

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File Number: 001-39058

Peloton Interactive, Inc.
(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

**441 Ninth Avenue, Sixth Floor
New York, New York**

(Address of principal executive offices)

47-3533761

*(I.R.S. Employer
Identification No.)*

10001

(Zip Code)

(929) 567-0006

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Class A common stock, \$0.000025 par value per share | PTON | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 2, 2026, the number of shares of the registrant's Class A common stock outstanding was 409,652,366, and the number of shares of the registrant's Class B common stock outstanding was 15,836,724.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including, without limitation, statements regarding our execution and timing of, and the expected benefits from, our restructuring initiatives and cost-saving measures, the cost savings and other efficiencies of expanding relationships with our third-party partners, details regarding and the timing of the launch of new products and services, our initiatives with retailer partners and our efforts to optimize our retail showroom footprint, the prices of our products and services, our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. 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, but not limited to:

- our ability to successfully execute our business strategy;
- our ability to achieve and maintain profitability and positive free cash flow;
- our ability to attract and maintain subscribers ("Subscribers");
- our ability to accurately forecast consumer demand for our products and services and adequately manage our inventory;
- our ability to execute and achieve the expected benefits of our restructuring initiatives and other cost-saving measures on our anticipated timetable or at all, and whether our efforts will result in further actions or additional asset impairment charges that adversely affect our business;
- our ability to effectively manage our growth and costs;
- our ability to anticipate consumer preferences and successfully develop and offer new products and services in a timely manner, and effectively manage the introduction of new or enhanced products and services;
- demand for our products and services and growth of the connected fitness and wellness market;
- our ability to maintain the value and reputation of the Peloton brand;
- disruptions or failures of our information technology systems, or websites, or those of third parties on whom we rely;
- our reliance on a limited number of suppliers, contract manufacturers, and logistics partners for our Connected Fitness Products (as defined below);
- our lack of control over suppliers, contract manufacturers and logistics partners for our Connected Fitness Products;
- our ability to predict our long-term performance and changes to our revenue as our business matures;
- any declines in sales of our Connected Fitness Products;
- the effects of increased competition in our markets and our ability to compete effectively;
- 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 the original series (the "Original Series") Bike+ recall, other product recalls, quality improvement or similar programs, or legal or regulatory claims, proceedings, or investigations involving our products;
- increases in component costs, long lead times, supply shortages, or other supply chain disruptions;
- accidents, safety incidents, or workforce disruptions;
- seasonality or other fluctuations in our quarterly results;
- our ability to generate class content;
- risks related to acquisitions or dispositions and our ability to integrate any such acquired companies into our operations and control environment, including Precor;
- risks related to expansion into international markets;
- risks related to payment processing, cybersecurity, or data privacy;
- risks related to artificial intelligence ("AI") and our integration of AI into our products, services, and business operations;
- risks related to our Peloton Apps (as defined below) and their ability to work with a range of mobile and streaming technologies, systems, networks, and standards;
- our ability to effectively price and market our Connected Fitness Products and subscriptions, and our limited operating history with which to predict the profitability of our subscription model;
- any inaccuracies in, or failure to achieve, operational and business metrics, or forecasts of market growth;
- our ability to maintain effective internal control over financial reporting and our financial and management systems;
- impacts from warranty claims or product returns;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to comply with laws and regulations that currently apply or become applicable to our business, both in the United States and internationally;
- risks related to changes in global trade policies, including our ability to mitigate the effects of tariffs and other non-tariff restrictions, such as taxes, quotas, local content rules, customs detentions, and other protectionist measures;
- our reliance on third parties for computing, storage, processing, and similar services, as well as delivery and installation of our products;
- our ability to attract and retain highly skilled personnel and maintain our culture;
- risks related to our common stock and indebtedness; and
- those risks and uncertainties described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2 in this Quarterly Report on Form 10-Q and the sections titled "Risk Factors" in Part I, Item 1A and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 in our Annual Report on Form 10-K for the fiscal year ended June 30, 2025, filed with the Securities and Exchange Commission (the "SEC") on August 7, 2025 (the "Form 10-K"), as such factors may be updated in our filings with the SEC.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual

results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in our 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 Quarterly Report on Form 10-Q, and we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q or to conform these statements to actual results or revised expectations, except as required by law.

You should read this Quarterly Report on Form 10-Q, and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the SEC, with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

In this Quarterly Report on Form 10-Q, the words “we,” “us,” “our,” “the Company,” and “Peloton” refer to Peloton Interactive, Inc. and its wholly owned subsidiaries, unless the context requires otherwise.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PELOTON INTERACTIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

| | December 31, 2025 (unaudited) | June 30, 2025 |
|---|-------------------------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,179.6 | \$ 1,039.5 |
| Accounts receivable, net | 94.6 | 101.2 |
| Inventories, net | 214.9 | 205.6 |
| Prepaid expenses and other current assets | 67.0 | 91.3 |
| Total current assets | 1,556.2 | 1,437.6 |
| Property and equipment, net of accumulated depreciation and amortization of \$296.3 and \$298.3, respectively | 191.6 | 239.0 |
| Intangible assets, net | 1.1 | 5.6 |
| Goodwill | 44.0 | 41.2 |
| Restricted cash | 43.6 | 46.2 |
| Operating lease right-of-use assets, net | 310.6 | 338.9 |
| Other assets | 17.5 | 16.8 |
| Total assets | \$ 2,164.6 | \$ 2,125.3 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 349.5 | \$ 372.7 |
| Deferred revenue and customer deposits | 155.7 | 150.7 |
| Current portion of debt | 208.9 | 208.5 |
| Operating lease liabilities, current | 67.4 | 70.1 |
| Other current liabilities | 3.3 | 2.0 |
| Total current liabilities | 784.8 | 803.9 |
| Convertible senior notes, net of current portion | 344.3 | 343.6 |
| Term loan, net of current portion | 945.5 | 946.9 |
| Operating lease liabilities, non-current | 380.8 | 407.5 |
| Other non-current liabilities | 36.0 | 37.2 |
| Total liabilities | 2,491.3 | 2,539.1 |
| Commitments and contingencies (Note 8) | | |
| Stockholders' deficit | | |
| Common stock, \$0.000025 par value; 2,500,000,000 and 2,500,000,000 shares of Class A common stock authorized, 409,087,814 and 390,579,270 shares of Class A common stock issued and outstanding as of December 31, 2025 and June 30, 2025, respectively; 2,500,000,000 and 2,500,000,000 shares of Class B common stock authorized, 15,836,724 and 15,837,270 shares of Class B common stock issued and outstanding as of December 31, 2025 and June 30, 2025, respectively. | | |
| | — | — |
| Additional paid-in capital | 5,289.1 | 5,183.8 |
| Accumulated other comprehensive income | 11.6 | 5.1 |
| Accumulated deficit | (5,627.4) | (5,602.6) |
| Total stockholders' deficit | (326.7) | (413.8) |
| Total liabilities and stockholders' deficit | \$ 2,164.6 | \$ 2,125.3 |

See accompanying notes to these unaudited condensed consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in millions, except share and per share amounts)

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|-------------|-------------------------------|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue: | | | | |
| Connected Fitness Products | \$ 243.9 | \$ 253.4 | \$ 396.4 | \$ 413.0 |
| Subscription | 412.6 | 420.6 | 811.0 | 846.9 |
| Total revenue | 656.5 | 673.9 | 1,207.3 | 1,259.9 |
| Cost of revenue: | | | | |
| Connected Fitness Products | 209.9 | 220.6 | 351.8 | 365.5 |
| Subscription | 115.3 | 135.0 | 240.5 | 272.2 |
| Total cost of revenue | 325.2 | 355.6 | 592.3 | 637.8 |
| Gross profit | 331.3 | 318.4 | 615.1 | 622.1 |
| Operating expenses: | | | | |
| Sales and marketing | 152.1 | 152.7 | 218.9 | 234.6 |
| General and administrative | 102.9 | 131.3 | 203.7 | 250.8 |
| Research and development | 65.0 | 60.3 | 127.1 | 118.8 |
| Impairment expense | 23.0 | 16.7 | 31.3 | 21.6 |
| Restructuring expense | 2.7 | 3.3 | 7.1 | 6.2 |
| Supplier settlements | — | — | — | 23.5 |
| Total operating expenses | 345.6 | 364.3 | 588.0 | 655.5 |
| (Loss) income from operations | (14.3) | (45.9) | 27.0 | (33.4) |
| Other expense, net: | | | | |
| Interest expense | (31.5) | (34.6) | (63.8) | (70.0) |
| Interest income | 9.2 | 7.7 | 18.9 | 15.8 |
| Foreign exchange loss | (2.4) | (18.5) | (6.2) | (3.7) |
| Other income (expense), net | 0.1 | 0.2 | (0.3) | 0.1 |
| Total other expense, net | (24.7) | (45.3) | (51.4) | (57.8) |
| Loss before income taxes | (39.0) | (91.2) | (24.4) | (91.3) |
| Income tax (benefit) expense | (0.2) | 0.7 | 0.5 | 1.6 |
| Net loss | \$ (38.8) | \$ (92.0) | \$ (24.8) | \$ (92.8) |
| Net loss attributable to Class A and Class B common stockholders | \$ (38.8) | \$ (92.0) | \$ (24.8) | \$ (92.8) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.09) | \$ (0.24) | \$ (0.06) | \$ (0.24) |
| Weighted-average Class A and Class B common shares outstanding, basic and diluted | 421,310,905 | 385,591,039 | 417,209,505 | 382,059,323 |
| Other comprehensive income: | | | | |
| Change in foreign currency translation adjustment | 3.3 | 13.0 | 6.6 | 3.1 |
| Total other comprehensive income | 3.3 | 13.0 | 6.6 | 3.1 |
| Comprehensive loss | \$ (35.5) | \$ (79.0) | \$ (18.2) | \$ (89.8) |

See accompanying notes to these unaudited condensed consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in millions)

| | Six Months Ended December 31, | |
|--|-------------------------------|-----------------|
| | 2025 | 2024 |
| Cash Flows from Operating Activities: | | |
| Net loss | \$ (24.8) | \$ (92.8) |
| Adjustments to reconcile Net loss to Net cash provided by operating activities: | | |
| Depreciation and amortization expense | 32.1 | 47.6 |
| Stock-based compensation expense | 102.9 | 108.7 |
| Non-cash operating lease expense | 26.5 | 28.6 |
| Amortization of debt discount and issuance costs | 4.8 | 4.4 |
| Impairment expense | 31.3 | 21.6 |
| Net foreign currency adjustments | 6.2 | 3.7 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 6.5 | 6.7 |
| Inventories | (4.3) | 78.8 |
| Prepaid expenses and other current assets | 27.9 | 14.5 |
| Other assets | (0.8) | (0.1) |
| Accounts payable and accrued expenses | (28.8) | (56.4) |
| Deferred revenue and customer deposits | 5.1 | (4.0) |
| Operating lease liabilities, net | (40.1) | (42.2) |
| Other liabilities | (0.7) | 0.1 |
| Net cash provided by operating activities | <u>143.8</u> | <u>119.2</u> |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | (5.4) | (2.5) |
| Business combinations | (2.2) | — |
| Proceeds from sale of Peloton Output Park | — | 4.2 |
| Net cash (used in) provided by investing activities | <u>(7.6)</u> | <u>1.7</u> |
| Cash Flows from Financing Activities: | | |
| Principal repayment of Term Loan | (5.0) | (5.0) |
| Proceeds from employee stock purchase plan withholdings | 2.2 | 1.9 |
| Proceeds from employee stock plans | 0.3 | 7.1 |
| Principal repayments of finance leases | (0.1) | — |
| Net cash (used in) provided by financing activities | <u>(2.6)</u> | <u>4.0</u> |
| Effect of exchange rate changes | 3.8 | 1.2 |
| Net change in cash, cash equivalents, and restricted cash | 137.4 | 126.1 |
| Cash, cash equivalents, and restricted cash — Beginning of period | 1,085.8 | 750.9 |
| Cash, cash equivalents, and restricted cash — End of period | <u>\$ 1,223.2</u> | <u>\$ 876.9</u> |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid for interest | <u>\$ 67.1</u> | <u>\$ 76.1</u> |
| Cash paid for income taxes | <u>\$ 4.9</u> | <u>\$ 3.1</u> |
| Supplemental Disclosures of Non-Cash Investing and Financing Information: | | |
| Accrued and unpaid capital expenditures, including software | <u>\$ —</u> | <u>\$ 0.2</u> |

See accompanying notes to these unaudited condensed consolidated financial statements.

PELTON INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(unaudited)
(in millions)

| | Class A and Class B Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Deficit |
|--|-------------------------------------|-------------|----------------------------------|---|------------------------|-----------------------------------|
| | Shares | Amount | | | | |
| Balance - September 30, 2024 | 381.3 | \$ — | \$ 4,998.2 | \$ 6.0 | \$ (5,484.6) | \$ (480.3) |
| Activity related to stock-based compensation, net of withholding taxes | 8.6 | — | 62.1 | — | — | 62.1 |
| Other comprehensive income | — | — | — | 13.0 | — | 13.0 |
| Net loss | — | — | — | — | (92.0) | (92.0) |
| Balance - December 31, 2024 | <u>389.9</u> | <u>\$ —</u> | <u>\$ 5,060.3</u> | <u>\$ 19.0</u> | <u>\$ (5,576.5)</u> | <u>\$ (497.2)</u> |
| Balance - September 30, 2025 | 417.6 | \$ — | \$ 5,233.2 | \$ 8.4 | \$ (5,588.7) | \$ (347.0) |
| Activity related to stock-based compensation, net of withholding taxes | 7.3 | — | 55.9 | — | — | 55.9 |
| Other comprehensive income | — | — | — | 3.3 | — | 3.3 |
| Net loss | — | — | — | — | (38.8) | (38.8) |
| Balance - December 31, 2025 | <u>424.9</u> | <u>\$ —</u> | <u>\$ 5,289.1</u> | <u>\$ 11.6</u> | <u>\$ (5,627.4)</u> | <u>\$ (326.7)</u> |
| | | | | | | |
| | Class A and Class B Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Stockholders' Deficit |
| | Shares | Amount | | | | |
| Balance - June 30, 2024 | 376.3 | \$ — | \$ 4,948.6 | \$ 15.9 | \$ (5,483.7) | \$ (519.1) |
| Activity related to stock-based compensation, net of withholding taxes | 13.1 | — | 110.2 | — | — | 110.2 |
| Issuance of common stock under employee stock purchase plan | 0.4 | — | 1.5 | — | — | 1.5 |
| Other comprehensive income | — | — | — | 3.1 | — | 3.1 |
| Net loss | — | — | — | — | (92.8) | (92.8) |
| Balance - December 31, 2024 | <u>389.9</u> | <u>\$ —</u> | <u>\$ 5,060.3</u> | <u>\$ 19.0</u> | <u>\$ (5,576.5)</u> | <u>\$ (497.2)</u> |
| Balance - June 30, 2025 | 406.4 | \$ — | \$ 5,183.8 | \$ 5.1 | \$ (5,602.6) | \$ (413.8) |
| Activity related to stock-based compensation, net of withholding taxes | 18.0 | — | 103.2 | — | — | 103.2 |
| Issuance of common stock under employee stock purchase plan | 0.5 | — | 2.1 | — | — | 2.1 |
| Other comprehensive income | — | — | — | 6.6 | — | 6.6 |
| Net loss | — | — | — | — | (24.8) | (24.8) |
| Balance - December 31, 2025 | <u>424.9</u> | <u>\$ —</u> | <u>\$ 5,289.1</u> | <u>\$ 11.6</u> | <u>\$ (5,627.4)</u> | <u>\$ (326.7)</u> |

See accompanying notes to these unaudited condensed consolidated financial statements.

PELOTON INTERACTIVE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(in millions, except share and per share amounts)

1. Description of Business and Basis of Presentation

Description and Organization

Peloton Interactive, Inc. ("Peloton" or the "Company") is a leading global fitness and wellness company that empowers its Members (as defined below) to live fit, strong, long, and happy by providing fitness and wellness products and services they can use anytime, anywhere. Peloton has a highly engaged community of "Members", which the Company defines as any individual who has a Peloton account through a Paid Connected Fitness Subscription or a Paid App Subscription, inclusive of the Peloton App+, App One, Strength+, and Breathwrk Memberships (the "Peloton Apps"), and engages in one or more workouts in the trailing 12-month period. As a category innovator at the nexus of fitness and wellness, technology, and media, the Company delivers experiences through Peloton's world-renowned Instructors, premium hardware and innovative software, personalization, and extensive modalities and content formats.

In October 2025, the Company launched the Cross Training Series, a refreshed portfolio of Connected Fitness Products, which includes the Cross Training Bike, Bike+, Tread, Tread+, and Row+. The Company also launched the Peloton Pro Series, a refresh of its portfolio of commercial-certified Peloton-branded products, which now includes the Bike+ Pro, Tread+ Pro, and Row+ Pro. In connection with the Cross Training Series launch, the Company discontinued the sale of its original series (the "Original Series") Tread, Tread+, and Row; however the Company continues to sell the refurbished Original Series Bike and Bike+, as well as various Precor products (collectively, the "Connected Fitness Products").

The Company's revenue is generated primarily from recurring Subscription revenue and the sale of its Connected Fitness Products. The Company defines a "Paid Connected Fitness Subscription" as a person, household, or commercial property, such as a hotel or residential building, that has paid for a subscription to a Connected Fitness Product (a Connected Fitness Subscription with a successful credit card billing or with prepaid subscription credits or waivers). "Paid App Subscriptions" include all App+, App One, Strength+, or Breathwrk subscriptions for which the Company currently receives payment.

Basis of Presentation and Consolidation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. The condensed consolidated balance sheet as of June 30, 2025, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures, including certain notes required by GAAP on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations of the SEC. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2025 (the "Form 10-K"). However, the Company believes that the disclosures provided herein are adequate to prevent the information presented from being misleading.

The condensed consolidated financial statements include the accounts of Peloton Interactive, Inc. and its subsidiaries in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, cash flows, and the changes in stockholders' deficit for the interim periods. The results for the three and six months ended December 31, 2025 are not necessarily indicative of the results to be expected for any subsequent quarter, the fiscal year ending June 30, 2026, or any other period.

Certain monetary amounts, percentages, and other figures included elsewhere in these financial statements have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Certain immaterial amounts from the prior year have been reclassified to conform with current-year presentation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of these financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to product warranty and recall related provisions, inventory valuation and reserves, revenue recognition and related reserves, music royalty fees, valuation of long-lived assets and their associated useful lives, valuation of goodwill, fair value measurements, stock-based compensation, income taxes, future restructuring charges, and commitments and contingencies. Actual results may differ from these estimates.

There have been no material changes to the Company's significant accounting policies from the Form 10-K.

Recently Issued Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

ASU 2023-09

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU enhances income tax information primarily through changes in the rate reconciliation and income taxes paid information. It is effective for fiscal years beginning after December 15, 2024, and should be applied on a prospective basis; however, retrospective application is permitted. The Company is currently evaluating the impact of adopting this ASU.

ASU 2024-03

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*. This ASU requires the disaggregation of certain expense captions on the face of the income statement into specified categories in disclosures within the footnotes to the financial statements. It is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027, and is permitted on either a prospective or retrospective basis. The Company is currently evaluating the impact of adopting this ASU.

ASU 2024-04

In November 2024, the FASB issued ASU 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*. This ASU clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. It is effective for fiscal years beginning after December 15, 2025 and interim reporting periods within those annual reporting periods, and is permitted on either a prospective or retrospective basis. The Company is currently evaluating the impact of adopting this ASU.

ASU 2025-03

In May 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*. This ASU improves the requirements for identifying the accounting acquirer in a business combination that is effected primarily by exchanging equity interests in which a variable interest entity is acquired. It is effective for fiscal years beginning after December 15, 2026 and interim reporting periods within those annual reporting periods, and is required to be applied prospectively to acquisitions occurring on or after the effective date. The Company will continue to evaluate the impact of this guidance, which will depend on the legal acquiree in future business combinations.

ASU 2025-05

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU provides a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. It is effective for fiscal years beginning after December 15, 2025 and interim reporting periods within those annual reporting periods, and should be applied prospectively. The Company is currently evaluating the impact of adopting this ASU.

ASU 2025-06

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* to clarify and modernize the accounting for costs related to internal-use software. This ASU is effective for fiscal years beginning after December 15, 2027 and interim reporting periods within those annual reporting periods, and is permitted to be applied using a prospective, modified, or retrospective transition approach. The Company is currently evaluating the impact of adopting this ASU.

3. Revenue

Disaggregation of Revenue

The Company's revenue disaggregated by segment, excluding sales-based taxes, is included in *Note 11, Segment Information*. The Company's revenue disaggregated by geographic region was as follows:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---------------|---------------------------------|----------|-------------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| North America | \$ 591.7 | \$ 616.7 | \$ 1,086.1 | \$ 1,152.5 |
| International | 64.8 | 57.3 | 121.2 | 107.4 |
| Total Revenue | \$ 656.5 | \$ 673.9 | \$ 1,207.3 | \$ 1,259.9 |

During the three and six months ended December 31, 2025, the Company's revenue attributable to the United States, included within North America above, was \$566.4 million and \$1,041.7 million, respectively, or 86% of total revenue. During the three and six months ended December 31, 2024, the Company's revenue attributable to the United States, included within North America above, was \$592.2 million and \$1,107.6 million, respectively, or 88% total revenue.

Deferred Revenue and Customer Deposits

Deferred revenue is recorded for nonrefundable cash payments received for the Company's performance obligation to transfer, or stand ready to transfer, goods or services in the future. Customer deposits represent payments received in advance before the Company transfers a good or service to the customer and are refundable.

As of December 31, 2025 and June 30, 2025, deferred revenue of \$89.8 million and \$91.7 million, respectively, and customer deposits of \$65.9 million and \$59.0 million, respectively, were included in Deferred revenue and customer deposits on the Company's Condensed Consolidated Balance Sheets.

During the six months ended December 31, 2025 and 2024, the Company recognized revenue of \$83.4 million and \$89.1 million, respectively, that was included in the deferred revenue balance as of June 30, 2025 and 2024, respectively.

The Company applies the practical expedient as per ASC 606-10-50-14, *Revenue from Contracts with Customers*, and does not disclose information related to remaining performance obligations due to their original expected terms being one year or less.

Product Warranty

The Company provides a limited warranty for its Connected Fitness Products, including coverage for the touchscreen and most original components, which warrants that the product will operate in accordance with its published specifications and shall be free from defects in the materials and workmanship under normal use for the relevant warranty period. The Company has the obligation, at its option, to either repair or replace the defective product. At the time revenue is recognized for the product, an estimate of future warranty costs is recorded as a component of cost of revenue. Factors that affect the warranty obligation include historical, as well as current product failure rates, service delivery costs incurred in correcting product failures, and warranty policies and business practices. The Company's products are manufactured by contract manufacturers and, in certain cases, the Company may have recourse to such contract manufacturers.

Activity related to the Company's accrual for its estimated future product warranty obligation was as follows:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--------------------------------|---------------------------------|---------|-------------------------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Balance at beginning of period | \$ 23.1 | \$ 20.3 | \$ 24.5 | \$ 20.3 |
| Provision for warranty accrual | 4.2 | 10.0 | 8.6 | 17.1 |
| Warranty claims | (5.7) | (9.7) | (11.5) | (16.8) |
| Balance at end of period | \$ 21.7 | \$ 20.6 | \$ 21.7 | \$ 20.6 |

The Company also offers the option for customers in some markets to purchase an extended warranty and service contract that extends or enhances the technical support, parts, and labor coverage offered as part of the base warranty included with the Connected Fitness Products for additional periods beyond the standard product warranty period.

Extended warranty revenue is recognized ratably over the extended warranty coverage period and is included in Connected Fitness Products Revenue in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company's revenue attributable to extended

warranty was \$4.0 million and \$8.0 million, respectively, representing 1% of total revenue during each of the three and six months ended December 31, 2025, and \$5.6 million and \$11.8 million, respectively, representing 1% of total revenue during each of the three and six months ended December 31, 2024.

Lessor arrangements

The Company leases Peloton Bike portfolio products under the Peloton Rental program. Lease revenue is recognized on a straight-line basis over the term of the lease within Connected Fitness Products Revenue and was \$7.7 million and \$17.0 million for the three and six months ended December 31, 2025, respectively, and \$11.9 million and \$24.4 million for the three and six months ended December 31, 2024, respectively.

4. Restructuring

The Company's current restructuring efforts began with the implementation of a restructuring plan approved by the Company's Board of Directors ("Board of Directors") and announced in 2022, which was subsequently expanded upon and replaced by a new plan approved by the Board of Directors and announced in 2024 (collectively, the "2024 Restructuring Plan").

In August 2025, the Company announced a subsequent restructuring plan (the "2025 Restructuring Plan" and, together with the 2024 Restructuring Plan, the "Restructuring Plans"), which includes a reduction in global headcount and is intended to continue to improve the Company's cost structure, operating efficiency, and profitability, while providing the opportunity to return to growth by reinvesting savings into Peloton's differentiating capabilities. The 2024 Restructuring Plan has been substantially completed and any remaining charges or actions under that plan have been incorporated into the 2025 Restructuring Plan. The Company expects the Restructuring Plans to be substantially implemented by the end of fiscal year 2026, which is subject to change.

In connection with the 2025 Restructuring Plan, the Company estimates that it will incur additional cash restructuring charges of approximately \$25.0 million, primarily comprising location strategy costs, lease termination costs, and other exit costs. Additionally, the Company expects to recognize additional non-cash restructuring charges of approximately \$5.0 million, primarily comprising asset write-downs and write-offs in connection with the continued exit of the Company's retail and other leased locations. The Company expects these charges to be substantially incurred by the end of fiscal year 2026, which is subject to change.

Due to the actions taken pursuant to the Restructuring Plans, the Company tested certain long-lived assets (asset groups) for recoverability by comparing the carrying values of the asset group to estimates of their future undiscounted cash flows, which were generally the liquidation value, or for operating lease right-of-use assets, income from a sublease arrangement. Based on the results of the recoverability tests, the Company determined that during the three and six months ended December 31, 2025 and 2024, the undiscounted cash flows of certain assets (asset groups) were below their carrying values, indicating impairment. The assets were written down to their estimated fair values, which were determined based on their estimated liquidation or sales value, or for operating lease right-of-use assets, discounted cash flows of a sublease arrangement.

As a result of these restructuring initiatives, the Company incurred the charges shown in the following table. Asset write-downs and write-offs are included within Impairment expense, and the remaining charges incurred during the relevant periods are included within Restructuring expense, in the Condensed Consolidated Statements of Operations and Comprehensive Loss:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|--|----------------|--------------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Cash restructuring charges:⁽¹⁾ | | | | |
| Severance and other personnel costs | \$ (0.8) | \$ 0.6 | \$ (1.2) | \$ 0.1 |
| Exit and disposal costs and professional fees | 2.5 | 2.7 | 7.5 | 6.1 |
| Total cash restructuring charges | 1.6 | 3.3 | 6.3 | 6.2 |
| Non-cash restructuring charges:⁽¹⁾ | | | | |
| Asset write-downs and write-offs | \$ 0.6 | \$ 15.5 | \$ 7.9 | \$ 20.6 |
| Stock-based compensation expense | 1.1 | — | 0.8 | — |
| Total non-cash restructuring charges | 1.7 | 15.5 | 8.7 | 20.6 |
| Total | \$ 3.3 | \$ 18.8 | \$ 15.0 | \$ 26.9 |

(1) All cash and non-cash restructuring charges for the three and six months ended December 31, 2025 related to the 2025 Restructuring Plan. All cash and non-cash restructuring charges for the three and six months ended December 31, 2024 related to the 2024 Restructuring Plan.

The following table presents a roll-forward of cash restructuring-related liabilities, which are included within Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets:

| | Severance and other personnel costs | Exit and disposal costs and professional fees | Total |
|---|--|---|----------------|
| | (in millions) | | |
| Balance as of September 30, 2024 | \$ 1.8 | \$ 3.1 | \$ 4.8 |
| Cash restructuring charges ⁽¹⁾ | 0.6 | 2.7 | 3.3 |
| Cash payments | (1.4) | (3.2) | (4.5) |
| Balance as of December 31, 2024 | <u>\$ 1.0</u> | <u>\$ 2.6</u> | <u>\$ 3.6</u> |
| Balance as of September 30, 2025 | \$ 18.6 | \$ 1.7 | \$ 20.3 |
| Cash restructuring charges ⁽¹⁾ | (0.8) | 2.5 | 1.6 |
| Cash payments | (3.6) | (3.1) | (6.8) |
| Balance as of December 31, 2025 | <u>\$ 14.1</u> | <u>\$ 1.0</u> | <u>\$ 15.2</u> |

(1) All cash restructuring charges for the three and six months ended December 31, 2025 related to the 2025 Restructuring Plan. All cash restructuring charges for the three and six months ended December 31, 2024 related to the 2024 Restructuring Plan.

| | Severance and other personnel costs | Exit and disposal costs and professional fees | Total |
|---|--|---|----------------|
| | (in millions) | | |
| Balance as of June 30, 2024 | \$ 12.7 | \$ 4.3 | \$ 17.0 |
| Cash restructuring charges ⁽¹⁾ | 0.1 | 6.1 | 6.2 |
| Cash payments | (11.8) | (7.8) | (19.6) |
| Balance as of December 31, 2024 | <u>\$ 1.0</u> | <u>\$ 2.6</u> | <u>\$ 3.6</u> |
| Balance as of June 30, 2025 | \$ 23.8 | \$ 0.8 | \$ 24.6 |
| Cash restructuring charges ⁽¹⁾ | (1.2) | 7.5 | 6.3 |
| Cash payments | (8.4) | (7.3) | (15.7) |
| Balance as of December 31, 2025 | <u>\$ 14.1</u> | <u>\$ 1.0</u> | <u>\$ 15.2</u> |

(1) All cash restructuring charges for the three and six months ended December 31, 2025 related to the 2025 Restructuring Plan. All cash restructuring charges for the three and six months ended December 31, 2024 related to the 2024 Restructuring Plan.

5. Fair Value Measurements

Fair Value Measurements of Other Financial Instruments

The following table presents the estimated fair values and carrying amounts of the Company's financial instruments that are not recorded at fair value on the Condensed Consolidated Balance Sheets. All of these liabilities' fair value are considered Level 2:

| | December 31, 2025 | | June 30, 2025 | |
|---|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Carrying Amount ⁽¹⁾ | Estimated Fair Value | Carrying Amount ⁽¹⁾ | Estimated Fair Value |
| | (in millions) | | | |
| 0.00% Convertible Senior Notes due 2026 | \$ 199.0 | \$ 197.4 | \$ 199.0 | \$ 192.3 |
| 5.50% Convertible Senior Notes due 2029 | 350.0 | 584.4 | 350.0 | 635.8 |
| Term Loan due and payable on May 30, 2029 | 985.0 | 985.0 | 990.0 | 990.0 |
| Total | <u>\$ 1,534.0</u> | <u>\$ 1,766.8</u> | <u>\$ 1,539.0</u> | <u>\$ 1,818.1</u> |

(1) Carrying Amount excludes unamortized debt discount and issuance costs of \$20.2 million and \$15.1 million, respectively, as of December 31, 2025, and unamortized debt discount and issuance costs of \$22.7 million and \$17.4 million, respectively, as of June 30, 2025.

The estimated fair value of the 2026 Notes and the estimated fair value of the 2029 Notes (each as defined in *Note 7, Debt*) are determined based on the respective closing prices on the last trading day of the reporting period.

The carrying value of the Term Loan (as defined in *Note 7, Debt*) approximates the fair value of the Term Loan as of December 31, 2025 and June 30, 2025, respectively.

6. Inventories

Inventories, net consisted of the following:

| | December 31, 2025 | June 30, 2025 |
|----------------------------------|-------------------|---------------|
| | (in millions) | |
| Raw materials | \$ 25.8 | \$ 22.7 |
| Finished products ⁽¹⁾ | 284.4 | 337.6 |
| Total inventories ⁽²⁾ | 310.2 | 360.4 |
| Less: Reserves | (95.3) | (154.8) |
| Total inventories, net | \$ 214.9 | \$ 205.6 |

(1) Includes \$30.4 million and \$40.3 million of finished goods inventory in transit, products owned by the Company that have not yet been received at a Company distribution center, as of December 31, 2025 and June 30, 2025, respectively.

(2) As of December 31, 2025 and June 30, 2025, there was no work-in-process within inventories.

The Company periodically assesses and adjusts the value of inventory for estimated excess and obsolete inventory based upon estimates of future demand and market conditions, as well as damaged or otherwise impaired goods. The Company's recorded inventory reserves as of December 31, 2025 primarily consisted of \$58.8 million related to excess accessories and apparel inventory and \$20.7 million related to excess Connected Fitness Products. The Company's recorded inventory reserves as of June 30, 2025 primarily consisted of \$66.8 million related to excess accessories and apparel inventory and \$64.9 million related excess returned Connected Fitness Products, including Guide.

7. Debt

Convertible Notes due 2029

In May 2024, the Company issued \$350.0 million aggregate principal amount of 5.50% Convertible Senior Notes due 2029 (the "2029 Notes") in a private offering, including the exercise in full of the option granted to the initial purchasers to purchase \$50.0 million of the 2029 Notes. The 2029 Notes were issued pursuant to an Indenture (the "2029 Notes Indenture") between the Company and U.S. Bank Trust Company, National Association, as trustee. The 2029 Notes bear interest at a rate of 5.50% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The net proceeds from this offering of 2029 Notes were approximately \$342.3 million, after deducting the initial purchasers' discounts and commissions of \$7.7 million.

Each \$1,000 principal amount of the 2029 Notes is initially convertible into 218.4360 shares of Class A common stock, which is equivalent to an initial conversion price of approximately \$4.58 per share. The conversion rate is subject to customary adjustments under certain circumstances in accordance with the terms of the 2029 Notes Indenture. In addition, if certain corporate events that constitute a make-whole fundamental change occur or the Company elects to redeem the 2029 Notes, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

The 2029 Notes will mature on December 1, 2029, unless earlier converted, redeemed, or repurchased. The 2029 Notes will be convertible at the option of the holders at certain times and upon the occurrence of certain events. A holder may convert its 2029 Notes during any calendar quarter, if the last reported sale price per share of Class A common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter. The last reported sale price of Class A common stock exceeded 130% of the conversion price of the 2029 Notes for more than 20 trading days during the 30 consecutive trading days, including the last trading day, ended December 31, 2025. Accordingly, as of January 1, 2026, the 2029 Notes may be converted at the option of the applicable holder through March 31, 2026.

On or after September 1, 2029, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2029 Notes, in multiples of \$1,000 principal amount, at the option of the applicable holder.

The Company may satisfy any conversion obligation under the 2029 Notes by paying and/or delivering, as the case may be, cash, shares of Class A common stock, or a combination of cash and shares of Class A common stock, at the Company's election, in the manner and subject to the terms and conditions provided in the 2029 Notes Indenture. If all of the 2029 Notes were to be converted prior to March 31, 2026, the Company's current intention would be to settle such conversion in shares of Class A common stock.

The Company may redeem for cash all or any portion (subject to the partial redemption limitation described in the 2029 Notes Indenture) of the 2029 Notes, at its option, on or after June 7, 2027 and on or before the 20th scheduled trading day immediately before the maturity date, if the

last reported sale price per share of Class A common stock exceeds 130% of the conversion price then in effect on (1) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption and (2) the trading day immediately before the date the Company sends such notice at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2029 Notes, which means that the Company is not required to redeem or retire the 2029 Notes periodically.

Upon the occurrence of a fundamental change (as defined in the 2029 Notes Indenture), subject to certain conditions, holders may require the Company to repurchase all or a portion of the 2029 Notes for cash at a price equal to 100% of the principal amount of the 2029 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. The definition of fundamental change includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company's common stock.

The 2029 Notes are senior unsecured obligations of the Company and rank senior in right of payment to any of the Company's future indebtedness that is expressly subordinated in right of payment to the 2029 Notes; equal in right of payment to any of the Company's existing and future indebtedness that is not so subordinated; effectively subordinated in right of payment to any of the Company's existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness; and structurally subordinated to all existing and future indebtedness and other liabilities of current or future subsidiaries of the Company (including trade payables and to the extent the Company is not a holder thereof, preferred equity, if any, of the Company's subsidiaries).

The effective interest rate upon issuance of the 2029 Notes was 5.97%, which is the effective interest rate as of December 31, 2025.

The net carrying amount of the 2029 Notes was as follows:

| | December 31, 2025 | June 30, 2025 |
|---------------------------------|-------------------|-----------------|
| | (in millions) | |
| Principal | \$ 350.0 | \$ 350.0 |
| Unamortized debt issuance costs | (5.7) | (6.4) |
| Net carrying amount | <u>\$ 344.3</u> | <u>\$ 343.6</u> |

The following table sets forth the interest expense recognized related to the 2029 Notes:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|---------------|-------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Amortization of debt issuance costs | \$ 0.3 | \$ 0.3 | \$ 0.6 | \$ 0.6 |
| Total non-cash interest expense related to the 2029 Notes | 0.3 | 0.3 | 0.6 | 0.6 |
| Cash interest expense | 4.8 | 4.8 | 9.6 | 9.6 |
| Total interest expense related to the 2029 Notes | <u>\$ 5.1</u> | <u>\$ 5.1</u> | <u>\$ 10.3</u> | <u>\$ 10.2</u> |

Convertible Notes due 2026

In February 2021, the Company issued \$1.0 billion aggregate principal amount of 0.00% Convertible Senior Notes due 2026 (the "2026 Notes") in a private offering, including the exercise in full of the option granted to the initial purchasers to purchase \$125.0 million of the 2026 Notes. The 2026 Notes were issued pursuant to an Indenture (the "2026 Notes Indenture") between the Company and U.S. Bank National Association, as trustee. The net proceeds from the offering were approximately \$977.2 million, after deducting the initial purchasers' discounts and commissions and the Company's offering expenses. The 2026 Notes do not bear regular interest, and the principal amount of the 2026 Notes does not accrete.

Each \$1,000 principal amount of the 2026 Notes is initially convertible into 4.1800 shares of Class A common stock, which is equivalent to an initial conversion price of approximately \$239.23 per share. The conversion rate is subject to customary adjustments under certain circumstances in accordance with the terms of the 2026 Notes Indenture. In addition, if certain corporate events that constitute a make-whole fundamental change occur or the Company elects to redeem the 2026 Notes, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

The 2026 Notes will mature on February 15, 2026, unless earlier converted, redeemed, or repurchased. The 2026 Notes will be convertible at the option of the holders at certain times and upon the occurrence of certain events. As of December 31, 2025 and June 30, 2025, the 2026 Notes are classified as Current portion of debt on the Condensed Consolidated Balance Sheets due to their upcoming maturity date.

On or after August 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2026 Notes, in multiples of \$1,000 principal amount, at the option of the holder. Upon conversion, the

Company may satisfy its conversion obligation by paying and/or delivering, as the case may be, cash, shares of Class A common stock or a combination of cash and shares of Class A common stock, at the Company's election, in the manner and subject to the terms and conditions provided in the 2026 Notes Indenture.

The Company may redeem for cash all or any portion (subject to the partial redemption limitation described in the 2026 Notes Indenture) of the 2026 Notes, at its option, on or before the 20th scheduled trading day immediately before the maturity date, if the last reported sale price per share of Class A common stock exceeds 130% of the conversion price then in effect on (1) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption and (2) the trading day immediately before the date the Company sends such notice at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus any accrued and unpaid special interest, if any, to, but excluding, the redemption date. No sinking fund is provided for the 2026 Notes, which means that the Company is not required to redeem or retire the 2026 Notes periodically.

Upon the occurrence of a fundamental change (as defined in the 2026 Notes Indenture), subject to certain conditions, holders may require the Company to repurchase all or a portion of the 2026 Notes for cash at a price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date. The definition of fundamental change includes certain business combination transactions involving the Company and certain delisting events with respect to the Company's common stock.

The 2026 Notes are senior unsecured obligations of the Company and rank senior in right of payment to any of the Company's future indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment to any of the Company's existing and future indebtedness that is not so subordinated; effectively subordinated in right of payment to any of the Company's existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness; and structurally subordinated to all existing and future indebtedness and other liabilities of current or future subsidiaries of the Company (including trade payables and to the extent the Company is not a holder thereof, preferred equity, if any, of the Company's subsidiaries).

Repurchase of a Portion of the 2026 Convertible Notes

In May 2024, the Company entered into separate, privately negotiated transactions with certain holders of the 2026 Notes to repurchase \$801.0 million of aggregate principal amount of the 2026 Notes for an aggregate of \$724.9 million of cash. The Company accounted for this repurchase of the 2026 Notes as a debt extinguishment under ASC 470-50, *Debt—Modifications and Extinguishments* ("ASC 470-50"). The Company recorded a \$69.8 million gain on early extinguishment of debt during the fiscal year ended June 30, 2024, inclusive of a write-off of previously deferred debt issuance costs of \$6.3 million. This amount was included within Net gain on debt refinancing on the Consolidated Statements of Operations and Comprehensive Loss in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

The effective interest rate upon issuance of the 2026 Notes was 0.45%, which is the effective interest rate as of December 31, 2025.

The net carrying amount of the 2026 Notes was as follows:

| | December 31, 2025 | June 30, 2025 |
|---------------------------------|-------------------|-----------------|
| | (in millions) | |
| Principal | \$ 199.0 | \$ 199.0 |
| Unamortized debt issuance costs | (0.1) | (0.5) |
| Net carrying amount | <u>\$ 198.9</u> | <u>\$ 198.5</u> |

The following table sets forth the interest expense recognized related to the 2026 Notes:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|---------------------------------|---------------|-------------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Amortization of debt issuance costs | \$ 0.2 | \$ 0.2 | \$ 0.4 | \$ 0.4 |
| Total interest expense related to the 2026 Notes | <u>\$ 0.2</u> | <u>\$ 0.2</u> | <u>\$ 0.4</u> | <u>\$ 0.4</u> |

Third Amended and Restated Credit Agreement

On May 30, 2024, the Company entered into a Third Amended and Restated Credit Agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Third Amended and Restated Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent, and certain banks and financial institutions party thereto as lenders and issuing banks.

The Third Amended and Restated Credit Agreement provides for a \$1.0 billion term loan facility (the "Term Loan"), which will be due and payable on May 30, 2029. The Term Loan amortizes in quarterly installments of 0.25%, payable at the end of each fiscal quarter and on the maturity date.

The Third Amended and Restated Credit Agreement also provides for a \$100.0 million revolving credit facility (the “Revolving Facility”), which will mature on May 30, 2029. The Company is only required to meet the total liquidity covenant, set at \$250.0 million for the last business day of any week, and the subscription revenues covenant, set at \$1.2 billion for the four-quarter trailing period, to the extent any revolving loans are borrowed and outstanding.

The Revolving Facility, when drawn, bears interest at a rate equal to, at the Company’s option, either the Alternate Base Rate (as defined in the Third Amended and Restated Credit Agreement) plus 4.00% per annum or the Term SOFR Rate (as defined in the Third Amended and Restated Credit Agreement) plus 5.00% per annum. The Company is required to pay an annual commitment fee of 0.500% or 0.375% per annum, depending on whether the First Lien Net Leverage Ratio (as defined in the Third Amended and Restated Credit Agreement) is greater or less than 5.00 to 1.00, on a quarterly basis based on the unused portion of the Revolving Facility.

The Term Loan initially bears interest at a rate equal to, at the Company’s option, either the Alternate Base Rate (as defined in the Third Amended and Restated Credit Agreement) plus 5.00% per annum or the Term SOFR Rate (as defined in the Third Amended and Restated Credit Agreement) plus 6.00% per annum. The applicable rate for Alternate Base Rate loans or Term SOFR Rate loans is subject to a 0.50% step down, depending on whether the First Lien Net Leverage Ratio is less than 5.00 to 1.00 as measured on a quarterly basis. Any borrowing at the Alternate Base Rate is subject to a 1.00% floor and the Term SOFR Rate is subject to a 0.00% floor.

The Third Amended and Restated Credit Agreement contains customary affirmative covenants as well as customary negative covenants that restrict the Company’s ability to, among other things, incur additional indebtedness, incur liens or grant negative pledges, make loans and investments, conduct certain transactions with affiliates, sell certain assets, enter into certain swap agreements, guarantee obligations of third parties, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions. The Third Amended and Restated Credit Agreement also contains certain customary events of default. Certain baskets and covenant levels have been adjusted and will apply equally to both the Term Loan and Revolving Facility for so long as the Term Loan is outstanding.

The obligations under the Third Amended and Restated Credit Agreement with respect to the Term Loan and the Revolving Facility are secured by substantially all of the Company’s assets, with certain exceptions set forth in the Third Amended and Restated Credit Agreement, and are required to be guaranteed by certain material subsidiaries of the Company if, at the end of future financial quarters, certain conditions are not met.

The Company incurred total commitment fees of \$0.1 million and \$0.2 million during the three and six months ended December 31, 2025, respectively, and \$0.1 million and \$0.3 million during the three and six months ended December 31, 2024, respectively, which are included in Interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

As of December 31, 2025, the Company had drawn the full amount of the Term Loan and had not drawn on the Revolving Facility, and the Company had \$985.0 million total outstanding borrowings under the Third Amended and Restated Credit Agreement.

In connection with the execution of the Third Amended and Restated Credit Agreement, the Term Loan was accounted for as a modification, extinguishment, or new loan for certain lenders in accordance with ASC 470-50. Accordingly, incremental discount and debt issuance costs of \$10.0 million and \$2.3 million, respectively, will be amortized to Interest expense using the effective interest method over the term of the Third Amended and Restated Credit Agreement. Furthermore, the Company expensed \$8.7 million of debt issuance costs incurred with third parties related to loss on debt modification and recognized a \$7.5 million loss on extinguishment related to previously deferred debt discount and debt issuance costs, which was included within Net gain on debt refinancing on the Consolidated Statements of Operations and Comprehensive Loss within the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

As of December 31, 2025, the Company had not drawn any amount under the Revolving Facility and as such did not have to test the financial covenants under the Third Amended and Restated Credit Agreement. The Company is required to pledge or otherwise restrict a portion of cash and cash equivalents as collateral for standby letters of credit. As of December 31, 2025, the Company had outstanding letters of credit totaling \$43.6 million, which are classified as Restricted cash on the Condensed Consolidated Balance Sheets.

Upon entering into the Term Loan, the effective interest rate was 12.4% and the current effective interest rate as of December 31, 2025 is 10.3%.

The net carrying amount of the Term Loan was as follows:

| | December 31, 2025 | June 30, 2025 |
|---------------------------------|--------------------------|----------------------|
| | (in millions) | |
| Principal | \$ 1,000.0 | \$ 1,000.0 |
| Principal payments | (15.0) | (10.0) |
| Unamortized debt discount | (20.2) | (22.7) |
| Unamortized debt issuance costs | (9.3) | (10.4) |
| Net carrying amount | <u>\$ 955.5</u> | <u>\$ 956.9</u> |

The following table sets forth the interest expense recognized related to the Term Loan:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|---------------------------------|---------|-------------------------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Amortization of debt discount | \$ 1.3 | \$ 1.1 | \$ 2.5 | \$ 2.2 |
| Amortization of debt issuance costs | 0.6 | 0.5 | 1.1 | 1.0 |
| Total non-cash interest expense related to the Term Loan | 1.8 | 1.6 | 3.6 | 3.2 |
| Cash interest expense | 24.0 | 27.3 | 48.9 | 56.2 |
| Total interest expense related to the Term Loan | \$ 25.8 | \$ 28.9 | \$ 52.5 | \$ 59.4 |

Maturities of Debt Instruments

The following table sets forth maturities of the Company's debt instruments, including convertible notes payable, gross of debt issuance costs and debt discounts, as of December 31, 2025:

| Fiscal Year Ended June 30, | Future Minimum Payments |
|---------------------------------|-------------------------|
| | (in millions) |
| 2026 (remaining) ⁽¹⁾ | \$ 204.0 |
| 2027 | 10.0 |
| 2028 | 10.0 |
| 2029 | 960.0 |
| 2030 | 350.0 |
| Total | \$ 1,534.0 |

(1) Includes \$5.0 million related to the Term Loan and \$199.0 million related to the 2026 Notes.

8. Commitments and Contingencies

Music License Agreements

The Company is subject to minimum royalty payments associated with certain music license agreements. The following represents the Company's guaranteed payments under music license agreements, as of December 31, 2025:

| Fiscal Year Ended June 30, | Future Minimum Payments |
|----------------------------|-------------------------|
| | (in millions) |
| 2026 (remaining) | \$ 32.8 |
| 2027 | 76.4 |
| 2028 | 21.9 |
| 2029 | 15.2 |
| 2030 | 0.2 |
| Total | \$ 146.5 |

Legal and Regulatory Proceedings

The Company is, or may become, a party to legal and regulatory proceedings with respect to a variety of matters in the ordinary course of its business, including the matters set forth below. The Company denies the allegations in the active matters described below and intends to vigorously defend against such matters.

Some of the Company's legal and regulatory proceedings, including matters and litigation that center around intellectual property claims, may be based on complex claims involving substantial uncertainties and unascertainable damages. Accordingly, except for proceedings that have settled or been terminated, or except where otherwise indicated below, it is not possible to determine the probability of loss or estimate damages for such matters, and therefore, the Company has not established reserves for any of these proceedings. When the Company determines that a loss is both probable and reasonably estimable, the Company records a liability, and, if the liability is material, discloses the amount of the liability reserved.

Unless otherwise disclosed below, while it is reasonably possible that a loss may be incurred, the Company is unable to estimate a range of potential loss due to the complexity and current status of these lawsuits. In these matters, the Company has not established a reserve.

The Company evaluates, on a regular basis, developments in its legal proceedings and other contingencies that could affect the amount of liability, including amounts in excess of any previous accruals and reasonably possible losses disclosed, and makes adjustments and changes to the Company's accruals and disclosures, as appropriate. For the matters the Company discloses that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial.

Given that the Company's legal and regulatory proceedings are subject to uncertainty, there can be no assurance that such legal and regulatory proceedings, either individually or in the aggregate, will not have a material adverse effect on its business, results of operations, financial condition or cash flows.

In May 2021, the Company initiated a voluntary recall of its Tread+ product in collaboration with the U.S. Consumer Product Safety Commission ("CPSC"). In December 2022, the Company entered into a settlement agreement with the CPSC regarding matters related to the Tread+ recall. In the settlement, the Company agreed to pay a \$19.1 million civil penalty, resolving the CPSC's charges that the Company violated the Consumer Product Safety Act (the "CPSA"). On May 18, 2023, the Company and the CPSC jointly announced the approval of a rear guard repair for the recalled Tread+. As previously disclosed, the Company was subpoenaed by the U.S. Department of Justice and Department of Homeland Security for documents and other information related to the Company's statutory obligations, including under the CPSA.

On October 26, 2021 and January 24, 2022, the United States District Court for the Eastern District of New York consolidated four stockholder derivative actions purportedly brought on behalf of the Company against certain of the Company's officers and directors under the caption *In re Peloton Interactive, Inc. Derivative Litigation*, Master File No. 21-cv-02862-CBA-PK (the "EDNY Derivative Action"), which alleged, among other claims, breaches of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, waste, and violations of Section 14(a) of the Exchange Act related to the Peloton Tread+ and the safety of the product. Alan Chu, Moshe Genack, Xingqi Liu and Anthony Franchi were appointed as co-lead plaintiffs. On December 14, 2022, two putative verified stockholder derivative actions in the Court of Chancery of the State of Delaware, purportedly brought on behalf of the Company against certain of the Company's officers and directors asserting similar allegations to those made in the EDNY Derivative Action, were consolidated as *In re Peloton Interactive, Inc. Stockholder Derivative Litigation*, Consol. Case No. 2022-1051-KSJM (the "Chancery Derivative Action"). On December 22, 2022, a stockholder filed a related putative stockholder derivative action in the United States District Court for the District of Delaware, asserting similar allegations to those in the EDNY Derivative Action and the Chancery Derivative Action against certain of the Company's officers and directors, captioned *Blackburn v. Foley, et al.*, Case No. 22-cv-01618-GBW (the "Blackburn Action"). The EDNY Derivative Action, the Chancery Derivative Action, and the Blackburn Action were all stayed pending the resolution of a related securities class action in the United States District Court for the Eastern District of New York (the "EDNY Class Action"). The court entered a final judgment in the EDNY Class Action on July 9, 2024. The parties in the EDNY Derivative Action, the Chancery Derivative Action, and the Blackburn Action agreed to a settlement-in-principle to resolve those derivative actions on July 29, 2024, and plaintiffs filed a motion for preliminary approval of that settlement in the EDNY Derivative Action on November 15, 2024, which was granted on April 7, 2025. Following a final approval hearing on June 13, 2025, the court presiding over the EDNY Derivative Action approved the settlement on July 1, 2025 and entered judgment on July 2, 2025. The Blackburn Action was dismissed with prejudice on July 10, 2025. The parties in the Chancery Derivative Action have likewise stipulated to dismissal with prejudice, and, following a November 24, 2025 hearing, submitted supplemental briefing regarding the dismissal.

On May 11, 2023, in collaboration with the CPSC, the Company announced a voluntary recall of the Original Series Bike (not Bike+) sold in the U.S. from January 2018 to May 2023 related to its seat post, and the Company is offering a free replacement seat post as the approved repair. On June 9, 2023, Sam Solomon filed a putative securities class action against the Company and certain of the Company's officers in the U.S. District Court for the Eastern District of New York, Case No. 1:23-cv-04279-MKB-JRC (the "2023 Securities Litigation"). Jia Tian and David Feigelman were appointed as co-lead plaintiffs. On November 6, 2023, co-lead plaintiffs filed an amended complaint purportedly on behalf of a class consisting of those individuals who purchased or otherwise acquired the Company's common stock between May 6, 2021 and August 22, 2023, alleging that the defendants made false and/or misleading statements relating to the seat post recall in violation of Sections 10(b) and 20(a) of the Exchange Act. On February 2, 2024, defendants served a motion to dismiss the amended complaint. Briefing on defendants' motion to dismiss the amended complaint in the 2023 Securities Litigation was completed on May 17, 2024. On February 14, 2025, the court issued a memorandum and order granting defendants' motion to dismiss and dismissing the amended complaint with leave to file a second amended complaint. On April 11, 2025, co-lead plaintiffs filed a second amended complaint asserting similar claims under Sections 10(b) and 20(a) of the Exchange Act, purportedly on behalf of the same proposed class. On May 21, 2025, defendants served a motion to dismiss the second amended complaint. Briefing on defendants' motion to dismiss the second amended complaint in the 2023 Securities Litigation was completed on July 28, 2025.

On September 27, 2023, Courtney Cooper and Abdo P. Faissal filed a verified stockholder derivative complaint, purportedly on behalf of the Company against certain of the Company's officers and directors, captioned *Cooper v. Boone, et. al.*, Case No. 23-cv-07193-MKB-MMH, in the U.S. District Court for the Eastern District of New York, which alleges breaches of fiduciary duties and violations of Section 14(a) of the Exchange Act, as well as a claim for contribution under Sections 10(b) and 21D of the Exchange Act for any liability the Company may incur as a result of the 2023 Securities Litigation. On January 8, 2024, the court stayed the action pending resolution of the motion to dismiss in the 2023 Securities Litigation.

On May 5, 2022, the United States District Court for the Southern District of New York consolidated two putative securities class action lawsuits against the Company and certain of the Company's officers under the caption *City of Hialeah Employees Retirement System et al. v. Peloton Interactive, Inc., et al.*, Case No. 21-CV-09582-ALC-OTW and appointed Robeco Capital Growth Funds SICAV – Robeco Global Consumer Trends as lead plaintiff in the class action (the "SDNY Class Action"). Lead plaintiff filed its amended complaint on June 25, 2022, alleging that the

defendants made false and/or misleading statements about demand for the Company's products and the reasons for the Company's inventory growth, and engaged in improper trading in violation of Sections 10(b) and 20A of the Exchange Act. On March 30, 2023, the court granted defendants' motion to dismiss, with leave to amend. Plaintiffs filed an amended complaint on May 6, 2023, purportedly on behalf of a class consisting of those individuals who purchased or otherwise acquired the Company's common stock between February 5, 2021 and January 19, 2022, and defendants moved to dismiss the complaint on June 16, 2023. On September 30, 2024, the court granted defendants' motion to dismiss the second amended complaint with prejudice (the "Order"). On October 21, 2024, plaintiffs filed a notice of appeal of the Order with the United States Court of Appeals for the Second Circuit (the "Second Circuit") and filed their brief in support of their appeal on December 10, 2024. Defendants filed their responsive brief on January 28, 2025. The Second Circuit heard argument on the appeal on April 11, 2025. On August 27, 2025, the Second Circuit affirmed the Order in part, vacated the Order in part, and remanded the action to the district court for further proceedings, including to consider whether plaintiffs have sufficiently alleged other elements of their claims. The mandate to the district court was issued on September 18, 2025. Consistent with the Second Circuit's decision, the district court dismissed three defendants from the case on September 10, 2025. The remaining defendants filed a renewed motion to dismiss plaintiffs' claims in full on October 15, 2025. Briefing on defendants' renewed motion to dismiss the SDNY Class Action was completed on December 10, 2025.

On July 26, 2023, the Court of Chancery in the State of Delaware consolidated three stockholder derivative actions purportedly on behalf of the Company against certain of the Company's officers and directors under the caption *In re Peloton Interactive, Inc. 2023 Derivative Litigation, Consol. Case No. 2023-0224-KSJM*, which alleges that defendants breached their fiduciary duties by purportedly making false statements about the demand for the Company's products and engaging in improper trading. Allison Manzella, Clark Ovruchesky, Daniel Banks and Karen Florentino are co-lead plaintiffs. The court stayed the action on September 26, 2023 pending final resolution of all motions to dismiss in the SDNY Class Action, including that any appeals have been concluded.

9. Income Taxes

The Company recorded a (benefit) provision for income taxes of \$(0.2) million and \$0.5 million for the three and six months ended December 31, 2025, respectively, and a provision of \$0.7 million and \$1.6 million for the three and six months ended December 31, 2024 respectively. Furthermore, the Company's effective tax rates were 0.51% and (2.05)% for the three and six months ended December 31, 2025, respectively, and (0.77)% and (1.75)% for the three and six months ended December 31, 2024, respectively. The income tax provision and the effective tax rate are primarily driven by state and international taxes.

The Company maintains a valuation allowance on the majority of its deferred tax assets as it has concluded that it is more likely than not that the deferred assets will not be utilized.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law in the United States, which made permanent or extended many of the provisions from the Tax Cuts and Jobs Act of 2017. The immediate expensing of domestic research and experimental expenditures for tax years beginning after December 31, 2024 is now permanent, as is 100% bonus depreciation for qualified property acquired and placed in service after January 19, 2025. The bill permanently reinstates the more favorable EBITDA approach for calculating the business interest deduction limitation under Section 163(j), among implementing other changes. The Company has accounted for the provisions of the OBBBA in its condensed consolidated financial statements. The changes are not expected to affect the Company's U.S. net deferred tax assets or liabilities, as the Company continues to maintain a full valuation allowance against those balances.

10. Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of outstanding shares of common stock during the period. Diluted net loss per share is computed using the treasury stock method for stock-based awards, and the if-converted method for convertible senior notes. Under the treasury stock method, the denominator is adjusted to include, when dilutive, incremental shares issuable upon the assumed exercise of stock options, ESPP shares to be issued, and vesting of service-based and performance-based restricted stock units. Under the if-converted method, the numerator is adjusted to add back interest expense on the convertible senior notes, net of tax, and the denominator is adjusted to include incremental shares issuable upon conversion of the convertible senior notes, when the effect of applying this method is dilutive. Basic and diluted net loss per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights.

The computation of basic and diluted net loss per share is as follows:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|--|------------------|-------------------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (\$ in millions, except per share amounts) | | | |
| Numerator: | | | | |
| Net loss attributable to common stockholders | \$ (38.8) | \$ (92.0) | \$ (24.8) | \$ (92.8) |
| Denominator: | | | | |
| Weighted-average common shares outstanding | 421,310,905 | 385,591,039 | 417,209,505 | 382,059,323 |
| Net loss per share, basic and diluted | \$ (0.09) | \$ (0.24) | \$ (0.06) | \$ (0.24) |

As of December 31, 2025 and 2024, 68.4 million and 103.3 million potentially dilutive stock-based awards, calculated as the total outstanding shares as of those period ends, were excluded from the computation of diluted net loss per share. Additionally, 77.3 million of potentially dilutive shares related to convertible senior notes, calculated under the if-converted method, were excluded from the computation of diluted net loss per share as of December 31, 2025 and 2024. These amounts were excluded as they would have been anti-dilutive.

11. Segment Information

The Company has two reportable segments: Connected Fitness Products and Subscription. The Connected Fitness Products segment primarily derives revenue from the sale of the Company's portfolio of Connected Fitness Products and related accessories, as well as Precor-branded fitness products, delivery and installation services, Peloton Bike portfolio rental products, extended warranty agreements, branded apparel, and commercial service contracts. The Subscription segment primarily derives revenue from monthly Subscription fees. There are no internal revenue transactions between the Company's segments. Segment information is presented in the same manner that the chief operating decision maker ("CODM"), the Chief Executive Officer and President, reviews the operating results in assessing performance and allocating resources. No operating segments have been aggregated to form the reportable segments.

Beginning in the first quarter of fiscal 2026, the Company changed its measure of segment profitability to Segment Adjusted Gross profit to better align with the manner in which the CODM evaluates segment performance and makes resource allocation decisions. Segment results for the comparable prior period have been recast to reflect these changes.

Segment Adjusted Gross profit is defined as Revenue less Adjusted Cost of revenue incurred by the segment. Adjusted Cost of revenue includes costs directly related to the function of each segment, including certain corporate overhead costs, such as a portion of depreciation, rent and occupancy charges related to the Company's corporate facilities, and personnel-related expenses for certain executives and departments ("Allocated overhead costs").

The CODM reviews Revenue and Segment Adjusted Gross profit for both of the reportable segments, primarily by monitoring actual results compared to forecasted results as well as by reviewing year-over-year results and trending historical performance. No other significant expense categories or performance metrics are regularly provided to the CODM on a disaggregated basis. The Company does not allocate assets at the reportable segment level as these are managed on an entity wide group basis and, accordingly, the Company does not report asset information by segment.

Information on reportable segments and reconciliation to consolidated Loss before income taxes is as follows:

| | Three Months Ended December 31, 2025 | | | Six Months Ended December 31, 2025 | | |
|-------------------------------|--------------------------------------|--------------|----------|------------------------------------|--------------|------------|
| | Connected Fitness Products | Subscription | Total | Connected Fitness Products | Subscription | Total |
| | (in millions) | | | | | |
| Revenue | \$ 243.9 | \$ 412.6 | \$ 656.5 | \$ 396.4 | \$ 811.0 | \$ 1,207.3 |
| Consolidated Revenue | | | \$ 656.5 | | | \$ 1,207.3 |
| Less: | | | | | | |
| Adjusted Cost of revenue | 209.9 | 115.3 | 325.2 | 351.8 | 240.5 | 592.3 |
| Segment Adjusted Gross profit | \$ 34.0 | \$ 297.3 | \$ 331.3 | \$ 44.5 | \$ 570.5 | \$ 615.1 |

Reconciliation to consolidated loss before income taxes:

| | | |
|----------------------------|-----------|-----------|
| Sales and marketing | (152.1) | (218.9) |
| General and administrative | (102.9) | (203.7) |
| Research and development | (65.0) | (127.1) |
| Impairment expense | (23.0) | (31.3) |
| Restructuring expense | (2.7) | (7.1) |
| Supplier settlements | — | — |
| Total other expense, net | (24.7) | (51.4) |
| Loss before income taxes | \$ (39.0) | \$ (24.4) |

| | Three Months Ended December 31, 2024 | | | Six Months Ended December 31, 2024 | | |
|---|--------------------------------------|--------------|-----------|------------------------------------|--------------|------------|
| | Connected Fitness Products | Subscription | Total | Connected Fitness Products | Subscription | Total |
| | (in millions) | | | | | |
| Revenue | \$ 253.4 | \$ 420.6 | \$ 673.9 | \$ 413.0 | \$ 846.9 | \$ 1,259.9 |
| Consolidated Revenue | | | \$ 673.9 | | | \$ 1,259.9 |
| Less: | | | | | | |
| Adjusted Cost of revenue | 223.6 | 139.8 | 363.4 | 370.6 | 280.8 | 651.4 |
| Segment Adjusted Gross profit | \$ 29.8 | \$ 280.8 | \$ 310.6 | \$ 42.4 | \$ 566.1 | \$ 608.5 |
| <i>Reconciliation to consolidated loss before income taxes:</i> | | | | | | |
| Allocated overhead costs | | | 7.8 | | | 13.7 |
| Sales and marketing | | | (152.7) | | | (234.6) |
| General and administrative | | | (131.3) | | | (250.8) |
| Research and development | | | (60.3) | | | (118.8) |
| Impairment expense | | | (16.7) | | | (21.6) |
| Restructuring expense | | | (3.3) | | | (6.2) |
| Supplier settlements | | | — | | | (23.5) |
| Total other expense, net | | | (45.3) | | | (57.8) |
| Loss before income taxes | | | \$ (91.2) | | | \$ (91.3) |

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2025, filed with the SEC on August 7, 2025 ("Form 10-K"). As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward looking statements that involve risks, uncertainties, assumptions, and other important factors that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of the Form 10-K.

Overview

Peloton is a leading global fitness and wellness company that empowers its Members (as defined below) to live fit, strong, long, and happy by providing fitness and wellness products and services they can use anytime, anywhere. We have a highly engaged community of nearly 5.8 million Members as of December 31, 2025, across the United States, United Kingdom, Canada, Germany, Australia, and Austria. As a category innovator at the nexus of fitness and wellness, technology, and media, we deliver experiences through our world-renowned Instructors, premium hardware and innovative software, personalization, and extensive modalities and content formats. Founded in 2012 and headquartered in New York City, Peloton aims to scale across the markets in which it operates.

We define a "Member" as any individual who has a Peloton account through a Paid Connected Fitness Subscription or a Paid App Subscription, inclusive of the Peloton App+, App One, Strength+, and Breathwrk Memberships (our "Peloton Apps"), and engages in one or more workouts in the trailing 12-month period. We define workout engagement as either (i) completing the lesser of 50% or 10 minutes of Instructor-led classes, Scenic, and Lanebreak workouts; (ii) at least 10 minutes of any activity tracking workout (such as "Just Ride", "Just Run", or "Just Row") or Entertainment workout; (iii) at least 5 minutes of any Strength+ workout with 80% of sets marked complete; or (iv) completing a Breathwrk class.

In October 2025, we launched the Cross Training Series, a refreshed portfolio of Connected Fitness Products, which includes the Cross Training Bike, Bike+, Tread, Tread+, and Row+. We also launched the Peloton Pro Series, a refresh of our portfolio of commercial-certified Peloton-branded products, which now includes the Bike+ Pro, Tread+ Pro, and Row+ Pro. In connection with the Cross Training Series launch, we discontinued the sale of our original series (the "Original Series") Tread, Tread+, and Row; however we continue to sell the refurbished Original Series Bike and Bike+, as well as our Precor products (collectively, the "Connected Fitness Products").

Access to all of the Peloton Apps is available with an All-Access Membership for Members who have Connected Fitness Products or through a standalone App+ Membership. Our revenue is generated primarily from recurring Subscription revenue and the sale of our Connected Fitness Products. We define a "Paid Connected Fitness Subscription" as a person, household, or commercial property, such as a hotel or residential building, that has paid for a subscription to a Connected Fitness Product (a Connected Fitness Subscription with a successful credit card billing or with prepaid subscription credits or waivers). "Paid App Subscriptions" include all subscriptions to our Peloton Apps for which we currently receive payment.

Our financial profile has been characterized by strong retention, recurring revenue, and efficient customer acquisition. We believe that our low Average Net Monthly Paid Connected Fitness Subscription Churn, together with our high Subscription Gross Profit and Subscription Contribution Margin, yields an attractive lifetime value ("LTV") for our Connected Fitness Subscriptions well in excess of our customer acquisition costs ("CAC"). Maintaining an attractive LTV/CAC ratio is a primary goal of our customer acquisition strategy.

Restructuring

In August 2025, we announced a restructuring plan (the "2025 Restructuring Plan"), which includes a reduction in global headcount and is intended to continue to improve our cost structure, operating efficiency, and profitability, while providing us the opportunity to return to growth by reinvesting expected savings into our differentiating capabilities. We expect the 2025 Restructuring Plan to be substantially implemented by the end of fiscal year 2026, which is subject to change.

In connection with the 2025 Restructuring Plan, we estimate that we will incur additional cash restructuring charges of approximately \$25.0 million, primarily comprising location strategy costs, lease termination costs, and other exit costs. Additionally, we expect to recognize additional non-cash restructuring charges of approximately \$5.0 million, primarily comprising asset write-downs and write-offs in connection with the continued exit of our retail and other leased locations. We expect these charges to be substantially incurred by the end of fiscal year 2026, which is subject to change.

Upon full implementation, we expect the 2025 Restructuring Plan to achieve at least \$100.0 million of run-rate savings by the end of fiscal year 2026.

We may not be able to realize the cost savings and benefits initially anticipated as a result of the Restructuring Plans, and implementation and transition costs may be greater than expected. See "Risk Factors — Risks Related to Our Business — We may not successfully execute or achieve the expected benefits of our restructuring initiatives and other cost-saving measures we may take in the future, and our efforts may result in further actions and/or additional asset impairment charges and adversely affect our business" in the Form 10-K.

Global Trade Policies and Tariffs

We continue to closely monitor changes in international trade policies, relations, legislation and regulations, including those related to tariffs, which could adversely impact the global economy and our business, financial condition, and operating results. The impact of any tariffs will depend on various factors, including whether the tariffs are ultimately implemented, the timing of implementation, and the amount, scope and nature of the tariffs.

Voluntary Recall

As previously disclosed, on November 6, 2025, in collaboration with the U.S. Consumer Product Safety Commission and Health Canada, we announced a voluntary recall of about 833,000 units in the U.S. and 44,800 units in Canada of the Original Series Bike+ (not Cross Training Bike+). We are offering Members a free replacement seat post as the approved remedy.

As of December 31, 2025, we have accrued \$7.5 million to replace Original Series Bike+ seat posts, which is a reduction from our accrual of \$16.5 million as of September 30, 2025. This reduction is primarily driven by the utilization of our previously established accrual. This accrual is based on an amount that we deem probable and estimable and is reflected in Connected Fitness Products Cost of revenue in our Condensed Consolidated Statements of Operations and Comprehensive Loss.

We may continue to incur additional costs beyond what we have currently estimated to be probable and reasonably estimable, including in connection with the voluntary recall, and if the number of reported incidents involving the Original Series Bike+ seat post materially increases, such additional costs may be material. See *“Risk Factors — Risks Related to Our Connected Fitness Products and Members — Our products and services may be affected from time to time by design and manufacturing defects or product safety issues, real or perceived, that could adversely affect our business and result in harm to our reputation”* in the Form 10-K.

Key Operational and Business Metrics

In addition to the measures presented in our interim condensed consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts, and make strategic decisions.

| | Three Months Ended December 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2024 |
| Ending Paid Connected Fitness Subscriptions (in millions) ⁽¹⁾ | 2.661 | 2.875 |
| Average Net Monthly Paid Connected Fitness Subscription Churn ⁽¹⁾ | 1.9 % | 1.4 % |
| Ending Paid App Subscriptions (in millions) ⁽¹⁾ | 0.522 | 0.585 |
| Subscription Gross Profit (in millions) | \$ 297.3 | \$ 285.6 |
| Subscription Contribution (in millions) ⁽²⁾ | \$ 313.3 | \$ 303.4 |
| Subscription Gross Margin | 72.1 % | 67.9 % |
| Subscription Contribution Margin ⁽²⁾ | 75.9 % | 72.1 % |
| Net loss (in millions) | \$ (38.8) | \$ (92.0) |
| Adjusted EBITDA (in millions) ⁽³⁾ | \$ 81.4 | \$ 58.4 |
| Net cash provided by operating activities (in millions) | \$ 71.9 | \$ 106.7 |
| Free Cash Flow (in millions) ⁽⁴⁾ | \$ 71.0 | \$ 106.0 |

(1) Beginning January 1, 2025, we migrated our subscription data model for reporting Ending Paid Connected Fitness Subscriptions, Average Net Monthly Paid Connected Fitness Subscription Churn, and Ending Paid App Subscriptions to a new data model that provides greater visibility to changes to a subscription's payment status when they occur. The new model gives us more precise and timely data on subscription pause and churn behavior. Prior period information has been revised to conform with current period presentation. The impact of this change in the model on Ending Paid Connected Fitness Subscriptions, Average Net Monthly Paid Connected Fitness Subscription Churn, and Ending Paid App Subscriptions for the three months ended December 31, 2025 and 2024 is immaterial. Starting in fiscal 2026, we no longer report on Average Monthly Paid App Subscription Churn.

(2) Please see the section titled “Non-GAAP Financial Measures—Subscription Contribution and Subscription Contribution Margin” for a reconciliation of Subscription Gross Profit to Subscription Contribution and an explanation of why we consider Subscription Contribution and Subscription Contribution Margin to be helpful measures for investors.

(3) Please see the section titled “Non-GAAP Financial Measures—Adjusted EBITDA” for a reconciliation of Net loss to Adjusted EBITDA and an explanation of why we consider Adjusted EBITDA to be a helpful measure for investors.

(4) Please see the section titled “Non-GAAP Financial Measures—Free Cash Flow” for a reconciliation of Net cash provided by operating activities to Free Cash Flow and an explanation of why we consider Free Cash Flow to be a helpful measure for investors.

Ending Paid Connected Fitness Subscriptions

Ending Paid Connected Fitness Subscriptions includes all Connected Fitness Subscriptions for which we are currently receiving payment (a successful credit card billing or prepaid subscription credit or waiver). We do not include paused Connected Fitness Subscriptions in our Ending Paid Connected Fitness Subscription count.

Average Net Monthly Paid Connected Fitness Subscription Churn

To align with the definition of Ending Paid Connected Fitness Subscriptions above, our quarterly Average Net Monthly Paid Connected Fitness Subscription Churn is calculated as follows: Paid Connected Fitness Subscriber “churn count” in the quarter, divided by the average number of beginning Paid Connected Fitness Subscribers each month, divided by three months. “Churn count” is defined as quarterly Connected Fitness Subscription churn events minus Connected Fitness Subscription unpause events minus Connected Fitness Subscription reactivations.

We refer to any cancellation or pausing of a subscription for our All-Access Membership as a churn event. Because we do not receive payment for paused Connected Fitness Subscriptions, a paused Connected Fitness Subscription is treated as a churn event at the time the pause goes into effect, which is the start of the next billing cycle. An unpause event occurs when a pause period elapses without a cancellation and the Connected Fitness Subscription resumes, and is therefore counted as a reduction in our churn count in that period. Our churn count is shown net of reactivations and our quarterly Average Net Monthly Paid Connected Fitness Subscription Churn metric averages the monthly Connected Fitness churn percentage across the three months of the reported quarter.

Ending Paid App Subscriptions

Ending Paid App Subscriptions includes all subscriptions to our Peloton Apps for which we are currently receiving payment. Starting in fiscal 2026, we no longer report on Average Monthly Paid App Subscription Churn.

Components of our Results of Operations

Revenue

Connected Fitness Products

Connected Fitness Products Revenue primarily consists of sales of our portfolio of Connected Fitness Products and related accessories, as well as Precor-branded fitness products, delivery and installation services, Peloton Bike portfolio rental products, extended warranty agreements, branded apparel, and commercial service contracts. Connected Fitness Products Revenue is recognized at the time of delivery, except for extended warranty revenue that is recognized over the warranty period and service revenue that is recognized over the term, and is recorded net of sales returns and concessions, discounts and allowances, and third-party financing program fees, when applicable.

Subscription

Subscription Revenue primarily consists of revenue generated from our Paid Connected Fitness Subscriptions and Paid Peloton App Subscriptions, which are offered on a month-to-month or prepaid basis, and revenue generated from content licensing arrangements.

As of December 31, 2025, 99% and 76% of our Connected Fitness Subscription and Paid App Subscription bases, respectively, were paying month-to-month.

A single Connected Fitness Subscription provides access to multiple, different Peloton Connected Fitness Products (such as a Peloton Bike and Peloton Tread) in the same household. As of December 31, 2025, approximately 11% of our Connected Fitness Subscriptions owned multiple, different Connected Fitness Products.

Cost of revenue

Beginning in the first quarter of fiscal 2026, we now assign executive compensation and other corporate overhead costs associated with our corporate facilities, which were historically included in General and administrative expense, to the various expense captions that these costs relate to, including Cost of revenue, Sales and marketing, General and administrative, and Research and development.

Connected Fitness Products

Connected Fitness Products Cost of revenue primarily consists of our portfolio of Connected Fitness Products, related accessories, Precor-branded fitness products, and branded apparel product costs, including third party manufacturing costs, duties and other applicable importing costs, shipping and handling costs, packaging, warranty replacement and service costs, fulfillment costs, warehousing costs, costs related to our commercial business, depreciation of property and equipment, and certain costs related to management, facilities, and personnel-related expenses, including stock-based compensation expense, and expense associated with supply chain logistics. Inventory write-downs and related obsolescence reserve expense are also included within Connected Fitness Products Cost of revenue.

Subscription

Subscription Cost of revenue primarily consists of costs associated with content creation and costs to stream content to our Members. These costs consist of both fixed costs, including Instructor, content, and production personnel-related expenses, including stock-based compensation expense, depreciation of property and equipment, studio rent and occupancy, and other studio overhead, as well as variable costs, including music royalty fees, third-party platform streaming costs, and payment processing fees for our monthly subscription billings.

Operating expenses

Sales and marketing

Sales and marketing expense primarily consists of performance marketing media spend, asset creation, and other brand creative, sales and marketing personnel-related expenses, including stock-based compensation expense, costs to operate our retail locations, including rent and occupancy charges, payment processing fees incurred in connection with the sale of our Connected Fitness Products, expenses related to the Peloton Apps, and depreciation of property and equipment.

General and administrative

General and administrative expense primarily consists of personnel-related expenses, including stock-based compensation expense, and facilities-related costs, primarily for our executive, finance, accounting, legal, human resources, IT functions, and Member support team. General and administrative expense also includes software and IT costs, fees for professional services principally comprising legal, audit, tax and accounting services, depreciation of property and equipment, insurance, and litigation settlement costs.

Research and development

Research and development expense primarily consists of personnel-related expenses, including stock-based compensation expense, and facilities-related expenses, consulting and contractor expenses, tooling and prototype materials, software platform expenses, and depreciation of property and equipment. We capitalize certain qualified costs incurred in connection with the development of internal-use software that may also cause research and development expenses to vary from period to period.

Impairment expense

Impairment expense primarily consists of non-cash impairment charges relating to long-lived assets. Impairments are determined using management's judgment about our anticipated ability to continue to use fixed assets in-service and under development, current economic and market conditions and their effects based on information available as of the date of these condensed consolidated financial statements. Additionally, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Management disposes of fixed assets during the regular course of business due to damage, obsolescence, strategic shifts, and loss.

Restructuring expense

Restructuring expense consists of severance and other personnel costs, including stock-based compensation expense, professional services, facility closures and other costs associated with exit and disposal activities.

Supplier settlements

Supplier settlements are payments made to third-party suppliers to terminate certain future inventory purchase commitments or settle disputes with suppliers about and to terminate certain alleged past and future commitments.

Non-operating income and expenses

Total other expense, net

Total other expense, net primarily consists of interest (expense) income, unrealized and realized (losses) gains on investments, net gains relating to our refinancing activities, and foreign exchange (losses) gains.

Income tax (benefit) expense

The provision for income taxes primarily consists of income taxes related to state and international taxes for jurisdictions in which we conduct business. We maintain a valuation allowance on the majority of our deferred tax assets as we have concluded that it is more likely than not that the deferred assets will not be utilized.

Results of Operations

The following tables set forth our consolidated results of operations in dollars and as a percentage of total revenue for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|------------------|-------------------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| (in millions) | | | | |
| Consolidated Statement of Operations Data: | | | | |
| Revenue | | | | |
| Connected Fitness Products | \$ 243.9 | \$ 253.4 | \$ 396.4 | \$ 413.0 |
| Subscription | 412.6 | 420.6 | 811.0 | 846.9 |
| Total revenue | 656.5 | 673.9 | 1,207.3 | 1,259.9 |
| Cost of revenue⁽¹⁾⁽²⁾ | | | | |
| Connected Fitness Products | 209.9 | 220.6 | 351.8 | 365.5 |
| Subscription | 115.3 | 135.0 | 240.5 | 272.2 |
| Total cost of revenue | 325.2 | 355.6 | 592.3 | 637.8 |
| Gross profit | 331.3 | 318.4 | 615.1 | 622.1 |
| Operating expenses | | | | |
| Sales and marketing ⁽¹⁾⁽²⁾ | 152.1 | 152.7 | 218.9 | 234.6 |
| General and administrative ⁽¹⁾⁽²⁾ | 102.9 | 131.3 | 203.7 | 250.8 |
| Research and development ⁽¹⁾⁽²⁾ | 65.0 | 60.3 | 127.1 | 118.8 |
| Impairment expense | 23.0 | 16.7 | 31.3 | 21.6 |
| Restructuring expense ⁽¹⁾ | 2.7 | 3.3 | 7.1 | 6.2 |
| Supplier settlements | — | — | — | 23.5 |
| Total operating expenses | 345.6 | 364.3 | 588.0 | 655.5 |
| (Loss) income from operations | (14.3) | (45.9) | 27.0 | (33.4) |
| Other expense, net: | | | | |
| Interest expense | (31.5) | (34.6) | (63.8) | (70.0) |
| Interest income | 9.2 | 7.7 | 18.9 | 15.8 |
| Foreign exchange loss | (2.4) | (18.5) | (6.2) | (3.7) |
| Other income (expense), net | 0.1 | 0.2 | (0.3) | 0.1 |
| Total other expense, net | (24.7) | (45.3) | (51.4) | (57.8) |
| Loss before income taxes | (39.0) | (91.2) | (24.4) | (91.3) |
| Income tax (benefit) expense | (0.2) | 0.7 | 0.5 | 1.6 |
| Net loss | \$ (38.8) | \$ (92.0) | \$ (24.8) | \$ (92.8) |

(1) Includes stock-based compensation expense as follows:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|---------------------------------|---------|-------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Cost of revenue | | | | |
| Connected Fitness Products | \$ 2.5 | \$ 2.5 | \$ 4.6 | \$ 4.7 |
| Subscription | 11.6 | 10.3 | 22.5 | 19.0 |
| Total cost of revenue | 14.1 | 12.8 | 27.0 | 23.8 |
| Sales and marketing | 7.3 | 4.8 | 13.4 | 8.5 |
| General and administrative | 20.0 | 31.3 | 37.1 | 52.4 |
| Research and development | 13.2 | 12.6 | 24.5 | 24.0 |
| Restructuring expense | 1.1 | — | 0.8 | — |
| Total stock-based compensation expense | \$ 55.7 | \$ 61.5 | \$ 102.9 | \$ 108.7 |

(2) Includes depreciation and amortization expense as follows:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|---------|-------------------------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Cost of revenue | | | | |
| Connected Fitness Products | \$ 2.3 | \$ 3.8 | \$ 5.0 | \$ 8.2 |
| Subscription | 4.4 | 7.5 | 9.3 | 15.4 |
| Total cost of revenue | 6.7 | 11.3 | 14.4 | 23.6 |
| Sales and marketing | 3.4 | 4.5 | 7.0 | 9.4 |
| General and administrative | 2.4 | 4.6 | 5.0 | 9.6 |
| Research and development | 2.9 | 2.4 | 5.8 | 5.1 |
| Total depreciation and amortization expense | \$ 15.4 | \$ 22.8 | \$ 32.1 | \$ 47.6 |

Comparison of the Three and Six Months Ended December 31, 2025 and 2024

Revenue

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------|---------------------------------|----------|----------|-------------------------------|------------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Revenue: | | | | | | |
| Connected Fitness Products | \$ 243.9 | \$ 253.4 | (3.7)% | \$ 396.4 | \$ 413.0 | (4.0)% |
| Subscription | 412.6 | 420.6 | (1.9) | 811.0 | 846.9 | (4.2) |
| Total Revenue | \$ 656.5 | \$ 673.9 | (2.6)% | \$ 1,207.3 | \$ 1,259.9 | (4.2)% |
| Percentage of revenue | | | | | | |
| Connected Fitness Products | 37.2 % | 37.6 % | | 32.8 % | 32.8 % | |
| Subscription | 62.8 | 62.4 | | 67.2 | 67.2 | |
| Total | 100.0 % | 100.0 % | | 100.0 % | 100.0 % | |

Three and Six Months Ended December 31, 2025 and 2024

Connected Fitness Products Revenue decreased \$9.4 million and \$16.6 million for the three and six months ended December 31, 2025, respectively, compared to the three and six months ended December 31, 2024. This decrease was primarily attributable to fewer Connected Fitness product deliveries driven by lower sales, partially offset by improvements in Precor revenue and higher average selling prices for products in our Cross Training Series, which launched in October 2025.

Subscription Revenue decreased \$8.0 million and \$35.9 million for the three and six months ended December 31, 2025, respectively, compared to the three and six months ended December 31, 2024, primarily due to decreases in Paid Connected Fitness and App Subscriptions and decreases in content licensing revenue, partially offset by the subscription price increases during the three months ended December 31, 2025.

Cost of revenue, Gross profit, and Gross margin

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------|---------------------------------|----------|----------|-------------------------------|----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| (dollars in millions) | | | | | | |
| Cost of revenue: | | | | | | |
| Connected Fitness Products | \$ 209.9 | \$ 220.6 | (4.8)% | \$ 351.8 | \$ 365.5 | (3.8)% |
| Subscription | 115.3 | 135.0 | (14.6) | 240.5 | 272.2 | (11.7) |
| Total Cost of revenue | \$ 325.2 | \$ 355.6 | (8.5)% | \$ 592.3 | \$ 637.8 | (7.1)% |
| Gross profit: | | | | | | |
| Connected Fitness Products | \$ 34.0 | \$ 32.8 | 3.6% | \$ 44.5 | \$ 47.4 | (6.1)% |
| Subscription | 297.3 | 285.6 | 4.1% | 570.5 | 574.7 | (0.7)% |
| Total Gross profit | \$ 331.3 | \$ 318.4 | 4.1% | \$ 615.1 | \$ 622.1 | (1.1)% |
| Gross margin: | | | | | | |
| Connected Fitness Products | 13.9 % | 12.9 % | | 11.2 % | 11.5 % | |
| Subscription | 72.1 % | 67.9 % | | 70.4 % | 67.9 % | |

Three Months Ended December 31, 2025 and 2024

Connected Fitness Products Cost of revenue decreased \$10.6 million for the three months ended December 31, 2025, compared to the three months ended December 31, 2024. This decrease was primarily driven by fewer Connected Fitness product deliveries, resulting from lower sales, and lower warranty costs, partially offset by higher Precor sales and an increase in import tariff charges.

Our Connected Fitness Products Gross margin increased to 13.9% for the three months ended December 31, 2025, compared to 12.9% for the three months ended December 31, 2024. This increase was primarily driven by lower warranty costs and a mix shift towards higher margin products, partially offset by an increase in import tariff charges and inventory reserves.

Subscription Cost of revenue decreased \$19.7 million for the three months ended December 31, 2025, compared to the three months ended December 31, 2024, primarily due to lower music royalties costs and related reserves.

Subscription Gross margin increased to 72.1% for the three months ended December 31, 2025, compared to 67.9% for the three months ended December 31, 2024. This increase was primarily driven by the subscription price increases during the three months ended December 31, 2025 and lower music royalties costs and related reserves, partially offset by decreases in Paid Connected Fitness and App Subscriptions.

Six Months Ended December 31, 2025 and 2024

Connected Fitness Products Cost of revenue decreased \$13.7 million for the six months ended December 31, 2025, compared to the six months ended December 31, 2024. This decrease was primarily driven by fewer Connected Fitness Product deliveries, resulting from lower sales, and lower warranty costs, partially offset by the \$13.5 million expense incurred related to the Original Series Bike+ seat post recall, higher Precor sales, and an increase in import tariff charges.

Our Connected Fitness Products Gross margin decreased to 11.2% for the six months ended December 31, 2025, compared to 11.5% for the six months ended December 31, 2024. This decrease was primarily driven by the \$13.5 million expense incurred related to the Original Series Bike+ seat post recall and an increase in import tariff charges, partially offset by a mix shift towards higher margin products and lower warranty costs.

Subscription Cost of revenue decreased \$31.8 million for the six months ended December 31, 2025, compared to the six months ended December 31, 2024, primarily due to lower music royalties costs and related reserves.

Subscription Gross margin increased to 70.4% for the six months ended December 31, 2025, compared to 67.9% for the six months ended December 31, 2024. This increase was primarily driven by the subscription price increases during the six months ended December 31, 2025, and lower music royalties costs and related reserves, partially offset by decreases in Paid Connected Fitness and App Subscriptions.

Operating Expenses

Sales and marketing

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------------|---------------------------------|----------|----------|-------------------------------|----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Sales and marketing | \$ 152.1 | \$ 152.7 | (0.4)% | \$ 218.9 | \$ 234.6 | (6.7)% |
| As a percentage of total revenue | 23.2 % | 22.7 % | | 18.1 % | 18.6 % | |

Three Months Ended December 31, 2025 and 2024

Sales and marketing expense decreased \$0.6 million for the three months ended December 31, 2025, compared to the three months ended December 31, 2024, primarily driven by a decrease in rent and occupancy charges due to the exit of certain retail showroom locations.

Six Months Ended December 31, 2025 and 2024

Sales and marketing expense decreased \$15.7 million for the six months ended December 31, 2025, compared to the six months ended December 31, 2024, primarily driven by a decrease in acquisition and brand marketing charges.

General and administrative

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------------|---------------------------------|----------|----------|-------------------------------|----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| General and administrative | \$ 102.9 | \$ 131.3 | (21.6)% | \$ 203.7 | \$ 250.8 | (18.8)% |
| As a percentage of total revenue | 15.7 % | 19.5 % | | 16.9 % | 19.9 % | |

Three and Six Months Ended December 31, 2025 and 2024

General and administrative expense decreased \$28.4 million and \$47.1 million for the three and six months ended December 31, 2025, respectively, compared to the three and six months ended December 31, 2024. The decrease was mainly driven by a decrease of \$20.0 million and \$28.6 million in personnel-related expenses, inclusive of stock-based compensation expense, respectively, primarily due to decreased average headcount and the assignment of executive compensation to the various expense captions beginning in fiscal 2026, a decrease of \$4.4 million and \$8.2 million in rent and occupancy charges, respectively, primarily due to the assignment of other corporate overhead costs to the various expense captions beginning in fiscal 2026, and a decrease of \$3.2 million and \$6.8 million in professional services fees, respectively.

Research and development

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------------------|---------------------------------|---------|----------|-------------------------------|----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Research and development | \$ 65.0 | \$ 60.3 | 7.8% | \$ 127.1 | \$ 118.8 | 7.0% |
| As a percentage of total revenue | 9.9 % | 8.9 % | | 10.5 % | 9.4 % | |

Three and Six Months Ended December 31, 2025 and 2024

Research and development expense increased \$4.7 million and \$8.3 million for the three and six months ended December 31, 2025, respectively, compared to the three and six months ended December 31, 2024, mainly driven by an increase of \$3.8 million and \$7.4 million in personnel-related expenses, inclusive of stock-based compensation expense, respectively, and an increase of \$1.4 million and \$3.0 million in rent and occupancy charges, respectively, both primarily due to the assignment of executive compensation and other corporate overhead costs, discussed above.

Impairment expense

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|--------------------|---------------------------------|---------|----------|-------------------------------|---------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Impairment expense | \$ 23.0 | \$ 16.7 | 37.3% | \$ 31.3 | \$ 21.6 | 44.8% |

Three and Six Months Ended December 31, 2025 and 2024

Impairment expense increased \$6.2 million and \$9.7 million for the three and six months ended December 31, 2025, respectively, compared to the three and six months ended December 31, 2024, primarily due to \$22.9 million in asset write-downs and write-offs related to plans to right-size portions of our corporate office footprint during the three and six months ended December 31, 2025, partially offset by decreases of \$16.2 million and \$14.1 million in impairment expense related to the exit of retail showroom locations during the three and six months ended December 31, 2025, respectively.

Restructuring expense

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|-----------------------|---------------------------------|--------|----------|-------------------------------|--------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Restructuring expense | \$ 2.7 | \$ 3.3 | (18.3)% | \$ 7.1 | \$ 6.2 | 14.2% |

Three Months Ended December 31, 2025 and 2024

Restructuring expense decreased \$0.6 million for the three months ended December 31, 2025, compared to the three months ended December 31, 2024, primarily due to a decrease in severance and other personnel costs, partially offset by an increase in stock-based compensation expense, in connection with the Restructuring Plans.

Six Months Ended December 31, 2025 and 2024

Restructuring expense increased \$0.9 million for the six months ended December 31, 2025, compared to the six months ended December 31, 2024, primarily due to an increase in stock-based compensation expense in connection with the Restructuring Plans.

Supplier settlements

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|----------------------|---------------------------------|------|----------|-------------------------------|---------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Supplier settlements | \$ — | \$ — | —% | \$ — | \$ 23.5 | (100.0)% |

Six Months Ended December 31, 2025 and 2024

Supplier settlements decreased \$23.5 million for the six months ended December 31, 2025, compared to the six months ended December 31, 2024, due to accruals for the six months ended December 31, 2024 related to the settlement of disputes with a third-party supplier about certain alleged past and future commitments.

Total other expense, net and Income tax (benefit) expense

| | Three Months Ended December 31, | | | Six Months Ended December 31, | | |
|------------------------------|---------------------------------|-----------|----------|-------------------------------|-----------|----------|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (dollars in millions) | | | | | |
| Interest expense | \$ (31.5) | \$ (34.6) | (9.0)% | \$ (63.8) | \$ (70.0) | (8.8)% |
| Interest income | 9.2 | 7.7 | 19.8% | 18.9 | 15.8 | 20.0% |
| Foreign exchange loss | (2.4) | (18.5) | (86.8)% | (6.2) | (3.7) | 66.8% |
| Other income (expense), net | 0.1 | 0.2 | (68.2)% | (0.3) | 0.1 | (411.7)% |
| Income tax (benefit) expense | (0.2) | 0.7 | (131.3)% | 0.5 | 1.6 | (69.5)% |

Total other expense, net comprised the following for the three and six months ended December 31, 2025:

- Interest expense primarily related to our Term Loan and convertible notes of \$31.5 million and \$63.8 million, respectively;
- Interest income from cash, cash equivalents, and short-term investments of \$9.2 million and \$18.9 million, respectively;
- Foreign exchange losses of \$2.4 million and \$6.2 million, respectively; and

- Other income (expense), net of \$0.1 million and \$(0.3) million, respectively.

Total other expense, net comprised the following for the three and six months ended December 31, 2024:

- Interest expense primarily related to our Term Loan and convertible notes of \$34.6 million and \$70.0 million, respectively;
- Interest income from cash, cash equivalents, and short-term investments of \$7.7 million and \$15.8 million, respectively;
- Foreign exchange losses of \$18.5 million and \$3.7 million, respectively; and
- Other income, net of \$0.2 million and \$0.1 million, respectively.

Income tax (benefit) expense for the three and six months ended December 31, 2025 of \$(0.2) million and \$0.5 million, respectively, was primarily due to state and international taxes. Income tax expense for the three and six months ended December 31, 2024 of \$0.7 million and \$1.6 million, respectively, was primarily due to state and international taxes.

Non-GAAP Financial Measures

In addition to our results determined in accordance with accounting principles generally accepted in the United States, or GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance.

Adjusted EBITDA

We calculate Adjusted EBITDA as net income (loss) adjusted to exclude: other expense (income), net; net (gains) losses on debt refinancing; income tax expense (benefit); depreciation and amortization expense; stock-based compensation expense; impairment expense; restructuring expense; product recall related matters; certain litigation and settlement expenses; supplier settlements; and other adjustment items that arise outside the ordinary course of our business.

We use Adjusted EBITDA as a measure of operating performance and the operating leverage in our business. We believe that this non-GAAP financial measure is useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as stock-based compensation expense, depreciation and amortization expense, other expense (income), net, and provision for income taxes that can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired;
- Our management uses Adjusted EBITDA in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- Adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period-to-period comparisons of our core operating results, and may also facilitate comparisons with other peer companies, many of which use a similar non-GAAP financial measure to supplement their GAAP results.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider this measure in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are, or may in the future be, as follows:

- Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest and other income (expense), or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (3) income taxes, which may represent a reduction in cash available to us;
- Adjusted EBITDA does not reflect gains (losses) associated with refinancing efforts that we have determined are outside of the ordinary course of business and are nonrecurring, infrequent or unusual based on factors such as the nature and strategy of the refinancing, as well as our frequency and past practice of performing refinancing activities;
- Adjusted EBITDA does not reflect certain litigation expenses, consisting of legal settlements and related fees for specific proceedings that we have determined arise outside of the ordinary course of business and are nonrecurring, infrequent or unusual based on the following considerations which we assess regularly: (1) the frequency of similar cases that have been brought to date, or are expected to be brought within two years; (2) the complexity of the case; (3) the nature of the remedy(ies) sought, including the size of any monetary damages sought; (4) offensive versus defensive posture of us; (5) the counterparty involved; and (6) our overall litigation strategy. Following a change in practice beginning during the fiscal year ended June 30, 2022, we no longer adjust Adjusted EBITDA for costs from new patent litigation or consumer arbitration claims, unless we consider the matter to be nonrecurring, infrequent or unusual. We continue to adjust Adjusted EBITDA for historical patent infringement and consumer arbitration claims that were determined, prior to our change in practice, to be nonrecurring, infrequent, or unusual;
- Adjusted EBITDA does not reflect acquisition-related costs, including transaction and integration costs;

- Adjusted EBITDA does not reflect impairment charges and gains (losses) on disposals of fixed assets;
- Adjusted EBITDA does not reflect costs associated with certain product recall related matters including adjustments to the return reserves, inventory write-downs, logistics costs associated with Member requests, the cost to move the recalled product for those that elect the option, subscription waiver costs of service, and recall-related hardware development and repair costs. We make adjustments for product recall related matters that we have determined arise outside of the ordinary course of business and are nonrecurring, infrequent or unusual based on factors including the nature of the product recall, our experience with similar product recalls at the time of such assessment, the impacts on us of the recall remedy and associated logistics, supply chain, and other externalities, as well as the expected consumer demand for such a remedy, and operational complexities in the design, regulatory approval and deployment of a remedy;
- Adjusted EBITDA does not reflect costs associated with the Restructuring Plans;
- Adjusted EBITDA does not reflect supplier settlements that are outside of the ordinary course of business and are nonrecurring, infrequent or unusual based on factors such as the nature of the settlements, as well as our frequency and past practice of performing refinancing activities; and
- The expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results and we may, in the future, exclude other significant, unusual expenses or other items from this financial measure. Because companies in our industry may calculate this measure differently than we do, its usefulness as a comparative measure can be limited.

Because of these limitations, Adjusted EBITDA should be considered along with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to Net loss, the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|-----------|-------------------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Net loss | \$ (38.8) | \$ (92.0) | \$ (24.8) | \$ (92.8) |
| Adjusted to exclude the following: | | | | |
| Total other expense, net ⁽¹⁾ | 24.7 | 45.3 | 51.4 | 57.8 |
| Income tax (benefit) expense | (0.2) | 0.7 | 0.5 | 1.6 |
| Depreciation and amortization expense | 15.4 | 22.8 | 32.1 | 47.6 |
| Stock-based compensation expense | 54.6 | 61.5 | 102.1 | 108.7 |
| Impairment expense | 23.0 | 16.7 | 31.3 | 21.6 |
| Restructuring expense ⁽²⁾ | 2.7 | 3.3 | 7.1 | 6.2 |
| Supplier settlements ⁽³⁾ | — | — | — | 23.5 |
| Adjusted EBITDA | \$ 81.4 | \$ 58.4 | \$ 199.7 | \$ 174.2 |

(1) Primarily consists of Interest expense of \$31.5 million and \$63.8 million, Interest income of \$(9.2) million and \$(18.9) million, and foreign exchange losses of \$2.4 million and \$6.2 million, for the three and six months ended December 31, 2025, respectively. Primarily consists of Interest expense of \$34.6 million and \$70.0 million, foreign exchange losses of \$18.5 million and \$3.7 million, and Interest income of \$(7.7) million and \$(15.8) million, for the three and six months ended December 31, 2024, respectively.

(2) Represents charges incurred in connection with the Restructuring Plans; refer to *Note 4, Restructuring* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(3) Represents accrual for the six months ended December 31, 2024 related to settlement of disputes with a third-party supplier about certain alleged past and future commitments, which occurred due to part of an unusual, one-time effort to adjust our forecasted inventory during its fiscal years 2022 and 2023. With this settlement, we have substantially settled our purchase commitments related disputes with our suppliers that were linked to our one-time effort to evaluate and adjust our forecasted inventory needs with our suppliers during fiscal years 2022 and 2023. As such, we currently do not expect to add back any additional supplier settlements related to that effort.

Subscription Contribution and Subscription Contribution Margin

We define “Subscription Contribution” as Subscription Revenue less Subscription Cost of revenue, adjusted to exclude depreciation and amortization and stock-based compensation expenses included within Subscription Cost of revenue. Subscription Contribution Margin is calculated by dividing Subscription Contribution by Subscription Revenue.

We use Subscription Contribution and Subscription Contribution Margin to measure our ability to scale and leverage the costs of our Connected Fitness Subscriptions. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results because our management uses Subscription Contribution and Subscription Contribution Margin in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance.

The use of Subscription Contribution and Subscription Contribution Margin as analytical tools has limitations, and you should not consider these in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are as follows:

- Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Subscription Contribution and Subscription Contribution Margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- Subscription Contribution and Subscription Contribution Margin exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy.

Because of these limitations, Subscription Contribution and Subscription Contribution Margin should be considered along with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Subscription Contribution and Subscription Contribution Margin to Subscription Gross Profit and Subscription Gross Margin, respectively, which are the most directly comparable financial measures prepared in accordance with GAAP, for each of the periods indicated:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---------------------------------------|---------------------------------|----------|-------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | (dollars in millions) | | | |
| Subscription Revenue | \$ 412.6 | \$ 420.6 | \$ 811.0 | \$ 846.9 |
| Less: Subscription Cost of revenue | 115.3 | 135.0 | 240.5 | 272.2 |
| Subscription Gross Profit | \$ 297.3 | \$ 285.6 | \$ 570.5 | \$ 574.7 |
| Subscription Gross Margin | 72.1 % | 67.9 % | 70.4 % | 67.9 % |
| Add back: | | | | |
| Depreciation and amortization expense | \$ 4.4 | \$ 7.5 | \$ 9.3 | \$ 15.4 |
| Stock-based compensation expense | 11.6 | 10.3 | 22.5 | 19.0 |
| Subscription Contribution | \$ 313.3 | \$ 303.4 | \$ 602.4 | \$ 609.1 |
| Subscription Contribution Margin | 75.9 % | 72.1 % | 74.3 % | 71.9 % |

Free Cash Flow

We define Free Cash Flow as Net cash provided by (used in) operating activities less Capital expenditures. Free Cash Flow reflects an additional way of viewing our liquidity that, we believe, when viewed with our GAAP results, provides management, investors, and other users of our financial information with a more complete understanding of factors and trends affecting our cash flows.

The use of Free Cash Flow as an analytical tool has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, Free Cash Flow does not incorporate payments made for purchases of marketable securities or principal repayments on our debt, which reduces cash available to us. Because of these limitations, Free Cash Flow should be considered along with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Free Cash Flow to Net cash provided by operating activities, the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---------------------------------|----------|-------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Net cash provided by operating activities | \$ 71.9 | \$ 106.7 | \$ 143.8 | \$ 119.2 |
| Capital expenditures | (0.9) | (0.7) | (5.4) | (2.5) |
| Free Cash Flow | \$ 71.0 | \$ 106.0 | \$ 138.4 | \$ 116.6 |

Liquidity and Capital Resources

Our operations have been funded primarily through net proceeds from the sales of our equity and convertible debt securities, our Term Loan, as well as cash flows from operating activities. As of December 31, 2025, we had Cash and cash equivalents of approximately \$1,179.6 million.

We anticipate capital expenditures over the next 12 months to include investments in product development, content and our studios, systems implementation, and IT infrastructure.

We believe our existing cash and cash equivalents and cash flow from operations will be sufficient to meet our working capital and capital expenditure needs for the next 12 months and beyond. Our future capital requirements could vary materially from those currently planned and will depend on many factors and their timing, including:

- Our rate of revenue growth and market acceptance of our Connected Fitness Products;
- Adjustments to our supply chain and cost structures in response to material fluctuations in product demand;
- Expenditures related to acquisitions;
- Spending on research and development and manufacturing initiatives;
- The financial impact of product recalls and sales and marketing activities
- New product introductions;
- Investments needed for international expansion; and
- Overall economic conditions.

To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in further dilution to our stockholders. The incurrence of additional indebtedness would result in increased debt service obligations and the instruments governing such debt could include operating and financing covenants that would restrict our operations. There can be no assurance that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives.

Cash Flows

| | Six Months Ended December 31, | |
|---|-------------------------------|----------|
| | 2025 | 2024 |
| | (in millions) | |
| Net cash provided by operating activities | \$ 143.8 | \$ 119.2 |
| Net cash (used in) provided by investing activities | (7.6) | 1.7 |
| Net cash (used in) provided by financing activities | (2.6) | 4.0 |

Operating Activities

Net cash provided by operating activities of \$143.8 million for the six months ended December 31, 2025 was primarily related to non-cash adjustments of \$203.9 million, partially offset by a net increase in operating assets and liabilities of \$35.3 million and a net loss of \$24.8 million. Non-cash adjustments primarily consisted of \$102.9 million of stock-based compensation expense, \$32.1 million of depreciation and amortization, \$31.3 million of impairment expense, and \$26.5 million of non-cash operating lease expense. The net increase in operating assets and liabilities was primarily due to a \$40.1 million decrease in net operating lease liabilities due to lease payments and lease terminations as we continue to reduce our real estate footprint in connection with the Restructuring Plans, and a \$28.8 million decrease in accounts payable and accrued expenses, partially offset by a \$27.9 million decrease in prepaid expenses and other current assets.

Net cash provided by operating activities of \$119.2 million for the six months ended December 31, 2024 was primarily related to non-cash adjustments of \$214.6 million, partially offset by a net loss of \$92.8 million and a net increase in operating assets and liabilities of \$2.6 million. Non-cash adjustments primarily consisted of \$108.7 million of stock-based compensation expense, \$47.6 million of depreciation and amortization, \$28.6 million of non-cash operating lease expense, and \$21.6 million of impairment expense. The net increase in operating assets and liabilities was primarily due to a \$56.4 million decrease in accounts payable and accrued expenses and a \$42.2 million decrease in net operating lease liabilities due to lease payments and lease terminations as we continue to reduce our real estate footprint through our restructuring efforts, partially offset by a \$78.8 million decrease in inventories.

Investing activities

Net cash used in investing activities of \$7.6 million for the six months ended December 31, 2025 was due to \$5.4 million used for capital expenditures and \$2.2 million used for the Breathwrk acquisition.

Net cash provided by investing activities of \$1.7 million for the six months ended December 31, 2024 was due to \$4.2 million in proceeds from the sale of the remaining Peloton Output Park land parcel, partially offset by \$2.5 million used for capital expenditures.

Financing activities

Net cash used in financing activities of \$2.6 million for the six months ended December 31, 2025 was primarily due to \$5.0 million in principal repayments on the Term Loan, partially offset by \$2.5 million related to net proceeds from purchases under the Employee Stock Purchase Plan ("ESPP") and option exercises under our employee stock plans.

Net cash provided by financing activities of \$4.0 million for the six months ended December 31, 2024 was primarily related to net proceeds from employee stock plans and ESPP of \$9.1 million, partially offset by \$5.0 million in principal repayments on the Term Loan.

Debt Obligations

In February 2021, we issued \$1.0 billion aggregate principal amount of 0.00% Convertible Senior Notes due 2026 (the “2026 Notes”) in a private offering. The net proceeds from the offering were approximately \$977.2 million, after deducting the initial purchasers’ discounts and commissions and our offering expenses. The 2026 Notes do not bear regular interest, and the principal amount of the 2026 Notes does not accrete. The 2026 Notes will mature on February 15, 2026, unless earlier converted, redeemed, or repurchased. In May 2024, we issued \$350.0 million aggregate principal amount of 5.50% Convertible Senior Notes due 2029 (the “2029 Notes”) in a private offering. The net proceeds from this offering were approximately \$342.3 million, which were used, together with proceeds from the Term Loan (as defined below) and cash on hand, to repurchase approximately \$801.0 million aggregate principal amount of the 2026 Notes. The 2029 Notes bear interest at a rate of 5.50% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024. The 2029 Notes will mature on December 1, 2029, unless earlier converted, redeemed, or repurchased. The 2026 Notes and 2029 Notes will be convertible at the option of the holders at certain times and upon the occurrence of certain events.

On May 30, 2024, we entered into a Third Amended and Restated Credit Agreement, which provides for a \$1.0 billion term loan facility (the “Term Loan”) and a \$100.0 million revolving credit facility (the “Revolving Facility”), both of which will mature on May 30, 2029. The Term Loan amortizes in quarterly installments of 0.25%, payable at the end of each fiscal quarter and on the maturity date. Interest on borrowings under the Term Loan and Revolving Facility are determined based on calculations using an alternate base rate or term SOFR rate (further described in *Note 7, Debt*) at our option. We are also required to pay a quarterly commitment fee on the unused portion of the Revolving Facility, which accrues at a rate of 0.375% or 0.500% per annum depending on our First Lien Net Leverage Ratio (as defined in the Third Amended and Restated Credit Agreement). As of December 31, 2025, we had drawn the full amount of the Term Loan and had not drawn on the Revolving Facility, and we had \$985.0 million total outstanding borrowings under the Third Amended and Restated Credit Agreement.

The obligations under the Third Amended and Restated Credit Agreement with respect to the Term Loan and the Revolving Facility are secured by substantially all of our assets, with certain exceptions set forth in the Third Amended and Restated Credit Agreement, and are required to be guaranteed by certain of our material subsidiaries if, at the end of future financial quarters, certain conditions are not met. The Third Amended and Restated Credit Agreement contains customary affirmative covenants as well as customary negative covenants. We are only required to meet the total liquidity covenant, set at \$250.0 million for the last business day of any week, and the subscription revenues covenant, set at \$1.2 billion for the four-quarter trailing period, to the extent any revolving loans are borrowed and outstanding.

We are required to pledge or otherwise restrict a portion of cash and cash equivalents as collateral for standby letters of credit. As of December 31, 2025, we had outstanding letters of credit totaling \$43.6 million, which are classified as Restricted cash on the Condensed Consolidated Balance Sheets.

Refer to *Note 7, Debt* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details regarding our debt obligations.

Contractual Obligations and Commitments

As of December 31, 2025, our contractual obligations were as follows:

| Contractual obligations: | Payments due by period | | | | |
|--|------------------------|---------------------|-----------------|-------------------|----------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| | (in millions) | | | | |
| Lease obligations ⁽¹⁾ | \$ 575.2 | \$ 89.9 | \$ 143.2 | \$ 97.9 | \$ 244.1 |
| Minimum royalty payments ⁽²⁾ | 146.5 | 109.2 | 37.1 | 0.2 | — |
| Unused credit facility fee payments ⁽³⁾ | 1.4 | 0.4 | 0.8 | 0.3 | — |
| Other purchase obligations ⁽⁴⁾ | 166.1 | 49.6 | 71.8 | 43.3 | 1.5 |
| Convertible senior notes ⁽⁵⁾ | 549.0 | 199.0 | — | 350.0 | — |
| Term loan ⁽⁵⁾ | 985.0 | 10.0 | 20.0 | 955.0 | — |
| Total | \$ 2,423.2 | \$ 458.1 | \$ 272.8 | \$ 1,446.6 | \$ 245.6 |

(1) Lease obligations relate to our office space, warehouses, production studios, retail locations, and equipment. The original lease terms are between one and 21 years, and the majority of the lease agreements are renewable at the end of the lease period.

(2) We are subject to minimum royalty payments associated with our license agreements for the use of licensed content. See “Risk Factors — Risks Related to Our Business— We depend upon third-party licenses for the use of music in our content. An adverse change to, loss of, or claim that we do not hold necessary licenses may have an adverse effect on our business, operating results, and financial condition” in our Form 10-K.

(3) Pursuant to the Third Amended and Restated Credit Agreement, we are required to pay a commitment fee of 0.500% or 0.375% per annum, depending on whether the First Lien Net Leverage Ratio (as defined in the Third Amended and Restated Credit Agreement) is greater or less than 5.00 to 1.00, on a quarterly basis based on the unused portion of the Revolving Facility. The payments due by period in the table above are reflective of the rate as of December 31, 2025, which is 0.375%.

(4) Other purchase obligations include other contractual obligations, which primarily relate to cloud computing and other service contracts.

(5) Refer to *Note 7, Debt* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details regarding our 2026 Notes, 2029 Notes and Term Loan obligations.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts.

We utilize contract manufacturers to build our products and accessories. These contract manufacturers acquire components and build products based on demand forecast information we supply, which typically covers a rolling 12-month period. Consistent with industry practice, we acquire inventories from such manufacturers through purchase orders against which orders are applied based on projected demand information and availability of goods. Such purchase commitments typically cover our forecasted product and manufacturing requirements for periods that range a number of months. In certain instances, these agreements allow us the option to cancel, reschedule, and/or adjust our requirements based on our business needs for a period of time before the order is due to be fulfilled. While our purchase orders are legally cancellable in many situations, some purchase orders are not cancellable in the event of a demand plan change or other circumstances, such as where the supplier has procured unique, Peloton-specific designs, and/or specific non-cancelable, non-returnable components based on our provided forecasts.

As of December 31, 2025, our commitments to contract with third-party manufacturers for their inventory on-hand and component purchase commitments related to the manufacture of our products were estimated to be approximately \$68.9 million. See *“Risk Factors — Risks Related to Our Business—Our operating results have been, and could in the future be, adversely affected if we are unable to accurately forecast consumer demand for our products and services and adequately manage our inventory”* in our Form 10-K.

Off-Balance Sheet Arrangements

We did not have any undisclosed off-balance sheet arrangements as of December 31, 2025.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. In preparing the condensed consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity (deficit), revenue, expenses, and related disclosures. We re-evaluate our estimates on an ongoing basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions. The critical accounting policies that reflect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements include those described in *“Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates”* in Part II, Item 7 of the Form 10-K. There have been no material changes to our critical accounting estimates as described therein.

Recent Accounting Pronouncements

See *Note 2, Summary of Significant Accounting Policies* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q under the heading *“Recently Issued Accounting Pronouncements”* for a discussion about new accounting pronouncements adopted and not yet adopted as of the date of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We had Cash and cash equivalents of \$1,179.6 million as of December 31, 2025. The primary objective of our investment activities is the preservation of capital, and we do not enter into investments for trading or speculative purposes. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. A hypothetical 10% increase in interest rates during any of the periods presented in this Quarterly Report on Form 10-Q would not have had a material impact on our condensed consolidated financial statements.

We are primarily exposed to changes in short-term interest rates with respect to our cost of borrowing under our Term Loan. We monitor our cost of borrowing under our facilities, taking into account our funding requirements, and our expectations for short-term rates in the future. A hypothetical 10% change in the interest rate on our Term Loan for all periods presented would not have a material impact on our condensed consolidated financial statements.

Foreign Currency Risk

Our international sales are primarily denominated in foreign currencies and any unfavorable movement in the exchange rate between U.S. dollars and the currencies in which we conduct sales in foreign countries could have an adverse impact on our revenue. We source and manufacture inventory primarily in U.S. dollars and Taiwanese dollars. A portion of our operating expenses is incurred outside the United States and are denominated in foreign currencies, which are also subject to fluctuations due to changes in foreign currency exchange rates. For example, some of our contract manufacturing takes place in Taiwan and the related agreements are denominated in foreign currencies and not in U.S. dollars. Further, certain of our manufacturing agreements provide for fixed costs of our Connected Fitness Products and hardware in Taiwanese dollars but provide for payment in U.S. dollars based on the then-current Taiwanese dollar to U.S. dollar spot rate. In addition, our suppliers incur many costs, including labor and supply costs, in other currencies. While we are not currently contractually obligated to pay increased costs due to changes in exchange rates, to the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us, which could have a material impact on our gross margins. Our operating results and cash flows are, therefore, subject to fluctuations

due to changes in foreign currency exchange rates. We have the ability to use derivative instruments, such as foreign currency forwards, and have the ability to use option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. Our exposure to foreign currency exchange rates historically has been partially hedged as our foreign currency denominated inflows create a natural hedge against our foreign currency denominated expenses.

Inflation Risk

As a result of inflationary conditions, there have been and may continue to be additional pressures on the ongoing increases in supply chain and logistics costs, materials costs, and labor costs. The effect of U.S. and global tariffs may spur inflationary conditions and create further pressures on costs. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we have recently experienced the effects of inflation on our results of operations and financial condition. Our business may continue to be impacted by inflation in the future which could have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of net revenue if we are unable to fully offset such higher costs through price increases. Additionally, because we purchase component parts from our suppliers, we may be adversely impacted by their inability to adequately mitigate inflationary, industry, tariffs, or economic pressures.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized, and reported as and when required, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding its required disclosure.

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in claims and proceedings arising in the ordinary course of our business. The outcome of any such claims or proceedings, regardless of the merits, is inherently uncertain.

For a discussion of legal and other proceedings in which we are involved, see *Note 8, Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risks disclosed in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

On December 2, 2025, Jennifer Cotter, our Chief Content Officer, entered into a pre-arranged stock trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act (a “Rule 10b5-1 Plan”). Ms. Cotter’s Rule 10b5-1 Plan provides for the potential sale of up to an aggregate of (i) 336,750 shares of Class A common stock upon the exercise of certain vested stock options, (ii) 899,512 shares of Class A common stock upon the vesting of certain restricted stock units (“RSUs”), in each case vesting between May 15, 2026 and February 15, 2027, and (iii) 73,819 shares of Class A common stock upon the vesting of certain performance stock units (“PSUs”), which are expected to vest on November 15, 2026 and February 15, 2027, assuming the satisfaction of certain performance conditions. Each RSU and each PSU represents a contingent right to receive one share of Class A common stock.

On December 2, 2025, Dion Sanders, our Chief Commercial Officer, entered into a Rule 10b5-1 Plan. Mr. Sanders’ Rule 10b5-1 Plan provides for the potential sale of up to an aggregate of (i) 372,866 shares of Class A common stock upon the exercise of certain vested stock options, (ii) 682,382 shares of Class A common stock upon the vesting of certain RSUs, in each case vesting between May 15, 2026 and February 15, 2027, and (iii) 73,819 shares of Class A common stock upon the vesting of certain PSUs, which are expected to vest on November 15, 2026 and February 15, 2027, assuming the satisfaction of certain performance conditions.

On December 3, 2025, Pamela Thomas-Graham, a member of our Board of Directors, entered into a Rule 10b5-1 Plan. Ms. Thomas-Graham’s Rule 10b5-1 Plan provides for the potential sale of up to an aggregate of 78,898 shares of Class A common stock.

Item 6. Exhibits

| Exhibit Number | Exhibit Title | Incorporated by Reference | | | | Filed or Furnished Herewith |
|----------------|--|---------------------------|-----------|---------|-------------|-----------------------------|
| | | Form | File No. | Exhibit | Filing Date | |
| 3.1 | Restated Certificate of Incorporation. | 10-Q | 001-39058 | 3.1 | 11/06/2019 | |
| 3.2 | Second Amended and Restated Bylaws. | 8-K | 001-39058 | 3.1 | 04/08/2024 | |
| 10.1 | Amended Severance and Change in Control Plan and form of participation agreement thereunder. | | | | | X |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | XX |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | XX |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. | | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. | | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. | | | | | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. | | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. | | | | | X |
| 104 | Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101). | | | | | X |

X Filed herewith.

XX Furnished herewith.

† Indicates a management contract or compensatory plan or arrangement in which directors or executive officers are eligible to participate.

The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PELTON INTERACTIVE, INC.

Date: February 5, 2026

By: /s/ Peter Stern
Peter Stern
Chief Executive Officer
(Principal Executive Officer)

Date: February 5, 2026

By: /s/ Elizabeth F Coddington
Elizabeth F Coddington
Chief Financial Officer
(Principal Financial Officer)

PELOTON INTERACTIVE, INC.

SEVERANCE AND CHANGE IN CONTROL PLAN

as amended December 17, 2025

**SECTION 1
PURPOSE**

The Board of Peloton Interactive, Inc., a Delaware corporation (together with its subsidiaries, the “*Company*”), considers it in the best interests of the stockholders of the Company to reinforce the continued attention and dedication of certain key employees of the Company to their duties of employment without personal distraction or conflict of interest, including as a result of the possibility or occurrence of a change in control of the Company. Accordingly, the Company will provide designated individuals with rights to receive severance payments and other benefits upon a Covered Termination pursuant to this Severance and Change in Control Plan (this “*Plan*”), as set forth below.

**SECTION 2
ELIGIBILITY**

2.1 Eligibility for Participation. The Board may select from among Eligible Employees to participate in the Plan. Each such individual will become a Participant upon his or her execution and delivery to the Company of an acknowledgement of participation in the applicable form attached hereto as Exhibit A or Exhibit B (as any such form may be amended or modified by the Board, a “*Participation Agreement*”).

2.2 Termination of Participation. An individual shall cease to be a Participant on the date that such individual terminates service with the Company or otherwise ceases to qualify as an Eligible Employee for any reason, in each case other than in connection with a Covered Termination.

**SECTION 3
SEVERANCE PAYMENTS AND BENEFITS**

3.1 Covered Termination outside the Change in Control Period. If any Participant experiences a Covered Termination other than during a Change in Control Period, the Participant shall be entitled to receive his or her Accrued Benefits and, subject to the requirements of Section 3.3, the following payments and benefits:

(a) *Cash Severance*. An amount equal to the sum of (i) the product of (A) the Participant’s Severance Multiplier *multiplied* by (B) the Participant’s Base Salary, (ii) any annual bonus that has been earned for the Company’s prior fiscal year, but not yet paid, and (iii) the product of (A) the Participant’s target annual cash bonus (assuming achievement of performance goals at 100% of target) for the fiscal year in which the Covered Termination occurs *multiplied* by (B) a fraction, the numerator of which is the number of days in the fiscal year of the Covered Termination during which the Participant was employed by the Company and the denominator of which is 365, payable in 12 monthly installments, less applicable withholdings, as soon as administratively practicable following the date the Release (defined below) is not subject to revocation and, in any event, within 60 days following the date of the Covered Termination.

(b) *Continued Healthcare Coverage.* If the Participant elects to receive continued healthcare coverage pursuant to the provisions of COBRA, the Company shall continue the Participant's coverage and directly pay, or reimburse the Participant for, the premium for the Participant and the Participant's covered dependents through the earlier of (i) the number of months following the Participant's Covered Termination equal to the Participant's COBRA Severance Period and (ii) the date that the Participant and the Participant's covered dependents become eligible for coverage under another employer's plans (the "*Continuation Period*"); *provided*, that as soon as administratively practicable following the date the Release becomes effective (but in no event later than March 15 of the calendar year following the year in which the termination occurs), the Company shall pay to the Participant a cash lump-sum payment equal to the monthly premiums that would have been paid on behalf of the Participant had such payments commenced on the date of the Covered Termination. Notwithstanding the foregoing, the Company may elect at any time during the Continuation Period that, in lieu of paying or reimbursing the premiums, the Company shall instead provide the Participant with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 3.1(b), less applicable withholdings.

(c) *Equity Awards.* Each outstanding and unvested Equity Award held by the Participant shall automatically become vested, and if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall lapse (i) with respect to the number of shares as would have been vested if the Participant had completed an additional 12 months of service for Tier 1 Participants or (ii) with respect to such number of shares as would have become vested if the Participant had completed an additional 6 months of service for Tier 2 Participants (with a minimum of 6 months of vesting if the Tier 2 Participant would otherwise receive no vesting as a result of a vesting cliff); *provided*, that in each case any performance-based vesting criteria shall be treated in accordance with the applicable award agreement or other applicable equity incentive plan governing the terms of such equity award. Each stock option held by the Participant shall remain exercisable until the earlier of the original expiration date for such stock option as set forth in the applicable award agreement or the 12-month anniversary of the Participant's Covered Termination, and shall otherwise remain subject to the terms and conditions of the applicable award agreement.

3.2 Covered Termination within the Change in Control Period. If any Participant experiences a Covered Termination during a Change in Control Period, then in lieu of the payments provided in Section 3.1 hereof, the Participant shall be entitled to receive his or her Accrued Benefits and, subject to the requirements of Section 3.3, the following payments and benefits:

(a) *Cash Severance.* An amount equal to the sum of (i) the product of (A) the Participant's CIC Severance Multiplier *multiplied* by (B) the Participant's Base Salary, (ii) any annual bonus that has been earned for the Company's prior fiscal year, but not yet paid, and (iii) the Participant's target annual cash bonus (assuming achievement of performance goals at 100% of target) for the fiscal year in which the Covered Termination occurs; *provided* that in clauses (i) and (iii), such amounts shall be calculated at the rate equal to the higher of (x) the rate in effect immediately prior to the Participant's Covered Termination and (y) the rate in effect immediately prior to the Change in Control. The foregoing amounts shall be payable in a cash lump-sum, less applicable withholdings, as soon as administratively practicable following the date the Release becomes effective and in any event, within 60 days following the date of the Covered Termination.

(b) *Continued Healthcare Coverage.* If the Participant elects to receive continued healthcare coverage pursuant to the provisions of COBRA, the Company shall continue a Participant's benefit plan coverage and directly pay, or reimburse the Participant for, the premium for the Participant

and the Participant's covered dependents through the earlier of (i) the number of months following the Participant's Covered Termination equal to the Participant's CIC COBRA Period and (ii) the date that the Participant and the Participant's covered dependents become eligible for coverage under another employer's plans (the "**CIC Continuation Period**"); *provided*, that as soon as administratively practicable following the date the Release becomes effective (but in no event later than March 15 of the calendar year following the year in which the termination occurs), the Company shall pay to the Participant a cash lump-sum payment equal to the monthly premiums that would have been paid on behalf of the Participant had such payments commenced on the date of the Covered Termination. Notwithstanding the foregoing, the Company may elect at any time during the CIC Continuation Period that, in lieu of paying or reimbursing the premiums, the Company shall instead provide the Participant with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 3.2(b), less applicable tax withholdings.

(c) *Equity Awards*. Each outstanding and unvested Equity Award held by the Participant shall automatically become vested, and if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall lapse, in each case with respect to (i) 100% of the shares underlying his or her outstanding Equity Awards as of the date of the Covered Termination for Tier 1 Participant or (ii) 50% of the shares underlying his or her outstanding Equity Awards as of the date of the Covered Termination for Tier 2 Participants; *provided*, that any, in either case, performance-based vesting criteria shall be treated in accordance with the applicable award agreement or other applicable equity incentive plan governing the terms of such equity award. Each stock option held by the Participant shall remain exercisable until the earlier of the original expiration date for such stock option as set forth in the applicable award agreement or the 12-month anniversary of the Participant's Covered Termination, and shall otherwise remain subject to the terms and conditions of the applicable award agreement. Any award that is not assumed or substituted for following a Change in Control shall accelerate in full.

3.3 Release. No Participant will be eligible for the severance payment and benefits described in Section 3.1 or Section 3.2, as applicable, unless the Participant has executed a general release of all claims that the Participant may have against the Company (or its successor) or entities or persons affiliated with the Company (or its successor), in the form prescribed and to be provided to the Participant by the Company (or its successor) (the "**Release**"), and such Release becomes effective on or before the 60th day following date of the Covered Termination. If the Participant fails to return the Release on or before such deadline, or if the Participant revokes the Release, then the Participant will not be entitled to any severance payments or benefits described in Section 3.1 or Section 3.2, as applicable.

3.4 Section 280G; Limitation on Payments. Notwithstanding anything in this Plan to the contrary, if any payment or distribution to a Participant pursuant to this Plan or otherwise ("**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then such Payment shall either be (A) delivered in full or (B) delivered as to such lesser extent as would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, after taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Participant on an after-tax basis of the largest payment, notwithstanding that all or some portion of the Payment may be taxable under Section 4999 of the Code. The accounting firm engaged by the Company for general audit purposes as of the date prior to the effective date of the Change in Control, or such other person or entity as determined in good faith by the Company, shall perform the foregoing calculations and the Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. Any good

faith determinations of the accounting firm made pursuant to this Section 3.4 shall be final, binding and conclusive upon all parties. Any reduction in payments and/or benefits pursuant to the foregoing shall be made in accordance with Section 409A of the Code in the following order (1) Payments that do not constitute “nonqualified compensation” subject to Section 409A of the Code shall be reduced first; and (2) all other Payments shall then be reduced as follows: (a) reduction of cash payments; (b) cancellation of accelerated vesting of equity awards other than stock options, if any; (c) cancellation of accelerated vesting of stock options, and (d) reduction of other benefits payable to the Participant.

SECTION 4 ADMINISTRATION

4.1 Administration; Duties and Powers of the Committee. The Compensation Committee of the Board of Directors (the “*Committee*”) shall have the duties, power and authority to conduct the general administration of the Plan in accordance with its provisions and shall have the power to:

- (a) determine which Eligible Employee shall be selected as Participants;
- (b) make any determinations concerning the Plan, including whether any individual is an Eligible Employee and whether a Covered Termination or other termination of service has occurred;
- (c) construe and interpret this Plan, any Participation Agreement and any other agreement or document executed pursuant to this Plan;
- (d) subject to any limitations under the Plan or applicable laws, prescribe, amend and rescind rules and regulations as it shall deem necessary for the efficient administration of the Plan; and
- (e) make all other decisions and determinations (including factual determinations) as the Board may deem necessary or advisable in carrying out its duties and responsibilities or exercising its powers.

4.2 Delegation of Authority. The Committee may from time to time delegate to a committee of one or more members of the Committee the authority to take any actions pursuant to Section 4.1. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies and the time of such delegation, and the Committee may, at any time rescind the authority so delegated or appoint a new delegate. In its sole discretion, the Board of Directors of the Company may, at any time and from time to time, exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under applicable securities laws and exchange listing rules are required to be determined in the sole discretion of the Committee. Any references in this Plan to the Committee shall be construed as a reference to the committee to which the Committee has delegated such authority, if any.

4.3 Decisions Binding. Any determination made by the Committee with respect to this Plan or any Participation Agreement shall be final, binding and conclusive on all parties.

SECTION 5 TERM; AMENDMENT; TERMINATION

The initial term of this Plan shall be for a period commencing on the Effective Date and ending on the fourth anniversary of the Effective Date, and shall thereafter automatically renew for successive four-year periods, unless earlier terminated in accordance with this section. The Plan may otherwise be

amended, modified, suspended or earlier terminated by the Committee, in its sole discretion. Notwithstanding anything herein to the contrary, in no event shall any amendment, modification, suspension or termination adversely affect the rights of any Participant who is then receiving or entitled to receive payments or benefits under the Plan, without the prior written consent of such Participant.

SECTION 6 COVENANTS

6.1 Non-Competition. As a condition of participation in this Plan, each Participant shall have agreed, in addition to any non-competition obligation in existence in any other agreement with the Company (including any offer letter, employment agreement or proprietary information or confidentiality agreement), that during the period of the Participant's service and for a period of 12 months following the Participant's termination of service with the Company for any reason, to the extent permitted by applicable law, the Participant shall not in any capacity, whether directly or indirectly, engage in, become financially interested in, be employed by or have any business connection with any other person, corporation, firm, partnership or other entity that competes with the Company.

6.2 Non-Solicitation. As a condition of participation in this Plan, each Participant shall have agreed, in addition to any non-solicitation obligation in existence in any other agreement with the Company (including any offer letter, employment agreement or proprietary information or confidentiality agreement), that for a period of 12 months following the Participant's termination of service with the Company for any reason, the Participant shall not in any capacity, whether directly or indirectly, solicit or attempt to solicit away from the Company any of its officers or employees; *provided, however*, that a general advertisement to which an employee of the Company responds shall in no event be deemed to result in a breach of this Section 6.2.

6.3 Cooperation and Non-Disparagement. For the period commencing on the effective date of his or her Covered Termination and ending on the 6-month anniversary of such date, each Participant shall cooperate with the Company and use his or her best efforts to assist the Company with the transition of his or her duties to a successor. The Participant shall further agree to not to disparage, criticize or defame the Company, its affiliates and their respective affiliates, directors, officers, agents, partners, stockholders or employees at any time during or following his or her termination of service. Nothing in this Section 6.3 shall have application to any evidence or testimony required by any court, arbitrator or government agency.

SECTION 7 SUCCESSORS; ASSIGNMENT; DEATH OF PARTICIPANT

7.1 Successors. The Company shall require any successor (whether pursuant to a Change in Control, direct or indirect, and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent as the Company would be required to perform in the absence of such a succession of the Company.

7.2 Assignment by Participants; Death of Participant. This Plan and the rights of each Participant hereunder shall inure to the benefit of, and be enforceable by, each Participant and the Company, and their respective successors, assigns, heirs, executors and administrators; *provided, however*, that a Participant may not assign any of his or her duties hereunder and may not assign any of his or her rights hereunder without the express written consent of the Company. If a Participant should die while any

amount would still be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of Plan to the Participant's estate.

SECTION 8 MISCELLANEOUS PROVISIONS

8.1 Section 409A.

(a) *Separation from Service; Installments.* For purposes of this Plan, no payment will be made to any Participant upon termination of the Participant's employment unless such termination constitutes a "separation from service" within the meaning of Section 409A of the Code. It is intended that the right of any Participant to receive installment payments pursuant to this Plan shall be treated as a right to receive a series of separate and distinct payments for purposes of Section 409A of the Code. It is further intended that all payments and benefits hereunder satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Code (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b)(4) (as a "short-term deferral") and are otherwise exempt from or comply with Section 409A of the Code. Accordingly, to the maximum extent permitted, this Plan shall be interpreted in accordance with that intent. To the extent necessary to comply with Section 409A of the Code, if the designated payment period for any payment under this Plan begins in one taxable year and ends in the next taxable year, the payment will commence or otherwise be made in the later taxable year.

(b) *Specified Employee.* For purposes of Section 409A of the Code, if the Company determines that a Participant is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his or her separation from service, then to the extent delayed commencement of any portion of the payments or benefits to which the Participant is entitled pursuant to this Plan is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion shall not be provided to the Participant until the earlier of (i) the expiration of the six-month period measured from the Participant's separation from service or (ii) the date of the Participant's death. As soon as administratively practicable following the expiration of the applicable Section 409A(2)(B)(i) period, all payments deferred pursuant to the preceding sentence shall be paid in a lump-sum to the Participant and any remaining payments due pursuant to the Plan shall be paid as otherwise provided herein.

8.2 Withholding Taxes. All payments made under this Plan shall be subject to reduction to reflect such federal, state, local foreign or other taxes or charges as are required to be withheld pursuant to any applicable law or regulation.

8.3 Source of Payments. All payments provided under this Plan shall be paid in cash from the general funds of the Company, and no special or separate fund or other segregation of assets shall be required to be made to assure payment. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

8.4 Dispute Resolution. To ensure efficient and economical resolution of any and all disputes that might arise in connection with this Plan, all such disputes shall be settled by arbitration conducted before one arbitrator sitting in the State of New York, or such other location agreed by the parties hereto, in accordance with the rules for expedited resolution of employment disputes of the American Arbitration Association then in effect. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based and such determination shall be final

and binding on the parties. The Company shall pay the arbitrator's fees and arbitration expenses and any other costs associated with the arbitration or arbitration hearing that are unique to arbitration; *provided*, that the Participant may voluntarily pay up to one-half of the costs and fees, or if the Company is successful in any legal or equitable action against the Participant, the Company shall be entitled to seek reimbursement from the Participant of up to one-half of the arbitration fees.

8.5 Notice. Notices and all other communications contemplated by this Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party. In the case of the Company, mailed notices shall be addressed to its corporate headquarters and directed to the attention of Chief Executive Officer. In the case of any Participant, mailed notices shall be addressed to the Participant at the Participant's home address that the Company has on file for the Participant.

8.6 Severability. The invalidity or unenforceability of any provision or provisions of this Plan shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

8.7 At-Will Employment. Nothing in this Plan or any Participation Agreement shall confer upon any Participant any right to employment or continuation of employment. The Company and each Participant shall each have reserved the right terminate employment of the Participant at any time and for any reason, with or without cause or prior notice.

8.8 Choice of Law. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of New York (without regard to choice-of-law provisions).

8.9 Waiver. No waiver by the Board or any Participant at any time of any breach by the other party of, or compliance with, any condition or provision of this Plan to be performed by such other party shall be deemed a waiver of any other provision at that time, or of the same or any other provision at any prior or subsequent time.

SECTION 9 DEFINITIONS

Capitalized terms not otherwise defined in the Plan shall have the meanings set forth below:

9.1 "**Accrued Benefits**" means the Participant's accrued but unpaid base salary or wages, accrued vacation pay, unreimbursed business expenses for which proper documentation is provided, and other vested amounts and benefits earned by (but not yet paid to) or owed to the Participant under any applicable employee benefit plan of the Company through and including the date of the Covered Termination; provided, that amounts due under any applicable employee benefit plan shall be paid in accordance with the plan's terms.

9.2 "**Base Salary**" means the Participant's annual base salary in effect on the date of the Participant's Covered Termination.

9.3 "**Cause**" means the Participant (i) has been convicted of, or has pleaded guilty or *nolo contendere* to, any felony or crime involving moral turpitude, (ii) has engaged in a willful act of misconduct, or committed any act of fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or other willful act of material dishonesty against the Company, (iii) other than in the case of a termination of employment during the Change in Control Period, has materially failed or

refused to satisfactorily perform the material duties lawfully and reasonably assigned to the Participant or has performed such material duties with gross negligence; (iv) has breached any material term or condition of his or her (A) employment agreement, (B) Employment, Confidential Information and Intellectual Property Assignment Agreement, the Employee Proprietary Information and Inventions Agreement, or similar agreement with the Company, or (C) any other material agreement with the Company or (v) acted in willful violation or disregard of any written Company policy or practice, including a code of conduct, which results in material loss, damage or injury to the Company; in each case provided that any of the foregoing may be cured, if curable, within 30 days' notice from the Company.

9.4 "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

9.5 "**Code**" means the Internal Revenue Code of 1986, as amended.

9.6 "**Change in Control**" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; provided that the event also qualifies as a change in control under U.S. Treasury Regulation 1.409A-3(i)(5)(v) or 1.409A-3(i)(5)(vii).

9.7 "**Change in Control Period**" means the period commencing on the effective date of a Change in Control and ending twelve (12) months following a Change in Control.

9.8 "**CIC Severance Multiplier**" means 1.5 times the Participant's Base Salary for Tier 1 Participants and 1 times the Participant's Base Salary for Tier 2 Participants.

9.9 "**CIC COBRA Severance Period**" means 18 months for Tier 1 Participants and 12 months for Tier 2 Participants.

9.10 "**COBRA Severance Period**" means 12 months for Tier 1 Participants and Tier 2 Participants.

9.11 "**Covered Termination**" means (a) the termination of a Participant's employment by the Company or any subsidiary, as applicable, without Cause, or (b) the Participant's termination of his or her employment with the Company or any subsidiary, as applicable, for Good Reason. A Covered Termination shall not include a termination of any Participant's employment by reason of the Participant's death or disability, the termination of a Participant's employment for Cause or the Participant's termination of his or her employment without Good Reason.

9.12 "**Eligible Employee**" means an individual who is employed by the Company or any of its subsidiaries, unless such individual is party to an individual agreement with the Company that provides for severance upon a qualifying termination of employment.

9.13 “**Effective Date**” means the date on which this Plan was originally adopted and approved by the Committee or otherwise specified by the Committee.

9.14 “**Equity Award**” means all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Participant, including but not limited to restricted stock, restricted stock units and stock appreciation rights.

9.15 “**Good Reason**” means a cessation of the Participant’s employment as a result of the Participant’s resignation within 12 months after the occurrence of one or more of the following without the Participant’s consent: (i) a reduction of more than 10% in Participant’s base salary as an employee of the Company, except to the extent that the Company implements an equal percentage reduction applicable to all executive officers and management personnel; (ii) a material reduction in the Participant’s duties, responsibilities or authority at the Company; provided that this clause (ii) shall only apply in the case of a termination during a Change in Control Period; (iii) a change in the geographic location at which the Participant must perform services which results in an increase in the one-way commute of the Participant by more than 50 miles; or (iv) a successor of the Company does not assume this Plan. A resignation for Good Reason will not be deemed to have occurred unless the Participant gives the Company written notice of the condition within 90 days after the condition comes into existence and the Company fails to remedy the condition within 30 days after receiving the Participant’s written notice

9.16 “**Participant**” means each individual who has become a Participant and remains a participant pursuant to Section 2 hereof.

9.17 “**Severance Multiplier**” means 1 times the Participant’s Base Salary for Tier 1 Participants and Tier 2 Participants.

9.18 “**Tier 1 Participant**” means a Participant designated by the Committee as a Tier 1 Participant.

9.19 “**Tier 2 Participant**” means a Participant designated by the Committee as a Tier 2 Participant.

* * * * *

Exhibit A

PARTICIPATION AGREEMENT – FORM A

**Peloton Interactive, Inc.
Severance and Change in Control Plan**

Peloton Interactive, Inc., a Delaware corporation (the “*Company*”), pursuant to its Severance and Change in Control Plan, as may be amended from time to time (the “*Plan*”), and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby confirms that _____ has been designated as a Participant in the Plan at the level indicated below:

Tier 1 Participant

Tier 2 Participant

Capitalized terms not defined herein have the meanings given to them in the Plan.

By his or her signature below, and in consideration of the Participant’s continued employment with the Company, the Participant hereby acknowledges and agrees that:

- (i) The Participant has received and reviewed a copy of the Plan;
- (ii) Any payment, benefit, or equity acceleration or exercisability under the Plan shall be subject to the terms and conditions of this Participation Agreement and the Plan;
- (iii) The Participant accepts as binding, conclusive and final all decisions or interpretations of the Board or the Committee arising under the Plan;
- (iv) The Participation Agreement, together with the Plan and the offer letter, dated as of [] (the “*Offer Letter*”), between the Participant and the Company, shall constitute the entire agreement between the Company and the Participant with regard to cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control. All understandings and agreements preceding the date of execution of this Participation Agreement as they apply to any subject matter other than cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control shall not be superseded and shall remain fully in effect. All prior understandings and agreements with respect to cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control shall become null and void, except (i) to the extent the Participant and the Company mutually agree otherwise in a written agreement within 30 days of the date below and (ii) as set forth in the Offer Letter.

PELTON INTERACTIVE, INC.

PARTICIPANT

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Date: _____

Exhibit B

PARTICIPATION AGREEMENT – FORM B

**Peloton Interactive, Inc.
Severance and Change in Control Plan**

Peloton Interactive, Inc., a Delaware corporation (the “*Company*”), pursuant to its Severance and Change in Control Plan, as may be amended from time to time (the “*Plan*”), and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree that _____ has been designated as a Participant in the Plan at the level indicated below:

Tier 1 Participant

Tier 2 Participant

Capitalized terms not defined herein have the meanings given to them in the Plan.

By his or her signature below, and in consideration of the Participant’s continued employment with the Company, the Participant hereby acknowledges and agrees that:

- (i) The Participant has received and reviewed a copy of the Plan;
- (ii) Any payment, benefit, or equity acceleration or exercisability under the Plan shall be subject to the terms and conditions of this Participation Agreement and the Plan;
- (iii) The Participant accepts as binding, conclusive and final all decisions or interpretations of the Board or the Committee arising under the Plan;
- (iv) The Participation Agreement between the Company the Participant shall constitute the entire agreement between the Company and the Participant with regard to cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control. All understandings and agreements preceding the date of execution of this Participation Agreement as they apply to any subject matter other than cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control shall not be superseded and shall remain fully in effect. All prior understandings and agreements with respect to cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control, including any severance and change in control set forth in the offer letter, dated as of [] (the “*Offer Letter*”), between the Company and the Participant, shall become null and void, except to the extent the Participant and the Company mutually agree otherwise in a written agreement within 30 days of the date below. For the avoidance of doubt, this Participation Agreement shall amend and supersede any provisions of the Offer Letter pertaining to (i) cash payments, benefits and equity acceleration or exercisability upon a severance or Change in Control and (ii) any “good reason” resignation rights of the Participant or any for “cause” termination rights of the Company.

PELOTON INTERACTIVE, INC.

PARTICIPANT

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Date: _____

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Stern, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Peloton Interactive, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2026

By: /s/ Peter Stern

Peter Stern
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elizabeth F Coddington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Peloton Interactive, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2026

By: /s/ Elizabeth F Coddington

Elizabeth F Coddington
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Stern, Chief Executive Officer of Peloton Interactive, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: February 5, 2026

By: /s/ Peter Stern

Peter Stern
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elizabeth F Coddington, Chief Financial Officer of Peloton Interactive, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: February 5, 2026

By: /s/ Elizabeth F Coddington

Elizabeth F Coddington
Chief Financial Officer
(Principal Financial Officer)