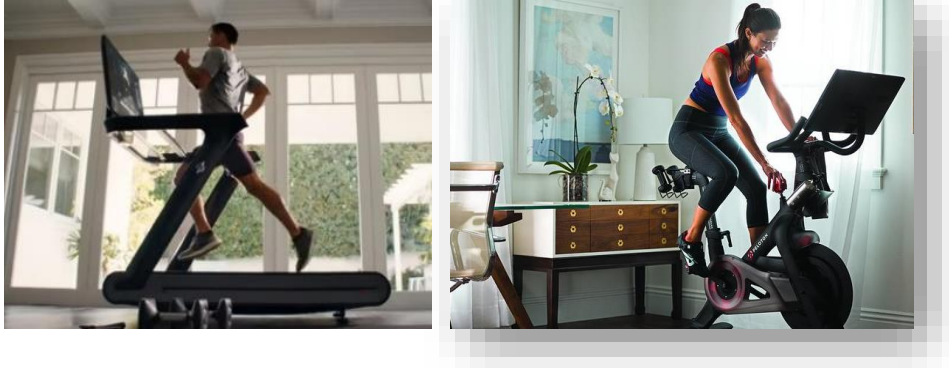
(2) Per the following reports from the International Health, Racquet & Sportsclub Association: (i) The 2019 IHRSA Global Report and (ii) the 2018 IHRSA Global Report.

(3) Includes U.S., Canada, U.K., and Germany.

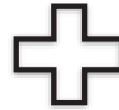
4. CATEGORY-DEFINING BRAND WITH BROAD APPEAL

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

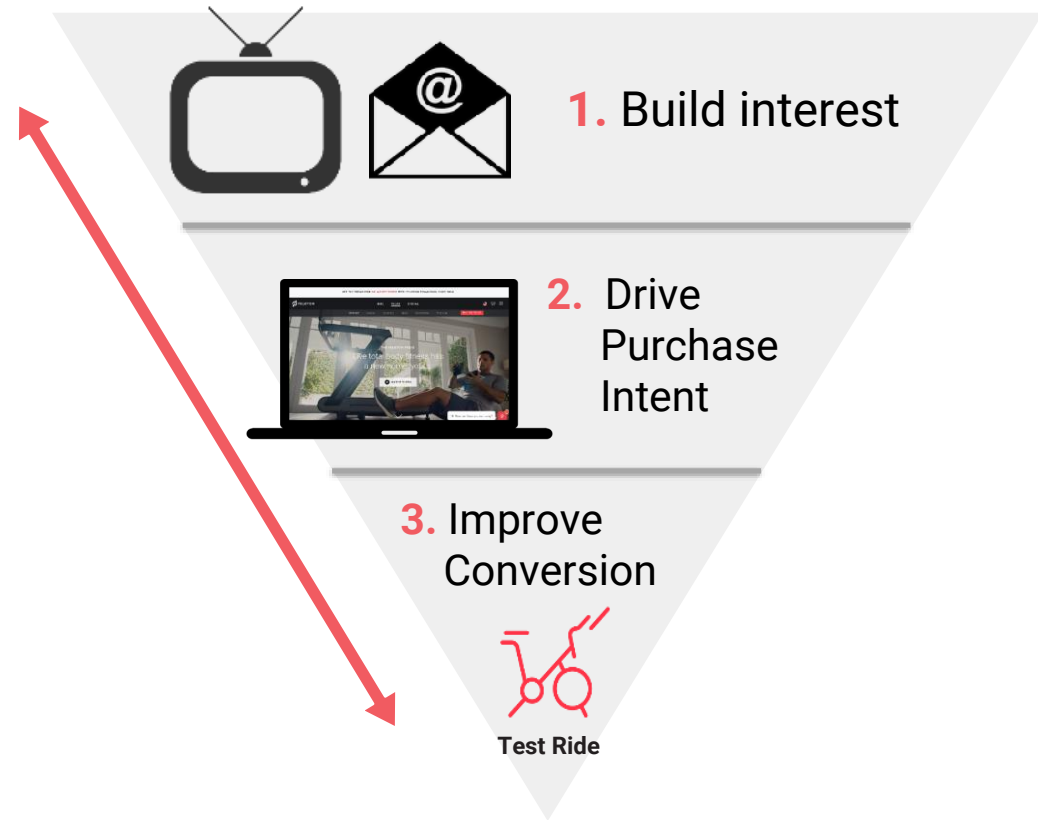
ELEVATED BRAND MARKETING



Elevated approach has resulted in growing brand awareness, reaching **68%** 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

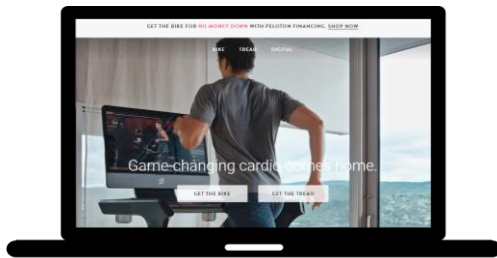
49% of Peloton buyers in FY 2020 YTD have heard about Peloton from a friend or a family member, up from 23% in FY 2017

(1) U.S. as of February 2020.

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



- 97 showrooms globally as of March 31, 2020 ⁽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 74 full showrooms, 20 microstores, 2 concept store showrooms, and 1 studio concept store at PSNY.

4. CATEGORY-DEFINING BRAND WITH BROAD APPEAL

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

Source: Company websites as of May 5, 2020

(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.

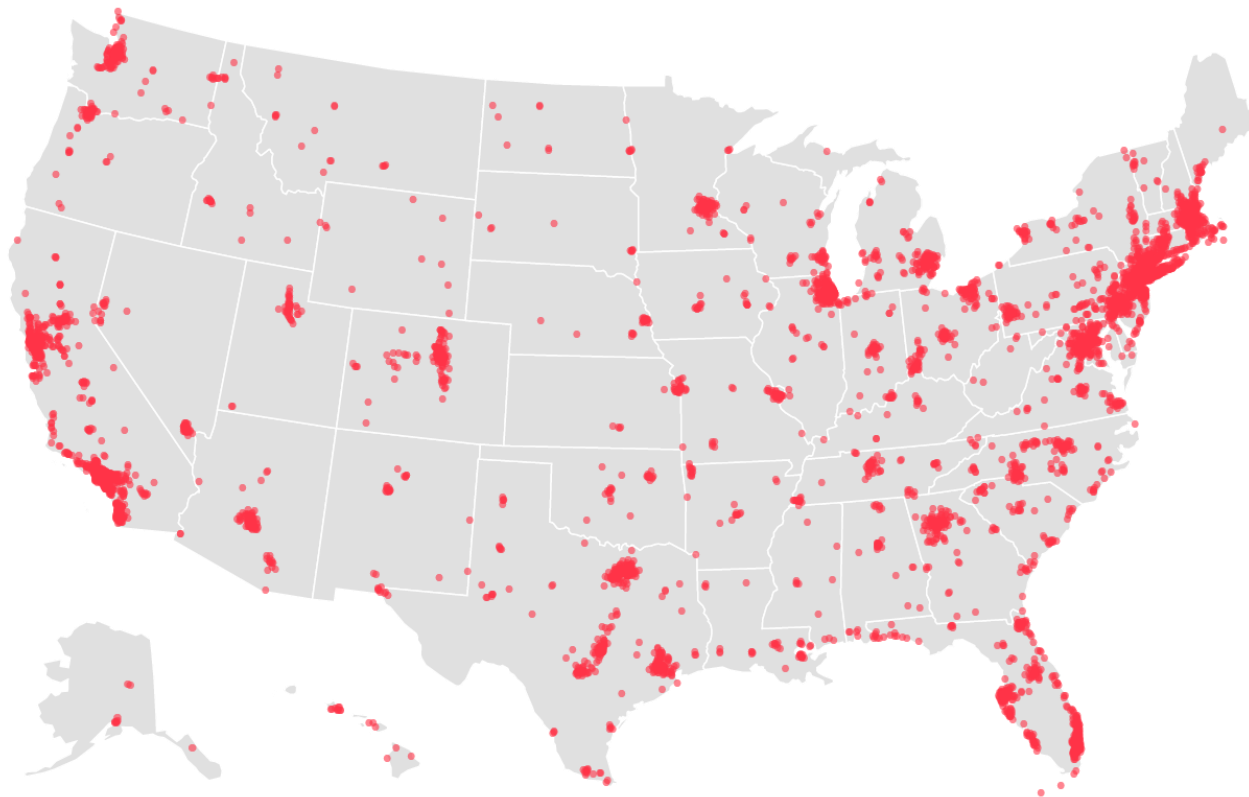
(8) Assumes Star membership – 12-class monthly pack in NYC area.

	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

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

4. CATEGORY-DEFINING BRAND WITH BROAD APPEAL

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 \$100K

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 April 2020).

Source: Internal Sales Data; View of the Consumer Study - US Bike (2020), View of the Consumer - US Bike and Tread (2020).

5. STRONG PRODUCT ENGAGEMENT DRIVING LOW CHURN

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

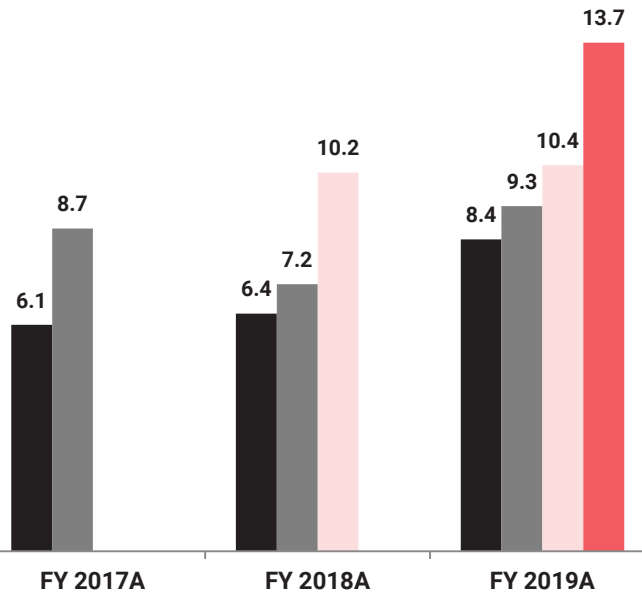
Increasing Usage Over Time = More Value For Your Membership

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

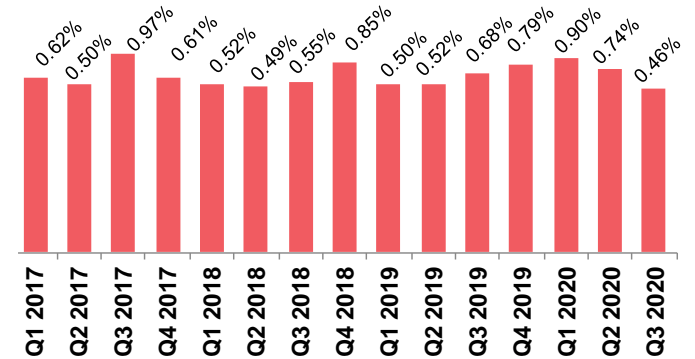
Average Monthly Workouts per Connected Fitness Subscriber by Cohort



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 March 31, 2020, 95% of our Connected Fitness Subscribers were paying month-to-month

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

High Fives – May 2018

Tags – April 2020

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 two years⁽¹⁾

35%

of workouts completed in FY 2019 were non-
cycling classes vs. 22% in FY 2018

ENCOURAGE GOALS

Challenges

to inspire accountability

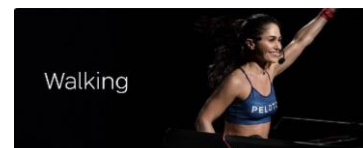
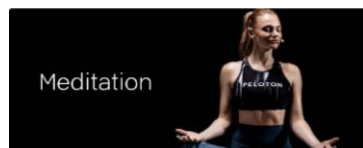
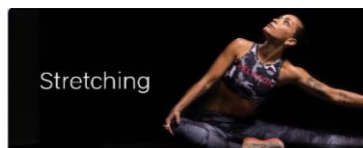
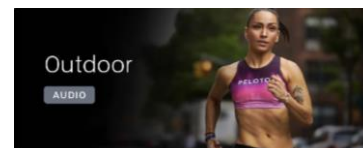
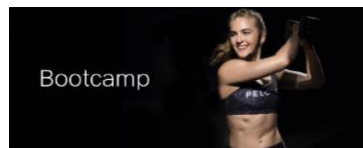
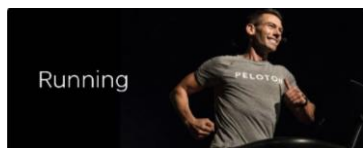
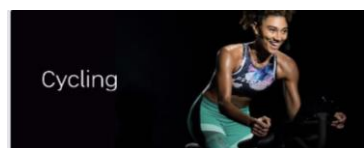
Curated Programs

to help Members achieve their fitness
goals

(1) Includes running, bootcamp, walking, and outdoor. As of March 31, 2020

5. STRONG PRODUCT ENGAGEMENT DRIVING LOW CHURN

OUR WORLD-CLASS INSTRUCTORS
SPAN TEN FITNESS AND WELLNESS VERTICALS



Aditi Shah



Alex Toussaint



Ally Love



Andy Speer



Anna Greenberg



Becc 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.)



Irene Scholz
(DE)



Jenn Sherman



Jess King



Jess Sims



Kendall Toole



Kristin Mcgee



Leanne Hainsby
(U.K.)



Matt Wilpers



Matty Maggiacomo



Olivia Amato



Rebecca Kennedy



Robin Arzon



Ross Rayburn



Sam Yo
(U.K.)




Selena Samuela



Tunde Oyenehin

CURRENT GLOBAL CAST OF INSTRUCTORS

Q4 AND FULL FISCAL YEAR 2020 BUSINESS OUTLOOK

	Q4 2020	FY 2020
CONNECTED FITNESS SUBSCRIBERS	-	1.04 million – 1.05 million 104% YoY growth at midpoint
AVERAGE NET MONTHLY CONNECTED FITNESS CHURN	<0.75%	<0.70% (implied)
TOTAL REVENUE	\$500 - \$520M 128% YoY growth at midpoint	\$1.72 - \$1.74B 89% YoY growth at midpoint
GROSS MARGIN	42.5% - 43.5%	44.3% - 44.6%
ADJUSTED EBITDA	\$55M - \$65M 11.8% margin at midpoint	\$30M - \$40M 2.0% margin at midpoint

Note: guidance represents the range as previously provided during the earnings call and in the shareholder letter filed May 6, 2020.

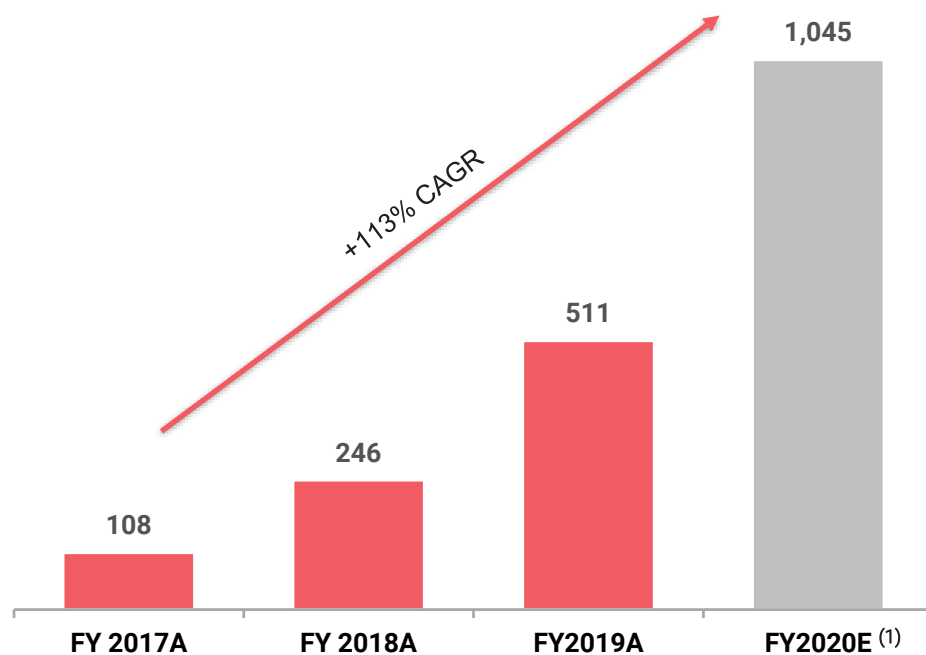
6. COMPELLING FINANCIAL MODEL WITH ROBUST UNIT ECONOMICS

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)

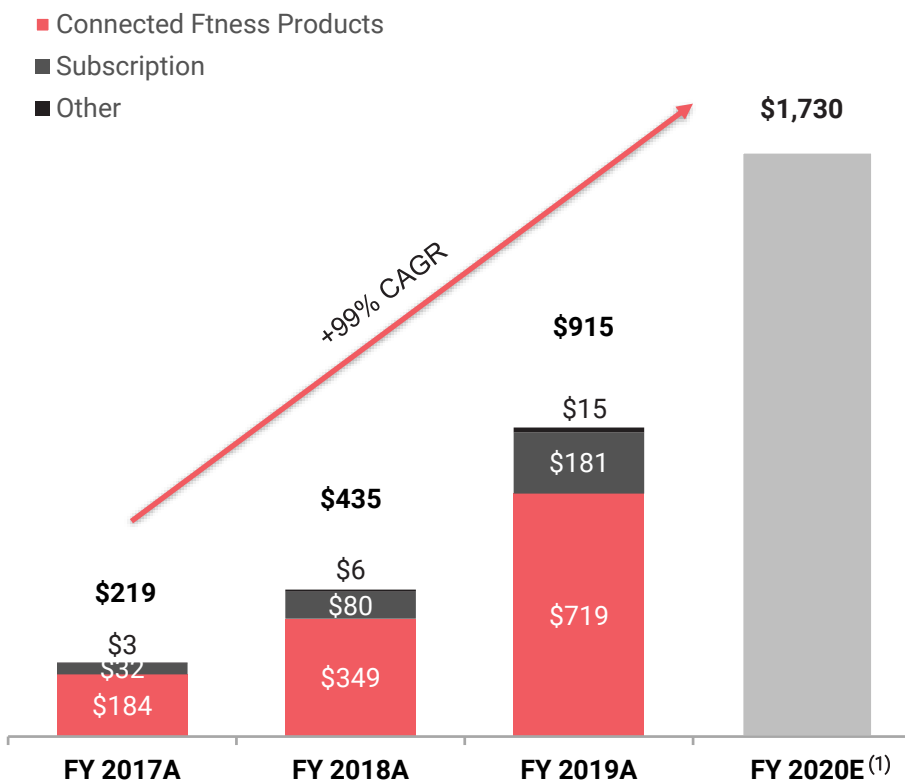


Avg. Net ⁽²⁾ Monthly Churn	FY 2017A	FY 2018A	FY 2019A	FY 2020E ⁽¹⁾
	0.70%	0.64%	0.65%	<0.70%

Digital Subs. (000s)	FY 2017A	FY 2018A	FY 2019A	FY 2020E ⁽¹⁾
	22	46	102	N/A

Global Revenue

(\$ in mm)



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 May 6, 2020. See page 19 for details.

(2) Represents Average Net Monthly Churn for Connected Fitness Subscribers.

6. COMPELLING FINANCIAL MODEL WITH ROBUST UNIT ECONOMICS

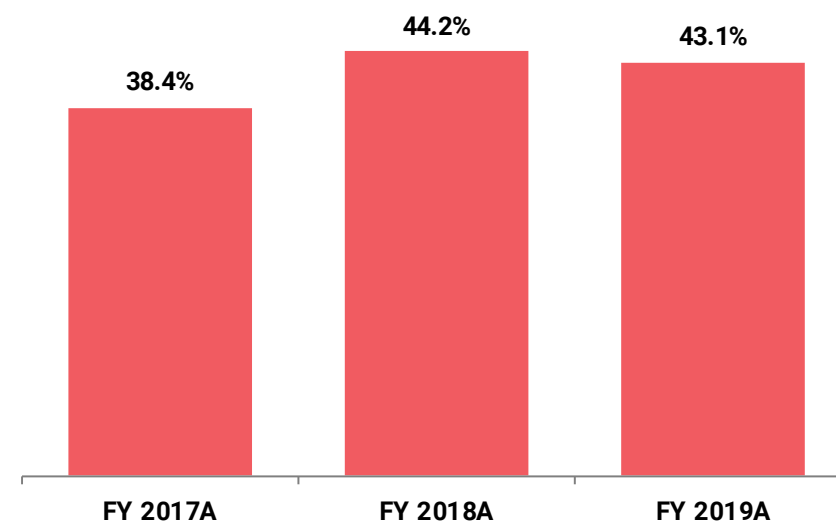
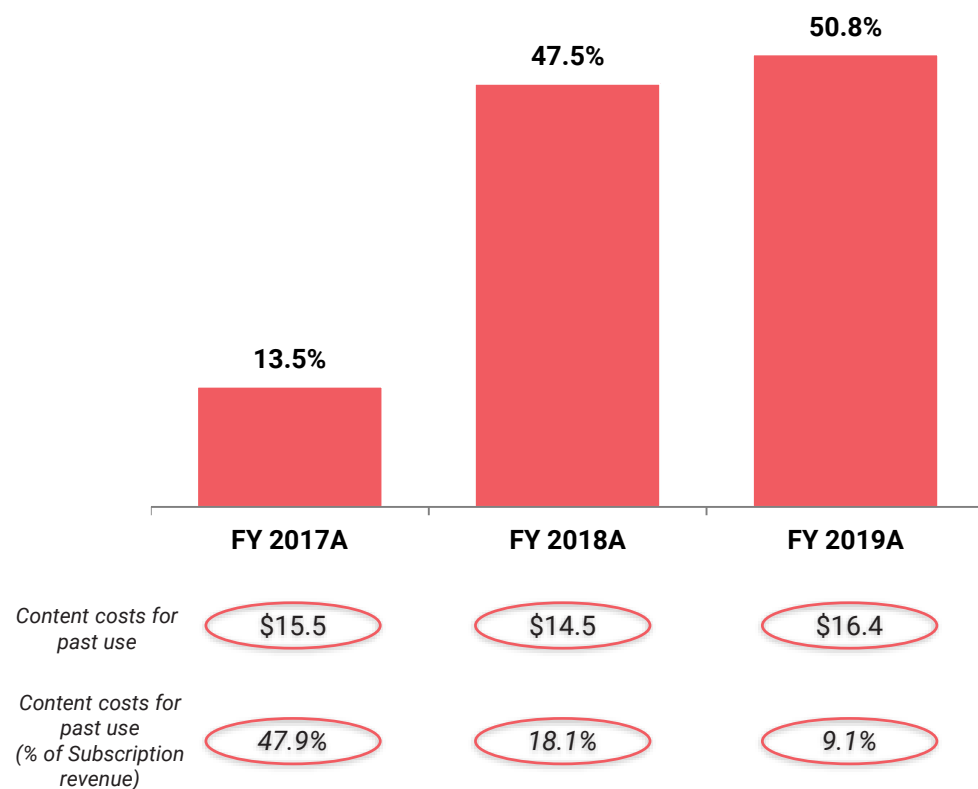
STRONG CONNECTED FITNESS GROSS PROFIT AND SUBSCRIPTION CONTRIBUTION MARGINS

Subscription Contribution Margin⁽¹⁾

Adjusted Connected Fitness Gross 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)



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.

ATTRACTIVE CONNECTED FITNESS SUBSCRIBER LIFETIME VALUE

		FY 2019	
Connected Fitness Subscriber Lifetime Value	Monthly subscription price	\$39.00	
		×	
	Subscriber LTV months	154	Implied by 1 / 0.65% Average Net Monthly Connected Fitness Churn
		×	
	(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	Sales & Marketing (Total CAC) largely offset by Connected Fitness Gross Profit
		—	
	Adjusted Connected Fitness Gross Profit (\$mm) ⁽¹⁾⁽³⁾	\$309.9	
		+	
	Connected Fitness Subscribers added	~295,000	
NCAC per Connected Fitness Subscriber added		\$5	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.

INVESTING IN TECHNOLOGY AND INFRASTRUCTURE TO EXTEND OUR LEADERSHIP POSITION

State-of-the-art New Content Production Hubs

5 MANHATTAN WEST, NYC



- Opened March 19, 2020
(closed temporarily due to COVID-19)
- Four production studios

11 FLORAL STREET, COVENT GARDEN, LONDON



- Projected opening
Fiscal Q3 2021
- Three production studios

Supply Chain and Logistics



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

Retail Expansion



- 97 Global Showrooms as of March 31, 2020 which includes 77 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 Fiscal Q2 2021
- To include a dedicated R&D facility for new product design, development, and testing

6. COMPELLING FINANCIAL MODEL WITH ROBUST UNIT ECONOMICS

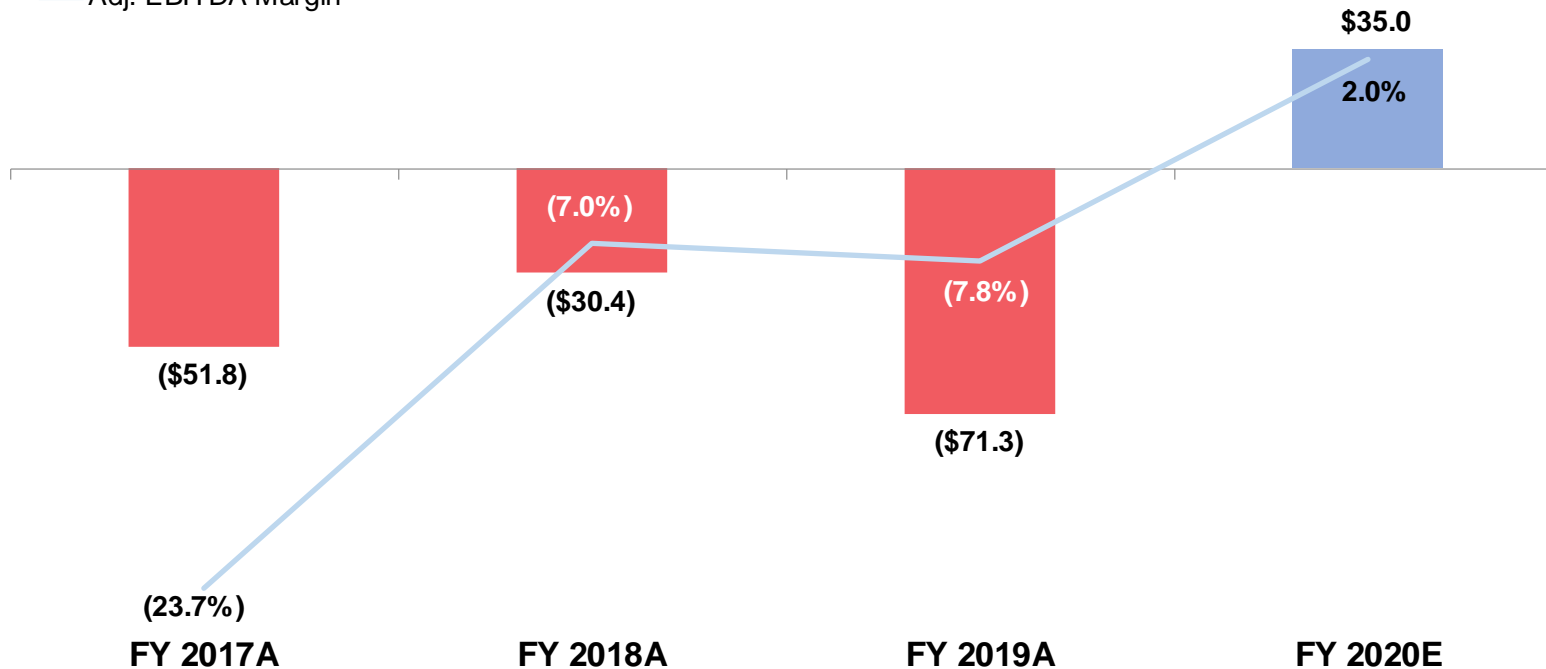
CONTINUING TO INVEST TO SUPPORT FUTURE GROWTH; DRIVING FIXED COST LEVERAGE AS WE SCALE

NOTE: FY2020E REPRESENTS
MIDPOINT OF GUIDANCE RANGE ⁽¹⁾

Historical Adjusted EBITDA

(\$ in mm)

■ Adj. EBITDA
— Adj. EBITDA Margin



Content costs for
past use

\$15.5

\$14.5

\$16.4

\$1.0 ⁽²⁾

Content costs for past
use (% of total
Revenue)

7.1%

3.3%

1.8%

0%

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 May 6, 2020. See page 19 for details.

(2) Reflects content costs for past use for the nine months ended March 31, 2020 as disclosed in Form 10-Q filed May 6, 2020.

TOGETHER WE GO FAR

Winning Culture...

...Carried by a Team With Diverse Backgrounds

Passionately Founder-Led

Operate With a Bias For Action

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

Empower Teams of Smart Creatives

Put Members First



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 Adeo
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

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

A dark, high-contrast photograph of a person's face and hands, possibly in a contemplative or artistic pose. The image is tilted and has a grainy, artistic quality. A red horizontal line is positioned above the text, and another red horizontal line is positioned below the text.

APPENDIX: ADDITIONAL MATERIALS

HISTORICAL FINANCIALS

	FY 2017	FY 2018	FY 2019	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2020
Connected Fitness Subscribers	107,708	245,667	511,202	457,109	886,184
% Growth in Connected Fitness Subscribers	207%	128%	108%	106%	94%
Net Connected Fitness Monthly Churn	0.70%	0.64%	0.65%	0.58%	0.67%
<i>(\$ in mm)</i>					
Connected Fitness Products	\$184	\$349	\$719	\$561	\$959
Subscription	\$32	\$80	\$181	\$120	\$243
Other	\$3	\$6	\$15	\$11	\$17
Total Revenue	\$219	\$435	\$915	\$692	\$1,219
Connected Fitness Products	\$114	\$195	\$411	\$321	\$546
Subscription	\$29	\$46	\$104	\$75	\$103
Other	\$2	\$5	\$17	\$13	\$21
Total Cost of Revenue	\$145	\$245	\$531	\$408	\$671
Total Gross Profit	\$74	\$190	\$384	\$283	\$548
Connected Fitness Product Gross Margin %	38%	44%	43%	43%	43%
Subscription Gross Margin %	10%	43%	43%	38%	57%
Other Gross Margin %	29%	21%	(16%)	(17%)	(21%)
Gross Margin %	34%	44%	42%	41%	45%
Selling & Marketing Expense	\$86	\$151	\$324	\$246	\$393
<i>% of Sales</i>	39%	35%	35%	36%	32%
General & Administrative Expense	\$46	\$62	\$207	\$152	\$265
<i>% of Sales</i>	21%	14%	23%	22%	22%
Research & Development Expense	\$13	\$23	\$55	\$38	\$61
<i>% of Sales</i>	6%	5%	6%	5%	5%
Total Operating Expenses	\$145	\$237	\$586	\$436	\$719
% of Sales	66%	55%	64%	63%	59%
Loss from Operations	(\$71)	(\$48)	(\$202)	(\$153)	(\$171)
Margin %	(33%)	(11%)	(22%)	(22%)	(14%)
Interest Expense, Net & Other Expenses	\$0	\$0	\$7	\$5	\$10
Net Loss	(\$71)	(\$48)	(\$196)	(\$148)	(\$161)
Adjusted EBITDA	(\$52)	(\$30)	(\$71)	(\$48)	(\$26)
Adjusted EBITDA Margin (% of Total Revenue)	(24%)	(7%)	(8%)	(7%)	(2%)
Content costs for past use	\$16	\$15	\$16	\$16	\$1
Content costs for past use (% of Total Revenue)	7%	3%	2%	2%	0%

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

NON-GAAP ADJUSTED EBITDA RECONCILIATION

(\$ in mm)	FY 2017	FY 2018	FY 2019	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2020
Net Loss	(\$71.1)	(\$47.9)	(\$195.6)	(\$148.2)	(\$160.7)
Adjustments:					
Other income (expense), net	(\$0.3)	(\$0.3)	\$6.7	(\$4.9)	(\$9.6)
Provision for income taxes	–	\$0.1	\$0.1	\$0.2	(\$0.5)
Depreciation and amortization expense	\$3.7	\$6.6	\$21.7	\$15.0	\$28.2
Stock-based compensation expense	\$10.3	\$8.5	\$89.5	\$76.0	\$56.3
Transaction costs	–	\$0.5	\$0.4	–	–
Litigation and settlement expenses	\$5.0	\$1.5	\$12.1	\$9.7	\$59.0
Other adjustment items	–	–	\$7.2	\$4.4	\$1.4
Total Adjustments	\$19.3	\$17.5	\$124.3	\$100.4	\$134.8
Adjusted EBITDA	(\$51.8)	(\$30.4)	(\$71.3)	(\$47.7)	(\$25.9)
Adjusted EBITDA Margin	(23.7%)	(7.0%)	(7.8%)	(6.9%)	(2.1%)
Content costs for past use	\$15.5	\$14.5	\$16.4	\$16.4	\$1.0
Content costs for past use (% of Total Revenue)	7.1%	3.3%	1.8%	2.4%	0.1%

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

NON-GAAP SUBSCRIPTION CONTRIBUTION MARGIN RECONCILIATION

(\$ in mm)	FY 2017	FY 2018	FY 2019	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2020
Subscription Revenue	\$32.5	\$80.3	\$181.1	\$120.1	\$242.5
Cost of Subscription	\$29.3	\$45.5	\$103.7	\$74.6	\$103.3
Subscription Gross Profit	\$3.2	\$34.8	\$77.4	\$45.5	\$139.2
<i>Subscription Gross Margin</i>	9.7%	43.3%	42.7%	37.9%	57.4%
Adjustments:					
Depreciation and Amortization Expense	\$1.2	\$2.8	\$11.3	\$7.5	\$11.7
Stock-Based Compensation Expense	\$0.1	\$0.6	\$3.2	\$2.4	\$3.6
Total Adjustments	\$1.3	\$3.4	\$14.5	\$9.9	\$15.3
Subscription Contribution	\$4.4	\$38.2	\$91.9	\$55.3	\$154.5
<i>Subscription Contribution Margin</i>	13.5%	47.6%	50.7%	46.1%	63.7%
Content Costs for Past Use	\$15.5	\$14.5	\$16.4	\$16.4	\$1.0
<i>Content Costs for Past Use (% of Subscription Revenue)</i>	47.9%	18.1%	9.1%	13.7%	0.4%

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

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

(\$ in mm)

	FY 2017	FY 2018	FY 2019	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2020
Connected Fitness Gross Profit - GAAP	\$70.0	\$153.6	\$308.4	\$239.8	\$412.5
Connected Fitness Gross Profit (% of Connected Fitness Revenue) - GAAP	38.1%	44.1%	42.9%	42.8%	43.0%
Adjustments:					
Depreciation & Amortization Expense	\$0.4	\$0.3	\$1.2	\$0.8	\$2.2
Stock-based Compensation Expense	–	–	\$0.3	\$0.1	\$1.2
Total Adjustments	\$0.4	\$0.3	\$1.5	\$0.9	\$3.4

Connected Fitness Gross Profit - Non-GAAP	\$70.4	\$153.9	\$309.9	\$240.6	\$415.9
Connected Fitness Gross Profit % of Connected Fitness Revenue	38.4%	44.1%	43.1%	42.9%	43.4%

(\$ in mm)

	FY 2017	FY 2018	FY 2019	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2020
Sales & Marketing - GAAP	\$86.0	\$151.4	\$324.0	\$246.1	\$392.8
Sales & Marketing (% of Total Revenue) - GAAP	39.3%	34.8%	35.4%	35.6%	32.2%
Adjustments:					
Depreciation & Amortization Expense	(\$1.0)	(\$1.7)	(\$4.0)	(\$2.6)	(\$6.5)
Stock-based Compensation Expense	(\$0.4)	(\$0.7)	(\$8.4)	(\$7.2)	(\$6.0)
Total Adjustments	(\$1.4)	(\$2.4)	(\$12.4)	(\$9.8)	(\$12.5)

Sales & Marketing - Non-GAAP	\$84.6	\$149.0	\$311.6	\$236.3	\$380.3
Sales & Marketing % of Total Revenue	38.7%	34.3%	34.1%	34.2%	31.2%

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