



Precor Acquisition

Investor Q/A

- **What are the terms of the transaction?** The transaction consideration is \$420M, to be paid in cash. Upon transaction close, Precor will operate as a business unit within Peloton. Precor President, Rob Barker will be promoted to CEO of Precor and General Manager of Peloton Commercial, and report to William Lynch, Peloton's President. Following a regulatory approval period, we anticipate that the transaction will close in early calendar year 2021.
- **What are the primary benefits of purchasing Precor?** Precor is a recognized leader in the design and manufacturing of world-class fitness products. Precor's deep category experience and manufacturing capabilities are a natural fit for Peloton as we seek to accelerate the growth of our supply chain and our commercial market opportunity. With the acquisition, Peloton will establish U.S. manufacturing capacity, boost research and development capabilities with the addition of Precor's highly-skilled team, and accelerate our penetration into important channels within the commercial market. Based on an expected close date in early calendar year 2021, we expect to ramp U.S.-based production of Peloton connected fitness products before the end of calendar year 2021.
- **Will the addition of Precor manufacturing assets help relieve Peloton's current supply chain constraints?** We are very excited by the prospect of adding capacity through Precor's U.S. manufacturing facilities and deep manufacturing expertise. However, our current supply constraints will be alleviated by the significant supply chain investments we've made over the past six months with our third party manufacturers and our Tonic facility based in Taiwan. We believe that we can start U.S. production of Peloton connected fitness products before the end of the 2021 calendar year with the added manufacturing capabilities of Precor.
- **Will the addition of Precor change Peloton's product strategy?** No. We have a robust product development pipeline across hardware, software, and content. We're excited by the prospect of adding Precor's world class R&D talent to our growing Peloton product team to accelerate the development and launch of innovative connected fitness products and experiences for both in-home consumers and select commercial verticals.
- **Will you continue to manufacture, sell, and service Precor products?** When the transaction closes, Precor will operate as a business unit within Peloton. We plan to honor existing Precor orders and service agreements and look forward to serving and

expanding key commercial channels such as hospitality, multifamily residences, corporations, and college/university campuses.

- **How will Precor’s product portfolio change?** We’re excited by the prospect of adding Peloton products to the portfolio of offerings available to Precor’s customers in select commercial verticals. Following the close of the transaction we will integrate our product planning efforts, but at this time cannot share any details on specific product roadmaps.
- **Will the addition of Precor accelerate Peloton’s geographic expansion plans?** We will continue to take a deliberate and disciplined approach to our geographic expansion strategy. Precor has a strong global network and deep expertise serving international markets and we’re eager to explore strategies that will optimize the international opportunity for Peloton.
- **Will Peloton class content be accessible on Precor fitness equipment?** It’s premature to discuss our future content distribution strategy, but our key objective of reaching a constantly expanding universe of fitness-minded consumers remains unchanged.
- **How will the addition of Precor impact Peloton’s current FY2021 financial performance guidance?** With the expected transaction close timing, we anticipate the addition of Precor will have a modest impact on our FY2021 results. We plan to offer further details regarding our expectations when we release our 2Q2021 results in early 2021.

Notice Regarding Forward-Looking Statements

This communication contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding the expected timing for completion of the transaction; statements related to the expected benefits of the proposed transaction, including but not limited to, the expected acceleration of Peloton and Precor strategies, expectations around gaining access to Precor customers and benefits to Peloton members, expected supply chain, manufacturing and fulfillment synergies over time, the expected enhancement in research and development capabilities and the expected acceleration in the penetration of Peloton’s commercial market; any statements concerning the expected development or competitive performance relating to Peloton’s products and services; any statements regarding Peloton’s future intention with Precor; statements regarding the anticipated timing to produce connected fitness products in the United States; statements regarding the anticipated alleviation of current supply constraints; any statements regarding future plans for geographic expansion; any statements regarding the anticipated impact of the transaction on Peloton’s financial guidance for FY2021; any other statements of expectation or belief; and any statements of assumptions

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For more information regarding the risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements, as well as risks relating to Peloton’s business in general, Peloton refers you to the “Risk Factors” section of Peloton’s Securities and Exchange Commission (SEC) filings, including Peloton’s most recent Form 10-K and 10-Q, which are available on the Investor Relations page of Peloton’s website at <https://investor.onepeloton.com/investor-relations> and on the SEC website at www.sec.gov.

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