

Annual Report

2026



PELOTON

PELOTON



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

(Mark One)

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

For the fiscal year ended June 30, 2026
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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of December 31, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was \$2.5 billion, based upon the closing price reported for such date on The Nasdaq Global Select Market.

As of July 30, 2026, the number of shares of the registrant's Class A common stock outstanding was 423,035,077 and the number of shares of the registrant's Class B common stock outstanding was 15,836,724.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2026 Annual Meeting of Stockholders, or Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Part III. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K, 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, 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, including our commercial strategy;
- our ability to achieve and maintain future profitability and positive free cash flow;
- our ability to attract and maintain subscribers and subscriptions (“Subscriptions”);
- our ability to accurately forecast consumer demand for our products and services and adequately manage our inventory;
- our ability to achieve the expected benefits of our restructuring initiatives and other cost-saving measures, including our 2025 Restructuring Plan (as defined below), which has been substantially implemented;
- 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, including any declines in sales of our Connected Fitness Products (as defined below), and growth of the connected fitness and wellness markets;
- our ability to maintain the value and reputation of the Peloton and Precor brands;
- disruptions or failures of our information technology systems, or websites, or those of third parties on whom we rely;
- our reliance on, and lack of control over, a limited number of 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;
- 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 product recalls, including our Original Series Bike and Bike+ seat post 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 annual or quarterly results;
- our ability to generate class content;
- risks related to acquisitions or dispositions and our ability to successfully operate and further integrate any such acquired companies into our operations and control environment, including our Commercial Business Unit;
- risks related to expansion into international markets, including political and economic instability of foreign 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, including risks related to flawed algorithms, intellectual property infringement, data privacy, and evolving regulatory requirements;
- 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;
- any inaccuracies in, or failure to achieve, operational and business metrics, or forecasts;
- 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, and our ability to obtain any tariff refunds or rebates;
- 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, including key members of senior management, and maintain our culture;
- the impact of macroeconomic conditions, including inflation, changes in consumer spending, recession, and rising interest rates, on demand for our products and services;
- risks related to pending or future litigation, government investigations, and regulatory proceedings, including securities litigation, patent litigation, and product liability matters;
- risks related to our common stock and indebtedness; and
- those risks and uncertainties described in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 and “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K, as such factors may be updated in our filings with the Securities and Exchange Commission (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 Annual Report on Form 10-K 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 Annual Report on Form 10-K, and we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations, except as required by law.

You should read this Annual Report on Form 10-K, and the documents that we reference in this Annual Report on Form 10-K 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 Annual Report on Form 10-K, the words “we,” “us,” “our,” “the Company,” and “Peloton” refer to Peloton Interactive, Inc. and its wholly owned subsidiaries, unless the context requires otherwise.

RISK FACTOR SUMMARY

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our Class A common stock. Some of the principal risks and uncertainties include the following:

- We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve or maintain profitability in the future.
- We may be unable to attract and retain Subscriptions, which could have an adverse effect on our business and rate of growth.
- 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.
- 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.
- Our strategy depends on successfully scaling revenue across multiple channels, product categories, and customer segments, including in commercial markets and in the broader connected wellness and recovery space. If we fail to execute on these priorities, our growth, brand, and financial performance may suffer.
- If we are unable to anticipate consumer preferences and successfully develop and offer new or updated products and services in a timely manner, or effectively manage their introduction, our business may be adversely affected.
- Our past financial results may not be indicative of our future performance.
- Our success depends on our ability to maintain the value and reputation of the Peloton brand.
- Changes in trade policies in the U.S. and internationally, including the imposition of tariffs, have had, and may continue to have, an adverse effect on our business, financial condition and results of operations.
- Any major disruption or failure of our information technology systems or websites, or those of third parties on whom we rely, or our failure to successfully implement upgrades and new technology effectively, could adversely affect our business and operations.
- Our growing use of artificial intelligence and machine learning technologies may present additional risks and challenges, which could result in reputational and competitive harm, legal liability and adversely affect our results of operations.
- We rely on a limited number of suppliers, contract manufacturers, and logistics partners for our Connected Fitness Products. We also partner with and rely on third-party billing and e-commerce systems. A loss of any of these partners or an interruption or inability of these partners to satisfy our demand needs could negatively affect our business.
- We have limited control over our suppliers, contract manufacturers, and logistics partners, which may subject us to significant risks, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.
- We derive a substantial portion of our revenue from sales of our Connected Fitness Products. A further decline in sales of our Connected Fitness Products would negatively affect our future revenue and operating results.
- We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors.
- 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.
- From time to time, we may be subject to legal proceedings, government inquiries or investigations, product recalls or similar programs, or disputes that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, financial condition, and operating results.

PART I

Item 1. Business

Overview

Peloton is a leading global fitness and wellness company that empowers people to live fit, strong, long, and happy, by bringing integrated fitness and wellness experiences to Members (as defined below) anytime, anywhere. Founded in 2012 and headquartered in New York City, we offer a breadth of fitness and wellness solutions to consumers worldwide, including our highly engaged community of approximately 5.5 million Members as of June 30, 2026, across the United States, United Kingdom, Canada, Germany, Australia, and Austria, and Commercial Business Unit customers in over 60 countries. As a category innovator at the nexus of fitness, wellness, technology, and media, we deliver integrated experiences through our world-renowned instructors (“Instructors”), premium hardware and innovative software, personalization, and extensive modalities and an expansive content library.

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 (guided, time, and distance-based routes filmed in locations around the world), and Lanebreak workouts (our game-inspired workout experience); (ii) at least 10 minutes of any activity tracking workout (such as “Just Ride”, “Just Run”, or “Just Row”), or Peloton Entertainment workout (video streaming); (iii) at least 5 minutes of any Strength+ workout with 80% of sets marked complete; or (iv) at least 10 minutes of any Breathwrk class.

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 (a successful credit card billing or prepaid with subscription credits or waivers).

Our Connected Fitness Products

Our portfolio of Connected Fitness Products primarily consists of the Peloton Original Series, Peloton Cross Training Series, Peloton Pro Series, and Precor Products (each defined below, and collectively, the “Connected Fitness Products”), and related accessories, delivery and installation services, extended warranty and other service agreements, and branded apparel.

Peloton Original Series

In connection with the launch of our Cross Training Series (as defined below), we discontinued the sale of our original series (the “Original Series,” or “Original”) Tread, Tread+, and Row. However, we continue to sell refurbished Original Bike and Original Bike+.

- **Original Bike:** Combines fitness, technology, and media, to connect riders to live and on-demand workouts led by Peloton Instructors, as well as alternative workout experiences like Peloton Entertainment, Scenic, and Lanebreak. It has an HD touchscreen and built-in speakers.
- **Original Bike+:** Includes all Original Bike features, and unlocks an even more dynamic workout experience with a rotating HD touchscreen, automatic resistance control with the Bike+ electronic braking system, and a more refined design. In select markets, we also provide the opportunity via the Peloton Rental program to rent the Original Bike+ and access fitness content for one monthly fee.
- **Original Tread:** Combines a cutting-edge treadmill design with Peloton’s compelling Instructor-led Running, Walking, Hiking, and Tread Bootcamp content, as well as Entertainment, Scenic, and Lanebreak. It includes design elements unique to Peloton, like dial control knobs, jump buttons, and an auto-incline feature, as well as an HD touchscreen and built-in speakers.
- **Original Tread+:** Includes all Original Tread features, and unlocks an elevated comfort experience with slat belt technology, an upgraded touchscreen, Free Mode for self-powered running, and a powerful sound bar designed for a high-quality home workout experience.
- **Original Row:** Combines innovative software, premium hardware design, and exclusive Peloton content to deliver a unique low-impact, full-body cardio and strength workout. It features proprietary rowing form assistance and form guidance technology, personalized pace target technology, a rotating HD touchscreen and built-in speakers.

Peloton Cross Training Series

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+ (collectively, the “Cross Training Series”).

- **Cross Training Bike:** Includes all Original Bike features, and introduces a rotating HD touchscreen to switch seamlessly from Cycling to Strength, Yoga, Pilates, and more.

- **Cross Training Bike+:** Includes all Original Bike+ features, and introduces a movement-tracking camera powered by Peloton IQ for real-time form correction, repetition tracking, and weight suggestions, a three-speed fan for optimal airflow, an upgraded saddle, Sonos-tuned speakers, and hands-free control for the highest quality home workout experience.
- **Cross Training Tread:** Includes all Original Tread features, and introduces a rotating HD touchscreen to improve the off-treadmill workout experience.
- **Cross Training Tread+:** Includes all Original Tread+ features, and introduces a rotating HD touchscreen, a movement-tracking camera powered by Peloton IQ for real-time form correction, repetition tracking, and weight suggestions, a three-speed fan for optimal airflow, Sonos-tuned speakers, and hands-free control for the highest quality home workout experience.
- **Cross Training Row+:** Includes all Original Row features, and introduces a movement-tracking camera powered by Peloton IQ for real-time form correction, repetition tracking, and weight suggestions, a three-speed fan for optimal airflow, Sonos-tuned speakers, vertical storage capabilities, and hands-free control for the highest quality home workout experience.

Peloton Pro Series

In October 2025, we launched the Peloton Pro Series, a refreshed portfolio of commercial-ready Peloton-branded products, which includes the Peloton Bike+ Pro, Tread+ Pro, and Row+ Pro (collectively, the “Pro Series”).

- **Bike+ Pro:** Delivers an immersive cycling experience with a premium design, including our ergonomic resistance knob for manual control or auto-resistance to match Instructors’ cues, and a rotating HD touchscreen to improve the off-bike workout experience.
- **Tread+ Pro:** Built with premium features to drive progress and engagement, including our cushioned slat belt technology, auto-incline feature, Free Mode, and a rotating HD touchscreen to improve the off-treadmill workout experience.
- **Row+ Pro:** Combines comfort and performance to provide an intelligently guided rowing experience, featuring an ergonomic design, magnetic resistance for a smooth workout that minimizes noise, and a rotating HD touchscreen to improve the off-rower workout experience.

Precor Products

Our Precor-branded fitness products include a broad suite of product offerings across key categories, including Precor Cardio, Precor Strength, Connected Fitness Solutions, and Wellness Solutions (collectively, the “Precor Products”).

- **Precor Cardio:** Premium, commercial-grade fitness equipment inspired by natural movement, built for performance, and trusted by fitness operators. Our lineup of Precor Cardio includes treadmills, ellipticals, stair climbers, adaptive motion trainers, and exercise bikes.
- **Precor Strength:** A complete portfolio of durable and adaptable strength products for the entire strength floor. Our lineup of Precor Strength includes selectorized, plate loaded, cable stations, and free weight options, such as functional trainers, and benches and racks.
- **Connected Fitness Solutions:** Offers innovative software solutions that provide real-time equipment monitoring, remote software updates, smartwatch integration, and immediate access to the latest workouts and media offerings.
- **Wellness Solutions:** Offers holistic wellness technologies and solutions to aid recovery, enhance performance, reduce muscle soreness, and increase vitality. Our Wellness Solutions are designed for commercial fitness environments, and include sauna and red light products, as well as contrast therapy.

Our Memberships

Peloton content is accessed via a Membership billed on a monthly or annual basis through a Paid Connected Fitness Subscription or a Paid App Subscription. Membership options include:

Paid Connected Fitness Subscriptions

- **All-Access Membership:** Our most value-packed Peloton Membership, where the entire household can create individual profiles to access the full library of classes and receive tailored content recommendations across many fitness and wellness disciplines on our Peloton hardware and Apps. It also offers advanced metrics and progress tracking features powered by Peloton IQ, to help Members reach their goals, and the ability to diversify their workout experience through Scenic content, Lanebreak, and the ability to stream TV shows, movies, and sports through Peloton Entertainment (certain streaming services require separate subscriptions).
- **Rental Membership:** Allows Members to rent an Original Bike+ with all the benefits of an All-Access Membership for a bundled monthly price.

- **Peloton Pro Subscription:** A separate Pro Subscription on each piece of Peloton Pro Series equipment gives unlimited users access to log in or create a free account and get personalized recommendations, cardio performance estimates, and weekly insights.
- **Peloton Guide Membership:** In July 2025, we discontinued both the sale of Peloton Guide and the offering of Guide Memberships to new Members, however we continue to support existing Guide Memberships.

Paid App Subscriptions

Access to the Peloton Apps is available with an All-Access Membership for Members who have Peloton-branded Connected Fitness Products, or through a standalone App Membership (App+, App One, Strength+, and Breathwrk). App Memberships do not have access to classes via a Peloton-branded Connected Fitness Product, and are not able to track their performance metrics using these devices.

- **App+ Membership:** Provides Members with unlimited access to Peloton's entire library of content on the Peloton App, excluding Lanebreak and Scenic experiences.
- **App One Membership:** Designed for Members who want unlimited access to thousands of Peloton classes across Strength, Yoga, Pilates, Outdoor Running, and more, but equipment-based cardio classes (Cycling, Treadmill, and Rowing) are limited to a few per month.
- **Strength+ Membership:** Our Strength+ iOS mobile app features self-paced, multi-week strength training programs with top Peloton strength coaches, a customizable workout generator tailored to our Members' goals, instructional and entertaining video clips, and detailed progress tracking. Strength+ can be accessed with a standalone monthly Strength+ Membership, or an All-Access, App+, or existing Guide Membership.
- **Breathwrk Membership:** The Breathwrk mobile app features guided, neuroscience-based breathing exercises and classes to help Members manage stress, enhance sleep, boost workout performance and recovery, improve focus, and more. Breathwrk now also includes select meditation programming from Peloton Instructors. Breathwrk can be accessed with a standalone monthly Breathwrk Membership, or an All-Access, App+, or existing Guide Membership.

Our Software

Our content delivery and interactive software platform is critical to our Member experience. We thoughtfully invest in research and development to enhance our platform, develop new products and features, and improve the speed, scalability, and security of our platform infrastructure. Our research and development organization consists of engineering, product, and design teams. We seek to continuously improve our Connected Fitness Products, as well as the Peloton Apps (including the Peloton mobile apps and watch apps), through frequent software updates, iterations of feature enhancements, and innovations. Lastly, we use artificial intelligence ("AI") and machine learning to power proprietary personalization and discovery models across all our software platforms. For example, in fiscal 2026, we launched our new Peloton IQ offering (including Personalized Plans, Performance Estimates, Weekly Insights, and Personalized Recommendations), instructed self-paced Strength workouts, our new Member recognition program Club Peloton, and integrated remote personal training with certified human trainers. We continue to invest in the Peloton Apps to create a more social experience, including launching Official Peloton Teams and a new Social Feed.

Our Instructor-Led Content

We create engaging, original fitness and wellness content in a studio environment that is available on demand. Our Instructor-led content is immersive and motivating, while also creating a sense of community. We are constantly innovating and evolving our content library and offerings, which include Instructor-led audio-visual classes, Scenic content, Entertainment, and Just Work Out. Tens of thousands of classes have been produced at our studios in New York City and London, featuring our proprietary Instructors.

Our content breadth and depth is vast, with disciplines such as Strength, Pilates, Yoga, Cardio, Meditation, Stretching, Cycling, Outdoor, Running, Tread Bootcamp, Bike Bootcamp, Walking, Rowing, and Row Bootcamp. We continue to develop new fitness and wellness modalities. We have Scenic Content shot in beautiful destinations that includes Instructor-guided classes, exclusive partnership content, as well as non-guided time and distance-based options. We also have a game-inspired workout, Lanebreak, which allows Members to experience an animated workout as an alternative to Instructor-led programming. Lastly, we have a number of training programs, as well as collections of classes that cater to our Members' interests and fitness and wellness goals. These are produced and developed using software features that are exclusively available on Peloton.

Peloton Studios New York and Peloton Studios London provide an in-person Peloton fitness experience. Regular studio Member classes and events are held in these spaces combining a high-energy live production environment with fitness classes. We currently produce our content in three languages: English, German, and Spanish. We are also creating a class library featuring subtitling and dubbing in multiple languages, to enable potential global expansion. We also pursue strategic distribution partnerships to expand our market presence.

We have become noteworthy as a brand providing the opportunity for our Members to engage with the fitness experiences and wellness content they love. Our technology allows our Instructors to integrate music and class plans into our programming in a way that we believe aligns with our Members' fitness and musical tastes. We feature and celebrate musical artists and genres through collaboration with music providers.

Sales and Marketing

We sell our products directly to customers through a multi-channel sales platform and via third parties. We also sell Connected Fitness Products to business-to-business (“B2B”) customers. Our sales associates use customer relationship management tools to deliver an elevated, personalized, and educational purchase experience, regardless of channel, for capture and conversion.

- **E-Commerce and Consumer Sales:** Our desktop and mobile websites provide an elevated brand experience where visitors can learn about our products and services and access product reviews. Our Inside Sales team engages with customers by online chat on our websites, phone, and email, and offers one-on-one sales consultations.
- **Commercial Business Unit (“CBU”):** We have a unified portfolio of B2B fitness and well-being solutions, which brings together the trusted relationships, global operations, and industry-leading commercial solutions of Precor, with the Connected Fitness technology, premium design, and unparalleled content of Peloton, to deliver outstanding value to operators and their exercisers. The CBU serves several key verticals, including Commercial Clubs, Hospitality, Multi-Family Residential, Corporate, Education, and Government, with a range of Connected Fitness, Strength, Cardio, Wellness and engagement-based solutions, including the Peloton Pro Series.
- **Retail Stores:** Our retail stores allow customers to experience and try our products. We provide interactive product demonstrations, including the opportunity to take a “test class” on our Connected Fitness Products. Our microstore experience specializes in trials of Peloton’s Connected Fitness Products, while inline and studio retail stores provide an immersive experience for all categories, including our Connected Fitness Products, branded apparel, and accessories.
- **Third-Party Retailers:** Our products are also available to purchase from a number of third-party retailers, including Amazon, Dick’s Sporting Goods, Johnson Fitness & Wellness, John Lewis & Partners, Fitshop, and MediaMarkt.

To market our products and services, we use a combination of brand and product-specific performance marketing, including seasonal promotions to build brand awareness, generate sales of our Connected Fitness Products, and drive Paid Connected Fitness Subscriptions and Paid App Subscriptions.

Manufacturing and Logistics

We utilize a combination of in-house manufacturing and global sourcing with third-party manufacturing partners. This model supports our broader product offering while providing access to supplier capabilities, regional manufacturing expertise, and global production capacity across multiple categories. The components used in our products are procured directly by the Company or on our behalf using our designs by our contract manufacturers, according to our design specifications and high standards, from a variety of suppliers. In order to account for technology evolution and market fluctuations, we regularly review our relationships with our existing contract manufacturers and the components suppliers that we contract with, while evaluating prospective new partnerships. We use a combination of leased and operated, as well as contracted third-party logistics providers in our logistics and service network, which primarily includes middle mile and last mile operations centers in the United States, the United Kingdom, Canada, Germany, and Australia.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We rely upon a combination of patents, trademarks, trade secrets, copyrights, confidentiality procedures, contractual commitments, and other legal rights to establish and protect our intellectual property. We generally enter into confidentiality agreements and invention or work product assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information.

As of June 30, 2026, we held 205 U.S.-issued patents and had 103 U.S. patent applications pending. We also held 577 issued patents in foreign jurisdictions and 98 patent applications pending in foreign jurisdictions. Our U.S. issued patents expire between December 28, 2026 and August 5, 2046. As of June 30, 2026, we held 50 registered trademarks in the United States, including the Peloton mark and our “P” logo and also held 979 registered trademarks in foreign jurisdictions. We continually review our development efforts to assess the existence and patentability of new intellectual property. We intend to continue to file additional patent applications with respect to our technology.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may and have been, in certain instances, challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology.

Competition

We believe that our magic formula of best-in-class equipment, integrated software, human coaching, and the world’s most supportive fitness community allows us to improve Member outcomes and sets us apart in the market for connected, technology-enabled fitness and wellness. We believe we provide a superior value proposition with our Connected Fitness Subscriptions, giving us a competitive advantage versus traditional fitness and wellness products and services, and future potential entrants.

While we believe we are changing the consumption patterns for fitness, our main sources of competition include at-home fitness equipment and content, health and wellness apps, in-studio fitness classes, and fitness clubs.

The areas in which we compete include:

- **Consumers and Engagement:** We compete for consumers to join our platform through Connected Fitness Subscriptions, and we seek to engage and retain them through an integrated experience that combines hardware, software, human coaching, and community.
- **Product and App Offering:** We compete with producers of fitness and wellness products, services, and apps, and work to ensure that our platform maintains the most innovative technology and user-friendly features.
- **Business-to-Business (B2B) Clients:** We compete with commercial fitness equipment manufacturers to offer fitness products and services to B2B clients.
- **Talent:** We compete for talent in every vertical across our company, including technology, media, fitness, design, supply chain, logistics, content, marketing, finance, strategy, legal, and retail. As our platform is highly dependent on technology, hardware, and software, we require a significant base of engineers to continue innovating.

The principal competitive factors that companies in our industry need to consider include, but are not limited to: total cost, supply chain efficiency across sourcing and procurement, manufacturing and logistics, enhanced products and services, original content, product quality and safety, competitive pricing policies, vision for the market and product innovation, strength of sales and marketing strategies, technological advances, and brand awareness and reputation. We believe we compete favorably across all of these factors, and we have developed a business model that is difficult to replicate.

Seasonality

Our business is affected by seasonality, which historically has resulted in higher revenues, as well as sales and marketing expenses, during our second fiscal quarter.

Government Regulation

We are subject to many varying laws and regulations in the United States and around the world, including those related to privacy, data protection, content regulation, intellectual property, consumer protection (including with regard to subscription services), e-commerce, marketing, advertising, messaging, rights of publicity, health and safety, sustainability factors, employment, labor, anti-discrimination, product quality and safety, accessibility, competition, customs and international trade (including tariffs and non-tariff trade barriers), and taxation. These laws often require companies to implement specific information security controls to protect certain types of information, such as personal data, “special categories of personal data,” or health data. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our current or future business and operations. In addition, it is possible that certain governments may seek to block or limit our products and services or otherwise impose restrictions that may affect the accessibility or usability of any or all of our products and services for an extended period of time or indefinitely.

Environmental Impact

We believe sustainability is essential to a healthy society and a more resilient business, and we pursue a climate strategy anchored by near-term science-based targets approved by the Science Based Targets initiative (SBTi) – committing to reduce absolute Scope 1 and 2 GHG emissions 42% and Scope 3 GHG emissions from purchased goods and services and upstream transportation and distribution 25% by 2030 from a 2024 base year. We continue to enhance the Member experience through circular business models designed to reduce the environmental impact of our products. Through programs such as Peloton Rental, Peloton Certified Refurbished, and Peloton Repowered, we help keep products and materials in use for longer, create new opportunities for Members to access our platform, and reduce emissions. There are rapidly changing global environmental laws, which introduces operational costs and administrative complexity for our business. Failure to comply with these regulations may carry legal liabilities and reputational damage.

Human Capital

Our Culture

We foster an environment that attracts extraordinary talent, supports each person in becoming their best self, and unlocks the full potential of our team. This work is grounded in the values that define who we are and how we lead:

- *Believe* — We believe in the Power of Peloton to change people’s lives for the better. This passion fuels our commitment to being all in, focused on what matters most, and accountable for doing what we say and delivering results.
- *Bring Your Best* — We always bring our best. We put Members first, delivering products and experiences for which we can be proud. We are action-oriented, taking initiative, and leading with appropriate urgency. Our commitment to excellence drives us to embrace challenges and relentlessly experiment, innovate, and improve.

- *Lift People Up* — We lift each other up, knowing that together we go far. We're approachable, both asking for help and giving help to those who need it. We're collaborative, achieving shared success by fostering trust and open communication. And we're inclusive, actively seeking diverse perspectives and ensuring every voice is heard.

We bring these values to life through our approach to human capital management, outlined below.

Employees

As of June 30, 2026, we employed 1,736 individuals in the United States across our corporate offices, production studio facilities, warehouse and distribution facilities, retail stores, and remote roles, of which 1,673 were full-time employees. Internationally, we employed 526 individuals primarily across corporate, studio and warehouse locations. We may also hire additional seasonal employees, primarily in our stores, during the holiday season. We are not signatories to any agreements with any labor organization, or a party to any collective bargaining agreements.

The Peloton Pledge

The Peloton Pledge is our commitment to creating an inclusive community where everyone can thrive. It is also a manifestation of our values: believe, bring your best, and lift people up. Operationalized throughout our business with clearly defined activities, accountability, and outcomes, the Pledge ensures that our impact is aligned with our purpose: empowering everyone – our team, our Members, and broader communities – to live fit, strong, long, and happy.

Peloton will lift up our team by 1) working to ensure equal opportunity and inclusion at all key points in the team member lifecycle, including hiring, reviews, and promotions, 2) maintaining fair and consistent pay outcomes, including by conducting pay equity reviews and addressing gaps when appropriate, 3) providing robust resources, programming, and team member-led groups that anyone can join to support a culture of inclusion, and 4) measuring our progress, identifying opportunities for improvement, and acting to foster a culture of inclusion.

Peloton will lift up our Members by creating content, products, and experiences that celebrate the vibrancy and breadth of our community and enlisting our world-class Instructors to serve as community ambassadors and as models of inclusivity.

Peloton will lift up our broader communities experiencing systemic inequities by using our full array of assets, especially Peloton's products and services, in partnership with leading nonprofit organizations to advance access to fitness and wellness for all, and partnering with and supporting community activations that cultivate long-term behavioral change.

Team Member Safety

We prioritize the health and safety of our team members, our Members, and the impact our operations have on the environment. The core elements of our team member health and safety program include workplace injury reporting, site risk analysis, incident management, documented processes and standards, environmental programs, training, and occupational health programs, and we are continually striving to improve these processes. Concerns about the health and safety of our team members must be reported through our PeloSafety portal. Any concerns about Peloton suppliers or business partners should be reported through our Integrity Helpline available online and by telephone. The Integrity Helpline is maintained through an external third-party platform and monitored by our Compliance, Policy & Regulatory Affairs Team.

Training, Development, and Engagement

We have a dedicated Global Talent Development Team that develops and delivers company-wide learning experiences across all functions. These include, but are not limited to, programs focusing on Peloton's approach to onboarding new team members, people and business leadership, dedicated coaching, function-specific training offerings, and internal hiring and mobility to support personal and professional growth.

We believe our culture is strongest when it's shaped by the people living it every day. That's why the voice of the team member is at the heart of our learning and development strategy. Building a thriving talent ecosystem means listening actively, engaging consistently, and creating space for feedback that drives real action. We stay closely connected through multiple channels—our company intranet, Pelonet, regular all-team meetings, team town halls, and company-wide engagement surveys. These touchpoints ensure that every team member's perspective informs how we grow, learn, and lead, together.

Our Patent Incentive Program provides rewards and recognition to qualifying team members whose inventions are included in a patent application submitted by Peloton.

Competitive Compensation and Work-Life Harmony

Our compensation program is structured around our overarching philosophy of rewarding demonstrable performance and aligning team members with our goals and strategy. Consistent with this approach, we provide market competitive compensation and benefits that will attract, motivate, reward, and retain a highly talented team and foster work-life harmony. We take a comprehensive view of the tools and programs we use to attract, reward, and retain top talent, including comprehensive health benefits, family and lifestyle services and support, financial, legal and retirement benefits, product discounts, free App access, and discounted studio classes.

Peloton is committed to fostering work-life harmony by embedding our core values of lifting people up, believing in our mission, and bringing our best into our daily interactions. We prioritize collaboration and inclusivity, creating an environment where everyone feels they belong and diverse perspectives are valued. Our focus on these principles, including being approachable, action-oriented, and striving for excellence, supports a positive and thriving work environment for our team members.

Corporate Information

Our website address is www.onepeloton.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into, and is not a part of, this Annual Report on Form 10-K or in any other report or document we file. Investors should not rely on any such information in deciding whether to purchase our Class A common stock.

Peloton, the Peloton logo, Peloton Bike, Peloton Bike+, Peloton Tread, Peloton Tread+, Peloton Guide, Peloton Row, Peloton Row+, our Peloton Apps, Peloton Strength+, Precor, and other registered or common law trade names, trademarks, or service marks of Peloton appearing in this Annual Report on Form 10-K, are the property of Peloton. This Annual Report on Form 10-K contains additional trade names, trademarks, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies. Solely for convenience, our trademarks and tradenames referred to in this Annual Report on Form 10-K appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and tradenames.

Available Information

Our reports filed with or furnished to the Securities and Exchange Commission ("SEC") pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available, free of charge, on our Investor Relations website at <https://investor.onepeloton.com> as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding us and other companies that file materials with the SEC electronically. We use our Investor Relations website and Press Newsrooms (<https://investor.onepeloton.com/news-and-events/news-releases> and <https://www.onepeloton.com/press>) as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our Investor Relations website and Press Newsrooms in addition to following our press releases, SEC filings, investor events and webcasts. The information contained on, or that can be accessed through, these websites is not incorporated by reference into, and is not a part of, this Annual Report on Form 10-K or in any other report or document we file.

Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the accompanying notes and the information included elsewhere in this Annual Report on Form 10-K and our other public filings before deciding whether to invest in shares of our Class A common stock. These risks and uncertainties are not the only ones we face. If any of the following risks occur, our business, financial condition, operating results, and future prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business

We have incurred operating losses in the past, may incur operating losses in the future, and may not maintain profitability in the future.

Although we reported net income in fiscal year 2026, we have incurred significant operating losses in prior periods and may not be able to sustain profitability on a quarterly or annual basis. Our operating expenses may increase as we invest in growth, including product development, content, marketing, and international expansion, and these efforts may be more costly than we expect. Our revenue may also decline due to, among other reasons, decreased numbers of subscribers, reduced demand, increased competition, or contraction of our overall market. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to sustain profitability.

We may be unable to attract and retain Subscriptions, which could have an adverse effect on our business and rate of growth.

Our continued business and revenue growth may be dependent on our ability to continuously attract and retain Subscriptions, and we cannot be sure that we will be successful in these efforts, or that Subscription retention levels will not materially decline. There are a number of factors that could lead to a decline in Subscription levels or that could prevent us from increasing our Subscription levels, including:

- our failure to introduce new features, products, or services that Members find engaging or our introduction of new products or services, or changes to existing products and services that are not favorably received;
- harm to our brand and reputation;
- pricing and perceived value of our offerings;
- actual or perceived safety concerns regarding our products;
- unsatisfactory experiences with the delivery, installation, or servicing of our Connected Fitness Products;
- our Members engaging with competitive products and services;
- technical or quality problems that affect the Member experience;
- a decline in the public’s interest in indoor cycling or running, or other fitness disciplines that we invest most heavily in;
- deteriorating general economic conditions or a change in consumer spending preferences or buying trends; and
- interruptions in our ability to sell or deliver our Connected Fitness Products or to provide or to create content and services for our Members.

As a result of these factors, we cannot be sure that our Subscription levels will be adequate to maintain or permit the expansion of our operations. A decline in Subscription levels could have an adverse effect on our business, financial condition, and operating results.

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.

To ensure adequate inventory supply, we must forecast inventory needs and expenses and place orders sufficiently in advance with our suppliers and contract manufacturers, based on our estimates of future demand for particular products and services. Our ability to accurately forecast demand could be affected by many factors, including changes in consumer demand for our and our competitors’ products and services, unanticipated changes in general market conditions, and the weakening of consumer confidence in future economic conditions. Failure to accurately forecast our inventory needs or consumer demand may result in manufacturing delays, reduced manufacturing efficiencies, increased costs, a shortage of products available for sale or an excess in inventory.

We have in recent periods experienced, and may continue to experience decreases in consumer demand, resulting in inventory write-downs or write-offs, excess inventory, and discounted product sales that lower our gross margins. In periods of low demand, we may be unable to renegotiate supplier agreements or fully utilize firm purchase commitments, creating loss contingencies for non-cancellable contracts. Disputes with our inventory supply partners regarding these agreements have, in certain instances, resulted, and may in the future result in, litigation, which could result in adverse judgments, settlements or other litigation-related costs as well as disruptors requiring management attention. Furthermore, demand volatility and inventory imbalances could trigger unexpected goodwill or long-lived asset impairment evaluations, potentially resulting in charges to earnings.

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.

We continue to take actions intended to address the short-term health of our business as well as our long-term objectives based on our current estimates, assumptions and forecasts. These measures are subject to known and unknown risks and uncertainties, including whether we have targeted the appropriate areas for our cost-saving efforts and at the appropriate scale, and whether, if required in the future, we will be able to

appropriately target any additional areas for our cost-saving efforts. As such, the actions that we took under the restructuring plans we announced in 2022, 2024, and 2025 (collectively, the “Restructuring Plans”), and that we may decide to take in the future may not be successful in yielding our intended results and may not appropriately address either or both of the short-term and long-term strategy for our business. In addition, our initiatives have resulted, and could in the future result in, personnel attrition beyond our planned reduction in headcount or reduced employee morale, which could in turn adversely impact productivity, including through a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods, or our ability to attract highly skilled employees. Unfavorable publicity about us or any of our strategic initiatives, including the Restructuring Plans, could result in reputational harm and could diminish confidence in, and the use of, our products and services. See “— Our success depends on our ability to maintain the value and reputation of the Peloton brand.” The Restructuring Plans have required, and may continue to require, a significant amount of management’s and other employees’ time and focus, which may divert attention from effectively operating and growing our business. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview—Restructuring.”

Our strategy depends on successfully scaling revenue across multiple channels, product categories, and customer segments, including in commercial markets and in the broader connected wellness and recovery space. If we fail to execute on these priorities, our growth, brand, and financial performance may suffer.

We sell connected fitness products, subscriptions, content, and apparel through direct e-commerce, third-party retail partners, owned micro-store showrooms, and our Commercial Business Unit. Our growth depends on effectively allocating resources across these channels and adapting our go-to-market approach as consumer demand and competitive dynamics shift, particularly as we expand our holistic wellness solutions.

We have substantially reduced our legacy retail showroom footprint and are transitioning to smaller-format micro-stores and third-party retail partnerships. If these channels do not generate the sales volumes we anticipate, or if we are unable to maintain favorable commercial terms with our retail partners, our revenue and margins could be adversely affected. Our ability to exit remaining legacy showroom leases may be limited by timing and cost under the applicable lease terms.

Through the integration of Precor and Peloton for Business into our Commercial Business Unit, we are expanding into the commercial fitness market with products engineered for high-traffic gym, hospitality, and corporate environments. This expansion requires coordination across hardware engineering, software, content, sales, and service capabilities, and there is no assurance that the commercial fitness market will adopt our products at the scale or pace we expect, or that the integration will deliver the anticipated commercial benefits.

The integrated nature of our business model, in which we design connected fitness products, develop proprietary software (including our mobile applications and platforms like Peloton IQ, Strength+, and Breathwrk), produce original programming and content, and operate across consumer and commercial channels, creates interdependencies across our value chain. As we broaden our offerings to address more of our Members’ total wellness, sleep, and recovery needs, disruption, underperformance, or failure to attract and retain Subscriptions in any one area can affect the consumer and member experience that is central to our brand, subscriber retention, and overall financial performance.

If we are unable to anticipate consumer preferences and successfully develop and offer new or updated products and services in a timely manner, or effectively manage their introduction, our business may be adversely affected.

We derive a substantial portion of our revenue from sales of our Connected Fitness Products. Our Connected Fitness Products are sold in highly competitive markets with limited barriers to entry. Our success depends on our ability to identify and respond to evolving consumer preferences, which cannot be predicted with certainty. If we are unable to introduce new or enhanced offerings in a timely manner, through appropriate channels, or in a way that resonates with consumers, our Subscription growth and retention could be negatively affected. Consumer preferences may also shift rapidly to different types of fitness and wellness offerings, or away from these types of offerings altogether, and our competitors may introduce similar or more appealing alternatives faster than we can or at a lower cost. Failure to anticipate and respond to these shifts could result in lower subscription rates, reduced sales, pricing pressure, lower gross margins, and excess inventory levels.

Developing new or enhanced products and services, including through expanded third-party distribution, new subscription and app offerings, and programs such as Peloton Rental, may require significant time and financial investment, and the introduction of new offerings could adversely impact the sales of our existing products and services, or cause consumers to delay purchases in anticipation of upcoming launches. We may also face challenges managing a more complex supply chain, including onboarding or offboarding suppliers, manufacturers and logistics providers, and managing inventory levels across a broader product portfolio. New or enhanced products or services may carry different pricing and cost structures that could negatively impact our gross margins and operating results.

We may experience delays in the planned release of new or enhanced products and services due to, among other factors, design, manufacturing, quality control, supply chain, trade controls, geopolitical uncertainties, or the performance of third parties. Any such delays could result in adverse publicity, loss of revenue or market acceptance, and litigation, and these effects may be heightened if delays coincide with periods of seasonally high demand.

Our past financial results may not be indicative of our future performance.

Any historical revenue growth should not be considered indicative of our future performance. In particular, we experienced a significant increase in our Subscription base at the onset of the COVID-19 pandemic, which slowed down and since decreased as consumers were able to resume activity outside the home. Over the long term it remains uncertain how the impacts of the post-COVID-19 pandemic environment and other market constraints, including macro- and micro-economic factors such as inflation, tariffs and non-tariff barriers, interest rates, foreign currency exchange rate fluctuations, and increased debt and equity market volatility, will impact consumer demand for our products and services over the long term. Estimates of future revenue growth are subject to many risks and uncertainties, and our future revenue may differ materially from our

projections. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by companies in rapidly changing industries, and our business may be adversely affected if we do not manage these risks successfully. In addition, we may not achieve sufficient revenue to maintain positive cash flows from operations or attain net income profitability in any given period, or at all.

Our success depends on our ability to maintain the value and reputation of the Peloton brand.

We believe that our brand is important to attracting and retaining Members. Maintaining, protecting, and enhancing our brand depends on the success of a variety of factors, such as: our marketing efforts; our ability to provide consistent, high-quality products, content, services, features, and support, our ability to successfully secure, maintain, and enforce our rights to use the “Peloton” mark, our “P” logo, and other trademarks important to our brand; our ability to successfully respond to a negative event that impacts our brand; and our ability to meet shareholder and Member expectations. We believe that the importance of our brand will increase as competition further intensifies and brand promotion activities may require substantial expenditures. Our brand could be harmed if we fail to achieve these objectives or if our public image were to be tarnished by negative publicity. Unfavorable publicity about us, our strategic initiatives, such as our Restructuring Plans, or our products, services, pricing, technology, customer service, content, personnel, and suppliers could diminish confidence in, and the use of, our products and services. As discussed further in “Risks Related to Our Connected Fitness Products and Members” and “Risks Related to Laws, Regulation, and Legal Proceedings,” the legal proceedings in which we have been named, the regulators’ investigations, and any other claims or proceedings involving us or our products, actions we take to address these matters, and any further publicity regarding any of the foregoing could harm our brand. Such negative publicity could also have an adverse effect on the size, engagement and loyalty of our Member base and result in decreased revenue, which could have an adverse effect on our business, financial condition, and operating results.

Changes in trade policies in the U.S. and internationally, including the imposition of tariffs, have had, and may continue to have, an adverse effect on our business, financial condition and results of operations.

There is significant uncertainty about the future of trade relationships around the world, including potential changes to trade treaties, laws, regulations, policies, customs duties, sanctions, taxes and tariffs. In particular, the U.S. government has imposed tariffs on products imported from certain countries in which we do business or in which our products are manufactured, such as Taiwan, China, Thailand and Canada. The U.S. has also imposed tariffs on certain sectors and materials. Some countries have responded with new or increased tariffs or other trade barriers of their own. Tariff rates and the scope of products subject to tariffs have changed based on action by the U.S. government. Certain of these tariffs have been subsequently paused or modified, including as a result of negotiations with the U.S., and the situation remains fluid.

On February 20, 2026, the U.S. Supreme Court issued a decision invalidating tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”). We are closely monitoring updates from U.S. Customs and Border Protection (“CBP”), and have submitted our IEEPA tariff refund claim. While IEEPA tariffs are no longer effective, we are currently subject to Section 122 tariffs of 10%. On April 2, 2026, the President issued a presidential proclamation modifying the application of Section 232 tariffs on steel, aluminum, and their derivative products, which, among other things, removed fitness equipment from the scope of those tariffs. As a result, as of April 6, 2026, the steel and aluminum content in our Connected Fitness Products is no longer subject to Section 232 tariffs of 50%. Our ability to obtain any tariff refunds or rebates, and the timing and amount thereof, is subject to regulatory uncertainty and cannot be assured.

The U.S. Trade Representative (“USTR”) is conducting multiple investigations under Section 301 of the Trade Act of 1974, including into the forced labor import practices and structural excess manufacturing capacity of U.S. trading partners. USTR has proposed tariff rates of 10% to 12.5% following its investigation into forced labor practices. If the USTR determines that the practices under its excess manufacturing capacity investigation are actionable, additional ad valorem tariffs could be imposed. We are actively monitoring the progress and outcomes of these investigations.

The U.S. or countries into which we import products have, and may in the future, adjust or impose new quotas, duties, tariffs or reciprocal tariffs or other restrictions. These imposed and announced tariffs have impacted, or have the potential to impact, our imports from other countries. For example, a significant portion of our hardware is produced outside the U.S., including in Taiwan, China and Thailand, and certain of our equipment and apparel is currently subject to tariffs. Certain of our equipment is also subject to reciprocal tariffs from other countries on such equipment’s aluminum content, and may be subject to other such tariffs, for example on steel and copper content. The ultimate impact of tariffs will depend on various factors, including the length of time such tariffs remain in place, the ultimate levels of such tariffs and how other countries respond to U.S. tariffs. We continue to monitor these developments.

If tariffs, sanctions, trade restrictions or other trade barriers are expanded or interpreted by a court or governmental agency to apply to more of our products or services, then our exposure to future tariffs, taxes and duties on such imported products and components could be significant and could have a material effect on our business, financial condition and results of operations, including gross margin. There can be no assurance that we will not experience a disruption in our business related to these or other changes in trade practices, and any changes to our operations, the pricing of our products and services, or our sourcing strategy in order to mitigate any such tariff costs could be complicated, time-consuming, costly and may be perceived negatively. Furthermore, our business may be adversely affected by tariffs or trade measures taken by other countries, which could materially harm our business, financial condition and results of operations. Trade barriers, or the perception that any of them could be imposed, may have a negative impact on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between affected countries and the U.S. Negative perceptions of the U.S. abroad, as a result of tariff measures or otherwise, could lead to partial or total boycotts of products or services associated with the U.S., including our own, and reciprocal boycotts in response. Any of these factors could have an adverse effect on our business, financial condition and results of operations.

Any major disruption or failure of our information technology systems or websites, or our failure to successfully implement upgrades and new technology effectively, could adversely affect our business and operations.

We rely on the Internet, as well as digital infrastructure, computing networks and systems, hardware and software to support our internal and Member-facing operations (collectively, “information technology systems” or “systems”). Certain of our information technology systems are designed and maintained by us while others are designed, maintained and/or operated by third parties. These systems are critical for the efficient functioning of our business, including the manufacture and distribution of our Connected Fitness Products, online sales of our Connected Fitness Products, and the ability of our Members to access content on our platform. We continue to implement modifications and upgrades to our systems, and these activities subject us to inherent costs and risks associated with replacing and upgrading these systems, including, but not limited to, impairment of our ability to fulfill customer orders or collect payment from such orders, and other disruptions in our business operations. Further, our system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. If we fail to successfully implement modifications and upgrades or expand the functionality of our information technology systems, we could experience increased costs associated with diminished productivity and operating inefficiencies related to the flow of goods through our supply chain.

In addition, any unexpected technological interruptions to our systems or websites would disrupt our operations, including our ability to timely ship and track product orders, project inventory requirements, manage our supply chain, sell our Connected Fitness Products online, provide services to our Members, collect payment for our services, and otherwise adequately serve our Members. The operation of our direct-to-consumer e-commerce business through our website depends on our ability to maintain the efficient and uninterrupted operation of online order-taking and fulfillment operations. Any system interruptions or delays could prevent potential customers from purchasing our Connected Fitness Products.

Moreover, the ability of our Members to access the content on our platform could be diminished by a number of factors, including Members’ inability to access the internet, the failure of our network or software systems, cyber-attacks and security breaches, or variability in Member traffic for our platform. Platform failures would be most impactful if they occurred during peak platform use periods, which generally occur before and after standard work hours. During these peak periods, there are a significant number of Members concurrently accessing our platform and if we are unable to provide uninterrupted access, our Members’ perception of our platform’s reliability and enjoyment of our products and services may be damaged, our revenue could be reduced, our reputation could be harmed, and we may be required to issue credits or refunds, or risk losing Members.

In the event we experience significant disruptions, we may be unable to repair our systems in an efficient and timely manner, which could have a material adverse effect on our business, financial condition, and operating results.

Our growing use of artificial intelligence and machine learning technologies may present additional risks and challenges, which could result in reputational and competitive harm, legal liability and adversely affect our results of operations.

We currently integrate and are working to further integrate AI and machine learning technologies into our products and services, as well as our corporate operations, and these technologies present additional risks and challenges, including the proper management of their use. These technologies are complex and rapidly evolving and building or integrating them into our business may require significant investment and personnel with no assurance that we will realize the desired or anticipated benefits. We may incur costs and experience delays in developing and then maintaining new solutions and services or enhancing our current products and services to adapt to the changing AI landscape. While AI adoption is likely to continue and may accelerate, and AI may become more important to our business over time, the long-term trajectory of this technological trend is uncertain. Market acceptance, understanding and valuation of products and services that incorporate AI are uncertain and the perceived value of AI technologies used in our products and services could be inaccurate. Our competitors or other third parties may incorporate AI into their products and services more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Any AI-generated, altered or enhanced content within our products and services may not find acceptance by Members and others.

The rapid evolution of AI may require the dedication of substantial resources to implement AI ethically and minimize unintended harmful impacts. AI algorithms and training methodologies may be flawed and datasets may be overbroad, insufficient, contain biased information or infringe on third parties’ rights. The content or recommendations that AI technologies assist in producing may or may be alleged to be deficient, inaccurate, offensive, biased, infringing, or otherwise improper or harmful. Further, the use of AI has been known to result in, and may in the future result in, cybersecurity incidents that implicate personal data. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm or legal liability. While we aim to deploy AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. Any of these factors could have an adverse effect on our business, financial condition and results of operations.

The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including in the areas of intellectual property, discrimination, cybersecurity and privacy and data protection. Compliance with existing, new, and changing laws, regulations, executive orders, and industry standards relating to AI may limit some uses of AI, impose significant operational costs and limit our ability to develop, deploy or use AI technologies. Further, the continued integration of any AI technologies into our business, products and services may result in new or enhanced governmental or regulatory scrutiny. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action and brand and reputational harm, any of which could have an adverse effect on our business, financial condition and results of operations.

We rely on a limited number of suppliers, contract manufacturers, and logistics partners for our Connected Fitness Products. A loss of any of these partners or an interruption or inability of these partners to satisfy our demand needs could negatively affect our business.

We are solely reliant on contract manufacturers for all of our manufacturing needs. In most cases, we rely on only a single supplier for our products and some critical components. In the event of interruption from any of our contract manufacturers or suppliers, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and delays, since we do not currently have qualified alternative or replacement contract manufacturers beyond these key partners. Furthermore, a large number of our contract manufacturers' primary facilities are located in Taiwan, China and Thailand. Our business could be adversely affected if one or more of our suppliers is impacted by tensions, hostilities, or trade disputes affecting the region, a natural disaster, an epidemic, or other interruption at a particular location. Such interruptions may be due to, among other things, temporary closures of the facilities of our contract manufacturers and other vendors in our supply chain; restrictions on or delays surrounding travel or the import/export of goods and services from certain ports that we use; and local quarantines or other public safety measures. We may also be impacted by contract manufacturing and supply chain disruptions due to contract manufacturer or supplier financial distress, particularly where we rely on a manufacturer or supplier that may depend on us for a significant proportion of its business. In such a case, we may be required to renegotiate the terms of our agreement or to pursue a strategic transaction or other alternative arrangement with that supplier or manufacturer or others. We may in the future increase our reliance on third-party suppliers, which could increase these risks.

If we experience a significant increase in demand for our Connected Fitness Products that cannot be satisfied adequately through our existing supply channels, if we need to replace an existing supplier, manufacturer or partner, or if we find we need to engage additional suppliers, manufacturers and partners to support our operations, we may be unable to supplement or replace them under our required timing, at a quality standard to our satisfaction, or on market terms that are acceptable to us, which may undermine our ability to deliver our products to Members in a timely manner and otherwise impact our Members' experience. Identifying suitable suppliers, manufacturers, and logistics partners is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. For example, if we require additional manufacturing support, it may take a significant amount of time to identify a manufacturer that has the capability and resources to build our products to our specifications in sufficient volume. Similarly, in times of decreased demand, or due to changes in our product portfolio or strategy, we have in the past and may in the future deem it necessary or advisable to renegotiate agreements with our supply partners in order to appropriately scale our inventory, which could impair our relationship with these counterparties if we are unable to arrive at mutually acceptable terms, and significantly increase our inventory position and working capital and/or negatively impact their viability. See *"— 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."* A loss of or poor performance by any of our significant suppliers, contract manufacturers, or logistics partners could have an adverse effect on our business, financial condition and operating results.

We have limited control over our suppliers, contract manufacturers, and logistics partners, which may subject us to significant risks, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.

We have limited control over our suppliers, contract manufacturers, and logistics partners, which subjects us to the following risks:

- inability to satisfy demand for our Connected Fitness Products;
- reduced control over delivery timing and related customer experience and product reliability;
- reduced ability to monitor the manufacturing process and components used in our Connected Fitness Products;
- limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions;
- variance in the manufacturing capability of our third-party manufacturers or in the quality of services provided by our third-party last mile partners;
- price increases;
- product safety issues, including actual or perceived design or manufacturing defects;
- failure of a significant supplier, manufacturer, or logistics partner to perform its obligations to us for technical, market, or other reasons;
- lack of adherence to our supplier code of conduct;
- difficulties in establishing additional supplier, manufacturer, or logistics partner relationships if we experience difficulties with our existing suppliers, manufacturers, or logistics partners;
- shortages of materials or components;
- misappropriation of our intellectual property;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, tariffs, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and
- insufficient warranties and indemnities on components supplied to our manufacturers or performance by our partners.

The occurrence of any of these risks, especially during seasons of peak demand, could cause us to experience a significant disruption in our ability to produce and deliver our products to our customers and could harm our brand and reputation.

We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors.

Our products and services are offered in a highly competitive market. We face significant competition in every aspect of our business, including from at-home fitness equipment and content, fitness clubs, in-studio fitness classes, health and wellness apps, GLP-1s, and other weight-management treatments. We also face significant competition within the commercial fitness market, including in gym and hospitality environments. Moreover, we expect the competition in our market to intensify in the future as new and existing competitors introduce new or enhanced products and services that compete with ours.

Our competitors, some of whom are much larger companies with greater resources, may develop, or have already developed, products, features, content, apps, services, or technologies that are similar to ours or that achieve greater acceptance, may undertake more successful product development, marketing or music licensing efforts, be more efficient at meeting consumer demand or identifying new markets, create more compelling employment opportunities, adopt more aggressive pricing policies, or be better positioned to withstand substantial price competition. Our competitors may develop or acquire, or have already developed or acquired, intellectual property rights that significantly limit or prevent our ability to compete effectively in the public marketplace. Due to the highly volatile and competitive nature of the industry in which we compete, we may face pressure to continually introduce new products, services and technologies, enhance existing products and services, effectively stimulate customer demand for new and upgraded products and services, and successfully manage the transition to these new and upgraded products and services. If we are not able to compete effectively against our competitors, they may acquire, engage and retain customers or generate revenue at the expense of our efforts, which could have an adverse effect on our business, financial condition, and operating results.

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.

Music is an element of the overall content proposition that we make available to our Members. To secure the rights to use music in our content, we enter into license agreements with the relevant rights holders, such as record labels, music publishers, collecting societies (e.g., performing rights organizations), artists and songwriters, and other copyright owners (or their agents). We pay royalties to such parties or their agents covering the territories where Peloton is made available.

The process of obtaining licenses involves identifying and negotiating with many rights holders, which can generate myriad complex and evolving legal issues across many jurisdictions, including open questions of law as to which particular licenses are needed. In addition, our music licenses may not contemplate or cover new features, content, or offerings that we may wish to add to our service, in which case, an amendment to such licenses would be required. If we are unable to agree on license fees for a right holder, we may consider removing such right holder's catalog of copyrighted works from our platform. We may also elect not to renew certain agreements with rights holders for other reasons, including, with regard to a specific songwriter or performing artist, actual or perceived reputational damage.

With respect to musical compositions, in addition to obtaining the synchronization and reproduction rights, we also obtain public performance or communication to the public rights. In the United States, public performance rights are typically obtained separately through collecting societies known as performing rights organizations, or PROs, which (a) issue blanket licenses with copyright users for the public performance of musical compositions in their repertory, (b) collect royalties under those licenses, and (c) distribute such royalties to their songwriter and publisher members. We have agreements with each of the following PROs in the United States: the American Society of Composers, Authors and Publishers, or ASCAP, Broadcast Music, Inc., or BMI, Global Music Rights, SESAC, and AllTrack. The royalty rates available to us from the PROs today may not be available to us in the future. The royalty rates under licenses provided by ASCAP and BMI currently are governed by consent decrees, which were issued by the U.S. Department of Justice ("DOJ") in an effort to curb anti-competitive conduct. Removal of or changes to the terms or interpretation of these consent decrees could affect our ability to obtain licenses from these PROs on current and/or otherwise favorable terms, which could harm our business, operating results, and financial condition.

In other parts of the world, including in Canada and Europe, we obtain licenses covering both the reproduction and communication to the public of musical compositions through local collecting societies representing songwriters and publishers, and from certain publishers directly, or a combination thereof. Given the complex music licensing landscape in certain territories, together with the music ownership data problems faced by the industry as a whole, we cannot guarantee that our licenses provide full coverage. Publishers, songwriters, and other rights holders who choose not to be represented by major or independent publishing companies or collecting societies have, and could in the future, adversely impact our ability to secure licensing arrangements in connection with musical compositions in which such rights holders own a share.

Although we expend significant resources to comply with applicable contractual, statutory, regulatory, and judicial frameworks, we cannot guarantee that we currently hold, or will always hold, every necessary right to use all of the music that is used on our service now or that may be used in our products and services in the future, and we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. See *"— Risks Related to Our Intellectual Property."*

These challenges, and others concerning the licensing of music on our platform, may subject us to significant liability for copyright infringement, breach of contract, or other claims. For additional information, see *Note 12, Commitments and Contingencies* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K and the section titled *"Legal Proceedings"* in Part I, Item 3 of this Annual Report on Form 10-K.

Our business could be adversely affected by an accident, safety incident, or workforce disruption.

We operate warehouse, manufacturing, and delivery operations that involve physical labor and carry inherent safety risks. A workplace accident or safety incident could result in injury to employees or third parties, and our liability insurance may not be adequate to cover all resulting claims fully. If our employees decide to join or form a labor union, we could become party to collective bargaining agreements, which could result in higher employee costs and increased risk of work stoppages. A union organizing effort could also result in negative publicity, reputational harm, or management distraction. Any of these outcomes could adversely affect our business, prospects, financial condition, and operating results.

Our business has historically been, and may continue to be, affected by seasonality.

Our business has historically been influenced by seasonal trends, where we generated a disproportionate amount of sales activity related to our Connected Fitness Products from November through February due in large part to seasonal holiday demand, New Year's resolutions, and cold weather in the Northern Hemisphere. During and leading up to periods of higher sales, our working capital needs typically may be greater. We have observed and may continue to observe lower sales and less demand for our products and services during warmer seasons. As a result of quarterly fluctuations caused by these and other factors, comparisons of our operating results across different fiscal quarters may not be accurate indicators of our future performance. See *"— Our quarterly operating results and other operating metrics may fluctuate from quarter to quarter, which makes these metrics difficult to predict."* Seasonality in our business can also be affected by introductions of new or enhanced products and services, including the costs associated with such introductions, as well as external factors beyond our control.

Our operating results and other operating metrics may fluctuate from quarter to quarter, which makes these metrics difficult to predict.

Our operating results and other operating metrics have fluctuated in the past and may continue to fluctuate from quarter to quarter. As a result, you should not rely on our past quarterly operating results as indicators of future performance. Our financial condition and operating results in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including:

- the continued market acceptance of, and the growth of the connected fitness and wellness market;
- evolving consumer demand and our ability to maintain and attract new Subscriptions;
- the continued development and upgrading of the Peloton experience and proprietary technology platform;
- new product, service, feature, and content introductions by us or our competitors or any other change in our competitive landscape;
- pricing pressure as a result of competition or otherwise, and changes in pricing by us or by our competitors, whether to connected fitness equipment, subscriptions, or both;
- delays or disruptions in our supply chain;
- errors in our forecasting of the demand for our products and services, which could lead to lower revenue or increased costs, or both;
- increases in marketing, sales, and other operating expenses;
- short-term expenditures and initiatives we may undertake in furtherance of long-term cost savings, including the Restructuring Plans;
- our reliance on third-party delivery and maintenance services for our Connected Fitness Products;
- successful expansion into international markets;
- seasonal fluctuations in subscriptions and usage of Connected Fitness Products by our Members, which may change;
- diversification and growth of our revenue sources;
- our ability to maintain gross margins and operating margins;
- constraints on the availability of consumer financing or increased down payment requirements to finance purchases of our Connected Fitness Products;
- system failures or breaches of security or privacy;
- adverse litigation judgments, settlements, or other litigation-related costs;
- changes in the legislative or regulatory environment, including with respect to privacy, consumer product safety, and advertising, or enforcement by government regulators, including fines, orders, or consent decrees;
- changes in our effective tax rate, including as a result of potential changes in tax laws;
- changes in accounting standards, policies, guidance, interpretations, or principles; and
- changes in business or macroeconomic conditions, including global supply chain issues, lower consumer confidence, inflation, foreign currency exchange rate fluctuations, rising interest rates, recessionary conditions, political instability, volatility in the credit markets, market conditions in our industry, increased unemployment rates, or stagnant or declining wages.

Any one of the factors above or the cumulative effect of some of the factors above may result in significant fluctuations in our operating results.

The variability and unpredictability of our quarterly operating results or other operating metrics could result in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other operating results for a particular period.

Our passion and focus on delivering a high-quality and engaging Peloton experience may not maximize short-term financial results, which may conflict with the market's expectations and could result in decreases in our stock price.

We are passionate about continually enhancing the Peloton experience with a focus on driving long-term Member engagement through innovation, immersive content, technologically advanced Connected Fitness Products, multiple tiers of the Peloton Apps, and community support, which may not necessarily maximize short-term financial results. While we have recently announced our intention to stabilize our cash flows, we frequently make business decisions that may reduce our short-term financial results if we believe that the decisions are consistent with our goals to improve the Peloton experience, which we believe will improve our financial results over the long term. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations —Overview—Restructuring." These decisions may not be consistent with the expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our membership growth and Member engagement, and our business, financial condition, and operating results could be harmed.

Our integration and operation of Precor presents risks and we may not realize our anticipated strategic and financial goals from our ownership of Precor.

We continue to further integrate Precor into our business, including our Commercial Business Unit, and risks we may face in connection with such efforts and our operation of Precor include:

- We may not realize the benefits we expect to receive from the integration and ownership of Precor, such as anticipated synergies;
- We may have difficulties managing Precor as a separate entity, including with respect to its operations, technologies and lines of business, retaining and appointing key personnel, and maintaining effective corporate governance and oversight of Precor;
- In connection with our original acquisition of Precor, we may have failed to identify or assess the magnitude of, and we may not be able to sufficiently address, (i) claims or liabilities related to Precor's business, including, among others, claims from government agencies, terminated employees, current or former customers, consumers or business partners, users, or other third parties, unexpected litigation or regulatory exposure, or intellectual property disputes; (ii) pre-existing contractual relationships or lines of business of Precor that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; (iii) unfavorable accounting treatment as a result of Precor's practices; and (iv) other shortcomings or risks in Precor's business;
- Precor operates in segments of the commercial market that we traditionally have less experience with, including traditional gyms, multifamily residences, hotels and college and corporate campuses, and expansion of Precor and Commercial Business Unit operations in these segments could present various challenges and result in increased costs and other unforeseen challenges;
- We may be unable to maintain effective controls within and over Precor or successfully integrate Precor and its operations into our control environment; and
- Precor serves customers in more than 60 countries worldwide and our operations have therefore expanded into new jurisdictions, which could present significant challenges and result in significant increased risks and costs inherent in doing business in international markets (see *"— Expansion into international markets will expose us to significant risks"*).

The occurrence of any of these risks could have a material adverse effect on our business, financial condition, and operating results. See *"— We have engaged and in the future may engage in acquisition and disposition activities, which could require significant management attention, disrupt our business, fail to achieve the intended benefit, dilute stockholder value, and adversely affect our operating results."*

Expansion into international markets will expose us to significant risks.

We intend over time to expand our operations to other countries, which may require significant resources and management attention and could subject us to regulatory, economic, and political risks in addition to those we already face in the markets in which we operate. There are significant risks and costs inherent in doing business in international markets, including:

- the difficulty of establishing and managing an international distribution network, including leveraging owned or third-party distribution, retail, local delivery service and customer service operations, and legal compliance costs associated with locations in different countries or regions;
- the need to vary pricing and margins to effectively compete in international markets;
- the need to adapt and localize products and software for specific countries, including obtaining rights to third-party intellectual property, including music, used in each country;
- increased competition from local providers of similar products and services;
- the ability to protect and enforce intellectual property rights abroad;
- the need to offer engaging content and customer support in various languages and across various cultures;
- difficulties in understanding and complying with local laws, regulations, and customs in other jurisdictions;
- compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act (the "FCPA"), and the U.K. Bribery Act 2010 (the "U.K. Bribery Act"), by us, our employees, and our business partners;
- complexity and other risks associated with current and future legal requirements in other countries, including legal requirements related to sustainability disclosure, artificial intelligence, consumer protection, consumer product safety, content moderation, and data privacy frameworks, such as the General Data Protection Regulation 2016/679;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs;
- tariffs and other non-tariff barriers, such as quotas and local content rules, customs detentions, as well as tax consequences;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars; and
- political or social unrest or economic instability in a specific country or region in which we operate or in which our products are manufactured, including, for example, escalating tensions, hostilities, or trade disputes between China and Taiwan which could have an adverse impact on our manufacturing and operations in such locations.

In addition to expanding our operations into international markets through the sale of our Connected Fitness Products and the production of our platform content, we have expanded, and may in the future expand, our international operations through partnerships with, acquisitions of, or investments in, foreign entities, which may result in additional operational costs and risks. See *"— We have engaged and in the future may engage in acquisition and disposition activities, which could require significant management attention, disrupt our business, fail to achieve the intended benefit, dilute stockholder value, and adversely affect our operating results."*

We have limited experience with international regulatory environments and market practices and may not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we may incur significant expenses as a result of our international expansion, and we may not be successful. We may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our products and services by consumers in new markets. We may also face challenges to acceptance of our fitness and wellness content in new markets. Our failure to successfully manage these risks could harm our international operations and our plans for expansion into international markets, and have an adverse effect on our business, financial condition, and operating results.

We rely on access to our production studios (or alternate venues) and the creativity of our fitness Instructors to generate content. If we are unable to access or use our studios, or if our Instructors do not generate content that engages our Members, our business could be adversely affected.

Most of the fitness and wellness content offered on our platform is produced in one of our production studios located in New York City or London, with some content (including audio-only content) recorded out of studio or in non-Peloton studios. Due to our reliance on a limited number of studios in a concentrated location, any incident involving our studios, or affecting New York City or London at-large, could render our studios inaccessible or unusable and could inhibit our ability to produce and deliver new fitness and wellness content for our Members. Production of the fitness and wellness content on our platform is further reliant on the creativity of our fitness Instructors who, with the support of our production team, plan and lead our classes and other content. Our standard employment contract with our global cast of Instructors has a fixed term or terms of employment. However, any of our Instructors may leave Peloton prior to the end of their contracts. If we are unable to attract or retain creative and experienced Instructors, we may not be able to generate content on a scale or of a quality sufficient to grow our business. If this does not occur or if we fail to produce content that our Members find engaging and relatable, our business, financial condition, and operating results may be adversely affected.

We have engaged and in the future may engage in acquisition and disposition activities, which could require significant management attention, disrupt our business, fail to achieve the intended benefit, dilute stockholder value, and adversely affect our operating results.

As part of our business strategy, we have made and, in the future, may make investments in other companies, products, or technologies, including acquisitions that may result in our entering markets or lines of business in which we do not currently have expertise.

We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by Members, prospective Members, employees, or investors. Moreover, acquisitions, investments, or business relationships have resulted in, and may in the future result in, unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and operating results. Some acquisitions have required us, and may in the future require us, to spend considerable time, effort, and resources to integrate employees from the acquired business into our teams, and acquisitions of companies in lines of business in which we lack expertise may require considerable management time, oversight, and research before we see the desired benefit of such acquisitions. The success of these transactions also depends in part on our ability to leverage them to enhance our existing products and services or develop compelling new ones, as well as the acquired companies' ability to meet our policies and processes in areas such as data governance, privacy, and cybersecurity. Therefore, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company.

To pay for any such acquisitions, we would have to use cash, incur debt, or issue equity securities, each of which may affect our financial condition or the value of our capital stock and could result in dilution to our stockholders. If we incur more debt, it will result in increased obligations and could also subject us to covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management and our board of directors, disrupt the ordinary functioning of our business, and could have an adverse effect on our business, financial condition, and operating results.

Further, in connection with our restructuring initiatives, we have divested some of our assets, including through site closures. We may in the future decide to divest other assets or a business. In connection with these activities, it may be difficult to find or complete divestiture opportunities or alternative exit strategies under the desired timeline and on acceptable terms, if at all. These circumstances could delay the achievement of our strategic objectives or cause us to incur additional expenses with respect to the desired divestiture, or the price or terms of the divestiture may be less favorable than we had anticipated. Even following a divestiture or other exit strategy, we may have certain continuing obligations to former employees, customers, vendors, landlords or other third parties. We may also have continuing liabilities related to former employees, assets or businesses. Such obligations may have a material adverse impact on our results of operations and financial condition.

We are subject to payment processing risk.

Our customers pay for our products and services using a variety of different payment methods, including credit and debit cards, gift cards, lines of credit, "buy now pay later" financial products, and online wallets. We rely on internal systems as well as those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are disruptions in our payment processing systems, increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, or changes to rules or regulations concerning payment processing, our revenue, operating expenses and results of operation could be adversely impacted. We leverage our third-party payment processors to bill subscribers on our behalf. If these third parties become unwilling or unable to continue processing payments on our behalf, we would have to find alternative methods of collecting payments, which could adversely impact subscriber acquisition and retention. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operation, and if not adequately controlled and managed, could create negative consumer perceptions of our service.

Cybersecurity risks could adversely affect our business and disrupt our operations.

In addition to relying on critical information technology systems, we collect, maintain and transmit data about employees, suppliers, Members and others, including payment card data and personal information, as well as proprietary business information. Threats to the availability,

integrity and security of our systems and data are increasingly diverse and sophisticated. Our systems and data, as well as those of critical third parties, are vulnerable to cyber-attacks involving, for example, malware, social engineering/phishing, ransomware or other extortion-based attacks, denial-of-service attacks, physical or electronic break-ins, third-party or current/former employee theft or misuse, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations, as well as cyber-risks attributable to software or hardware (e.g., tablets) vulnerabilities, coding errors and misconfigurations (e.g., involving APIs). As artificial intelligence capabilities improve and are increasingly adopted, we may see cyberattacks created through artificial intelligence.

Despite our efforts to create security barriers to protect our systems and data, we cannot entirely mitigate these risks. Cyberattacks are expected to accelerate on a global basis in both frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools (including artificial intelligence) that circumvent controls, evade detection, and remove forensic evidence, which means that we and others may be unable to detect, investigate, contain or recover from future attacks or incidents in a timely or effective manner. In addition, our employees, service providers and third parties work more frequently on a remote or hybrid arrangement basis, which may involve relying on less secure systems and may increase the risk of cybersecurity-related incidents. We cannot guarantee these private work environments and electronic connections to our work environment have the same robust security measures deployed in our physical offices.

Any cyber-attack that impacts our or our Members' data and assets, disrupts our service, or otherwise compromises the availability, integrity or security of our systems, or those of third parties we use could adversely affect our business, financial condition, and operating results, be expensive to remedy, and damage our reputation. In addition, any such attacks or breaches may negatively impact our Members' experience, result in negative publicity, adversely affect our brand, impact demand for our products and services, and subject us to litigation (including class actions), regulatory investigations and/or penalties and fines, any or all of which could have an adverse effect on our business, financial condition, and operating results.

While we maintain cyber insurance that may help provide coverage for security breaches or other covered incidents, such insurance may not be adequate to cover the costs and liabilities related to them. Our costs associated with such breaches and incidents, including, for example, those stemming from one or more large claims against us that exceed our available insurance coverage, or that results in changes to our insurance policies, could impact our operating results and/or financial condition. In addition, our insurance policy may change as a result of such incidents or for other reasons, including overall insurance market conditions, new cyber-attack campaigns, premium increases, or the imposition of large, self-insured retentions or other co-insurance requirements.

Our Member engagement on mobile devices and through television depends upon effective operation with mobile and streaming device operating systems, networks, and standards that we do not control.

Members may access our platform through the Peloton Apps, and we have recently expanded our offerings with the Peloton Strength+ App. There is no guarantee that popular mobile devices or television streaming devices will continue to support the Peloton Apps or that device users will choose our Peloton Apps over competing products. We are dependent on the interoperability of the Peloton Apps with popular mobile and television streaming operating systems that we do not control, such as Android and iOS. Any changes in these systems that degrade the functionality of our Peloton App offerings or give preferential treatment to competitors could adversely affect our platforms' usage on mobile devices and televisions. We may face challenges in effectively designing and maintaining apps that deliver high-quality content and work well with a range of mobile and streaming technologies, systems, networks, and standards that we do not control. App store license agreements are not negotiable, which requires us to be responsive to changing requirements under those agreements. We may not be successful in developing relationships with key participants in the mobile and streaming industry or in developing products that operate effectively with these technologies, systems, networks, or standards. If it becomes more difficult for our Members to access or use our platforms on their mobile devices or televisions, Members find that the Peloton Apps do not effectively meet their needs, our competitors develop products and services that are perceived to operate more effectively on mobile devices or televisions, or if our Members choose not to access or use our platforms on their mobile devices or televisions or use products that do not offer access to our platforms, our Member growth and Member engagement could be adversely impacted.

Our Peloton Strength+ App, which is designed for commercial and home gym settings and is currently available only on iOS in the U.S., has a limited operating history and our ability to capture the intended market segment of gym-goers or scale the adoption of a specialized strength-focused app on a single operating system is unproven.

If we are unable to anticipate appropriate pricing levels for our Connected Fitness Products and subscriptions, our business could be adversely affected.

If we are unable to anticipate appropriate pricing levels for our portfolio of Connected Fitness Products and subscription services, whether due to consumer sentiment and spending power, availability and terms of consumer financing, brand perception, competitive pressure, or otherwise, our revenues and/or gross margins could be significantly reduced. Our decisions around the development of new products and services are in part based upon assumptions around pricing levels. If there are price fluctuations in the market after these decisions are made, it could have a negative effect on our business. Additionally, any decision to change the prices of our products and services may lead to negative consumer sentiment, reduced demand for our products and services, or otherwise harm our reputation and our Members' perception of our business.

Further, in March 2022, we began offering Peloton Rental in select markets. In May 2023, we relaunched the Peloton App, and in August 2024 we announced the Used Equipment Activation Fee applicable to Connected Fitness Products purchased in the secondary market. In June 2025, we launched Peloton Repowered, an equipment and accessories resale marketplace. No assurance can be given that these offerings or any other new products or services will be successful and will not adversely affect our reputation, operating results, and financial condition.

Changes in how we market our products and services could adversely affect our marketing expenses and subscription levels.

We use a broad mix of marketing and other brand-building measures to attract Members. This includes advertising on television and digital properties, including social media platforms such as Instagram and TikTok. As media platforms continue to rapidly evolve or grow more competitive, we must continue to maintain a presence on these platforms and establish a presence on new or emerging popular advertising and marketing platforms. If we cannot use these marketing tools in a cost-effective manner, if we fail to promote our products and services efficiently and effectively, or if our marketing campaigns attract negative media attention, our ability to acquire new Members and our financial condition may suffer and the price of our stock could decline. In addition, an increase in the use of television and digital media for product promotion and marketing may increase the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. We may not be able to control the adjacency of our marketing to objectionable content. Negative commentary, claims or publicity regarding us, our products or influencers and other third parties who are affiliated with us could adversely affect our reputation and sales regardless of whether such claims are accurate. See “—Our success depends on our ability to maintain the value and reputation of the Peloton brand.”

An economic downturn or economic uncertainty may adversely affect consumer discretionary spending and demand for our products and services.

Our products and services may be considered discretionary items for consumers. Factors affecting the level of consumer spending for such discretionary items include general economic conditions, including inflation, rising interest rates, recessionary conditions, and other factors such as consumer confidence in future economic conditions, fears of recession, the availability and cost of consumer credit and spending power, levels of unemployment, and tax rates. In recent years, the United States and other significant economic markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions and fluctuations. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. For example, in more recent quarters, we have experienced reduced consumer demand, partially contributing to a decrease in Connected Fitness Products Revenue relative to prior year periods. Our sensitivity to economic cycles and any related fluctuation in consumer demand for our products and services could have an adverse effect on our business, financial condition, and operating results.

Our revenue could decline due to changes in credit markets and decisions made by credit providers.

Many of our customers have financed their purchase of our Connected Fitness Products through third-party credit providers with whom we have existing relationships. If we are unable to maintain our relationships with our financing partners, there is no guarantee that we will be able to find replacement partners who will provide our customers with financing on similar terms, and our ability to sell our Connected Fitness Products may be adversely affected. Further, reductions in consumer lending and the availability of consumer credit could limit the number of customers with the financial means to purchase our products. Higher interest rates could increase our costs or the monthly payments for consumer products financed through other sources of consumer financing. In the future, we cannot be assured that third-party financing providers will continue to provide consumers with access to credit or that available credit limits will not be reduced. Such restrictions or reductions in the availability of consumer credit, or the loss of our relationship with our current financing partners, could have an adverse effect on our business, financial condition, and operating results.

We have a limited operating history with which to predict the profitability of our subscription model. Additionally, we may introduce new revenue models in the future.

The majority of our subscribers are on month-to-month subscription terms and may cancel their subscriptions at any time. In addition, subscription renewals can fluctuate based on a variety of factors such as consumer preferences, competitive products and services and macroeconomic conditions. We have limited historical data with respect to subscription renewals, so we may be unable to accurately predict customer renewal rates. Additionally, prior renewal rates may not accurately predict future subscriber renewal rates for a variety of reasons, such as subscribers' dissatisfaction with our offerings and the cost of our subscriptions, macroeconomic conditions, changes to our pricing or that of our competitors, or new offering introductions by us or our competitors. If our subscribers do not renew their subscriptions, our revenue may decline, and our business will suffer.

Furthermore, we have offered and may in the future offer, new subscription products, implement promotions, or replace or modify current subscription models and pricing, any of which could result in additional costs or could adversely impact subscriber retention. For example, we offer Peloton Rental in select markets, and we have launched a Used Equipment Activation Fee applicable to Connected Fitness Products purchased in the secondary market. In the future, we may introduce shipping and return fees, or tariff surcharges. It is unknown how our subscribers will react to new models and whether the costs or logistics of implementing these models will adversely impact our business. If the adoption of new revenue models adversely impacts our subscriber relationships, subscriber growth, subscriber engagement, and our business, financial condition, and operating results could be harmed.

We track certain operational and business metrics with internal methods that are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain operational and business metrics, including Members, Ending Paid Connected Fitness Subscriptions, Average Net Monthly Paid Connected Fitness Subscription Churn, and Ending Paid App Subscription, with internal methods, which are not independently verified by any third-party and, including for the Peloton Apps, are often reliant upon an interface with mobile operating systems, networks and standards that

we do not control. These metrics, and our internal methods for measuring such metrics, are subject to change from time to time. Our internal methods have limitations and our process for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we report. If the internal methods we use under-count or over-count metrics that are important to our business, for example, as a result of algorithmic or other technical errors, the operational and business metrics that we report publicly, or those that we report to regulatory bodies or otherwise use to manage our business, may not be accurate. In addition, limitations or errors with respect to how we measure certain operational and business metrics or a cybersecurity incident that impacts the accuracy of this information may affect our understanding of certain details of our business, which could affect our longer-term strategies, and jeopardize our credibility with Members, partners and regulators. If our operational and business metrics are not accurate representations of our business, market penetration, retention or engagement; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, or if investors, analysts, or customers do not believe that they do, our reputation may be harmed, and our operating and financial results could be adversely affected.

We or our subscribers may be subject to sales and other taxes, and we may be subject to liabilities on past sales for taxes, surcharges, and fees.

The application of indirect taxes, such as sales and use tax, subscription sales tax, value-added tax, provincial taxes, goods and services tax, business tax, and gross receipt tax, to businesses like ours and to our subscribers is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business. One or more states, the federal government, or other countries may seek to impose additional reporting, record-keeping, or indirect tax collection obligations on businesses like ours that offer subscription services and other fitness offerings, and consumers have contested, and may in the future contest, the appropriateness of our tax collection practices through litigation or other means. New taxes could also require us to incur substantial costs to capture data and collect and remit taxes. If such obligations were imposed, the additional costs associated with tax collection, remittance, and audit requirements could have an adverse effect on our business, financial condition, and operating results.

Covenants in the credit agreement and the security agreement governing our Term Loan (as defined below) and revolving credit facility may restrict our operations, and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted.

Our Term Loan and revolving credit facility contain various restrictive covenants, including, among other things, minimum liquidity and subscription revenue requirements applicable solely to drawings under the revolving credit facility, restrictions on our ability to dispose of assets, make acquisitions or investments, incur debt or liens, make distributions to our stockholders, or enter into certain types of related party transactions. In particular, in addition to customary affirmative covenants, as well as customary covenants that restrict our ability to, among other things, incur additional indebtedness, sell certain assets, guarantee obligations of third parties, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions, our revolving credit facility, as recently amended, requires us, when revolving loans are outstanding, to maintain a total level of liquidity of not less than \$250.0 million and to maintain Subscription Revenue of the company and its subsidiaries of at least \$1.2 billion for the four-quarter trailing period. This may restrict our current and future operations, particularly our ability to respond to certain changes in our business or industry or take future actions. Pursuant to the security agreement, we granted the parties thereto a security interest in substantially all of our assets. See *Note 11, Debt* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K and the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Third Amended and Restated Credit Agreement*” in Part II, Item 7 of this Annual Report on Form 10-K.

Our ability to meet these restrictive covenants can be impacted by events beyond our control and we may be unable to do so. Our credit agreement provides that our breach or failure to satisfy certain covenants constitutes an event of default. Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding under its debt agreements to be immediately due and payable. In addition, our lenders would have the right to proceed against the assets we provided as collateral pursuant to the credit agreement and the security agreement. If the debt under our credit agreement were to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay it, which would have an immediate adverse effect on our business and operating results. This could potentially cause us to cease operations and result in a complete loss of your investment in our Class A common stock.

We previously identified material weaknesses in our internal control over financial reporting, and if our remediation of such material weaknesses does not remain effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In the course of preparing our financial statements for fiscal 2021, fiscal 2022, fiscal 2023, and fiscal 2024, we identified certain material weaknesses in our internal control over financial reporting.

If we are unable to further implement and maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be adversely affected and we could become subject

to litigation or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

Furthermore, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to prevent or avoid potential future weaknesses, including with regard to the matters previously remediated. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business, processes, staffing or oversight of third parties. For example, as we continue our reliance on last mile partners, we may face additional challenges in accurately verifying physical inventory counts. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods.

Any failure to implement and maintain effective internal control over financial reporting could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Global Select Market.

Failure to maintain effective internal control over our financial and management systems may strain our resources, divert management's attention, and impact our ability to attract and retain executive management and qualified board members.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the rules and regulations promulgated thereunder by the SEC and any rules and regulations subsequently implemented by the SEC, the listing standards of The Nasdaq Stock Market LLC and other applicable securities rules and regulations. Compliance with these rules, regulations and standards has increased our legal and financial compliance costs and strains our financial and management systems, internal controls, and employees.

The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. Moreover, the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting. In order to maintain and, if required in the future, improve our disclosure controls and procedures, and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Effective internal control is necessary for us to produce reliable financial reports and is important to prevent fraud. See “— *We previously identified material weaknesses in our internal control over financial reporting, and if our remediation of such material weaknesses does not remain effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.*”

Pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act, our independent registered public accounting firm has provided an attestation report regarding our internal control over financial reporting. We have incurred and expect to continue to incur significant expenses and devote substantial management effort toward ensuring that our internal control over financial reporting is effective. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, operating results, and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future, or engage outside consultants, which will increase our operating expenses.

We are exposed to changes to the global macroeconomic environment beyond our control, including fluctuations in inflation and foreign currency exchange rates.

We are exposed to fluctuations in inflation, which could negatively affect our business, financial condition and operating results. When the inflation rate increases, it will likely affect our expenses, including, but not limited to, employee compensation expenses and increased costs for supplies. Any attempts to offset cost increases with price increases may result in reduced sales, increased customer dissatisfaction or otherwise harm our reputation. Moreover, to the extent inflation results in rising interest rates, reduces discretionary spending, and has other adverse effects on the market, it may adversely affect our business, financial condition and operating results.

In addition, while we have historically transacted in U.S. dollars with the majority of our subscribers and suppliers, we have transacted in some foreign currencies, such as the Euro, Canadian Dollar and U.K. Pound Sterling, and may transact in more foreign currencies in the future. 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. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and operating results. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and operating results. In addition, to the extent that fluctuations in currency exchange rates cause our operating results to differ from our expectations or the expectations of our investors, the trading price of our Class A common stock could be lowered. We have used, and may in the future use, derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place and may introduce additional risks if we are unable to structure effective hedges with such instruments.

Stockholder activism could disrupt our business, cause us to incur significant expenses, hinder execution of our business strategy, and impact our stock price.

We have been and may in the future be subject to stockholder activism, which can result in substantial costs and divert management and our board attention from executing our business strategy. Activism may also create perceived uncertainty regarding our long-term direction, which could adversely affect our relationships with our Members, business partners, and employees, and make it more difficult to attract and retain qualified personnel. We may incur significant advisory, legal, and other expenses related to activist campaigns, and our stock price could be subject to increased volatility in connection with such activity.

Our ability to achieve our current or future environmental, social and governance objectives, targets or goals, is subject to numerous risks, many of which are outside of our control.

Our goals and targets related to environmental, social or governance matters are subject to risks, uncertainties, third-party information or action, and conditions, many of which are outside of our control. Progressing towards our targets and commitments requires us to invest effort, resources, and management time, and circumstances may arise, including those beyond our control, that may require us to revise our timelines or our commitments. All our disclosures with respect to these matters are also subject to certain assumptions, estimations, methodologies, and third-party information that we believed to be reasonable at the time, but which may subsequently be determined to be erroneous, insufficient, or otherwise misaligned with stakeholder expectations. Additionally, if we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer attraction and retention, access to capital and employee retention. Our failure to comply with any applicable sustainability rules or regulations or other criticisms of our sustainability disclosures could lead to penalties or claims and other litigation and adversely impact our reputation, customer attraction and retention, access to capital and employee retention.

Furthermore, there are efforts by some governmental authorities and stakeholders to influence companies' efforts on certain environmental, social and governance related matters, resulting in rapidly shifting government regulations and stakeholder expectations. We may face increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others, regarding our environmental, social and governance practices, and reporting. Both advocates and opponents are increasingly resorting to a range of activism forms to advance their perspectives, including media campaigns, litigation, and, with respect to governmental authorities, regulations, investigations, enforcement of anti-discrimination laws, boycotts or the cessation of business with certain companies. To the extent we are subject to such stakeholder scrutiny, stockholder activism, or government regulation, it may require us to incur costs or otherwise adversely impact our business. This and other stakeholder expectations will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified above and other similar risks.

Our business is subject to the risk of earthquakes, fire, power outages, floods, hurricanes, public health crises, ransomware and other cybersecurity attacks, labor disputes, and other catastrophic events, and to interruption by man-made problems such as terrorism and international geopolitical conflicts.

Our business is vulnerable to damage or interruption from extreme weather events, earthquakes, fires, floods, hurricanes, and other power losses, telecommunications failures, ransomware and other cybersecurity attacks, labor disputes, terrorist attacks, acts of war and international geopolitical conflicts, human errors, break-ins, industrial accidents, public health crises, including pandemics, epidemics, and other unforeseen events or events that we cannot control. The third-party providers, systems and operations and contract manufacturers, logistics providers and business partners we rely on are subject to similar risks. Our insurance policies may not cover losses from these events or may provide insufficient compensation that does not cover our total losses. For example, a significant natural disaster, such as an earthquake, fire, or flood, could have an adverse effect on our business, financial condition and operating results, and our insurance coverage may be insufficient to compensate us for losses that may occur. We may also see significant increases to employee healthcare and benefits costs. Acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could also cause disruptions to our or our suppliers' and contract manufacturers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting locations that store significant inventory of our products, which house our servers, or from which we generate content. As we rely heavily on our computer and communications systems, and the internet to conduct our business and provide high-quality customer service, these disruptions, including disruptions due to weather-related events that could stress the power grid, could negatively impact our ability to run our business and either directly or indirectly disrupt suppliers' and our contract manufacturers' businesses, which could have an adverse effect on our business, financial condition, and operating results.

To the extent any of the foregoing or similar events adversely affects our business or financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. Any of the foregoing factors, or other cascading effects that are not foreseeable, could adversely impact our business, results of operations and financial condition.

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.

We offer complex hardware and software products and services that may be alleged, and have been alleged, to be affected by design and manufacturing defects or potential product safety issues. Defects may also exist in components and products that we source from third parties, or may arise from upgrades or changes to hardware that we or our third-party manufacturing partners may make in the ordinary course of a product's lifecycle. Actual or perceived defects may not be identified until after a product is in market. Any defects could impact our customer

experience, tarnish our brand reputation or make our products and services unsafe and create a risk of environmental or property damage and/or personal injury. Our products have been, and may in the future be, subject to product liability and product recall.

We have been and may in the future be exposed to product-related liabilities, which in some instances have resulted in and may result in product redesigns, product recalls, or other corrective actions and enforcement risks. For example, in May 2021 we initiated a voluntary recall of our Original Series Tread+ product in coordination with the U.S. Consumer Product Safety Commission ("CPSC") in response to reports of injuries associated with our Original Series Tread+. In May 2023, in collaboration with the CPSC, we announced a voluntary recall of certain Original Series Bike units in the U.S. and in Canada. In November 2025, in collaboration with the CPSC and Health Canada, we announced a voluntary recall of certain Original Series Bike+ units in the U.S. and in Canada. We may continue to incur additional costs in connection with the voluntary recall, and such additional costs may be material. We are now, and may in the future be, involved in other product recalls for which insurance is not available or provides only limited coverage.

We have been and in some cases continue to be subject to class action litigation, private personal injury claims and other regulatory proceedings, government inquiries and investigations related to the Tread+ and Bike recalls and other matters that, regardless of their merits, could harm our reputation, divert management's attention from our operations, and result in substantial legal fees, judgments, fines, penalties, and other costs. Given that such 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 our stock price, business, results of operations, financial condition or cash flows. Furthermore, the occurrence of real or perceived defects in any of our products, now or in the future, could result in additional negative publicity, regulatory investigations, recalls, or lawsuits filed against us, particularly if Members or others who use or purchase our Connected Fitness Products are injured. Even if injuries are not the result of any defects, if they are perceived to be, we may incur expenses to defend or settle any claims or government inquiries and our brand and reputation may be harmed. See *Note 12, Commitments and Contingencies* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K and the section titled "*Legal Proceedings*" in Part I, Item 3 of this Annual Report on Form 10-K.

In addition, from time to time, we may experience outages, service slowdowns, hardware issues, or software errors that affect our ability to deliver our fitness and wellness programming through our Connected Fitness platform. As a result, our services may not perform as anticipated and may not meet our expectations, or legal or regulatory requirements, or the expectations of our Members. There can be no assurance that we will be able to timely detect and fix all issues and defects in the hardware, software, and services we offer. Failure to do so could result in widespread technical and performance issues affecting our products and services and could lead to claims or investigations against us.

Design and manufacturing defects, real or perceived, and claims or investigations related thereto, may subject us to judgments or settlements that result in damages materially in excess of the limits of our insurance coverage. In addition, we may be exposed to recalls, product replacements or modifications, write-offs of inventory, property and equipment, or intangible assets, and significant warranty and other expenses such as litigation costs and regulatory fines. If we cannot successfully defend any large claim or potential liability, maintain our general liability insurance on acceptable terms, or maintain adequate coverage against potential claims, our financial results could be adversely impacted. Further, quality problems could adversely affect the experience for users of our products and services, and result in harm to our reputation, loss of competitive advantage, poor market acceptance, reduced demand for our products and services, delay in new product and service introductions, and lost revenue.

Our Members use their Connected Fitness Products, subscriptions, and fitness accessories to track and record their workouts. If our products fail to provide accurate metrics and data to our Members, our brand and reputation could be harmed, and we may be unable to retain our Members.

Our Members use their Connected Fitness Products, subscriptions, and fitness accessories, such as our heart rate monitor, to track and record certain metrics and data related to their workouts. Examples of data tracked on our platform include heart rate, calories burned, distance traveled and Strive Score as well as cadence, resistance, and output in the case of Bike; pace, speed, elevation, and output in the case of Tread; Movement Tracker in the case of Guide; and stroke rate, pace, and output in the case of Row. Taken together, these metrics assist our Members in tracking their fitness journey and understanding the effectiveness of their Peloton workouts, both during and after a workout. We anticipate introducing new metrics and features in the future and may update or remove existing metrics or features. If the software used in our Connected Fitness Products or on our platform malfunctions and fails to accurately track, display, record, or retain Member workouts and metrics, it could negatively impact our Members' experience, and we could face claims alleging that our products and services do not operate as advertised. Such reports and claims could result in negative publicity, product liability and/or product safety claims, and, in some cases, may require us to expend time and resources to refute such claims and defend against potential litigation. If our products and services fail to provide accurate metrics and data to our Members, or if there are reports or claims of inaccurate metrics and data or claims of inaccuracy regarding the overall health benefits of our products and services in the future, our Members' experience may be negatively impacted, we may become the subject of negative publicity, litigation, regulatory proceedings, and warranty claims, and our brand, operating results, and business could be harmed.

If we fail to offer high-quality Member support, our business and reputation will suffer.

Providing a high-quality Member experience is vital to our success in generating word-of-mouth referrals to drive sales and for retaining existing Members. We have faced, and in the future may face, challenges to our ability to provide high-quality Member support. Additionally, our use of, and expansion of, other distribution channels and our reliance on third-party Member support, third-party partners for in-home delivery and set up services, and Member self-assembly of certain of our Connected Fitness Products may challenge our ability to control Members' experience of such services. If we or our third-party partners do not help our Members quickly resolve issues and provide effective ongoing support, our reputation may suffer, and our ability to retain and attract Members, or to sell additional products and services to existing Members, could be harmed.

We may be subject to warranty claims that could result in significant direct or indirect costs, or we could experience greater product returns than expected, either of which could have an adverse effect on our business, financial condition, and operating results.

We generally provide a minimum 12-month limited warranty on all of our Connected Fitness Products. In addition, we generally permit returns of certain new Bikes, Rows or Treads by first-time purchasers for a full refund within 30 days of delivery. The occurrence of any defects, real or perceived, in our Connected Fitness Products could result in an increase in returns or make us liable for damages and warranty claims in excess of our current reserves, which could result in an adverse effect on our business prospects, liquidity, financial condition, and cash flows if returns or warranty claims were to materially exceed anticipated levels. We have experienced and may in the future experience higher product returns during periods where there are actual or perceived defects in our products or services or if there are changes in consumer demand.

In addition, we have been, and in the future could be, subject to costs related to product recalls and other potential corrective actions, and we could incur significant costs to correct any defects, warranty claims, or other problems. Any negative publicity related to the perceived quality and safety of our products could affect our brand image, decrease consumer and Member confidence and demand, and adversely affect our financial condition and operating results. Also, while our warranty is limited to repairs and returns, warranty claims may result in litigation, the occurrence of which could have an adverse effect on our business, financial condition, and operating results. We are presently, and may in the future be, subject to warranty claims and lawsuits related to injuries sustained by Members or their friends and family members, or others who use or purchase our Connected Fitness Products that, regardless of their merits, could harm our reputation, divert management's attention from our operations and result in substantial legal fees and other costs. See " — *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 addition to warranties supplied by us, we also offer the option for customers to purchase extended warranty and services contracts in some markets, which creates an ongoing performance obligation over the warranty period. Extended warranties are regulated in the United States on a state level and are treated differently by state. Outside the United States, regulations for extended warranties and service plans vary from country to country. Changes in interpretation of the insurance regulations or other laws and regulations concerning extended warranties and service plans on a federal, state, local, or international level may cause us to incur costs or have additional regulatory requirements to meet in the future. Our failure to comply with past, present, and future similar laws could result in reduced sales of our products, reputational damage, penalties, and other sanctions, which could have an adverse effect on our business, financial condition, and operating results.

Regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals used in the manufacturing of our Connected Fitness Products.

We are required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to conduct due diligence on and disclose whether certain conflict minerals (tin, tungsten, tantalum, and gold) are necessary to the functionality or production of our products. We have determined that these minerals are likely necessary for certain of our Connected Fitness Products and Precor commercial equipment, which contain metal and electronic components sourced through a multi-tiered global supply chain. Compliance with these requirements, including our Reasonable Country of Origin Inquiry and supply chain due diligence program, results in additional costs. If we are unable to sufficiently verify the origins of these minerals, or if our products are found to contain minerals sourced from conflict-affected regions, we could face reputational harm, supply chain disruptions, and increased sourcing costs.

Risks Related to Laws, Regulation, and Legal Proceedings

From time to time, we may be subject to legal proceedings, government inquiries or investigations, or disputes that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, financial condition, and operating results.

We have been, currently are, or in the future may be, subject to claims, lawsuits, regulatory and government inquiries, investigations, demands, disputes, enforcement actions, and other proceedings involving matters that could adversely affect our business operations and financial condition. As our product portfolio, subscription offerings, commercial relationship, and regulatory profile have evolved, we continue to see a number of these disputes and inquiries.

Personal injuries sustained or damages claimed by Members or their friends and family members, or others who use or purchase our Connected Fitness Products, services, or other offerings, have subjected us to, and could in the future subject us to, regulatory proceedings, government inquiries, investigations and actions, or private litigation, among others, that, regardless of their merits, could harm our reputation, divert management's attention from our operations, and result in substantial adverse judgments or awards, legal fees, settlements, penalties and other costs. Additionally, we have in the past been subject to intense media scrutiny, which exposes us to additional claims, regulation, government investigations, legal actions and penalties. For example, we are presently subject to litigation and disputes related to injury or damage claims by Members and others who used or purchased Connected Fitness Products. Product recalls, repairs, refunds, replacements, warnings, software updates, corrective action plans, consent decrees, settlements, or other programs or requirements may give rise to regulatory investigations, enforcement matters, private litigation, penalties, operational changes, monitoring, reporting, remediation obligations, and other costs. The implementation, scope, timing, or effectiveness of any such program or requirement may be challenged by regulators, Members, consumers, or plaintiffs, which could increase our costs, extend regulatory oversight, or result in additional claims or proceedings. See " — *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.*"

Additionally, from time to time, we have been, currently are, or in the future may be, subject to inquiries from regulators or other governmental authorities in which they seek information about us or our practices, Connected Fitness Products and services, and other offerings. Such inquiries could result in more formal investigations, proceedings, enforcement actions, consent decrees, settlements, corrective action requirements, penalties, or operational changes, which could adversely impact our business, financial condition, and operating results.

Litigation, regulatory and government inquiries, investigations, enforcement actions, proceedings, and other matters that we are currently facing or could face, can be protracted and expensive, and their outcomes are difficult to predict. Determining reserves for such matters requires significant judgment, and there can be no assurance that our expectations or estimates will prove correct. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive or equitable relief. Additionally, our legal costs for any of these matters, either alone or in the aggregate could be significant. Adverse outcomes with respect to any of these matters may result in significant settlement costs, judgments or awards, penalties and fines, or require us to modify our products or services, or take or cease actions, among other things, any of which could negatively affect our membership and revenue growth. Even if these proceedings are resolved in our favor, the time and resources necessary to resolve them, or public scrutiny related to them, could divert the resources of our management, harm our brand or reputation, or require significant expenditures. See *Note 12, Commitments and Contingencies* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K and the section titled “*Legal Proceedings*” in Part I, Item 3 of this Annual Report on Form 10-K.

We collect, store, process, and use personal and other data, which subjects us to legal obligations and laws and regulations related to security and privacy, and any actual or perceived failure to meet those obligations could harm our business.

We collect, process, store, and use a wide variety of data from current and prospective Members, and those individuals who interact with our products, services, platform, apps and websites, including personal data (some of which is considered sensitive data under applicable laws), such as precise geolocation data and data related to fitness and wellness. U.S. federal, state, and international laws and regulations governing privacy, data protection, and e-commerce transactions impose obligations on what we can do with personal data. These obligations include heightened transparency about data collection, use and sharing practices, new data privacy rights, and rules in respect to cross-border data transfers, which carry significant enforcement penalties for non-compliance. Compliance with existing, proposed and recently enacted laws and regulations can be costly and time consuming, and any failure to comply with these legal or regulatory standards could subject us to legal, operational and reputational risks. These laws and regulations also require us to safeguard personal data. Although we have established security measures, policies and procedures designed to protect this information, our and our third-party service providers’ security and testing measures may not prevent security breaches. Further, advances in computer capabilities, artificial intelligence and machine learning, new discoveries in the field of cryptography, inadequate facility security, or other developments may result in a compromise or breach of the technology we use to protect data. Any compromise of our security or breach of privacy could result in litigation or harm our reputation or financial condition and, therefore, our business.

In addition, a party who circumvents our security measures or exploits inadequacies in our security measures, could, among other effects, misappropriate personal data or other proprietary information, cause interruptions in our operations, or expose Members, prospective Members or other individuals to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against us. To the extent that the measures we or our third-party business partners have taken prove to be insufficient or inadequate, we may become subject to litigation, breach notification obligations, or regulatory or administrative sanctions, which could result in significant fines, penalties, or damages and harm to our reputation. Depending on the nature of the information compromised, in the event of a data breach or other unauthorized access to our data, we may also have obligations to provide notifications about the incident and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. A growing number of legislative and regulatory bodies have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal data. Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another, and there can be no assurances that we will be successful in our efforts to comply with these obligations. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises our data.

Furthermore, we may legally be required to disclose personal data pursuant to demands from individuals, privacy advocates, regulators, government agencies, and law enforcement agencies in various jurisdictions with conflicting privacy and security laws. This disclosure of or refusal to disclose personal data may result in a breach of privacy and data protection policies, notices, laws, rules, court orders, and regulations and could result in proceedings or actions against us in the same or other jurisdictions, damage to our reputation and brand, and inability to provide our products and services to consumers in certain jurisdictions. Additionally, new laws or regulations, or changes to or re-interpretations of the laws and regulations that govern our collection, use, and disclosure of data could impose additional requirements with respect to the retention and security of our data, could limit our marketing activities, and could have an adverse effect on our business, financial condition, and operating results.

Violations of applicable privacy laws or cybersecurity incidents could impact our business in a number of ways, such as a temporary suspension of some or all of our operating and/or information systems, damage our reputation, our relationships with customers, suppliers, vendors, and service providers and the Peloton brand and could result in lost data, lost sales, increased insurance premiums, substantial breach-notification and other remediation costs and lawsuits and legal proceedings, as well as adversely affect results of operations. In addition, we may also face regulatory investigations with corresponding fines, civil claims including representative actions, and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities (including under laws such as in California that provide statutory damage remedies for certain types of breaches) or settlements, as well as associated costs, diversion of internal resources, and reputational harm.

We may also incur additional costs in the future related to the implementation of additional security measures to protect against new or enhanced data security and privacy threats, to comply with state, federal, and international laws that may be enacted to address personal data processing risks and data security threats, or to investigate or address potential or actual data security or privacy breaches.

We are subject to global trade-related laws and regulations for the export and import of goods, articles, materials and technology, as well as forced labor and economic sanctions regulations that could subject us to liability, detention of goods, and impair our ability to compete in international markets.

The United States and various foreign governments have imposed controls, export license requirements, duties, and restrictions on the import or export of certain goods and technologies. Our products may be subject to U.S. export controls and compliance with applicable regulatory requirements regarding the export of our products, technology and services may create delays in the introduction of our products and services in international markets, prevent our international Members from accessing our products and services, and, in some cases, prevent the export of our products, technology and services to some countries altogether.

Furthermore, U.S. export control laws and economic sanctions regulations prohibit the provision of products, technology and services to certain countries, regions, governments, and persons subject to U.S. and other applicable sanctions regulations. Even though we take precautions to prevent our products and technology from being provided to targets of applicable sanctions regulations, our products and services, including our firmware updates, could be provided to those targets. Our failure to comply with these laws and regulations could have negative consequences, including government investigations, penalties, reputational harm and could harm our international and domestic sales and adversely affect our revenue.

Numerous laws prohibit the importation of goods made with forced labor or compulsory prison labor, including for example the Tariff Act of 1930, as well as the Uyghur Forced Labor Prevention Act (“UFLPA”), and other global laws against forced labor. The UFLPA prohibits the importation of articles, merchandise, apparel, and goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region (Xinjiang) of the People’s Republic of China (PRC), or by entities identified by the U.S. government on the UFLPA Entity List. Forced labor concerns have rapidly become a global area of interest, and is a topic that will likely be subject to new regulations in the markets in which we operate. If we fail to comply with these laws and regulations, the Company may be subject to detention, seizure, and exclusion of imports, as well as penalties, costs, and restrictions on export and import privileges that could have an adverse effect on our business, financial condition, and operating results.

Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We operate a global business and may have direct or indirect interactions with public officials and employees of government agencies or state-owned or affiliated entities. We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, Honest Services Wire Fraud, 18 U.S.C. § 1346, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws prohibit companies and their employees and third-party representatives from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign public officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, U.S. public companies are required to maintain books and records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. Governmental enforcement authorities could seek to impose substantial civil and/or criminal fines and penalties for violations of these laws by any director, officer, employee, or third-party representative, which could have a material adverse effect on our business, reputation, operating results and financial condition.

We have implemented an anti-corruption compliance program and policies, procedures and training designed to foster compliance with these laws, however, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, operating results and prospects.

Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, substantial criminal or civil sanctions and suspension or debarment from U.S. government contracts, any of which could have a material adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management’s attention and resources and significant defense costs and other professional fees.

Changes in legislation in the U.S. and foreign taxation of international business activities or the adoption of other tax reform policies, as well as the application of such laws, could adversely impact our financial position and operating results.

Recent or future changes to U.S., U.K. and other foreign tax laws could impact the tax treatment of our earnings. For example, the U.S. government may enact significant changes to the taxation of business entities including, among others, the imposition of minimum taxes or surtaxes on certain types of income. We generally conduct our international operations through wholly owned subsidiaries, branches, or representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Further, we are in the process of implementing an international structure that aligns with our financial and operational objectives as evaluated based on our international markets, expansion plans, and operational needs for headcount and physical infrastructure outside the

United States. The intercompany relationships between our legal entities are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Although we believe we are compliant with applicable transfer pricing and other tax laws in the United States, the United Kingdom, and other relevant countries, changes in such laws and rules may require the modification of our international structure in the future, which will incur costs, may increase our worldwide effective tax rate, and may adversely affect our financial position and operating results. In addition, significant judgment is required in evaluating our tax positions and determining our provision for income taxes.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the relevant tax, accounting, and other laws, regulations, principles, and interpretations. As we operate in numerous taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views with respect to, among other things, the manner in which the arm's-length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property.

If U.S., U.K., or other jurisdictions' tax laws further change, if our current or future structures and arrangements are challenged by a taxing authority, or if we are unable to appropriately adapt the manner in which we operate our business, we may have to undertake further costly modifications to our international structure and our tax liabilities and operating results may be adversely affected. The Organisation for Economic Co-operation and Development (OECD) is continuing to work on fundamental changes in the allocation of profits among tax jurisdictions in which companies do business (Pillar One), as well as the implementation of a global minimum tax (Pillar Two). Global minimum tax legislation has been proposed and/or enacted in various jurisdictions. These two pillars combined represent a significant change in the international tax regime, and there is risk of an adverse impact to our effective tax rate, but the amount of such impact remains uncertain at this time.

Our ability to use our net operating loss to offset future taxable income may be subject to certain limitations.

As of June 30, 2026, we had U.S. federal net operating loss carryforwards, or NOLs, and state NOLs of approximately \$3,497.9 million and \$2,728.6 million, respectively, due to prior period losses. Of our federal NOLs, \$58.3 million will begin to expire in 2034, while the remaining balance may be carried forward indefinitely. Our state NOLs began to expire at various dates starting in 2024. Realization of these NOLs depends on our ability to generate sufficient future taxable income. If we fail to generate adequate taxable income, or if future ownership changes trigger limitations under Section 382 of the Internal Revenue Code, our existing NOLs could expire unused or become subject to strict annual usage limits, which could adversely affect our operating results and financial condition.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. We have undergone ownership changes in the past, and our NOLs arising before those dates are subject to one or more Section 382 limitations which may materially limit the use of such NOLs to offset our future taxable income. Our NOLs may also be impaired under state laws. In addition, under the 2017 Tax Cuts and Jobs Act, or Tax Act, tax losses generated in taxable years beginning after December 31, 2017 may be utilized to offset no more than 80% of taxable income annually. This change may require us to pay federal income taxes in future years despite generating a loss for federal income tax purposes. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

In addition, future changes in our stock ownership, the causes of which may be outside of our control, could result in an additional ownership change under Section 382 of the Code. There is also a risk that, due to regulatory changes, such as further limitations or suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. Our NOLs may also be limited under state laws. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

Risks Related to Our Intellectual Property

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our success depends in large part on our proprietary technology and our patents, trade secrets, trademarks, copyrights and other intellectual property rights. We rely on, and expect to continue to rely on, a combination of trademark, trade dress, domain name, copyright, trade secret and patent protection, as well as confidentiality and license agreements with our employees, contractors, consultants, and third parties with whom we have relationships, to establish and protect our technology, brand, and other intellectual property. However, our efforts to protect our intellectual property rights may not be sufficient or effective, especially as incidents of infringement of the Peloton brand increase, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that infringe on our rights or are substantially similar to ours and that compete with our business.

Effective protection of intellectual property, including but not limited to patents, trademarks, copyrights and domain names, is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. As we have grown, we have sought to obtain and protect our intellectual property rights in an increasing number of countries, a process that can be expensive and may not always be successful. For example, the U.S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural requirements to complete the patent application process and to maintain issued patents, and noncompliance or non-payment could result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in a relevant jurisdiction. Further, intellectual property protection may not be available to us in every country in

which our products and services are available. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

We spend significant resources to monitor and protect our brand and other intellectual property rights. Litigation brought to protect and enforce our intellectual property rights can be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be limited if we shift our strategy or we may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our inability to secure, protect, and enforce our intellectual property rights could seriously damage our brand and our business.

We have been, and in the future may be, sued by third parties for alleged infringement of their intellectual property rights, including by music rights holders.

There is considerable patent and other intellectual property development activity in our market. Litigation, based on allegations of infringement or other violations of intellectual property rights, is frequent in the fitness and technology industries. Furthermore, it is common for individuals and groups to purchase patents and other intellectual property assets for the purpose of making claims of infringement to extract licenses and/or settlements from companies like ours. Our use of third-party content, including music content, software, and other intellectual property rights, may be subject to claims of infringement or misappropriation. We cannot guarantee that our internally developed or acquired technologies and content do not or will not infringe the intellectual property rights of others. From time to time, our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights. For additional information, see *Note 12, Commitments and Contingencies* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or royalty payments, prevent us from offering our platform or services or using certain technologies, force us to implement expensive work-arounds, or impose other unfavorable terms. We expect that the occurrence of infringement claims is likely to grow as the market for fitness products and services grows and as we introduce new and updated products and offerings. Further, we cannot compel patent or trademark rights holders to license their rights to us, and our business may be adversely impacted if our access to technology is limited. Accordingly, our exposure to demands for royalty licenses or damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Further, during the course of any litigation, we may make announcements regarding the results of hearings and motions, and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to avoid or to resolve them, could divert the resources of our management and require significant expenditures. See *"Risks Related to Laws, Regulation, and Legal Proceedings."* Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, financial condition, and operating results.

We cannot compel music rights holders to license their rights to us, and our business may be adversely affected if our access to music is limited. The concentration of control of content by major music licensors means that the actions of one or a few licensors may adversely affect our ability to provide our service.

We enter into license agreements to obtain rights to use music in our service, including with major record companies, independent record labels, major music publishers, and independent music publishers and administrators who collectively hold the rights to a significant number of sound recordings and musical compositions.

Comprehensive and accurate ownership information for the musical compositions embodied in sound recordings is sometimes unavailable because songwriters' catalogs are frequently bought and sold between rights holders, meaning ownership and share information can change at any time without notification and it may take a while for the appropriate parties to be notified. In some cases, we obtain ownership information directly from music publishers, PROs, collecting societies, or record labels and in other cases we rely on the assistance of third parties to determine ownership information.

If the information provided to us or obtained by such third parties does not comprehensively or accurately identify the ownership of musical compositions, if we are unable to determine which musical compositions correspond to specific sound recordings, or if the same party does not administer, control or own all rights on a worldwide basis, it may become difficult or impossible to identify the appropriate rights holders to whom to pay royalties. This may make it difficult to comply with the obligations of agreements with those rights holders or to secure the appropriate licenses with all necessary parties.

Our license agreements are complex and impose numerous obligations on us, including obligations to, among other things:

- calculate and make payments based on complex royalty structures, which requires tracking usage of content in our service that may at times have inaccurate or incomplete metadata necessary for such calculation;
- provide periodic reports on the exploitation of the content in specified formats; and
- comply with certain marketing and advertising restrictions.

If certain of our license agreements contain payment guarantees, which could be tied to our number of Subscriptions or stream counts for music used in our service, our ability to achieve and sustain profitability and operating leverage could depend in part on our ability to increase our revenue through increased sales of subscriptions on terms that maintain an adequate gross margin. Our license agreements typically have terms of between one and three years, but our subscribers may cancel their subscriptions at any time. We rely on estimates to forecast whether

guaranteed payments against royalties could be recouped against our actual content costs incurred over the term of the license agreement. To the extent that our estimates underperform relative to our expectations, and our content costs do not exceed such guaranteed payments, our margins may be adversely affected.

Some of our license agreements also include so-called “most-favored nations” provisions, which require that certain terms (including material financial terms) are no less favorable than those provided to any similarly situated licensor. If agreements are amended or new agreements are entered into on more favorable terms, these most-favored nations provisions could cause our payment or other obligations to escalate substantially. Additionally, some of our license agreements could require consent to undertake new business initiatives utilizing the licensed content (e.g., alternative distribution models), and without such consent, our ability to undertake new business initiatives may be limited and our competitive position could be impacted.

If we use content in ways that are found to exceed the scope of such agreements, we could be subject to monetary penalties or claims of infringement, and our rights under such agreements could be terminated.

We face risk of unforeseen costs and potential liability in connection with content we produce, license, and distribute.

As a producer and distributor of content, we face potential liability for negligence, intellectual property infringement, or other claims based on the nature and content of materials that we produce, license, and distribute, both on our platform as well as third-party platforms. We also may face potential liability for content used in promoting our service, including marketing materials. We may decide to alter or remove content from our service or third-party platforms, not to place certain content on our service or third-party platforms, or to discontinue or alter our production of certain types of content for any reason, including if we believe such content might not be well received by our Members or could be damaging to our brand and business.

To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our service, or if we become liable for content we produce, license or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability could harm our business. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims.

Some of our products and services contain open source software, which may pose particular risks to our proprietary software, technologies, products, and services in a manner that could harm our business.

We use open source software in our products and services and anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any open source code included in such software product or any derivative works of the open source code on unfavorable terms or at no cost. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re-engineer them. This re-engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful.

Additionally, the use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have processes to help alleviate these risks, including a review process for screening requests from our developers for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, financial condition, and operating results.

Risks Related to Service Providers and Our Employees

We rely heavily on third parties for most of our computing, storage, processing, and similar services, and for last mile distribution and Member support. Any disruption of or interference with our use of these third-party services could have an adverse effect on our business, financial condition, and operating results.

We have outsourced our cloud infrastructure to third-party providers, and we currently use these providers to host and stream our services and content. We are therefore vulnerable to service interruptions experienced by these providers, and we have in the past and expect in the future to experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions, and capacity constraints. Outages and capacity constraints could arise from a number of causes such as technical failures, natural disasters and global pandemics, fraud, or security attacks. In addition, hosting costs will increase as membership engagement grows, which could harm our business if we are unable to grow our revenue faster than the cost of using these services or the services of similar providers.

Additionally, we rely on last mile partners for the delivery and installation of our products and have increased our reliance on third-party Member support partners. The level or quality of service provided by these providers and partners, or regular or prolonged delays or interruptions in that service, could also affect the use of, and our Members' satisfaction with, our products and services and could harm our business and reputation.

Furthermore, some providers, such as shipping and software vendors, have broad discretion to change and interpret the terms of service and other policies with respect to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. Although we expect that we could obtain similar services from other third parties, if our arrangements with our current providers were terminated, we could experience interruptions on our platform and in our ability to make our content available to Members, as well as delays and additional expenses in arranging for alternative cloud infrastructure services.

Any of these factors could further reduce our revenue, subject us to liability, and cause our subscribers to decline to renew their subscriptions, any of which could have an adverse effect on our business, financial condition, and operating results.

In addition, customers of certain of our providers have been subject to litigation by third parties claiming that the service and basic HTTP functions infringe their patents. If we become subject to such claims, although we expect our provider to indemnify us with respect to at least a portion of such claims, the litigation may be time consuming, divert management's attention, and, if our provider fails to indemnify us, adversely impact our operating results.

Our future success depends on the continuing efforts of our key employees, including our Instructors, and our ability to attract and retain highly skilled personnel and senior management.

Our future success depends, in part, on our ability to continue to identify, attract, develop, integrate, and retain qualified and highly skilled personnel, including senior management, engineers, producers, designers, product managers, logistics and supply chain personnel, and Instructors. We are highly dependent on the services of our senior management team, and the loss of key personnel could make it more difficult to manage our business effectively, and as a result, our business and operating results could be harmed. We do not maintain key person life insurance policies on any of our employees.

Because our future success is dependent on our ability to continue to enhance and introduce new products and services, we are particularly dependent on our ability to hire and retain qualified and skilled engineers, including with significant experience in hardware development, designing and developing software and internet-related services, and with background in the areas of artificial intelligence and machine learning.

Our Instructors serve as brand ambassadors, and are critical to our business. There can be no assurance that our Instructors will remain with us or retain their current appeal, that the costs associated with retaining current Instructors and hiring new Instructors will be favorable or acceptable to us, or that new Instructors will be as successful as their predecessors. The loss of key Instructors could reduce Member engagement and revenue, and impair our ability to compete.

Competition for highly skilled personnel is often intense, especially in New York City, where we have a substantial presence. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications, and we may lose new employees to our competitors before we realize the benefit of our investment in recruiting and training them. Job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment, and our employees' inability to sell their shares in the public market at times and/or at prices desired may lead to a larger than normal turnover rate. If the actual or perceived value of our Class A common stock declines, it may adversely affect our ability to hire or retain employees. We may also periodically change our equity compensation practices, which may include changes to eligibility, award size, or award type, and such changes may prove to be unsuccessful retention mechanisms. If we are unable to attract, integrate, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business and future growth prospects could be harmed.

Our Instructors and many of our employees are subject to certain restrictive covenants, including post-employment non-compete agreements. Actual and proposed federal, state or local laws may limit the ability of employers to deploy and/or enforce certain non-compete agreements, which may limit our ability to protect legitimate interests through such agreements.

If we cannot maintain our culture, we could lose the innovation, teamwork, and passion that we believe contribute to our success and our business may be harmed.

We believe that a significant component of our success has been our corporate culture. We have invested substantial time and resources in building our culture and as we continue to evolve, we will need to maintain our culture among our employees dispersed across various geographic regions or who work remotely. We have faced, and may continue to face, challenges arising from the management of certain remote, geographically dispersed teams. As we continue to develop our infrastructure, and particularly in light of reductions in headcount, including as part of our restructuring initiatives, we may find it difficult to maintain valuable aspects of our culture, to prevent a negative effect on employee morale or attrition beyond our planned reduction in headcount, and to attract competent personnel who are willing to embrace our culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

Risks Related to the Ownership of Our Class A Common Stock

The stock price of our Class A common stock has been, and will likely continue to be, volatile and you could lose all or part of your investment.

The market price of our Class A common stock has been, and will likely continue to be, volatile.

In addition to the factors discussed in this Annual Report on Form 10-K, the market price of our Class A common stock has fluctuated and may in the future fluctuate significantly in response to numerous factors, some of which are beyond our control, including:

- overall performance of the equity markets and the performance of technology companies in particular;
- our ability to execute our business strategy, including our ability to achieve targeted cost savings and operational efficiencies;
- variations in our operating results, cash flows, and other financial and non-financial metrics;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet expectations of analysts or investors;
- recruitment, satisfaction or departure of key personnel;
- general economic conditions, including inflation, tariffs, interest rates, and foreign currency exchange rate fluctuations;
- past or future investments, acquisitions or dispositions;
- negative publicity related to individuals associated with our content, problems with our suppliers or partners, or the real or perceived quality of our products, as well as the failure to timely launch new products or services that gain market acceptance;
- rumors and market speculation involving us or other companies in our industry;
- actions and investment positions taken by institutional investors and other stockholders, including activist investors or short sellers;
- announcements by us or our competitors of new products, pricing, services, features and content, significant technical innovations, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us, litigation involving our industry, or both;
- regulatory action involving us, our industry, or both, or investigations by regulators and other third parties into our operations or those of our competitors;
- developments or disputes concerning our or other parties' products, services, or intellectual property rights;
- significant security breaches, technical difficulties and interruptions of service affecting our services and products;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- sales of shares of our Class A common stock by us or our stockholders or repurchases of such shares by us pursuant to a share repurchase program.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. We have been named in securities class action lawsuits and stockholder derivative actions, and these lawsuits and any other securities or stockholder litigation actions could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business. See *"Risks Related to Laws, Regulation, and Legal Proceedings."*

Sales of a substantial amount of our Class A common stock in the public markets, or the perception that such sales might occur, could cause the price of our Class A common stock to decline.

The market price of our Class A common stock could decline as a result of sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur. Many of our existing security holders have substantial unrecognized gains on the value of the equity they hold, and may take steps to sell their shares or otherwise limit the risk to the value of any unrecognized gains.

There were a total of 438,639,374 shares of our Class A common stock and Class B common stock outstanding as of June 30, 2026. All shares of our Class A common stock and Class B common stock are freely tradable, except for certain limitations, on any shares purchased by our "affiliates" as defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act").

Certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Sales of our shares pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate, and could cause the trading price of our Class A common stock to fall.

As of June 30, 2026, we had 36,744,751 shares of Class A common stock underlying restricted stock units that were outstanding but not yet vested, 5,789,169 shares of Class A common stock underlying performance stock units that were outstanding but not yet vested, and stock options outstanding that, if fully exercised, would result in the issuance of 4,943,664 shares of Class B common stock and 13,771,031 shares of Class A common stock. Subject to the satisfaction of applicable vesting requirements, and limitations applicable to shares held by our affiliates, the vested restricted stock and shares issued upon exercise of outstanding stock options will be available for immediate resale in the open market.

The dual class structure of our common stock has the effect of concentrating voting control among certain directors and other holders of our Class B common stock; this will limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has 20 votes per share and our Class A common stock has one vote per share. Because of the twenty-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock will be able to control or significantly influence the outcome of most matters submitted to our stockholders for approval until the earlier of (i) the date specified by a vote of the holders of 66 2/3% of the then-outstanding shares of Class B common stock, (ii) ten years from the closing of our initial public offering, and (iii) the date the shares of Class B common stock cease to represent at least 1% of all outstanding shares of our common stock. This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain permitted transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. In the past we have granted options to purchase Class B common stock and any exercise of such options will result in additional Class B common stock outstanding, which may further concentrate control among holders of our Class B common stock.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Certain stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Large institutional investors may decline to purchase shares of our Class A common stock, which could result in a less active trading market and adversely affect the value of our Class A common stock. Any actions or publications by stockholder advisory firms, institutional investors, or other third parties critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

We do not pay dividends and historically have not repurchased our Class A common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to pay any cash dividends. Our ability to pay dividends on our common stock is limited by restrictions under the terms of our credit agreement. We have also not engaged in share repurchases of our Class A common stock. We anticipate that, for the foreseeable future, we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends or initiate a share repurchase program in the future will be at the discretion of our Board of Directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, to realize gains on their investments.

Provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may limit attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and second amended and restated bylaws may have the effect of delaying or preventing a merger, acquisition or other change of control of our company that stockholders may consider favorable. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, our restated certificate of incorporation and second amended and restated bylaws include provisions that:

- provide that our Board of Directors is classified into three classes of directors with staggered three-year terms;
- permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could use to implement a stockholder rights plan;
- provide that only the chairman of our Board of Directors, our chief executive officer, or a majority of our Board of Directors will be authorized to call a special meeting of stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit cumulative voting;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock may have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Section 203 of the General Corporation Law of the State of Delaware (the "DGCL") may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our restated certificate of incorporation and second amended and restated bylaws contain exclusive forum provisions for certain claims, which may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation, or our second amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our second amended and restated bylaws provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (a "Federal Forum Provision"). While there can be no assurance that federal or state courts will determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholders' ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or employees, which may discourage lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation and/or second amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and operating results.

Short sellers of our stock may be manipulative and may drive down the market price of our Class A common stock.

As a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our reputation, business, financial condition, and operating results. There are no assurances that we will not face short sellers' efforts or similar tactics in the future, and the market price of our Class A common stock may decline as a result of their actions.

Risks Related to Our Indebtedness

The Notes are effectively subordinated to our existing and future secured indebtedness and structurally subordinated to the liabilities of our subsidiaries.

Our 5.50% Convertible Senior Notes due 2029 (the "Notes") are our senior, unsecured obligations and rank equal in right of payment with our existing and future senior, unsecured indebtedness, senior in right of payment to our existing and future indebtedness that is expressly subordinated to the Notes and effectively subordinated to our existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness. In addition, because none of our subsidiaries guarantee the Notes, the Notes are structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent we are not a holder thereof) preferred equity, if any, of our subsidiaries. As of June 30, 2026, we had approximately \$1.3 billion in total indebtedness (\$350.0 million of which was the Notes) and approximately \$100.0 million of available borrowing capacity under our revolving credit facility. Our subsidiaries had no outstanding additional indebtedness as of June 30, 2026. The indentures governing the Notes do not prohibit us or our subsidiaries from incurring additional indebtedness, including senior or secured indebtedness, in the future.

If a bankruptcy, liquidation, dissolution, reorganization or similar proceeding occurs with respect to us, then the holders of any of our secured indebtedness may proceed directly against the assets securing that indebtedness. Accordingly, those assets will not be available to satisfy any outstanding amounts under our unsecured indebtedness, including the Notes, unless the secured indebtedness is first paid in full. The remaining assets, if any, would then be allocated pro rata among the holders of our senior, unsecured indebtedness, including the Notes. There may be insufficient assets to pay all amounts then due.

If a bankruptcy, liquidation, dissolution, reorganization or similar proceeding occurs with respect to any of our subsidiaries, then we, as a direct or indirect common equity owner of that subsidiary (and, accordingly, holders of our indebtedness, including the Notes), will be subject to the prior

claims of that subsidiary's creditors, including trade creditors and preferred equity holders. We may never receive any amounts from that subsidiary to satisfy amounts due under the Notes.

Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under the Notes.

As of June 30, 2026, we had approximately \$1.3 billion aggregate principal amount in total indebtedness (\$980.0 million of which was secured indebtedness) and approximately \$100.0 million of available borrowing capacity under our revolving credit facility. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things: increasing our vulnerability to adverse economic and industry conditions; limiting our ability to obtain additional financing; requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes; limiting our flexibility to plan for, or react to, changes in our business; diluting the interests of our existing stockholders as a result of issuing shares of our Class A common stock upon conversion of the Notes; and placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the Notes, and our cash needs may increase in the future. Our credit agreement contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change or to pay any cash amounts due upon conversion, and our other indebtedness limits our ability to repurchase the Notes or pay cash upon their conversion.

Noteholders may, subject to a limited exception, require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we may satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our Class A common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture.

A default under the indenture governing the Notes or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the Notes.

We may require additional capital to support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, and may result in stockholder dilution.

We intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services, and operating infrastructure, and potentially acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition, and operating results. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our Class A common stock could suffer significant dilution, and any new shares we issue could have rights, preferences, and privileges superior to those of our Class A common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Cybersecurity Risk Management

We have developed and implemented a cybersecurity risk management program intended to preserve the confidentiality, integrity and availability of Peloton's systems and information, including our Members' data, APIs and web and mobile applications. Our cybersecurity program is guided by industry standards developed by the National Institute of Standards and Technology ("NIST"). We seek to address cybersecurity risks through a comprehensive, cross-functional approach that focuses on protecting the information that we collect and store by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur. Our cybersecurity program is also integrated with Peloton's broader enterprise risk management program, through which we manage business, cybersecurity, information technology, privacy, legal, and geopolitical risks, among others.

While no organization can eliminate cybersecurity risk entirely, we believe our cybersecurity program is reasonably designed to mitigate our cybersecurity and information technology risks. Our cybersecurity program is supported by our information security team, which is primarily responsible for identifying, monitoring and preventing cybersecurity threats and our data privacy team, which is primarily responsible for developing, creating, maintaining and enforcing privacy policies, standards and procedures. Our information security team reviews potential identified incidents through various internal and external resources; identifies potential or actual cybersecurity threats; evaluates and prioritizes threats based on severity; investigates and mitigates the cause and impact of such incidents; administers our documented response procedures with respect to any data breach; and implements safeguards to help prevent recurrence.

Education, training and preparedness are important elements of our cybersecurity program. Peloton requires new employees to undertake a cybersecurity training and provides regular training updates to other employees. Additional trainings are mandatory for those employees who handle confidential (including personal) information. We also conduct regular cybersecurity awareness trainings for employees across all levels and departments, including phishing simulations and other targeted exercises.

We perform due diligence regarding our third-party suppliers, service providers and other business partners. This may include requiring evidence demonstrating third parties' ability to meet our cybersecurity and data handling requirements. In addition, Peloton's business partners who process data are contractually obligated to notify us if they experience certain incidents impacting our or our Members' data. Our ability to monitor the cybersecurity practices of third parties is limited and there can be no assurance that we can prevent or mitigate the risk of any compromise or failure in the information systems, software, network or other cybersecurity assets owned or controlled by third parties.

We regularly perform internal testing and engage independent third parties to perform audits and assessments as we deem appropriate. For example, our alignment with NIST standards has been reviewed by an industry-leading auditing firm. We also maintain a cyber insurance policy to help manage, in part, costs associated with significant cybersecurity incidents that may occur. We continue to invest in our cybersecurity program and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain.

For a discussion regarding risks from cybersecurity threats, see our risk factors, including the risk factors titled *"Any major disruption or failure of our information technology systems or websites, or our failure to successfully implement upgrades and new technology effectively, could adversely affect our business and operations"*, *"Cybersecurity risks could adversely affect our business and disrupt our operations"*, *"Our business is subject to the risk of earthquakes, fire, power outages, floods, hurricanes, public health crises, ransomware and other cybersecurity attacks, labor disputes, and other catastrophic events, and to interruption by man-made problems such as terrorism and international geopolitical conflicts"*, *"We collect, store, process, and use personal and other data, which subjects us to legal obligations and laws and regulations related to security and privacy, and any actual or perceived failure to meet those obligations could harm our business"*, *"Our growing use of artificial intelligence and machine learning technologies may present additional risks and challenges, which could result in reputational and competitive harm, legal liability and adversely affect our results of operations"*, under the heading *"Risk Factors — Risks Related to Our Business"* in Part I, Item 1A of this Annual Report on Form 10-K.

As of June 30, 2026, we are not aware of any cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. For additional information regarding cybersecurity risks, see "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

Cybersecurity Governance

While everyone at Peloton has a role in managing cybersecurity risks, our Board of Directors and senior management team are actively involved in the oversight of our cybersecurity program. Our Board of Directors and the Audit Committee of our Board of Directors oversee Peloton's cybersecurity matters through regular reports and reviews, as well as reporting on material cybersecurity incidents. These include presentations by the Company's Senior Vice President, Chief Information Officer ("CIO") to the Audit Committee on a quarterly basis, along with ad hoc reports on cybersecurity incidents, threat detection and mitigation plans to the Audit Committee, our Board of Directors, and our executive team.

Our CIO leads our information security team and has more than 20 years of cybersecurity experience across four public companies. He is supported by our Vice President of Privacy Compliance, who leads our data privacy team. Our cybersecurity program is supported by other members of our senior management team as well, including our Chief Legal Officer and members of Peloton's disclosure committee. Members of executive leadership are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management process. The CIO also provides updates to Peloton's senior management regarding cybersecurity risks, and meets regularly with Peloton's finance, enterprise technology, disclosure and internal audit teams.

Item 2. Properties

As of June 30, 2026, our principal properties included our corporate offices, warehouses and distribution facilities, and production studio facilities.

We are headquartered in New York City, where we occupy or sublease facilities totaling approximately 336,000 square feet under a head lease that expires in 2035. We also lease our international corporate headquarters, which is located in London, United Kingdom. We primarily use these facilities for technology, product design, research and development, sales and marketing, supply chain and logistics, finance, legal, human resources, and information technology. We also have our Member Support team located in Plano, Texas.

During the fiscal year ended June 30, 2026, we leased retail properties, including microstores, in the United States, Canada, and Germany. However, we have continued to reduce our retail showroom presence as part of the Restructuring Plans (as defined below).

Our office space and retail locations are used to support both of our reportable segments (Connected Fitness Products and Subscription). We lease warehouse and distribution facilities primarily in North America, which are used to support our Connected Fitness Products segment. In addition, we lease our production studio facilities, which are located in New York City and London, and are used to support our Subscription segment. We also have certain head-lease obligations for corporate offices, warehouses, and distribution facilities that we are currently subleasing to third parties, which do not support our day-to-day operations.

We believe that our existing facilities are suitable and adequate for the conduct of our business. Refer to *Note 17, Segment Information* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further details regarding our segments.

In May 2021, we announced plans to build a U.S. manufacturing facility in Troy Township, Ohio, referred to as "Peloton Output Park". The facility was intended to provide additional manufacturing capacity for Connected Fitness Products, alongside our existing manufacturing facilities. In February 2022, as part of the 2022 Restructuring Plan (as defined below), we announced the closure of several assembly and manufacturing plants, including plans to sell the Peloton Output Park. In January 2024, we completed the sale of the Peloton Output Park building and a portion of the adjacent land for net proceeds of approximately \$31.9 million. Subsequently, in September 2024, we finalized the sale of the remaining land for net proceeds of \$4.2 million.

Item 3. 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 12, Commitments and Contingencies* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A common stock began trading on The Nasdaq Global Select Market under the symbol "PTON" on September 26, 2019. Prior to that date, there was no public trading market for our Class A common stock.

Our Class B common stock is not listed or traded on any stock exchange.

Holders of Record

As of July 30, 2026, there were 36 registered holders of our Class A common stock and 65 registered holders of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We do not expect to pay dividends on our capital stock for the foreseeable future. Instead, we anticipate that all of our earnings for the foreseeable future will be used for repayment of debt and for the operation and growth of our business. Any future determination to declare cash dividends would be subject to the discretion of our Board of Directors and would depend upon various factors, including our operating results, financial condition, and capital requirements, restrictions that may be imposed by applicable law, and other factors deemed relevant by our Board of Directors. In addition, our ability to pay dividends on our common stock is limited by the restrictions under the terms of our credit agreement and security agreement.

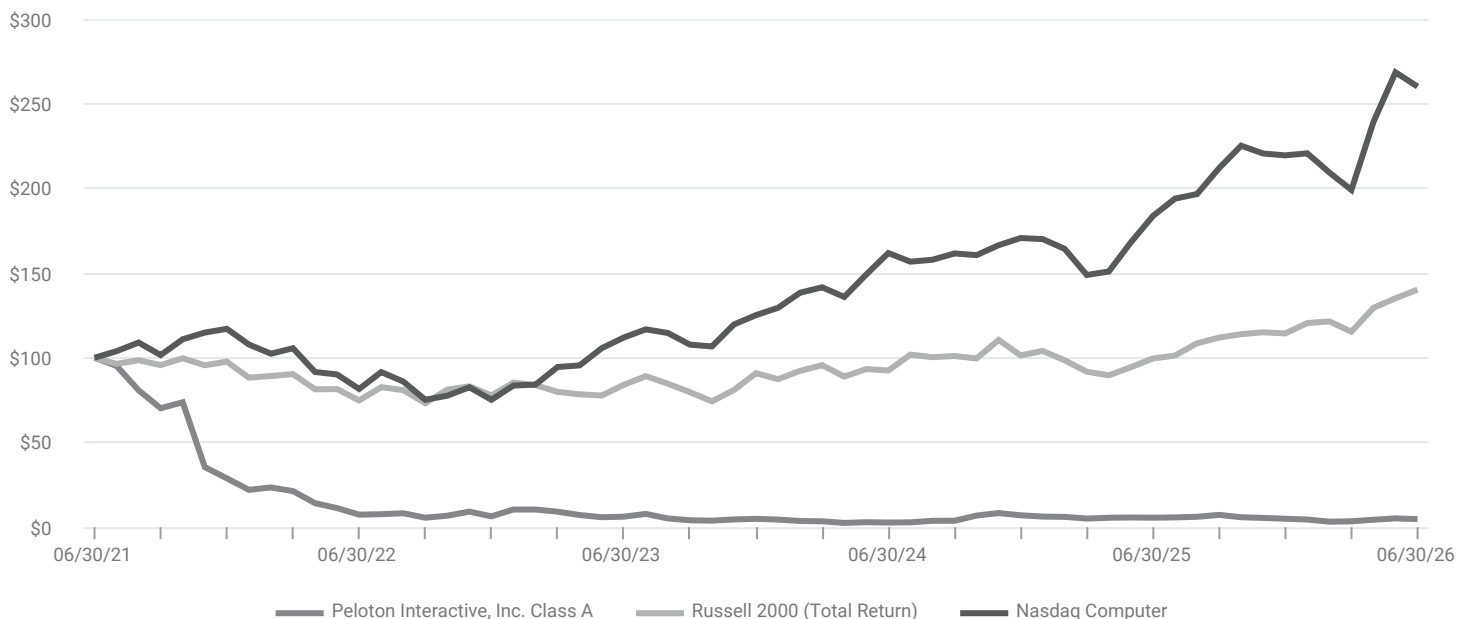
Performance Graph

The following performance graph shall not be deemed soliciting material or to be filed with the SEC for purposes of Section 18 of the Exchange Act, nor shall such information be incorporated by reference into any of our other filings under the Exchange Act or the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Russell 2000 Index and the Nasdaq Computer Index. The graph assumes an initial investment of \$100 in our common stock and each index at the market close on the last trading day for the fiscal year ended June 30, 2021. Data for each index assumes reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

Comparison of Cumulative Total Return



Item 7. 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 consolidated financial statements and related notes appearing elsewhere in this Annual Report on 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 I, Item 1A of this Annual Report on Form 10-K.

A discussion of our results of operations for our fiscal year ended June 30, 2025 compared to the year ended June 30, 2024 is 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 (File No. 001-39058) under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Overview

Peloton is a leading global fitness and wellness company that empowers people to live fit, strong, long, and happy, by bringing integrated fitness and wellness experiences to Members (as defined below) anytime, anywhere. Founded in 2012 and headquartered in New York City, we offer a breadth of fitness and wellness solutions to consumers worldwide, including our highly engaged community of approximately 5.5 million Members as of June 30, 2026, across the United States, United Kingdom, Canada, Germany, Australia, and Austria, and Commercial Business Unit customers in over 60 countries. As a category innovator at the nexus of fitness, wellness, technology, and media, we deliver integrated experiences through our world-renowned instructors ("Instructors"), premium hardware and innovative software, personalization, extensive modalities and an expansive content library.

We define a "Member" as any individual who has a Peloton account through a Paid Connected Fitness Subscription (as defined below) 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 (guided, time, and distance-based routes filmed in locations around the world), and Lanebreak workouts (our game-inspired workout experience); (ii) at least 10 minutes of any activity tracking workout (such as "Just Ride", "Just Run", or "Just Row"), or Peloton Entertainment workout (video streaming); (iii) at least 5 minutes of any Strength+ workout with 80% of sets marked complete; or (iv) at least 10 minutes of any Breathwrk class.

Our portfolio of Connected Fitness Products primarily consists of the Peloton Original Series, Peloton Cross Training Series, Peloton Pro Series, and Precor Products (collectively, the "Connected Fitness Products"), and related accessories, delivery and installation services, extended warranty and other service agreements, and branded apparel. 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+ (collectively, the "Cross Training Series"). We also launched the Peloton Pro Series, a refresh of our portfolio of commercial-ready Peloton-branded products, which now includes the Bike+ Pro, Tread+ Pro, and Row+ Pro (collectively, the "Pro Series"). 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+. Our Precor-branded fitness products include Precor Cardio, Precor Strength, Connected Fitness Solutions, and Wellness Solutions (collectively, the "Precor Products").

Access to the Peloton Apps is available with an All-Access Membership for Members who have Peloton-branded Connected Fitness Products or through a standalone App Membership (App+, App One, Strength+, and Breathwrk). 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 (a successful credit card billing or prepaid with subscription credits or waivers).

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 included a reduction in global headcount and was designed 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. The 2025 Restructuring Plan has been substantially implemented as of June 30, 2026. We do not expect to incur material additional cash or non-cash restructuring charges under the 2025 Restructuring Plan.

Global Trade Policies and Tariffs

On February 20, 2026, the U.S. Supreme Court issued a decision invalidating tariffs imposed under the International Emergency Economic Powers Act ("IEEPA"). U.S. Customs and Border Protection ("CBP") subsequently launched the Consolidated Administration and Processing of Entries ("CAPE") process to permit importers to seek refunds on previously paid IEEPA tariffs. The Company submitted refund claims in CAPE in June 2026 for IEEPA tariffs previously paid by the Company.

Subsequent to June 30, 2026, the Company began to receive refund payments for IEEPA tariffs previously paid. Consistent with ASC 450-30, we did not recognize these amounts in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the period ending June 30, 2026. We continue to closely monitor updates from CBP and will recognize any IEEPA tariff refunds or related receivables when they are realized or realizable.

Following the ruling on IEEPA tariffs, we were subject to Section 122 tariffs of 10%, which expired on July 23, 2026. Concurrently, effective July 24, 2026, the U.S. government imposed new tariffs of 10.0% to 12.5% on goods from approximately 60 economies under Section 301 of the Trade Act of 1974, including from economies where we have significant operations or commercial presence, such as Taiwan and China.

Additionally, on April 2, 2026, President Trump issued a presidential proclamation modifying the application of Section 232 tariffs on steel, aluminum, and their derivative products, which, among other things, removed fitness equipment from the scope of those tariffs. As a result, as of April 6, 2026, the steel and aluminum content in our Connected Fitness Products is no longer subject to Section 232 tariffs of 50%.

We will 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 certain tariffs are ultimately implemented, the timing of implementation, any nullification or repeal, 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 June 30, 2026, we have accrued \$7.7 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. We have not established any incremental accruals since September 30, 2025. 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 Consolidated Statements of Operations and Comprehensive Income (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 Part I, Item 1A of this Annual Report on Form 10-K.

Key Operational and Business Metrics

In addition to the measures presented in our 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.

	Fiscal Year Ended June 30,		
	2026	2025	2024
Ending Paid Connected Fitness Subscriptions (in millions) ⁽¹⁾	2.553	2.800	2.976
Average Net Monthly Paid Connected Fitness Subscription Churn ⁽¹⁾	1.7 %	1.6 %	1.4 %
Ending Paid App Subscriptions (in millions) ⁽¹⁾	0.503	0.552	0.621
Subscription Gross Profit (in millions)	\$ 1,196.3	\$ 1,157.1	\$ 1,157.7
Subscription Contribution (in millions) ⁽²⁾	\$ 1,253.8	\$ 1,222.0	\$ 1,231.6
Subscription Gross Margin	71.4 %	69.1 %	67.8 %
Subscription Contribution Margin ⁽²⁾	74.8 %	73.0 %	72.1 %
Net income (loss) (in millions)	\$ 63.2	\$ (118.9)	\$ (551.9)
Adjusted EBITDA (in millions) ⁽³⁾	\$ 468.2	\$ 403.6	\$ 3.5
Net cash provided by (used in) operating activities (in millions)	\$ 387.6	\$ 333.0	\$ (66.1)
Free Cash Flow (in millions) ⁽⁴⁾	\$ 377.6	\$ 323.7	\$ (85.8)

(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 fiscal years ended June 30, 2026, 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 income (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 (used in) 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. Our annual Average Net Monthly Paid Connected Fitness Subscription Churn for each of the fiscal years ended June 30, 2026, 2025, and 2024 is calculated in the same manner, divided by twelve months, during each respective fiscal year.

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 (a successful credit card billing or prepaid with subscription credits or waivers). 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, including 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 annual prepaid basis, and revenue generated from content licensing arrangements.

As of June 30, 2026, 99% and 77% 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-branded Connected Fitness Products (such as a Peloton Bike and Peloton Tread) in the same household. As of June 30, 2026, approximately 12% 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, 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. Fixed costs primarily include Instructor, content, production, and management personnel-related expenses, including stock-based compensation expense, as well as certain costs related to facilities, including depreciation of property and equipment, studio rent and occupancy, and other studio overhead. Variable costs primarily include 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 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.

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Consolidated Statement of Operations Data:			
Revenue			
Connected Fitness Products	\$ 770.4	\$ 817.1	\$ 991.7
Subscription	1,675.6	1,673.7	1,708.7
Total revenue	2,446.0	2,490.8	2,700.5
Cost of revenue ⁽¹⁾⁽²⁾			
Connected Fitness Products	680.0	705.9	943.0
Subscription	479.3	516.6	551.0
Total cost of revenue	1,159.3	1,222.5	1,494.0
Gross profit	1,286.7	1,268.3	1,206.5
Operating expenses			
Sales and marketing ⁽¹⁾⁽²⁾	400.4	421.6	658.9
General and administrative ⁽¹⁾⁽²⁾	430.3	527.3	651.0
Research and development ⁽¹⁾⁽²⁾	242.8	234.2	304.8
Impairment expense	34.6	64.1	57.3
Restructuring expense ⁽¹⁾	17.9	33.8	66.1
Supplier settlements	—	23.5	(2.6)
Total operating expenses	1,126.0	1,304.5	1,735.5
Income (loss) from operations	160.7	(36.2)	(529.0)
Other expense, net:			
Interest expense	(123.8)	(134.5)	(112.5)
Interest income	36.4	32.7	35.1
Foreign exchange (loss) gain	(10.1)	22.4	—
Other (expense) income, net	(0.2)	0.1	0.7
Net gain on debt refinancing	—	—	53.6
Total other expense, net	(97.6)	(79.3)	(23.2)
Income (loss) before income taxes	63.1	(115.6)	(552.1)
Income tax (benefit) expense	(0.1)	3.4	(0.2)
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Cost of revenue			
Connected Fitness Products	\$ 8.9	\$ 9.3	\$ 10.1
Subscription	40.8	36.3	39.3
Total cost of revenue	49.6	45.7	49.5
Sales and marketing	25.1	16.4	19.7
General and administrative	77.5	121.9	177.1
Research and development	45.6	44.8	58.8
Restructuring expense	0.8	0.8	6.6
Total stock-based compensation expense	\$ 198.6	\$ 229.6	\$ 311.7

During the fiscal year ended June 30, 2024, in connection with the transition of our former CEO, we recognized stock-based compensation expense of \$41.9 million for one year of accelerated vesting of stock options, which had an exercise price of \$38.77 per share and a grant date fair value of approximately \$167.6 million. In addition, we recognized incremental stock-based compensation expense of \$5.4 million for the modification of stock option awards related to extension of the exercise window through December 31, 2027. These expenses were recognized within General and administrative expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

(2) Includes depreciation and amortization expense as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Cost of revenue			
Connected Fitness Products	\$ 9.3	\$ 16.3	\$ 16.5
Subscription	16.8	28.5	34.6
Total cost of revenue	26.1	44.9	51.0
Sales and marketing	13.9	17.4	23.4
General and administrative	9.3	17.6	23.7
Research and development	7.9	9.7	10.7
Total depreciation and amortization expense	\$ 57.2	\$ 89.7	\$ 108.8

Comparison of the fiscal years ended June 30, 2026 and 2025

Revenue

	Fiscal Year Ended June 30,		% Change
	2026	2025	
	(dollars in millions)		
Revenue:			
Connected Fitness Products	\$ 770.4	\$ 817.1	(5.7)%
Subscription	1,675.6	1,673.7	0.1
Total Revenue	\$ 2,446.0	\$ 2,490.8	(1.8)%
Percentage of revenue			
Connected Fitness Products	31.5 %	32.8 %	
Subscription	68.5	67.2	
Total	100.0 %	100.0 %	

Fiscal Years Ended June 30, 2026 and 2025

Connected Fitness Products Revenue decreased \$46.8 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025, primarily attributable to lower sales of certain Peloton-branded Connected Fitness Products, partially offset by higher sales of Precor-branded fitness products during the fiscal year ended June 30, 2026.

Subscription Revenue increased \$1.9 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025, primarily due to the subscription price increases that became effective during the three months ended December 31, 2025, and increases in content licensing revenue, partially offset by decreases in Paid Connected Fitness and App Subscriptions.

Cost of revenue, Gross profit, and Gross margin

	Fiscal Year Ended June 30,		% Change
	2026	2025	
	(dollars in millions)		
Cost of revenue:			
Connected Fitness Products	\$ 680.0	\$ 705.9	(3.7)%
Subscription	479.3	516.6	(7.2)
Total cost of revenue	<u>\$ 1,159.3</u>	<u>\$ 1,222.5</u>	(5.2)%
Gross profit:			
Connected Fitness Products	\$ 90.4	\$ 111.2	(18.7)%
Subscription	1,196.3	1,157.1	3.4
Total Gross profit	<u>\$ 1,286.7</u>	<u>\$ 1,268.3</u>	1.4%
Gross margin:			
Connected Fitness Products	11.7 %	13.6 %	
Subscription	71.4 %	69.1 %	

Fiscal Years Ended June 30, 2026 and 2025

Connected Fitness Products Cost of revenue decreased \$26.0 million for the fiscal year ended June 30, 2026, compared to the fiscal year ended June 30, 2025. This decrease was primarily driven by lower sales of certain Peloton-branded Connected Fitness Products, and lower warranty expense, partially offset by higher sales of Precor-branded fitness products, an increase in import tariff charges, and the \$13.5 million expense incurred related to the Original Series Bike+ seat post recall.

Our Connected Fitness Products Gross Margin decreased to 11.7% for the fiscal year ended June 30, 2026 compared to 13.6% for the fiscal year ended June 30, 2025. This decrease was primarily driven by an increase in import tariff charges, the \$13.5 million expense incurred related to the Original Series Bike+ seat post recall, and higher promotional discounts and a product mix shift towards lower-margin products, partially offset by lower warranty expense.

Subscription Cost of revenue decreased \$37.3 million for the fiscal year ended June 30, 2026, compared to the fiscal year ended June 30, 2025. This decrease was primarily attributable to lower costs associated with music royalties and platform streaming, and a reduction in depreciation and amortization expense, partially offset by an increase in personnel-related expenses, inclusive of stock-based compensation expense, primarily due to the assignment of executive compensation to the various expense captions beginning in fiscal 2026.

Subscription Gross Margin increased to 71.4% for the fiscal year ended June 30, 2026 compared to 69.1% for the fiscal year ended June 30, 2025. This increase was primarily driven by lower music royalties costs and related reserves, and the subscription price increases that became effective during the three months ended December 31, 2025, partially offset by decreases in Paid Connected Fitness and App Subscriptions.

Operating Expenses

Sales and marketing

	Fiscal Year Ended June 30,		% Change
	2026	2025	
	(dollars in millions)		
Sales and marketing	\$ 400.4	\$ 421.6	(5.0)%
As a percentage of total revenue	16.4 %	16.9 %	

Fiscal Years Ended June 30, 2026 and 2025

Sales and marketing expense decreased \$21.3 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025, primarily driven by a decrease in acquisition marketing spend.

General and administrative

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
General and administrative	\$ 430.3	\$ 527.3	(18.4)%
As a percentage of total revenue	17.6 %	21.2 %	

Fiscal Years Ended June 30, 2026 and 2025

General and administrative expense decreased \$97.0 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025. This decrease was mainly driven by an \$81.4 million decrease in personnel-related expenses, inclusive of stock-based compensation expense, primarily due to decreased average headcount and the assignment of executive compensation to the various expense captions beginning in fiscal 2026, a \$16.0 million decrease in rent and occupancy charges, primarily due to the assignment of other corporate overhead costs to the various expense captions beginning in fiscal 2026, and a \$5.7 million decrease in settlement costs and professional services fees, partially offset by a \$23.8 million increase in accrued legal contingencies.

Research and development

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
Research and development	\$ 242.8	\$ 234.2	3.7%
As a percentage of total revenue	9.9 %	9.4 %	

Fiscal Years Ended June 30, 2026 and 2025

Research and development expense increased \$8.6 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025. This increase was mainly driven by a \$6.6 million increase in personnel-related expenses, inclusive of stock-based compensation expense, and a \$6.4 million increase in rent and occupancy charges, both primarily due to the assignment of executive compensation and other corporate overhead costs, discussed above, partially offset by a \$4.9 million decrease in product development costs, primarily due to a reduction in contractor spend.

Impairment expense

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
Impairment expense	\$ 34.6	\$ 64.1	(45.9)%

Fiscal Years Ended June 30, 2026 and 2025

Impairment expense decreased \$29.4 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025. This decrease was mainly driven by a \$10.3 million decrease in impairment expense related to manufacturing assets, a \$9.5 million decrease in asset write-downs and write-offs related to plans to right-size portions of our corporate office footprint, and a \$5.0 million decrease in impairment expense related to the exit of retail showroom locations.

Restructuring expense

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
Restructuring expense	\$ 17.9	\$ 33.8	(47.2)%

Fiscal Years Ended June 30, 2026 and 2025

Restructuring expense decreased \$16.0 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025, primarily due to a decrease in severance and other personnel costs in connection with the Restructuring Plans.

Supplier settlements

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
Supplier settlements	\$ —	\$ 23.5	(100.0)%

Fiscal Years Ended June 30, 2026 and 2025

Supplier settlements decreased \$23.5 million for the fiscal year ended June 30, 2026 compared to the fiscal year ended June 30, 2025, due to the settlement of disputes with a third-party supplier about certain alleged past and future commitments during the fiscal year ended June 30, 2025.

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

	Fiscal Year Ended June 30,		
	2026	2025	% Change
	(dollars in millions)		
Interest expense	\$ (123.8)	\$ (134.5)	(8.0)%
Interest income	36.4	32.7	11.3%
Foreign exchange (loss) gain	(10.1)	22.4	(144.9)%
Other (expense) income, net	(0.2)	0.1	(363.8)%
Income tax (benefit) expense	(0.1)	3.4	(103.3)%

Fiscal Years Ended June 30, 2026 and 2025

Total other expense, net comprised the following for the fiscal year ended June 30, 2026:

- Interest expense primarily related to our Term Loan (as defined below) and convertible notes of \$123.8 million;
- Interest income from cash, cash equivalents, and short-term investments of \$36.4 million;
- Foreign exchange losses of \$10.1 million; and
- Other expense, net of \$0.2 million.

Total other expense, net comprised the following for the fiscal year ended June 30, 2025:

- Interest expense primarily related to our Term Loan and convertible notes of \$134.5 million;
- Interest income from cash, cash equivalents, and short-term investments of \$32.7 million;
- Foreign exchange gains of \$22.4 million; and
- Other income, net of \$0.1 million.

Income tax benefit of \$0.1 million for the fiscal year ended June 30, 2026 was primarily due to state and international taxes, offset by adjustments to the valuation allowance resulting from an acquisition. Income tax expense of \$3.4 million for the fiscal year ended June 30, 2025 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 and similar initiatives;
- 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 income (loss), the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)
Adjusted to exclude the following:			
Total other expense, net ⁽¹⁾	97.6	79.3	76.8
Net gain on debt refinancing ⁽²⁾	—	—	(53.6)
Income tax (benefit) expense	(0.1)	3.4	(0.2)
Depreciation and amortization expense	57.2	89.7	108.8
Stock-based compensation expense	197.8	228.8	305.2
Impairment expense	34.6	64.1	57.3
Restructuring expense ⁽³⁾	17.9	33.8	67.1
Supplier settlements ⁽⁴⁾	—	23.5	(2.6)
Product recall related matters ⁽⁵⁾	—	—	(14.0)
Litigation and settlement expenses ⁽⁶⁾	—	—	10.8
Adjusted EBITDA	<u>\$ 468.2</u>	<u>\$ 403.6</u>	<u>\$ 3.5</u>

(1) Primarily consists of Interest expense of \$123.8 million, \$134.5 million, \$112.5 million, Interest income of \$(36.4) million, \$(32.7) million, \$(35.1) million, and Foreign exchange loss (gain) of \$10.1 million, \$(22.4) million, and zero, for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

(2) Represents the net charge resulting from our May 2024 refinancing efforts. The Company has not demonstrated a past practice of refinancing its previously issued and secured debt obligations, and considers these charges incurred in order to perform this refinancing to be nonrecurring, infrequent, unusual, and outside the ordinary course of business.

(3) Represents charges incurred in connection with the Restructuring Plans; refer to *Note 4, Restructuring* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

(4) Represents accruals related to settlement of disputes with various third-party suppliers about certain alleged past and future commitments, which occurred due to part of an unusual, one-time effort to adjust the Company's forecasted inventory during its fiscal years 2022 and 2023. With the settlement during the fiscal year ended June 30, 2025, we have substantially settled our purchase commitments related disputes with our suppliers that were linked to our one-time effort to evaluate and adjust the Company's forecasted inventory needs with its suppliers during fiscal years 2022 and 2023. As such, we currently do not expect to add-back in the future any additional supplier settlements related to that effort.

(5) Represents adjustments and charges primarily associated with our Tread+ and Bike Seat Post product recall related matters, as well as accrual adjustments. These include recorded benefits in Connected Fitness Products Cost of revenue associated with recall related matters of \$(9.5) million, and adjustments to Connected Fitness Products Revenue for actual and estimated future returns of \$(4.5) million, for the fiscal year ended June 30, 2024.

(6) Includes litigation-related expenses for certain patent infringement litigation, consumer arbitration, and product recalls for the fiscal year ended June 30, 2024, that arise outside of the ordinary course of business and are nonrecurring, infrequent, or unusual.

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:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(dollars in millions)		
Subscription Revenue	\$ 1,675.6	\$ 1,673.7	\$ 1,708.7
Less: Subscription Cost of revenue	479.3	516.6	551.0
Subscription Gross Profit	<u>\$ 1,196.3</u>	<u>\$ 1,157.1</u>	<u>\$ 1,157.7</u>
Subscription Gross Margin	<u>71.4 %</u>	<u>69.1 %</u>	<u>67.8 %</u>
Add back:			
Depreciation and amortization expense	\$ 16.8	\$ 28.5	\$ 34.6
Stock-based compensation expense	40.8	36.3	39.3
Subscription Contribution	<u>\$ 1,253.8</u>	<u>\$ 1,222.0</u>	<u>\$ 1,231.6</u>
Subscription Contribution Margin	<u>74.8 %</u>	<u>73.0 %</u>	<u>72.1 %</u>

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 (used in) operating activities, the most directly comparable financial measure prepared in accordance with GAAP, for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Net cash provided by (used in) operating activities	\$ 387.6	\$ 333.0	\$ (66.1)
Capital expenditures	(9.9)	(9.3)	(19.7)
Free Cash Flow	<u>\$ 377.6</u>	<u>\$ 323.7</u>	<u>\$ (85.8)</u>

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 defined below), as well as cash flows from operating activities. As of June 30, 2026, we had Cash and cash equivalents of approximately \$1,206.6 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 ability to generate and grow revenue 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

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Net cash provided by (used in) operating activities	\$ 387.6	\$ 333.0	\$ (66.1)
Net cash (used in) provided by investing activities	(21.4)	(5.1)	26.8
Net cash (used in) provided by financing activities	(207.6)	1.7	(94.4)

Operating Activities

Net cash provided by operating activities of \$387.6 million for the fiscal year ended June 30, 2026 was primarily related to non-cash adjustments of \$359.8 million and a net income of \$63.2 million, partially offset by a net increase in operating assets and liabilities of \$35.5 million. Non-cash adjustments primarily consisted of \$198.6 million of stock-based compensation expense, \$57.2 million of depreciation and amortization, \$49.8 million of non-cash operating lease expense, and \$34.6 million of impairment expense. The net increase in operating assets and liabilities was primarily due to a \$77.3 million decrease in net operating lease liabilities due to lease payments and lease terminations as we continued to reduce our real estate footprint in connection with the Restructuring Plans, and a \$71.1 million decrease in accounts payable and accrued expenses, partially offset by an \$81.3 million decrease in net inventory levels and a \$34.2 million decrease in prepaid expenses and other current assets.

Net cash provided by operating activities of \$333.0 million for the fiscal year ended June 30, 2025 was primarily related to non-cash adjustments of \$424.5 million and a net decrease in operating assets and liabilities of \$27.4 million, partially offset by a net loss of \$118.9 million. Non-cash adjustments primarily consisted of \$229.6 million of stock-based compensation expense, \$89.7 million of depreciation and amortization, \$64.1 million of impairment expense, and \$54.5 million of non-cash operating lease expense. The net decrease in operating assets and liabilities was primarily due to a \$136.5 million decrease in net inventory levels and a \$66.6 million decrease in prepaid expenses and other current assets, partially offset by a \$94.0 million decrease in accounts payable and accrued expenses and an \$82.3 million decrease in net operating lease liabilities due to lease payments and lease terminations as we continued to reduce our real estate footprint through our 2024 Restructuring Plan efforts.

Investing activities

Net cash used in investing activities of \$21.4 million for the fiscal year ended June 30, 2026 was primarily related to \$11.4 million used for business combinations and asset acquisitions, and \$9.9 million used for capital expenditures.

Net cash used in investing activities of \$5.1 million for the fiscal year ended June 30, 2025 was primarily related to \$9.3 million used for capital expenditures, partially offset by \$4.2 million in proceeds from the sale of the remaining Peloton Output Park land parcel.

Financing activities

Net cash used in financing activities of \$207.6 million for the fiscal year ended June 30, 2026 was primarily due to a \$199.0 million repayment of the 2026 Notes (as defined below) upon maturity, \$10.0 million in principal repayments on the Term Loan (as defined below), and \$2.2 million of taxes withheld and paid on employee stock awards, partially offset by \$4.0 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 \$1.7 million for the fiscal year ended June 30, 2025 was primarily related to net proceeds from option exercises under our employee stock plans and purchases under the ESPP of \$15.3 million, partially offset by \$10.0 million in principal repayments on the Term Loan (as defined below) and \$3.5 million of taxes withheld and paid on employee stock awards.

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 did not bear regular interest, and the principal amount of the 2026 Notes did not accrete. The 2026 Notes matured on February 15, 2026, and during the fiscal year ended June 30, 2026, we repaid in cash the remaining \$199.0 million aggregate principal amount of the 2026 Notes.

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 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 11, *Debt* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K) 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 June 30, 2026, we had drawn the full amount of the Term Loan and had not drawn on the Revolving Facility, and we had \$980.0 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 June 30, 2026, we had outstanding letters of credit totaling \$40.9 million, which are classified as Restricted cash on the Consolidated Balance Sheets.

Refer to Note 11, *Debt* in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further details regarding our debt obligations.

Contractual Obligations and Commitments

As of June 30, 2026, our contractual obligations were as follows:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual obligations:					
	(in millions)				
Lease obligations ⁽¹⁾	\$ 525.5	\$ 83.4	\$ 129.3	\$ 93.5	\$ 219.3
Minimum royalty payments ⁽²⁾	105.2	48.0	57.2	—	—
Unused credit facility fee payments ⁽³⁾	1.2	0.4	0.8	—	—
Other purchase obligations ⁽⁴⁾	166.0	56.6	77.0	32.4	—
Convertible senior notes ⁽⁵⁾	350.0	—	—	350.0	—
Term loan ⁽⁵⁾	980.0	10.0	970.0	—	—
Total	\$ 2,127.9	\$ 198.4	\$ 1,234.3	\$ 475.9	\$ 219.3

(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. The Company has finance lease obligations of \$0.9 million, also included above.

(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.”

(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 June 30, 2026, 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 11, *Debt* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further details regarding our 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 a combination of in-house manufacturing and global sourcing with third-party manufacturing partners to build our products and accessories. These contract manufacturers and component suppliers acquire inventory 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 these suppliers 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- and Precor-specific designs, and/or specific non-cancelable, non-returnable components based on our provided forecasts.

As of June 30, 2026, 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 \$77.2 million, which is due within one year, and excluded from the table above. 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.”*

Off-Balance Sheet Arrangements

We did not have any undisclosed off-balance sheet arrangements as of June 30, 2026.

Recent Accounting Pronouncements

See *Note 2, Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K 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 Annual Report on Form 10-K.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. In preparing the consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders’ deficit, revenue, expenses, and related disclosures. We re-evaluate our estimates on an on-going 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 consolidated financial statements include those noted below.

Inventory Valuation and Reserves

We review our inventory to ensure that its carrying value does not exceed its net realizable value (“NRV”), with NRV based on the estimated selling price of inventory in the ordinary course of business, less estimated costs of completion, disposal and transportation. When our expectations indicate that the carrying value of inventory may exceed its NRV, we calculate the approximate amount by which carrying value is greater than NRV and record a write-down for that difference as a component of Connected Fitness Products Cost of revenue. Once a write-down occurs, a new, lower cost basis is established. These assumptions about future disposition of inventory are inherently uncertain and should our estimates used in these calculations change in the future, such as estimated selling prices or disposal costs, additional and potentially material write-downs may occur.

We also regularly monitor inventory quantities on-hand and in-transit and reserve for excess and obsolete inventories using estimates based on historical experience, historical and projected sales trends, specific categories of inventory, and age of on-hand inventory. Inventories presented in the Consolidated Balance Sheets are net of reserves for excess and obsolete inventory. If actual conditions or product demands are less favorable than our assumptions, additional inventory reserves may be required and could potentially be material. For additional information regarding these reserves, refer to *Note 6, Inventories*, in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Impairment of Long-Lived Assets

We review our long-lived asset groups for impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. Recoverability of our long-lived asset groups are measured by comparing the undiscounted future cash flows expected to be generated from the asset group to the carrying value of the asset group. If the test for recoverability identifies a possible impairment, the asset group’s fair value is measured relying primarily on a discounted cash flow method. An impairment charge is recognized for the amount by which the carrying value of the asset group exceeds its estimated fair value.

For our Connected Fitness Products segment and Subscription segment, we evaluate long-lived tangible assets at the lowest level at which independent cash flows can be identified, which is dependent on the strategy and expected future use of our long-lived assets. We evaluate corporate assets or other long-lived assets that are not segment-specific at the consolidated level.

We measure the fair value of an asset group based on market prices (i.e., the amount for which the asset could be sold to a third-party) when available. When market prices are not available, we generally estimate the fair value of the asset group using the income approach and/or the market approach. The income approach uses cash flow projections. Inherent in our development of cash flow projections are assumptions and estimates derived from a review of our operating results, business plan forecasts, expected growth rates, and cost of capital, similar to those a market participant would use to assess fair value. We also make certain assumptions about future economic conditions and other data. Significant judgments and estimates are included in the determination of the fair value of our right-of-use assets, including the expected downtime period to the commencement of future subleases, projected sublease income over the remaining lease period, and discount rates that reflect the level of risk associated with the expected future cash flows.

Our estimates are subject to uncertainty and may be affected by a number of factors outside our control, including general economic conditions and the competitive environment. Unforeseen events, changes in circumstances and market conditions, and changes in assumptions and estimates of future cash flows could adversely affect the fair value of our long-lived asset groups and could result in future impairment charges.

During fiscal 2024, 2025 and 2026, management identified various qualitative factors that collectively indicated that the Company had impairment triggering events, including (i) realignment of cost structure in connection with the restructuring initiatives, (ii) softening demand and (iii) significant decrease in the market price of certain long-lived asset groups. For details regarding the impairment charges recognized as a result of these triggering events, refer to *Note 7, Property and Equipment*, and *Note 10, Leases*, in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Loss Contingencies

We are, or may become, a party to legal proceedings, claims, and regulatory, tax, and government inquiries and investigations that arise in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable, the determination of which requires significant judgment. These estimates have been based on our assessment of the facts and circumstances at each balance sheet date and are subject to change based on new information and future events. For the matters we disclose in the accompanying notes to the consolidated financial statements that do not include an estimate of the amount of loss or range of losses, estimating such an amount is not possible or is immaterial.

The outcomes of our legal proceedings are inherently unpredictable and subject to significant uncertainties, and until the final resolution of any such matter, there may be exposure to a material loss in excess of the amount recorded. Given that our legal proceedings, claims, and regulatory, tax, and government inquiries and investigations are subject to uncertainty, there can be no assurance that such legal proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations, financial condition or cash flows. For additional information regarding these contingencies, refer to *Note 12, Commitments and Contingencies*, in the Notes to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Product Warranty and Recall Related Provisions

Product warranty costs are recognized as a component of Connected Fitness Products Cost of revenue upon the transfer of control of our Connected Fitness Products to our customers. We estimate our product warranty obligation based on factors including historical and current product warranty claims, historical service delivery and replacement costs, and warranty policies and business practices. Product warranty obligations are reviewed and adjusted quarterly to ensure that accruals are adequate to meet expected future warranty obligations.

We accrue cost of product recalls and other potential corrective actions based on management's estimate of when it is probable that a liability has been incurred and the amount can be reasonably estimated, which occurs when management commits to either a corrective action plan or quality improvement plan, or when required by regulatory requirements. These costs are recognized in Connected Fitness Products Cost of revenue, which may include the cost of the development of the product being replaced, logistics costs, and other related costs such as product scrap cost, inventory write-down and cancellation of any supplier commitments. The accrued cost is based on management's estimate of the cost to repair each affected product and the estimated number of products to be repaired based on actions taken by the impacted customers.

Estimating future product warranty and recall related provisions is highly subjective and requires significant management judgment. Based on information that is currently available, management believes that the product warranty and recall related provisions are adequate, however it is possible that substantial additional charges may be required in future periods based on new information, changes in facts and circumstances, and actions we may commit to or be required to undertake.

Music Royalty Fees

To secure the rights to use music in our content, we enter into agreements to obtain licenses from rights holders such as performing rights organizations, record labels, music publishers, collecting societies, artists and songwriters, and other copyright owners (or their agents). Music royalty fees are calculated using negotiated rates in accordance with our license agreements or estimates of those rates where rights holders are not identified, which may involve significant judgment, assumptions, and estimates in addition to a significant volume of data to be processed and analyzed.

Certain of our license agreements contain payment guarantees. We rely on estimates to forecast whether guaranteed payments against royalties will be fully recouped against our actual content costs incurred over the term of the license agreement. To the extent that our content costs do not exceed such guaranteed payments, incremental music royalty fees may need to be expensed over the period we determine the guaranteed payment is no longer deemed recoverable.

The process of obtaining licenses involves identifying and negotiating with many rights holders, some of whom are unknown, or difficult to identify, or for whom we may have conflicting ownership information, and this can generate a myriad of complex and evolving legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed. As such, we may be required to estimate music royalty fees based on comparable contractual rates and our best estimate of usage of a licensor. These estimates are subject to change based on several factors, including new observable data from license negotiations and the execution of new license agreements.

Some of our license agreements also include so-called “most-favored nations” provisions, which require that certain terms (including material financial terms) are no less favorable than those provided to any similarly situated licensor. If agreements are amended or new agreements are entered into on more favorable terms with another licensor, these most-favored nations provisions could cause our payment or other obligations to escalate substantially. If a license agreement contains a most-favored nations provision, a reserve is established based on the “most-favored” rates within the market.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We had Cash and cash equivalents of \$1,206.6 million as of June 30, 2026. 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 Annual Report on Form 10-K would not have had a material impact on our 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 consolidated financial statements.

Foreign Currency Risk

Our international sales are primarily denominated in foreign currencies, as are certain intercompany balances, and any unfavorable movement in the exchange rate between U.S. dollars and the currencies in which we conduct business in foreign countries could have an adverse impact on our results of operations. 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 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.

We have experienced fluctuations in our net income (loss), primarily as a result of transaction gains and losses related to the remeasurement of our intercompany asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Fluctuations in exchange rates between U.S. dollars and the currencies in which these balances are denominated contributed to Foreign exchange losses of \$10.1 million for the fiscal year ended June 30, 2026 and Foreign exchange gains of \$22.4 million for the fiscal year ended June 30, 2025. We had minimal foreign currency exposure for the fiscal year ended June 30, 2024.

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. Additionally, ongoing and future global conflicts may further drive inflationary pressures throughout the global economy and lead to potential market disruptions. 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 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Peloton Interactive, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Peloton Interactive, Inc. (the Company) as of June 30, 2026 and 2025, the related consolidated statements of operations and comprehensive income (loss), stockholders' (deficit) and cash flows for each of the three years in the period ended June 30, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 6, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Existence of Inventory

Description of the Matter

At June 30, 2026, the Company held \$135.4 million of inventory across its operations centers in the United States, Canada, Germany, the United Kingdom, and Australia. As described in Note 2 to the consolidated financial statements, inventories consist of finished goods and raw materials.

Auditing the existence of inventory involved especially challenging auditor judgment due to the dispersion of inventory across numerous operations centers that are either leased and operated by the Company or that are operated by contracted third-party logistics providers. This results in a degree of auditor judgment in determining the extent of procedures to be performed to validate the existence of inventory. For example, there is judgment required in determining the operations centers at which to perform testing procedures.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's inventory count process. For example, we tested controls over management's review of the Company's adherence to inventory count policy, monitoring of the results of inventory counts performed throughout the year, and reconciliation of inventory count results to the general ledger.

To test the existence of inventory at the balance sheet date, our audit procedures included, among others, performing test counts of inventory items at a sample of leased and operated operations centers and procedures to confirm and test inventory quantities held at operations centers operated by contracted third-party logistics providers. We compared our test counts and the quantities confirmed by the contracted third-party logistics providers to the Company's records. We also tested inventory cutoff at the inventory count date by comparing a sample of inventory transactions from the Company's records to the related supporting documentation.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

New York, New York

August 6, 2026

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Peloton Interactive, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Peloton Interactive, Inc.'s internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Peloton Interactive, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2026, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2026 and 2025, the related consolidated statements of operations and comprehensive income (loss), stockholders' (deficit) and cash flows for each of the three years in the period ended June 30, 2026, and the related notes and our report dated August 6, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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.

/s/ Ernst & Young LLP

New York, New York

August 6, 2026

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

	June 30, 2026	June 30, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,206.6	\$ 1,039.5
Accounts receivable, net	82.5	101.2
Inventories, net	135.4	205.6
Prepaid expenses and other current assets	64.9	91.3
Total current assets	1,489.4	1,437.6
Property and equipment, net	164.5	239.0
Intangible assets, net	11.7	5.6
Goodwill	44.0	41.2
Restricted cash	40.9	46.2
Operating lease right-of-use assets, net	284.0	338.9
Other assets	21.4	16.8
Total assets	\$ 2,055.9	\$ 2,125.3
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 311.2	\$ 372.7
Deferred revenue and customer deposits	139.5	150.7
Current portion of debt	10.0	208.5
Operating lease liabilities, current	62.5	70.1
Other current liabilities	1.8	2.0
Total current liabilities	525.0	803.9
Convertible senior notes, net of current portion	344.9	343.6
Term loan, net of current portion	944.2	946.9
Operating lease liabilities, non-current	347.7	407.5
Other non-current liabilities	33.7	37.2
Total liabilities	2,195.6	2,539.1
Commitments and contingencies (Note 12)		
Stockholders' deficit		
Common stock, \$0.000025 par value; 2,500,000,000 and 2,500,000,000 shares of Class A common stock authorized, 422,802,650 and 390,579,270 shares of Class A common stock issued and outstanding as of June 30, 2026 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 June 30, 2026 and June 30, 2025, respectively.	—	—
Additional paid-in capital	5,384.7	5,183.8
Accumulated other comprehensive income	15.0	5.1
Accumulated deficit	(5,539.4)	(5,602.6)
Total stockholders' deficit	(139.7)	(413.8)
Total liabilities and stockholders' deficit	\$ 2,055.9	\$ 2,125.3

See accompanying notes to these consolidated financial statements.

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
Revenue:			
Connected Fitness Products	\$ 770.4	\$ 817.1	\$ 991.7
Subscription	1,675.6	1,673.7	1,708.7
Total revenue	2,446.0	2,490.8	2,700.5
Cost of revenue:			
Connected Fitness Products	680.0	705.9	943.0
Subscription	479.3	516.6	551.0
Total cost of revenue	1,159.3	1,222.5	1,494.0
Gross profit	1,286.7	1,268.3	1,206.5
Operating expenses:			
Sales and marketing	400.4	421.6	658.9
General and administrative	430.3	527.3	651.0
Research and development	242.8	234.2	304.8
Impairment expense	34.6	64.1	57.3
Restructuring expense	17.9	33.8	66.1
Supplier settlements	—	23.5	(2.6)
Total operating expenses	1,126.0	1,304.5	1,735.5
Income (loss) from operations	160.7	(36.2)	(529.0)
Other expense, net:			
Interest expense	(123.8)	(134.5)	(112.5)
Interest income	36.4	32.7	35.1
Foreign exchange (loss) gain	(10.1)	22.4	—
Other (expense) income, net	(0.2)	0.1	0.7
Net gain on debt refinancing	—	—	53.6
Total other expense, net	(97.6)	(79.3)	(23.2)
Income (loss) before income taxes	63.1	(115.6)	(552.1)
Income tax (benefit) expense	(0.1)	3.4	(0.2)
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)
Net income (loss) attributable to Class A and Class B common stockholders	\$ 63.2	\$ (118.9)	\$ (551.9)
Earnings (loss) per share:			
Basic	\$ 0.15	\$ (0.30)	\$ (1.51)
Diluted	\$ 0.14	\$ (0.30)	\$ (1.51)
Weighted-average common shares outstanding:			
Basic	424,726,220	390,037,997	365,546,334
Diluted	436,218,643	390,037,997	365,546,334
Other comprehensive income (loss):			
Change in foreign currency translation adjustment	9.9	(10.9)	(0.9)
Total other comprehensive income (loss)	9.9	(10.9)	(0.9)
Comprehensive income (loss)	\$ 73.1	\$ (129.8)	\$ (552.8)

See accompanying notes to these consolidated financial statements.

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
Cash Flows from Operating Activities:			
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)
Adjustments to reconcile Net income (loss) to Net cash provided by (used in) operating activities:			
Depreciation and amortization expense	57.2	89.7	108.8
Stock-based compensation expense	198.6	229.6	311.7
Non-cash operating lease expense	49.8	54.5	66.2
Amortization of debt discount and issuance costs	9.5	9.1	14.2
Impairment expense	34.6	64.1	57.3
Loss on sale of subsidiary	—	—	3.8
Net foreign currency adjustments	10.1	(22.4)	—
Gain on debt extinguishment of convertible notes	—	—	(69.8)
Loss on debt extinguishment of term loan	—	—	7.5
Changes in operating assets and liabilities:			
Accounts receivable	18.6	2.8	(7.0)
Inventories	81.3	136.5	163.0
Prepaid expenses and other current assets	34.2	66.6	42.6
Other assets	(4.7)	4.4	1.7
Accounts payable and accrued expenses	(71.1)	(94.0)	(95.5)
Deferred revenue and customer deposits	(11.0)	(13.5)	(23.6)
Operating lease liabilities, net	(77.3)	(82.3)	(90.8)
Other liabilities	(5.5)	6.8	(4.4)
Net cash provided by (used in) operating activities	387.6	333.0	(66.1)
Cash Flows from Investing Activities:			
Proceeds from sale of Peloton Output Park	—	4.2	31.9
Capital expenditures	(9.9)	(9.3)	(19.7)
Business combinations and asset acquisitions	(11.4)	—	—
Proceeds from sales of subsidiary and net assets	—	—	14.6
Net cash (used in) provided by investing activities	(21.4)	(5.1)	26.8
Cash Flows from Financing Activities:			
Principal repayment of term loan	(10.0)	(10.0)	(742.5)
Payment of principal on convertible notes	(199.0)	—	(724.9)
Proceeds from issuance of convertible notes, net of issuance costs	—	—	342.3
Proceeds from issuance of term loan, net of issuance costs	—	—	986.9
Proceeds from employee stock purchase plan withholdings	3.5	4.1	3.1
Proceeds from employee stock plans	0.6	11.2	41.2
Taxes withheld and paid on employee stock awards	(2.2)	(3.5)	—
Principal repayments of finance leases	(0.3)	(0.1)	(0.5)
Net cash (used in) provided by financing activities	(207.6)	1.7	(94.4)
Effect of exchange rate changes	3.0	5.3	(1.0)
Net change in cash, cash equivalents, and restricted cash	161.7	334.9	(134.6)
Cash, cash equivalents, and restricted cash — Beginning of period	1,085.8	750.9	885.5
Cash, cash equivalents, and restricted cash — End of period	\$ 1,247.4	\$ 1,085.8	\$ 750.9

Supplemental Disclosures of Cash Flow Information:					
Cash paid for interest	\$	122.2	\$	127.2	\$ 95.6
Cash paid for income taxes	\$	5.5	\$	2.6	\$ —
Term loan issuance costs recorded within Net loss	\$	—	\$	—	\$ 8.7
Supplemental Disclosures of Non-Cash Investing and Financing Information:					
Accrued and unpaid capital expenditures, including software	\$	0.3	\$	0.3	\$ 0.1

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in millions)

	Class A and Class B Common Stock		Accumulated Other Comprehensive Income			Total Stockholders' Deficit
	Shares	Amount	Additional Paid-In Capital	Comprehensive Income	Accumulated Deficit	
Balance - June 30, 2023	356.8	\$ —	\$ 4,619.8	\$ 16.8	\$ (4,931.8)	\$ (295.1)
Activity related to stock-based compensation	18.6	\$ —	\$ 324.5	\$ —	\$ —	\$ 324.5
Issuance of common stock under employee stock purchase plan	0.9	\$ —	\$ 4.3	\$ —	\$ —	\$ 4.3
Other comprehensive loss	—	\$ —	\$ —	\$ (0.9)	\$ —	\$ (0.9)
Net loss	—	\$ —	\$ —	\$ —	\$ (551.9)	\$ (551.9)
Balance - June 30, 2024	376.3	\$ —	\$ 4,948.6	\$ 15.9	\$ (5,483.7)	\$ (519.1)
Activity related to stock-based compensation	29.2	\$ —	\$ 231.7	\$ —	\$ —	\$ 231.7
Issuance of common stock under employee stock purchase plan	0.9	\$ —	\$ 3.4	\$ —	\$ —	\$ 3.4
Other comprehensive loss	—	\$ —	\$ —	\$ (10.9)	\$ —	\$ (10.9)
Net loss	—	\$ —	\$ —	\$ —	\$ (118.9)	\$ (118.9)
Balance - June 30, 2025	406.4	\$ —	\$ 5,183.8	\$ 5.1	\$ (5,602.6)	\$ (413.8)
Activity related to stock-based compensation	31.2	\$ —	\$ 197.0	\$ —	\$ —	\$ 197.0
Issuance of common stock under employee stock purchase plan	1.0	\$ —	\$ 4.0	\$ —	\$ —	\$ 4.0
Other comprehensive income	—	\$ —	\$ —	\$ 9.9	\$ —	\$ 9.9
Net income	—	\$ —	\$ —	\$ —	\$ 63.2	\$ 63.2
Balance - June 30, 2026	438.6	\$ —	\$ 5,384.7	\$ 15.0	\$ (5,539.4)	\$ (139.7)

See accompanying notes to these consolidated financial statements.

PELOTON INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(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 people to live fit, strong, long, and happy, by providing fitness and wellness experiences to Members (as defined below) 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 integrated experiences through Peloton's world-renowned Instructors, premium hardware and innovative software, personalization, extensive modalities and an expansive content library.

The Company's portfolio of Connected Fitness Products primarily consists of the Peloton Original Series, Peloton Cross Training Series, Peloton Pro Series, and Precor Products, and related accessories, delivery and installation services, extended warranty and other service agreements, and branded apparel. 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-ready 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+. The Company's Precor-branded fitness products include Precor Cardio, Precor Strength, Connected Fitness Solutions, and Wellness Solutions (collectively, the "Precor Products"). The Original Series, Cross Training Series, Pro Series, and Precor Products are collectively referred to herein as "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 (a successful credit card billing or prepaid with subscription credits or waivers).

Basis of Presentation and Consolidation

The accompanying 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"). The 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.

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.

Except as described elsewhere in *Note 2, Summary of Significant Accounting Policies* in the section titled "*Recently Issued Accounting Pronouncements*," there have been no material changes to the Company's significant accounting policies as described in the Form 10-K.

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, stockholders' deficit, 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 contingencies. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Company considers all cash and short-term investments purchased with maturities of three months or less when acquired to be cash equivalents. As of June 30, 2026 and 2025, the Company's cash and cash equivalents were primarily held in money market and operating accounts. At various times during the fiscal years ended June 30, 2026 and 2025, the balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts and believes its cash and cash equivalents are not subject to any significant credit risk.

Accounts Receivable, Net of Allowances

The Company's accounts receivable primarily represent amounts due from third-party retailers and commercial sales and amounts due from third-party payment processors. Accounts receivable are recorded at the invoiced amount less allowances for credit losses. The allowance for credit losses is based upon a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the specific customer's ability to pay its obligation and any other forward-looking data regarding customers' ability to pay which may be available.

Inventories

Inventories consist of finished goods and raw materials. Finished goods are primarily purchased from contract manufacturers. Inventories are stated at the lower of cost or net realizable value. For Peloton-branded Connected Fitness products, accessories, apparel, and raw materials, cost is determined using a weighted-average cost method. For Precor-branded fitness products and raw materials, cost is determined using a first-in, first-out basis. Adjustments to reduce inventory to net realizable value are recognized in Connected Fitness Products Cost of revenue. 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 may be required to write down the value of inventory if estimates of future demand and market conditions indicate excess and/or obsolete inventory. Inventory write-downs are recorded as a component of Connected Fitness Products Cost of revenue. Spare parts are recorded as inventory and recognized in cost of revenue as consumed. Refer to *Note 6, Inventories* for additional information.

Property and Equipment

Property and equipment purchased by the Company are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of those leasehold improvements and the remaining lease term. Depreciation and amortization expense is classified within the corresponding cost of revenue or operating expense categories on the Consolidated Statements of Operations and Comprehensive Income (Loss). Charges for repairs and maintenance that do not improve or extend the lives of the respective assets are expensed as incurred. Refer to *Note 7, Property and Equipment* for additional information.

Internal-Use Software

The Company capitalizes certain qualified costs incurred in connection with the development of internal-use software. The Company evaluates the costs incurred during the application development stage of internal use software and website development to determine whether the costs meet the criteria for capitalization. Costs related to preliminary project activities and post-implementation activities including maintenance are expensed as incurred. Capitalized costs related to internal-use software are amortized on a straight-line basis over the estimated useful life of the software, not to exceed three years. Capitalized costs less accumulated amortization are included within Property and equipment, net on the Consolidated Balance Sheets.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances ("triggering events") indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset group to future undiscounted net cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated undiscounted net future cash flows, an impairment charge is recognized within Impairment expense on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the amount by which the carrying amount of the asset group exceeds its fair value, which is measured relying primarily on a discounted cash flow method.

Goodwill and Intangible Assets

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, if any, over the fair value of identifiable assets acquired and liabilities assumed in a business combination.

The Company reviews goodwill for impairment annually on April 1 of each fiscal year or more frequently if events or changes in circumstances indicate that an impairment may exist. In conducting its annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment and the fair value of the reporting unit is determined by analyzing the expected present value of future cash flows. If the carrying value of the reporting unit exceeds its fair value, an impairment loss equal to the excess is recorded.

Intangible assets other than goodwill are comprised of acquired developed technology and other finite-lived intangible assets. At initial recognition, intangible assets acquired in a business combination or asset acquisition are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at acquisition date fair value less accumulated amortization and impairment losses, if any, and are amortized on a straight-line basis over the estimated useful life of the asset. The Company has no intangible assets with indefinite useful lives.

The Company assesses the impairment of intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Refer to *Note 8, Goodwill and Intangible Assets* for additional information.

Restricted Cash

The Company's Restricted cash primarily relates to cash used to collateralize outstanding letters of credit.

Leases

Lessee arrangements

The Company leases facilities under operating leases with various expiration dates through 2039. The Company leases space for its corporate headquarters and the operation of its production studio facilities, distribution facilities, warehouses, retail locations, and other office spaces. The Company does not have any material finance leases. The Company determines if an arrangement is a lease, or contains a lease, at inception and records the leases in its financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Right-of-use assets and lease liabilities are established on the Consolidated Balance Sheets for leases with an expected term greater than one year. Lease liabilities are recognized at the present value of the fixed and determinable lease payments not yet paid, less any lease incentives payable to the Company. Right-of-use assets are recognized based on the initial measurement of the lease liability, plus any initial direct costs incurred by the Company and any lease payments made to the landlord at or before lease commencement, minus any lease incentives received. As the rate implicit in the lease is not determinable, the Company uses its secured incremental borrowing rate to determine the present value of the lease payments. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets.

The Company has lease agreements with lease and non-lease components, and has elected the practical expedient to not separate lease and non-lease components for its real estate and equipment leases. Non-lease components include fixed payments for common area maintenance, utilities, insurance, and other costs.

The Company recognizes lease expense for operating leases on a straight-line basis over the term of the lease. The Company's lease terms include options to extend or terminate the underlying lease when it is reasonably certain that the Company will exercise that option. The operating lease arrangements included in the measurement of lease liabilities do not reflect options to extend or terminate, as management does not consider the exercise of these options to be reasonably certain. Certain operating leases provide for annual increases to lease payments based on an index or rate. The Company calculates the present value of future lease payments based on the index or rate at the lease commencement date for new leases. Differences between the calculated lease payment and actual payment are expensed as incurred. Variable lease payments include, but are not limited to, percentage of sales, common area charges, taxes paid by the landlord that are charged to the Company, and changes to the consumer price index. Variable lease payments are expensed as incurred.

The Company subleases certain corporate offices, warehouses and distribution facilities, and retail locations to third parties, which does not relieve the Company of its primary lease obligations with the lessor (the "head lease"). These subleases are classified as operating leases, and therefore the Company continues to account for the head lease as it did before the commencement date of the sublease. The Company recognizes sublease income on a straight-line basis over the sublease term. Variable lease payments include, but are not limited to, common area charges, real estate taxes, and utilities, and are recognized as variable sublease income in the period in which they are earned. Sublease income is presented within the same category of operating expenses as the underlying head lease expense on the Consolidated Statements of Operations and Comprehensive Income (Loss). If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, the Company assesses the right-of-use asset associated with the head lease for impairment under the long-lived asset impairment provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property, Plant, and Equipment*.

Lessor arrangements

The Company leases Peloton Bike portfolio products under the Peloton Rental program. The lease arrangement provides the customer with an option to purchase the underlying equipment or terminate the lease at any time. The price to purchase the underlying equipment is determined based on the number of months that the customer has leased the equipment, and is not considered a bargain purchase option. All Peloton Rental lease agreements are considered operating leases, and the Company currently does not have any sales-type or direct financing leases as a lessor. Refer to *Revenue Recognition* within this Note 2, *Summary of Significant Accounting Policies*, for further details regarding the Peloton Rental program.

Convertible Senior Notes

In February 2021, the Company issued in a private offering \$1.0 billion aggregate principal amount of 0.00% Convertible Senior Notes due 2026 (the "2026 Notes"), including the initial purchasers' exercise in full of their option to purchase additional 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"). In February 2026, the Company repaid in cash the remaining \$199.0 million aggregate principal amount of the 2026 Notes upon maturity.

In May 2024, the Company issued in a private offering \$350.0 million aggregate principal amount of 5.50% Convertible Senior Notes due 2029 (the "2029 Notes"), including the initial purchasers' exercise in full of the option to purchase additional notes.

The 2026 Notes and 2029 Notes (together, "the Notes") are accounted for in accordance with ASC 470-20, *Debt—Debt with Conversion and Other Options*. Pursuant to ASC Subtopic 470-20, debt with an embedded conversion feature shall be accounted for in its entirety as a liability and no portion of the proceeds from the issuance of the convertible debt instrument shall be accounted for as attributable to the conversion feature

unless the conversion feature is required to be accounted for separately as an embedded derivative or the conversion feature results in a premium that is subject to the guidance in ASC 470.

The Notes are accounted for as a liability with no portion of the proceeds attributable to the conversion options as the conversion feature did not require separate accounting as a derivative, and the Notes did not involve a premium subject to the guidance in ASC 470.

Refer to *Note 11, Debt* for additional information.

Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liabilities, such as inherent risk, transfer restrictions, and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 inputs are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Company's material financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, Term Loan (as defined in *Note 11, Debt*), and convertible senior notes. The carrying values of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximated their fair values at June 30, 2026 and 2025, due to the short period of time to maturity or repayment. Refer to *Note 5, Fair Value Measurements* for additional information regarding the Term Loan and convertible senior notes.

Loss Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. If a loss is reasonably possible, but not probable, and the loss or range of loss can be reasonably estimated, or if a loss is probable and the loss or range of loss cannot be reasonably estimated, the Company discloses the nature of the contingency and an estimate of the possible loss or range of loss or states that such an estimate cannot be made. Refer to *Note 12, Commitments and Contingencies* for additional information.

Revenue Recognition

The Company's primary sources of revenue are its recurring content Subscription revenue and revenue from sales of its Connected Fitness Products and related accessories, including Precor-branded fitness products, delivery and installation services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's revenue is reported net of sales returns and concessions, discounts and allowances, incentives, and rebates to commercial distributors as a reduction of the transaction price. Certain contracts include consideration payable that is accounted for as a payment for distinct goods or services. An estimated amount of variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur once the uncertainty is resolved. The Company's transaction price estimate includes its estimate for product returns and concessions based on the terms and conditions of home trial programs, historical return trends by product category, impact of seasonality, an evaluation of current economic and market conditions, and current business practices, and the Company records the expected customer refund liability as a reduction to revenue, and the expected inventory right to return asset as a reduction of cost of revenue. If actual

return costs differ from previous estimates, the amount of the liability and corresponding revenue are adjusted in the period in which such costs occur.

For customer contracts that include multiple performance obligations, the Company accounts for individual performance obligations if they are distinct. The transaction price is then allocated to each performance obligation based on its standalone selling price. The Company generally determines the standalone selling price based on the prices charged to customers.

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.

The Company applies the practical expedient as per ASC 340-40-25-4, *Other Assets and Deferred Costs—Contracts with Customers* and expenses sales commissions when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less. These costs are recorded in Sales and marketing in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Some of the Company's revenues relate to arrangements for Peloton Bike portfolio rental products. The Peloton Rental program allows Members to lease Peloton Bike portfolio products with a Peloton Rental Membership for a single monthly cost and a one-time assembly fee, and gives the Member the option to purchase the equipment outright or cancel at any time with no penalty. These lease arrangements include both lease and non-lease components. Consideration is allocated between the lease and non-lease components based on management's best estimate of the relative standalone selling price of each component. The lease component relates to the customer's right to use the equipment over the lease term and is accounted for as an operating lease in accordance with ASC 842, *Leases*. Lease revenue is recognized on a straight-line basis over the term of the lease within Connected Fitness Products Revenue, while the underlying customer-leased equipment remains within Property and equipment, net on the Company's Consolidated Balance Sheets and depreciates over the equipment's useful life. Depreciation expense associated with the underlying equipment is reflected in Connected Fitness Products Cost of revenue in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). Non-lease components primarily consist of an All-Access Membership, which is recognized ratably over the subscription term within Subscription Revenue and the one-time assembly fee which is recognized upon completion.

Connected Fitness Products

Connected Fitness Products Revenue primarily consists of sales of the Company's portfolio of Connected Fitness Products and related accessories, including Precor-branded fitness products, delivery and installation services, Peloton Bike portfolio rental products, extended warranty agreements, branded apparel, and commercial service contracts. The Company recognizes Connected Fitness Products Revenue net of sales returns and concessions, discounts and allowances, and third-party financing program fees, when the product has been delivered to the customer, except for extended warranty revenue that is recognized ratably over the warranty coverage period and service revenue that is recognized over the term of the service contract. Payment is typically due at the time of sale for Connected Fitness Products sold through the Company's website and at retail locations. The Company generally allows customers to return Peloton-branded Connected Fitness Products within thirty days of purchase, as stated in its return policy.

The Company records fees paid to third-party financing partners in connection with its consumer financing program as a reduction of revenue, as it considers such costs to be a customer sales incentive. The Company records payment processing fees for its credit card sales for Connected Fitness Products within Sales and marketing in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Subscription

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

The Company's subscriptions provide access to Peloton content and its library of live and on-demand fitness classes. Members are billed in advance of the start of their subscription term, and amounts paid for subscription fees, net of refunds are included within Deferred revenue and customer deposits on the Company's Consolidated Balance Sheets and recognized ratably over the subscription term. The Company records payment processing fees for its monthly subscription charges within Subscription Cost of revenue in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Revenue from content licensing arrangements includes the licensing of Peloton content to third-party partners, which is considered functional intellectual property ("IP"). Revenue for IP rights is accounted for based on the nature of the promise to grant the license. In determining whether the Company's promise is to provide a right to access its IP or a right to use its IP, the Company considers the delivery pattern and nature of the IP to which the customer will have rights. Revenue from right-to-use licenses is recognized at the point in time when control of the distinct Peloton content is transferred to the customer, whereas revenue from right-to-access licenses is recognized over the access period to the Peloton content. Revenues from sales-based and usage-based royalties promised in exchange for a license of Peloton content is recognized at the later of when the underlying sale occurs, or the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied.

Sales tax collected from customers and remitted to governmental authorities is not included in revenue and is reflected as a liability on the Company's Consolidated Balance Sheets.

Cost of Revenue

Beginning in the first quarter of fiscal 2026, the Company assigns executive compensation and other corporate overhead costs associated with its 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 the Company's 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 the Company's commercial business, depreciation of property and equipment, and certain costs related to management, facilities, and personnel-related expenses, including stock-based compensation 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 Members. Fixed costs primarily include Instructor, content, production, and management personnel-related expenses, including stock-based compensation expense, as well as certain costs related to facilities, including depreciation of property and equipment, studio rent and occupancy, and other studio overhead. Variable costs primarily include music royalty fees, third-party platform streaming costs, and payment processing fees for monthly subscription billings.

Music Royalty Fees

The Company has entered into agreements with music rights holders for the music included in the operation of Peloton's service. The Company pays and recognizes music royalty fees in accordance with the terms of the relevant license agreement with the music rights holder. This can include royalties incurred for paid subscriptions and royalties incurred as part of free-trial offers, which are recognized within Subscription Cost of revenue and Sales and marketing in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss), respectively. The Company has certain license agreements whereby music royalty fees are subject to payment guarantees. When a guaranteed payment is made in advance, the amount is recorded as a prepaid asset and amortized over the shorter of the period consumed or the term of the license agreement. When actual music royalty fees to be incurred during a contractual period are expected to fall short of the guaranteed payment, the expected under-recoupment is expensed pro-rata across the contractual period.

Some of the Company's license agreements also include so-called "most-favored nations" provisions, which require that certain terms (including material financial terms) are no less favorable than those provided to any similarly situated licensor. When it is probable that the Company will incur incremental music royalty fees under a most-favored nations provision, a liability is established within Accounts payable and accrued expenses on the Company's Consolidated Balance Sheets.

Given the at times migratory, uncertain, or opaque nature of music rights ownership, the Company's archived library may continue to include music for which certain rights or fractional interests have unknowingly changed and require updated licensing. Prior to the execution of a music license agreement, the Company estimates and records a charge based upon license agreements previously entered into and the respective music rights holdings.

Advertising Costs

Advertising and other promotional costs to market the Company's products and services are expensed as incurred. Advertising expenses were \$224.2 million, \$247.0 million, and \$435.0 million for the fiscal years ended June 30, 2026, 2025, and 2024, respectively, and are included within Sales and marketing expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Research and Development Costs

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. Substantially all of the Company's research and development expenses are related to developing new products and services and improving existing products and services. Research and development expenses are expensed as incurred. Certain qualified costs incurred in connection with the development of internal-use software are capitalized that may also cause research and development expenses to vary from period to period.

Stock-Based Compensation

Employee Stock Purchase Plan

In August 2019, the Company's Board of Directors ("Board of Directors") adopted the 2019 Employee Stock Purchase Plan ("ESPP"), which was subsequently approved by the Company's stockholders in September 2019. The Company recognizes stock-based compensation expense related to shares issued pursuant to its ESPP on a straight-line basis over the offering period, which is twenty-four months. The ESPP allows eligible employees to purchase shares of the Company's Class A common stock at a 15 percent discount through accumulated payroll deductions. The ESPP became effective on September 25, 2019, the date the registration statement filed in connection with the Company's initial public offering was declared effective by the SEC (the "Effective Date"). The number of shares of Class A common stock that are available for issuance and sale to eligible employees under the ESPP increases automatically on the first day of each fiscal year of the Company beginning on

July 1, 2020 through 2029, in an amount equal to 1% of the total number of outstanding shares of all classes of the Company's common stock on the immediately preceding June 30, or such lesser number as may be determined by the Board of Directors or applicable committee in its sole discretion. On July 1, 2025, the number of shares of Class A common stock available for issuance under the ESPP was automatically increased according to its terms by 4,064,165 shares. As of June 30, 2026, a total of 21,151,488 shares of Class A common stock were available for sale to employees under the ESPP.

Unless otherwise determined by the Board of Directors, each offering period will consist of four six-month purchase periods, commencing on September 1 and March 1 and ending on August 31 and February 28 of each two-year period or each six-month period, respectively, subject to a reset provision. If the closing price of Class A common stock on the first day of an offering period is higher than the closing price of Class A common stock on the last day of any applicable purchase period, participants will be withdrawn from the ongoing offering period immediately following the purchase of ESPP shares on the purchase date and would automatically be enrolled in the subsequent offering period ("ESPP reset"), resulting in a modification under ASC 718, *Compensation—Stock Compensation*.

Unless otherwise determined by the Board of Directors, the purchase price for each share of Class A common stock purchased under the ESPP will be 85% of the lower of the fair market value per share on the first trading day of the applicable offering period or the fair market value per share on the last trading day of the applicable purchase period.

The Company estimates the fair value of shares expected to be purchased at the commencement of the ESPP offering periods using the Black-Scholes option pricing model. The Company estimates the expected term based on each offering period's respective purchase date. The expected volatility is based on the historical volatility of the price of Class A common stock. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant. Expected dividend yield is zero as the Company has not paid and does not currently anticipate paying dividends on its common stock.

2019 Equity Incentive Plan

In August 2019, the Board of Directors adopted the 2019 Equity Incentive Plan ("the 2019 Plan"), which was subsequently approved by the Company's stockholders in September 2019. Stock-based awards are measured at the grant date based on the fair value of the award and are recognized as expense, net of actual forfeitures, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. For stock option and restricted stock unit grants, vesting generally occurs over two to four years. Stock option grants are not exercisable after the expiration of ten years from the date of grant or such shorter period as specified in a stock award agreement. Restricted stock units ("RSU") are generally granted with only a service condition. The Company also grants awards subject to performance or market conditions, in addition to a service condition, to certain executives from time to time ("performance stock units" or "PSU").

During the fiscal years ended June 30, 2026 and 2025, the Company granted PSUs with performance conditions to certain members of management. The PSUs generally cliff vest, if earned, two and one-half months after the end of the fiscal year. The number of shares that can be earned generally ranges from 0% to 200% of the target number based on the achievement of the performance condition over the respective measurement period. For performance-based awards issued, the value of the instrument is measured at the grant date as the fair value of the award and expensed over the vesting term under an accelerated attribution method when the performance targets are considered probable of being achieved.

During the fiscal year ended June 30, 2026, the Company also granted PSUs with market conditions to certain members of management. For awards granted with a market condition, the Company estimated the grant date fair value using a Monte Carlo simulation model that incorporated the likelihood of the achievement of meeting stock price targets. For market-based awards issued which also require a service period, stock-based compensation expense is recognized using the accelerated attribution method over the longer of the explicit service period or when the market condition is satisfied and will not be reversed if market conditions are unmet.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The determination of the grant date fair value of stock awards issued is affected by a number of variables, including the fair value of the Company's common stock, the expected common stock price volatility over the expected life of the awards, the expected term of the stock option, risk-free interest rates, and the expected dividend yield of the Company's common stock. The expected volatility is based on the historical volatility of the price of Class A common stock. The Company estimates the expected term based on the simplified method for employee stock options considered to be "plain vanilla" options, as the Company's historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant. Expected dividend yield is 0.0% as the Company has not paid and does not currently anticipate paying dividends on its common stock.

The 2019 Plan serves as the successor to the 2015 Stock Plan. The 2015 Stock Plan continues to govern the terms and conditions of the outstanding awards previously granted thereunder. Any reserved shares not issued or subject to outstanding grants under the 2015 Plan on the effective date of the 2019 Plan became available for grant under the 2019 Plan and will be issued as Class A common stock. Generally, the 2015 Stock Plan permitted the early exercise of stock options granted prior to the IPO. The unvested portion of shares exercised was recorded within Other current liabilities on the Company's Consolidated Balance Sheets and reclassified to equity as vesting occurred.

The number of shares reserved for issuance under the 2019 Plan will increase automatically on July 1 of each of 2020 through 2029 by the number of shares of Class A common stock equal to 5% of the total outstanding shares of all of the Company's classes of common stock as of each June 30 immediately preceding the date of increase (the "evergreen feature"), or a lesser amount as determined by the Board of Directors. On July 1, 2025, the number of shares of Class A common stock available for issuance under the 2019 Plan was automatically increased according to its terms by 20,320,827 shares.

In October 2023, the Company's Board of Directors adopted an amendment to the 2019 Plan (the "Amendment") that increases the number of shares available under the 2019 Plan by 36,000,000 shares of Class A common stock (and retains the existing evergreen feature through July 1, 2029) and extends the right to grant awards under the 2019 Plan through October 24, 2033. The Amendment became effective following approval by the Company's stockholders on December 7, 2023. As of June 30, 2026, 66,030,564 shares of Class A common stock were available for future award under the 2019 Plan.

Common Stock

The holder of each share of Class A common stock is entitled to one vote, while the holder of each share of Class B common stock is entitled to twenty votes. Each outstanding share of the Company's Class B common stock is convertible into an equivalent number of shares of Class A common stock and generally convert into shares of Class A common stock upon transfer.

Preferred Stock

Effective September 2019, the Board of Directors authorized the issuance of undesignated preferred stock, with a par value of \$0.000025 per share. As of June 30, 2026 and June 30, 2025, there were 50,000,000 shares of preferred stock authorized and no shares of preferred stock issued and outstanding.

Defined Contribution Plan

The Company maintains a defined contribution 401(k) plan offered to its U.S.-based employees, as well as various defined contribution plans at certain foreign and domestic subsidiaries. For the fiscal years ended June 30, 2026, 2025, and 2024, the Company's matching contributions totaled \$14.0 million, \$14.5 million, and \$18.5 million, respectively, and were expensed as contributed.

Restructuring

The Company's restructuring charges consist of employee severance and other personnel costs, including stock-based compensation expense, one-time termination benefits and ongoing benefits related to the reduction of its workforce, professional services, facility closures and other costs associated with exit and disposal activities. One-time termination benefits are expensed when the plan of termination has been communicated to the employee, unless the employee must provide future service beyond a minimum retention period, in which case the benefits are expensed ratably over the future service period. Ongoing benefits are expensed when it is probable that the employee is entitled to the severance benefits and the benefit amounts are reasonably estimable. Other costs primarily consist of termination fees, idle rent and related expenses for exited locations, professional services, and other costs related to restructuring activities, and are expensed when incurred. Refer to *Note 4, Restructuring* for additional information.

Foreign Currency

The Company's reporting currency is the U.S. dollar while the functional currencies of non-U.S. subsidiaries are determined based on the primary economic environment in which the subsidiary operates. Assets and liabilities of these subsidiaries are translated into U.S. dollars using exchange rates in effect at the end of each period, revenues and expenses are translated using average rates for the period, and equity is translated using historical rates. Change in foreign currency translation adjustment is included in Other comprehensive income (loss) on the Consolidated Statements of Operations and Comprehensive Income (Loss), and in Accumulated other comprehensive income on the Consolidated Balance Sheets and Consolidated Statements of Stockholders' Deficit. Transaction gains and losses are a result of the effect of exchange rates on transactions denominated in currencies other than the functional currency of the respective subsidiary and are included in Foreign exchange (loss) gain on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Income Taxes

The Company utilizes the asset and liability method for computing its income tax provision, which consists primarily of income taxes related to state and international taxes for jurisdictions in which the Company conducts business. Deferred tax assets and liabilities reflect the expected future consequences of temporary differences between the financial reporting and tax bases of assets and liabilities as well as operating loss, capital loss, and tax credit carryforwards, using enacted tax rates. Management makes estimates, assumptions, and judgments to determine the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent the Company believes recovery of its deferred tax assets is not more-likely-than-not, a valuation allowance is established.

As of June 30, 2026, a valuation allowance continues to be maintained on a majority of the Company's deferred tax assets. Based on management's assessment of historical results and forecasts, management is continuously monitoring the weight of both positive and negative evidence. Based on these trends, it is reasonably possible that within the next 12 months, management may conclude that it is more likely than not that a substantial portion of these deferred tax assets will be realized.

If such a determination is made, it would result in the recognition of net deferred tax assets on the Company's Consolidated Balance Sheets and a corresponding benefit recorded within the income tax provision in the period of release. However, management's judgment regarding future earnings and the exact timing and amount of any valuation allowance release are subject to change due to many factors, including but not limited to, future market conditions and the ability to successfully execute the Company's business plans.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company utilizes a two-step approach to recognize and measure unrecognized tax benefits. The first step is to evaluate the tax position for recognition by determining if the

weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits, which to date have not been material, are recognized within Income tax (benefit) expense in the Consolidated Statements of Operations and Comprehensive Income (Loss). Refer to Note 15, *Income Taxes* for additional information.

Earnings (Loss) Per Share

The Company computes basic earnings (loss) per share based on the weighted-average number of outstanding shares of common stock during the period. Diluted earnings (loss) per share is computed using the weighted-average number of outstanding shares of common stock and, when dilutive, potential shares of common stock outstanding during the period. Potential shares of common stock consist of incremental shares issuable upon the assumed exercise of stock options, ESPP shares to be issued, vesting of restricted stock units and awards, and performance stock units, when the related performance criterion has been met, using the treasury stock method, and convertible senior notes, using the if-converted method. Refer to Note 16, *Earnings (Loss) Per Share* for additional information.

Recently Issued Accounting Pronouncements

Accounting Pronouncements Recently Adopted

ASU 2023-09

In December 2023, the 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 adopted this ASU for the fiscal year ended June 30, 2026 on a prospective basis. The adoption of this new standard did not have a material impact on the consolidated financial statements. For additional information, refer to Note 15, *Income Taxes*.

Accounting Pronouncements Not Yet Adopted

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 17, *Segment Information*. The Company's revenue disaggregated by geographic region was as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
North America	\$ 2,206.5	\$ 2,274.3	\$ 2,487.0
International	239.5	216.5	213.5
Total Revenue	<u>\$ 2,446.0</u>	<u>\$ 2,490.8</u>	<u>\$ 2,700.5</u>

The Company's revenue attributable to the United States, included within North America above, was \$2,117.1 million, \$2,185.7 million, and \$2,389.2 million, representing 87%, 88%, and 88% of Total revenue for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

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 June 30, 2026 and June 30, 2025, deferred revenue of \$93.9 million and \$91.7 million, respectively, and customer deposits of \$45.7 million and \$59.0 million, respectively, were included in Deferred revenue and customer deposits on the Company's Consolidated Balance Sheets.

During the fiscal years ended June 30, 2026 and 2025, the Company recognized revenue of \$90.2 million and \$91.8 million, respectively, that was included in the deferred revenue balance as of June 30, 2025 and 2024, respectively.

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 to either repair or replace the defective product, at its option. 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 warranty claims, 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:

	Fiscal Year Ended June 30,	
	2026	2025
	(in millions)	
Balance at beginning of period	\$ 24.5	\$ 20.3
Provision for warranty accrual	15.9	35.5
Warranty claims	(21.5)	(31.3)
Balance at end of period	<u>\$ 18.9</u>	<u>\$ 24.5</u>

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 Consolidated Statements of Operations and Comprehensive Income (Loss). The Company's revenue attributable to extended warranty was \$16.0 million, \$21.3 million and \$36.0 million, representing 1% of total revenue during each of the fiscal years ended June 30, 2026, 2025, and 2024.

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 (the "2022 Restructuring Plan"), which was subsequently expanded upon and replaced by

a new plan approved by the Board of Directors and announced in 2024 (as expanded and collectively with the 2022 Restructuring Plan, 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 included a reduction in global headcount and was designed 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 Restructuring Plans have been substantially completed as of June 30, 2026. The Company does not expect to incur material additional cash or non-cash restructuring charges under the 2025 Restructuring Plan.

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 fiscal years ended June 30, 2026, 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. See further discussion in *Note 7, Property and Equipment* and *Note 10, Leases* in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

As a result of the Restructuring Plans, the Company incurred the charges shown in the following table. Asset write-downs and write-offs are included within Impairment expense, Write-offs of inventory related to restructuring activities are included within Connected Fitness Products Cost of revenue, and the remaining charges incurred during the relevant periods are included within Restructuring expense, in the Consolidated Statements of Operations and Comprehensive Income (Loss):

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Cash restructuring charges:⁽¹⁾			
Severance and other personnel costs ⁽²⁾	\$ 5.1	\$ 23.4	\$ 36.5
Exit and disposal costs and professional fees ⁽³⁾	11.9	9.6	19.2
Total cash restructuring charges	17.0	33.0	55.7
Non-cash restructuring charges:⁽¹⁾			
Asset write-downs and write-offs ⁽⁴⁾	11.6	21.1	40.8
Stock-based compensation expense ⁽⁵⁾	0.8	0.8	6.6
Write-offs of inventory related to restructuring activities ⁽⁶⁾	—	—	1.0
Loss on sale of subsidiary ⁽⁷⁾	—	—	3.8
Total non-cash restructuring charges	12.4	21.9	52.2
Total	\$ 29.5	\$ 54.9	\$ 107.9

(1) All cash and non-cash restructuring charges for the fiscal year ended June 30, 2026 related to the 2025 Restructuring Plan.

(2) Includes \$0.1 million and \$23.2 million of severance and other personnel costs related to the 2024 Restructuring Plan and 2025 Restructuring Plan, respectively, for the fiscal year ended June 30, 2025. Includes \$7.5 million and \$29.0 million of severance and other personnel costs related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, for the fiscal year ended June 30, 2024.

(3) All charges for the fiscal year ended June 30, 2025 relate to the 2024 Restructuring Plan. Includes \$16.1 million and \$3.1 million of exit and disposal costs and professional fees related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, for the fiscal year ended June 30, 2024.

(4) All charges for the fiscal year ended June 30, 2025 relate to the 2024 Restructuring Plan. Includes \$31.1 million and \$9.7 million of asset write-downs and write-offs related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, for the fiscal year ended June 30, 2024.

(5) All charges for the fiscal year ended June 30, 2025 relate to the 2025 Restructuring Plan. Includes \$7.2 million and \$(0.6) million of stock-based compensation expense related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, for the fiscal year ended June 30, 2024.

(6) Includes write-offs of inventory related to the 2022 Restructuring Plan.

(7) Includes loss on sale of subsidiary recognized in connection with the 2022 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 Consolidated Balance Sheets:

	Severance and other personnel costs	Exit and disposal costs and professional fees (in millions)	Total
Balance as of June 30, 2023	\$ 13.6	\$ 0.3	\$ 13.9
Cash restructuring charges ⁽¹⁾	36.5	19.2	55.7
Cash payments	(37.4)	(15.2)	(52.6)
Balance as of June 30, 2024	<u>\$ 12.7</u>	<u>\$ 4.3</u>	<u>\$ 17.0</u>

(1) Includes \$7.5 million and \$29.0 million of cash charges for severance and other personnel costs related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, and \$16.1 million and \$3.1 million of cash charges for exit and disposal costs and professional fees related to the 2022 Restructuring Plan and 2024 Restructuring Plan, respectively, for the fiscal year ended June 30, 2024.

	Severance and other personnel costs	Exit and disposal costs and professional fees (in millions)	Total
Balance as of June 30, 2024	\$ 12.7	\$ 4.3	\$ 17.0
Cash restructuring charges ⁽²⁾	23.4	9.6	33.0
Cash payments	(12.3)	(13.1)	(25.4)
Balance as of June 30, 2025	<u>\$ 23.8</u>	<u>\$ 0.8</u>	<u>\$ 24.6</u>

(2) Includes \$0.1 million and \$23.2 million of cash charges for severance and other personnel costs related to the 2024 Restructuring Plan and 2025 Restructuring Plan, respectively, and \$9.6 million of cash charges for exit and disposal costs and professional fees related to the 2024 Restructuring Plan, for the fiscal year ended June 30, 2025.

	Severance and other personnel costs	Exit and disposal costs and professional fees (in millions)	Total
Balance as of June 30, 2025	\$ 23.8	\$ 0.8	\$ 24.6
Cash restructuring charges ⁽³⁾	5.1	11.9	17.0
Cash payments	(22.2)	(12.3)	(34.5)
Balance as of June 30, 2026	<u>\$ 6.7</u>	<u>\$ 0.5</u>	<u>\$ 7.2</u>

(3) All cash restructuring charges for the fiscal year ended June 30, 2026 related to the 2025 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 Consolidated Balance Sheets. All of these liabilities' fair value are considered Level 2:

	June 30, 2026		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	\$ 192.3
5.50% Convertible Senior Notes due 2029	350.0	565.9	350.0	635.8
Term Loan due and payable on May 30, 2029	980.0	980.0	990.0	990.0
Total	<u>\$ 1,330.0</u>	<u>\$ 1,545.9</u>	<u>\$ 1,539.0</u>	<u>\$ 1,818.1</u>

(1) Carrying Amount excludes unamortized debt discount and issuance costs of \$17.7 million and \$13.2 million, respectively, as of June 30, 2026, 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 11, Debt*) are determined based on the respective closing prices on the last trading day of the reporting period. The 2026 Notes matured on February 15, 2026, and during the fiscal year ended June 30, 2026, the Company repaid in cash the remaining \$199.0 million aggregate principal amount of the 2026 Notes.

The carrying value of the Term Loan (as defined in *Note 11, Debt*) approximates the fair value of the Term Loan as of June 30, 2026 and 2025, respectively.

6. Inventories

Inventories, net consisted of the following:

	June 30,	
	2026	2025
	(in millions)	
Raw materials	\$ 23.9	\$ 22.7
Finished products ⁽¹⁾	191.1	337.6
Total inventories ⁽²⁾	215.1	360.4
Less: Reserves	(79.7)	(154.8)
Total inventories, net	\$ 135.4	\$ 205.6

(1) Includes \$16.4 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 June 30, 2026 and 2025, respectively.

(2) As of June 30, 2026 and 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 June 30, 2026 primarily consisted of \$43.0 million related to excess accessories and apparel inventory and \$22.7 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 to excess returned Connected Fitness Products, including Guide.

7. Property and Equipment

Property and equipment consisted of the following:

	June 30,	
	2026	2025
	(in millions)	
Leasehold Improvements	\$ 227.8	\$ 257.0
Machinery	11.9	10.3
Equipment	32.0	39.6
Customer-leased equipment	31.4	51.3
Furniture and Fixtures	15.7	18.2
Construction in Progress	1.8	0.4
Software ⁽¹⁾	145.6	160.5
Total property and equipment	466.3	537.3
Accumulated depreciation and amortization	(301.8)	(298.3)
Total property and equipment, net	\$ 164.5	\$ 239.0

(1) Includes \$2.6 million and \$1.0 million of software under development as of June 30, 2026 and 2025, respectively.

During fiscal 2024, 2025, and 2026, management identified various qualitative factors that collectively indicated that the Company had impairment triggering events, including (i) realignment of cost structure in connection with the restructuring initiatives, (ii) softening demand and (iii) significant decrease in the market price of certain long-lived asset groups. The Company determined that the estimated undiscounted future cash flows were less than the carrying values for certain asset groups. The Company recognized impairment charges for the fiscal year ended June 30, 2026, primarily consisting of \$11.9 million related to plans to right-size portions of the Company's corporate office footprint, and \$5.7 million relating to exiting retail showrooms.

The Company recognized impairment charges for the fiscal year ended June 30, 2025, primarily consisting of \$17.2 million related to plans to right-size portions of the Company's corporate office footprint, \$11.5 million relating to exiting retail showrooms, and \$6.1 million related to other manufacturing assets. The Company recognized impairment charges for the fiscal year ended June 30, 2024, primarily consisting of \$14.9 million relating to exiting retail showrooms and \$5.0 million related to Connected Fitness assets.

As of June 30, 2026, 72% and 27% of the Company's total Property and equipment, net was attributable to the United States and the United Kingdom, respectively. As of June 30, 2025, 76% and 22% of the Company's total Property and equipment, net was attributable to the United States and the United Kingdom, respectively.

The estimated useful lives of property and equipment are as follows:

Leasehold Improvements	Shorter of remaining lease term or useful life
Machinery	Three to ten years
Equipment	Two to seven years
Customer-leased equipment	Three to five years
Furniture and Fixtures	Two to ten years
Software	Two to seven years

Depreciation and amortization expense amounted to \$51.6 million, \$80.2 million, and \$98.2 million for the fiscal years ended June 30, 2026, 2025, and 2024, respectively, of which \$18.0 million, \$33.6 million, and \$42.8 million related to amortization of capitalized software costs for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

8. Goodwill and Intangible Assets

As of June 30, 2026, June 30, 2025, and June 30, 2024, the carrying amount of goodwill, which is allocated to the Subscription segment, did not contain any accumulated impairment losses. The changes in the carrying value of goodwill during the fiscal years ended June 30, 2026, 2025, and 2024 are as follows:

	Amount (in millions)
June 30, 2024	\$ 41.2
June 30, 2025	41.2
Acquisition	2.8
June 30, 2026	<u>\$ 44.0</u>

The Company reviews goodwill for impairment annually on April 1 or more frequently if events or changes in circumstances indicate that an impairment may exist ("a triggering event"). During the fiscal years ended June 30, 2026, 2025, and 2024, management identified no qualitative factors that collectively indicated that the Company had triggering events. The Company did not recognize goodwill impairment for the fiscal years ended June 30, 2026, 2025, and 2024.

The gross carrying amount and accumulated amortization of the Company's Intangible assets, net, as of June 30, 2026 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life (Years)
Acquired developed technology	\$ 83.7	\$ (72.2)	\$ 11.5	2.9
Other definite-lived intangibles	5.7	(5.5)	0.2	5.3
Total intangible assets	<u>\$ 89.5</u>	<u>\$ (77.8)</u>	<u>\$ 11.7</u>	

The gross carrying amount and accumulated amortization of the Company's Intangible assets, net, as of June 30, 2025 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life (Years)
Acquired developed technology	\$ 72.0	\$ (66.6)	\$ 5.4	0.4
Other definite-lived intangibles	5.8	(5.5)	0.2	0.2
Total intangible assets	<u>\$ 77.7</u>	<u>\$ (72.2)</u>	<u>\$ 5.6</u>	

During fiscal years ended June 30, 2026, 2025, and 2024, the Company recognized no intangible asset impairment losses.

The Company recognized intangible asset amortization expense in the Consolidated Statements of Operations and Comprehensive Income (Loss) in the amount of \$5.6 million, \$9.4 million, and \$10.6 million for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

As of June 30, 2026, estimated amortization expense related to the Company's identifiable acquisition-related intangible assets in future periods were as follows:

Fiscal Year Ending June 30,	Amount	
	(in millions)	
2027	\$	4.1
2028		3.9
2029		3.6
2030		—
2031		—
Thereafter		—
Total	\$	11.7

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	June 30,	
	2026	2025
	(in millions)	
Accounts payable	\$ 53.5	\$ 66.7
Accrued music licensing royalties	76.6	145.2
Employee-related liabilities	34.3	46.2
Inventory received but not billed	29.4	28.1
Accrued professional fees	6.4	11.0
Accrued general and administrative ⁽¹⁾	17.4	15.8
Accrued marketing	10.8	7.4
Accrued legal contingencies	23.8	—
Other	59.0	52.2
Total accounts payable and accrued expenses	\$ 311.2	\$ 372.7

10. Leases

Lessee arrangements

The Company has entered into various non-cancellable operating lease agreements for its corporate headquarters offices, warehouses and distribution facilities, production studio facilities, retail locations, and other office spaces. The Company subleases certain corporate offices, warehouses and distribution facilities, and retail locations to third parties.

Total operating lease expense, net, for the fiscal years ended June 30, 2026, 2025, and 2024 was as follows:

Total Operating Lease Expense, Net	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Operating lease expense	\$ 73.4	\$ 81.5	\$ 98.5
Variable lease expense	20.7	24.7	23.8
Short-term lease expense	1.5	0.1	0.3
Total operating lease expense	\$ 95.7	\$ 106.3	\$ 122.6
Sublease income	(23.6)	(18.4)	(17.8)
Variable sublease income	(5.0)	(5.0)	(4.0)
Total operating lease expense, net	\$ 67.0	\$ 82.9	\$ 100.8

As of June 30, 2026, the total remaining lease payments included in the measurement of operating lease liabilities were as follows:

Fiscal Year Ended June 30,	Future Minimum Payments
	(in millions)
2027	\$ 83.0
2028	68.6
2029	60.2
2030	46.6
2031	46.9
Thereafter	219.3
Total	\$ 524.6

As of June 30, 2026, future minimum lease payments to be received from operating subleases were as follows:

Fiscal Year Ended June 30,	Future Minimum Payments
	(in millions)
2027	\$ 22.2
2028	19.2
2029	14.0
2030	7.8
2031	7.8
Thereafter	33.7
Total	\$ 104.5

Supplemental information related to operating leases was as follows:

Reconciliation of Operating Lease Liabilities	As of June 30,	
	2026	2025
	(dollars in millions)	
Weighted-average remaining lease term (years)	8.4	8.8
Weighted-average discount rate	5.69 %	5.57 %
Total Undiscounted Operating Lease Liability	\$ 524.6	\$ 615.7
Less: Imputed interest	(114.4)	(138.0)
Total Discounted Operating Lease Liability	\$ 410.2	\$ 477.6
Current portion of operating lease liabilities	\$ 62.5	\$ 70.1
Non-current portion of operating lease liabilities	\$ 347.7	\$ 407.5

Supplemental cash flow and other information related to leases was as follows:

	Fiscal Year Ended June 30,					
	2026		2025		2024	
	(in millions)					
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases	\$	101.0	\$	111.5	\$	121.7
Right-of-use assets obtained in exchange for operating lease liabilities (non-cash)	\$	17.5	\$	3.0	\$	24.9
Right-of-use asset reductions related to operating lease modifications and terminations (non-cash)	\$	(5.7)	\$	(14.4)	\$	(23.0)

As discussed in *Note 7, Property and Equipment*, management identified various qualitative factors that collectively indicated that the Company had triggering events for its long-lived assets, including the Company's operating lease right-of-use assets. The Company recognized impairment charges for the fiscal year ended June 30, 2026, primarily consisting of \$10.6 million related to certain corporate office right-of-use assets, and \$5.9 million related to retail showroom right-of-use assets.

For the fiscal year ended June 30, 2025, the Company recognized impairment charges of \$15.0 million related to certain corporate office right-of-use assets, \$13.5 million related to retail showroom right-of-use assets, and \$4.2 million related to other manufacturing right-of-use assets. For the fiscal year ended June 30, 2024, the Company recognized impairment charges of \$16.6 million related to retail showroom right-of-use assets and \$7.5 million related to Connected Fitness right-of-use assets.

As of June 30, 2026 and 2025, 91% and 7% of the Company's total Operating lease right-of-use assets, net was attributable to the United States and the United Kingdom, respectively.

Lessor arrangements

As discussed in *Note 2, Summary of Significant Accounting Policies*, the Company leases Peloton Bike portfolio products under the Peloton Rental program. For the fiscal years ended June 30, 2026, 2025, and 2024, the Company recognized lease revenue on the Peloton Rental program of \$29.6 million, \$45.8 million and \$47.3 million, respectively, within Connected Fitness Products Revenue in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

11. Debt

Convertible Notes due 2029

In May 2024, the Company issued \$350.0 million aggregate principal amount of 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, beginning on December 1, 2024. 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 did not exceed 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 June 30, 2026. Accordingly, as of July 1, 2026, the 2029 Notes may not be converted at the option of the applicable holder through September 30, 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.

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 was the effective interest rate as of June 30, 2026.

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

	June 30,	
	2026	2025
	(in millions)	
Principal	\$ 350.0	\$ 350.0
Unamortized debt issuance costs	(5.1)	(6.4)
Net carrying amount	<u>\$ 344.9</u>	<u>\$ 343.6</u>

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Amortization of debt issuance costs	\$ 1.3	\$ 1.2	\$ 0.1
Total non-cash interest expense related to the 2029 Notes	1.3	1.2	0.1
Cash interest expense	19.3	19.3	2.0
Total interest expense related to the 2029 Notes	<u>\$ 20.6</u>	<u>\$ 20.5</u>	<u>\$ 2.1</u>

Convertible Notes due 2026

In February 2021, the Company issued \$1.0 billion aggregate principal amount of 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 did not bear regular interest, and the principal amount of the 2026 Notes did not accrete. The effective interest rate upon issuance of the 2026 Notes was 0.45%.

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 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 Income (Loss) for the fiscal year ended June 30, 2024.

The 2026 Notes matured on February 15, 2026, and during the fiscal year ended June 30, 2026, the Company repaid in cash the remaining \$199.0 million aggregate principal amount of the 2026 Notes. As of June 30, 2025, the 2026 Notes were classified as Current portion of debt on the Consolidated Balance Sheets due to their upcoming maturity date.

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

	June 30,	
	2026	2025
	(in millions)	
Principal	\$ 199.0	\$ 199.0
Principal payment	(199.0)	—
Unamortized debt issuance costs	—	(0.5)
Net carrying amount	<u>\$ —</u>	<u>\$ 198.5</u>

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Amortization of debt issuance costs	\$ 0.5	\$ 0.9	\$ 4.3
Total interest expense related to the 2026 Notes	<u>\$ 0.5</u>	<u>\$ 0.9</u>	<u>\$ 4.3</u>

Termination of Capped Call Transactions

In connection with the offering of the 2026 Notes, the Company entered into privately negotiated capped call transactions with certain counterparties (the “Capped Call Transactions”). In the last quarter of its fiscal year ending June 30, 2024, the Company terminated the Capped Call Transactions in their entirety pursuant to negotiated termination agreements with each such counterparty.

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.

During the fiscal years ended June 30, 2026, 2025, and 2024, the Company incurred total commitment fees of \$0.4 million, \$0.5 million, and \$1.3 million, respectively, which are included in Interest expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

As of June 30, 2026, the Company had drawn the full amount of the Term Loan and had not drawn on the Revolving Facility, and the Company had \$980.0 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 Income (Loss) for the fiscal year ended June 30, 2024.

As of June 30, 2026, 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 June 30, 2026, the Company had outstanding letters of credit totaling \$40.9 million, which are classified as Restricted cash on the Consolidated Balance Sheets.

Upon entering into the Term Loan, the effective interest rate was 12.4% and the current effective interest rate as of June 30, 2026 is 10.2%.

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

	June 30,	
	2026	2025
	(in millions)	
Principal	\$ 1,000.0	\$ 1,000.0
Principal payments	(20.0)	(10.0)
Unamortized debt discount	(17.7)	(22.7)
Unamortized debt issuance costs	(8.1)	(10.4)
Net carrying amount	<u>\$ 954.2</u>	<u>\$ 956.9</u>

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

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Amortization of debt discount	\$ 5.0	\$ 4.7	\$ 5.7
Amortization of debt issuance costs	2.3	2.1	3.3
Total non-cash interest expense related to the Term Loan	7.4	6.8	9.0
Cash interest expense	94.2	105.8	94.9
Total interest expense related to the Term Loan	<u>\$ 101.6</u>	<u>\$ 112.6</u>	<u>\$ 103.8</u>

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 June 30, 2026:

Fiscal Year Ended June 30,	Future Minimum Payments
	(in millions)
2027	\$ 10.0
2028	10.0
2029	960.0
2030	350.0
Total	<u>\$ 1,330.0</u>

12. 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 June 30, 2026:

Fiscal Year Ended June 30,	Future Minimum Payments
	(in millions)
2027	\$ 48.0
2028	42.0
2029	15.2
Total	<u>\$ 105.2</u>

Commitments to Suppliers

The Company utilizes a combination of in-house manufacturing and global sourcing with third-party manufacturing partners to build its products and accessories. These contract manufacturers and component suppliers acquire inventory and build products based on demand forecast information the Company supplies, which typically covers a rolling 12-month period. Consistent with industry practice, the Company acquires inventories from these suppliers through purchase orders against which orders are applied based on projected demand information and availability of goods. Such purchase commitments typically cover the Company's forecasted product and manufacturing requirements for periods that range a number of months. In certain instances, these agreements allow the Company the option to cancel, reschedule, and/or adjust its requirements based on its business needs for a period of time before the order is due to be fulfilled. While the Company's purchase orders are legally cancellable in many situations, there are some which are not cancellable in the event of a demand plan change or other circumstances, such as where the supplier has procured unique, Peloton- and Precor-specific designs, and/or specific non-cancellable, non-returnable components based on the Company's provided forecasts.

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 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 March 31, 2026, the court issued a memorandum and order granting defendants' motion to dismiss and dismissing the second amended complaint with prejudice. On April 30, 2026, plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit (the "Second Circuit").

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, including that any appeals have been concluded.

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 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.

On July 28, 2022, NEC Corporation ("NEC") filed suit against the Company in the United States District Court for the District of Delaware, Case No. 1:22-cv-00987, alleging that the Company's use of third-party media players infringed three patents related to specific content streaming technologies and sought damages and injunctive relief. On April 8, 2024, the court stayed the case pending the resolution of inter partes review proceedings instituted by the Company against two of the patents-in-suit before the Patent Trial & Appeal Board ("PTAB") of the United States Patent and Trademark Office. After the PTAB invalidated one of the patents-in-suit, on March 25, 2025, the court lifted the stay and the case proceeded with respect to the remaining two patents-in-suit (the "101 patent" and the "809 patent"). On June 30, 2026, the court granted the

Company's motion for summary judgment of non-infringement of the '809 patent. On July 10, 2026, the court granted NEC's motion for summary judgment regarding the claim construction of certain terms in the '101 patent. On July 23, 2026, the court granted the Company's motion for summary judgment of no pre-suit damages. The court held a jury trial on the '101 patent from July 27 to July 31, 2026. On July 31, 2026, the jury returned a verdict, finding that the '101 patent was infringed and not invalid on the basis of lack of written description, and awarded \$20.5 million in past damages in the form of a running royalty through the date of the trial. The jury found that the Company was not liable for induced infringement, contributory infringement, or willful infringement of the '101 patent. The Company disagrees with the verdict with respect to direct infringement and invalidity, and is evaluating post-trial motion and appellate options.

13. Equity-Based Compensation

2019 Equity Incentive Plan

In August 2019, the Board of Directors adopted the 2019 Equity Incentive Plan (the "2019 Plan"), which serves as the successor the 2015 Stock Plan. The 2019 Plan provides for the grant of equity-based awards to employees, directors and consultants, including stock options, restricted stock units, and performance stock units.

Stock Options

The following summary sets forth the stock option activity under the 2019 Plan:

	Options Outstanding			
	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding — June 30, 2025	20,958,757	\$ 21.51	3.8	\$ 6.8
Granted	—	\$ —		
Exercised	(81,817)	\$ 1.30		\$ 0.4
Forfeited or expired	(2,162,245)	\$ 11.16		
Outstanding — June 30, 2026	18,714,695	\$ 22.79	2.6	\$ 4.3
Vested and Exercisable— June 30, 2026	18,102,794	\$ 23.28	2.4	\$ 4.3

Unvested option activity is as follows:

	Options	Weighted-Average Grant Date Fair Value
Unvested - June 30, 2025	1,735,457	\$ 9.39
Granted	—	\$ —
Vested	(1,005,585)	\$ 11.27
Forfeited or expired	(117,971)	\$ 8.81
Unvested - June 30, 2026	611,901	\$ 6.39

The aggregate intrinsic value of options outstanding and vested and exercisable, were calculated as the difference between the exercise price of the options and the fair value of the Company's common stock as of June 30, 2026. The fair value of the common stock is the closing stock price of Class A common stock as reported on The Nasdaq Global Select Market. The aggregate intrinsic value of exercised options was \$0.4 million, \$9.2 million, and \$12.7 million for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

No stock options were granted during the fiscal year ended June 30, 2026. For the fiscal years ended June 30, 2025 and 2024, the weighted-average grant date fair value per option was \$5.53, and \$2.46, respectively. The fair value of each option was estimated at the grant date using the Black-Scholes method with the following assumptions:

	Fiscal Year Ended June 30,	
	2025	2024
Weighted average risk-free interest rate ⁽¹⁾	4.3 %	4.5 %
Weighted average expected term (in years) ⁽¹⁾	5.5	3.6
Weighted average expected volatility ⁽¹⁾	87.0 %	87.5 %
Expected dividend yield ⁽¹⁾	—	—

(1) Refer to 2019 Equity Incentive Plan within Note 2, Summary of Significant Accounting Policies for further details regarding how these assumptions are calculated.

Restricted Stock Units

The following table summarizes the activity related to the Company's restricted stock units:

	Restricted Stock Units Outstanding	
	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding — June 30, 2025 ⁽¹⁾	54,154,272	\$ 5.92
Granted	23,136,469	\$ 6.44
Vested and converted to shares	(29,512,773)	\$ 6.10
Cancelled	(11,033,217)	\$ 6.07
Outstanding — June 30, 2026	36,744,751	\$ 6.06

(1) During the fiscal year ended June 30, 2026, the Company updated its equity-based compensation disclosures to separately present the activity of RSUs and PSUs. Outstanding awards as of June 30, 2025, and weighted-average grant-date fair values for the prior year have been reclassified to conform to the current-year presentation. This change in presentation had no impact on previously reported consolidated net loss, total cash flows, or financial position.

For the fiscal years ended June 30, 2026, 2025, and 2024, the weighted-average grant date fair value per restricted stock unit was \$6.44, \$5.18, and \$5.46, respectively.

Performance Stock Units

The following table summarizes the activity related to the Company's performance stock units, inclusive of awards with performance conditions and market conditions:

	Performance Stock Units Outstanding	
	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding — June 30, 2025 ⁽¹⁾	1,147,446	\$ 5.76
Granted	5,242,805	\$ 7.30
Performance adjustment	1,719,709	\$ 6.79
Vested and converted to shares	(1,999,524)	\$ 5.77
Cancelled	(321,267)	\$ 7.58
Outstanding — June 30, 2026	5,789,169	\$ 7.36

(1) During the fiscal year ended June 30, 2026, the Company updated its equity-based compensation disclosures to separately present the activity of RSUs and PSUs. Outstanding awards as of June 30, 2025, and weighted-average grant-date fair values for the prior year have been reclassified to conform to the current-year presentation. This change in presentation had no impact on previously reported consolidated net loss, total cash flows, or financial position.

For the fiscal years ended June 30, 2026 and 2025, the weighted-average grant date fair value per performance stock unit was \$7.30 and \$5.76, respectively. There were no PSU awards granted prior to fiscal year 2025.

Stock-Based Compensation Expense

The Company's total stock-based compensation expense was as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Cost of revenue			
Connected Fitness Products	\$ 8.9	\$ 9.3	\$ 10.1
Subscription	40.8	36.3	39.3
Total cost of revenue	49.6	45.7	49.5
Sales and marketing	25.1	16.4	19.7
General and administrative	77.5	121.9	177.1
Research and development	45.6	44.8	58.8
Restructuring expense	0.8	0.8	6.6
Total stock-based compensation expense	<u>\$ 198.6</u>	<u>\$ 229.6</u>	<u>\$ 311.7</u>

As of June 30, 2026, the Company had \$222.9 million of unrecognized stock-based compensation expense related to unvested stock-based awards that is expected to be recognized over a weighted-average period of 2.1 years.

During the fiscal year ended June 30, 2026, three employees who were eligible to participate in the Company's Severance and Change in Control Plan (the "Severance Plan") terminated employment. Certain modifications were made to their equity awards, including the extension of the post-termination period during which the employees could exercise their outstanding stock options from 90 days to one year (or the option expiration date, if earlier). In one instance during the fiscal year ended June 30, 2026, the employee transitioned to a non-executive advisory role. As a result of these modifications, the Company recognized incremental stock-based compensation expense of \$1.2 million within General and administrative expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

During the fiscal year ended June 30, 2025, five employees who were eligible to participate in the Company's Severance Plan terminated employment. Certain modifications were made to their equity awards, including the extension of the post-termination period during which the employees could exercise their outstanding stock options from 90 days to one year (or the option expiration date, if earlier). In two instances during the fiscal year ended June 30, 2025, the employees transitioned to non-executive advisory roles. As a result of these modifications, the Company recognized incremental stock-based compensation expense of \$4.2 million within General and administrative expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

During the fiscal year ended June 30, 2024, certain modifications were made to equity awards for four employees, who were eligible to participate in the Severance Plan, excluding the impact separately disclosed below, of the Company's former President and Chief Executive Officer ("CEO") who was also covered under the Severance Plan. For the fiscal year ended June 30, 2024, this included the extension of the post-termination period during which an employee may exercise outstanding stock options from 90 days to one year (or the option expiration date, if earlier). In one instance during the fiscal year ended June 30, 2024, the post-termination period during which an employee may exercise outstanding stock options was extended from 90 days to the earlier of the original expiration date or 3 years. This employee transitioned to a non-executive advisory role. As a result of these modifications, the Company recognized incremental stock-based compensation expense of \$5.6 million for the fiscal year ended June 30, 2024 within Restructuring expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 7, 2022, the Board of Directors granted the Company's former President and CEO, 8,000,000 shares of the Class A common stock (the "Option Award"). The Option Award had an exercise price of \$38.77 per share, equal to the closing price of the Class A common stock on the CEO Commencement Date of February 9, 2022. The awards were to vest and become exercisable over four years, with 1/48th vesting on each monthly anniversary of the CEO Commencement Date, subject to the provision of the CEO's continued service to the Company through each vesting date. The awards were to be exercisable through February 8, 2032. On May 2, 2024, Mr. McCarthy transitioned to a non-executive, strategic advisory role and was granted a new option award (the "Advisory Award") that vested in equal monthly installments through December 31, 2024. Mr. McCarthy also received one year of accelerated vesting on all outstanding stock options (other than the Advisory Award), which will remain exercisable until December 31, 2027. During the fiscal year ended June 30, 2024, in connection with the CEO transition, the Company recognized stock-based compensation expense of \$41.9 million for the one year of accelerated vesting of the Option Award, which had an exercise price of \$38.77 per share and a grant date fair value of approximately \$167.6 million. In addition, the Company recognized incremental stock-based compensation expense of \$5.4 million for the modification of stock option awards related to the extension of the exercise window through December 31, 2027. These expenses were recognized within General and administrative expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

14. Concentration of Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash and cash equivalents are maintained with high-quality financial institutions, the compositions and maturities of which are regularly monitored by management.

For the fiscal years ended June 30, 2026, 2025, and 2024, there were no customers representing greater than 10% of the Company's Total revenue.

The Company procures components from a broad group of suppliers. Some of the Company's products require one or more components that are available from only a single source. In the event of an interruption from any of these suppliers, the Company may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and delays. Accordingly, a loss of or poor performance by any of the Company's significant suppliers could have an adverse effect on the Company's business, financial condition and operating results.

15. Income Taxes

The components of Income (loss) before income taxes are as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
United States	\$ 90.5	\$ (91.7)	\$ (416.5)
Foreign	(27.4)	(23.9)	(135.6)
Income (loss) from operations before income taxes	<u>\$ 63.1</u>	<u>\$ (115.6)</u>	<u>\$ (552.1)</u>

The components of Income tax (benefit) expense are as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions)		
Current:			
Federal	\$ —	\$ —	\$ —
State	0.7	0.8	0.8
Foreign	1.7	1.9	—
	<u>2.4</u>	<u>2.7</u>	<u>0.8</u>
Deferred:			
Federal	(1.9)	—	—
State	(0.6)	—	—
Foreign	—	0.7	(1.0)
	<u>(2.5)</u>	<u>0.7</u>	<u>(1.0)</u>
Total	<u>\$ (0.1)</u>	<u>\$ 3.4</u>	<u>\$ (0.2)</u>

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate pursuant to the requirements of ASU 2023-09 for the fiscal year ended June 30, 2026 is as follows:

	Fiscal Year Ended June 30, 2026	
	Amount	Percent
	(dollars in millions)	
Federal income tax rate	\$ 13.2	21.0 %
Tax credits		
Research and development credit	(7.7)	(12.2)
Nontaxable or nondeductible items		
Excess officer's compensation	12.5	19.8
Share based compensation	4.8	7.6
Change in valuation allowance	(32.1)	(50.8)
Other	1.7	2.7
State and local income taxes, net of federal benefit ⁽¹⁾	—	(0.1)
Foreign tax effects		
United Kingdom		
Valuation allowance	3.0	4.8
Foreign rate differential	(1.5)	(2.4)
Impairment	9.9	15.7
Other	(3.5)	(5.5)
Other foreign jurisdictions	(0.5)	(0.8)
Effective income tax rate	<u>\$ (0.1)</u>	<u>(0.2)%</u>

(1) The states and local jurisdictions that contribute to greater than 50% of the tax effect in this category include California.

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate for the fiscal years ended June 30, 2025 and 2024 is as follows:

	Fiscal Year Ended June 30,	
	2025	2024
Federal income tax rate	21.0 %	21.0 %
Permanent differences	(4.6)	(1.2)
Share based compensation	(10.3)	(9.2)
Return to provision	(0.4)	(0.2)
Effects of rates different than statutory	0.8	1.0
State and local income taxes, net of federal benefit	0.8	1.7
Change in valuation allowance	(12.0)	(13.5)
Rate change	0.4	(0.2)
Federal credits	4.2	0.5
State credits	(1.1)	0.1
Other	(1.7)	—
Effective income tax rate	<u>(2.9)%</u>	<u>— %</u>

The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2026 are due to the change in valuation allowance, nontaxable or nondeductible items, and federal credits. The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2025 were due to the change in valuation allowance, stock-based compensation, permanent differences relating to excess officer compensation, and federal credits. The primary differences from the U.S. statutory rate and the Company's effective tax rate for the fiscal year ended June 30, 2024 were due to the change in valuation allowance, stock-based compensation, and state and international taxes.

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 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.

On August 16, 2022, the Inflation Reduction Act was signed into law in the United States. Among other provisions, the Inflation Reduction Act includes a 15% minimum tax rate applied to corporations with profits in excess of \$1 billion and also includes an excise tax on the repurchase of corporate stock. The Company has reviewed the provisions of the law and does not believe that any of the provisions will have a material impact on the business.

On March 11, 2021, the American Rescue Plan was enacted, which extends the period companies can claim an Employee Retention Credit, expands the IRC Section 162(m) limit on deductions for publicly traded companies, and repeals the election that allows US affiliate groups to allocate interest expense on a worldwide basis, among other provisions. The Company reviewed the provisions of the law and determined it had no material impact for the fiscal year ended June 30, 2026.

As of June 30, 2026 and June 30, 2025, the Company's deferred tax assets were primarily the result of U.S. federal and state net operating losses ("NOLs"), Section 174 capitalized expenditures, disallowed interest carryover, lease liability, non-qualified stock options, and research and development tax credits. A valuation allowance was maintained and/or established in substantially all jurisdictions on the Company's gross deferred tax asset balances as of June 30, 2026 and 2025. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. The realization of deferred tax assets was based on the evaluation of current and estimated future profitability of the operations, reversal of deferred tax liabilities and the likelihood of utilizing tax credit and/or loss carryforwards. As of June 30, 2026 and June 30, 2025, the Company continued to maintain that it is not at the more likely than not standard, wherein deferred taxes will be realized due to the recent history of losses and management's expectation of continued tax losses.

Based on management's assessment of historical results and forecasts, management is continuously monitoring the weight of both positive and negative evidence. Based on these trends, it is reasonably possible that within the next 12 months, management may conclude that it is more likely than not that a substantial portion of these deferred tax assets will be realized. If such a determination is made, it would result in the recognition of net deferred tax assets on the Company's Consolidated Balance Sheets and a corresponding benefit recorded within the income tax provision in the period of release. However, management's judgment regarding future earnings and the exact timing and amount of any valuation allowance release are subject to change due to many factors, including but not limited to, future market conditions and the ability to successfully execute the Company's business plans.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) are as follows:

	Fiscal Year Ended June 30,	
	2026	2025
	(in millions)	
Deferred tax assets:		
Net operating loss	\$ 1,084.8	\$ 1,039.5
Accruals and reserves	36.0	65.1
R&D credit	89.1	81.9
Accrued legal and professional fees	9.5	2.9
Non-qualified stock options	96.3	95.0
Restricted stock options	9.4	11.8
Disallowed interest carryover	97.5	68.8
Intangible amortization	47.4	51.1
Capitalized R&E	77.7	119.4
Inventory capitalization	28.6	52.0
Lease liability	105.4	115.8
Deferred revenue	4.6	7.9
Construction in progress	6.5	26.3
Property and equipment	1.1	—
Other	5.2	4.4
Total deferred tax assets:	1,699.1	1,741.9
Valuation allowance	(1,620.5)	(1,647.4)
Deferred tax liabilities:		
Prepaid expenses	(2.2)	(2.4)
Property and equipment	—	(6.2)
Right-of-use assets	(72.0)	(81.4)
Convertible securities	(3.7)	(4.2)
Other	(0.5)	(0.1)
Total deferred tax liabilities:	(78.4)	(94.3)
Deferred tax assets, net	\$ 0.2	\$ 0.2

As of June 30, 2026 and 2025, the Company had federal NOLs of approximately \$3,497.9 million and \$3,290.0 million, respectively, of which \$58.3 million will begin to expire in 2034 and the remainder will be carried forward indefinitely. The Company has undergone three ownership changes in the past which have historically subjected its NOLs to a Section 382 limitation. The resulting Section 382 limitations are large enough to avail the Section 382 limited NOLs by June 30, 2022, therefore no NOLs are currently limited. As of June 30, 2026 and 2025, the Company had state NOLs of approximately \$2,728.6 million and \$2,657.9 million, respectively, which began to expire at various dates beginning in 2024. As of June 30, 2026 and 2025, the Company had foreign NOLs of approximately \$769.4 million and \$771.6 million, respectively, generated primarily from its operations in the United Kingdom, which will be carried forward indefinitely. As of June 30, 2026 and 2025, the Company had \$87.1 million and \$79.4 million, respectively, of federal U.S. research and development credit carryovers that will begin to expire in 2036.

During the fiscal years ended June 30, 2026, 2025, and 2024, the Company recorded additions to the valuation allowance of \$0.2 million, \$46.8 million and \$73.7 million, respectively. These additions primarily related to increases in deferred tax assets arising from capitalized Section 174 costs, Section 163(j) interest expense disallowance, net operating losses and other deductible temporary differences.

During the fiscal years ended June 30, 2026, 2025, and 2024, the Company recorded reductions to the valuation allowance of \$27.1 million, \$2.7 million and \$3.7 million, respectively. These reductions primarily related to decreases in deferred tax assets due to the deductibility of previously capitalized Section 174 amounts and the derecognition of certain deferred tax assets.

As of June 30, 2026, the Company did not have material undistributed foreign earnings. The Company has not recorded a deferred tax liability for foreign withholding or other foreign local tax on the undistributed earnings from the Company's international subsidiaries as such earnings are considered to be indefinitely reinvested.

At both June 30, 2026 and 2025, the Company had no unrecognized tax benefits included as a component of income taxes payable within accrued expenses within the accompanying Consolidated Balance Sheets. The Company has the following activity relating to unrecognized tax benefits:

	Fiscal Year Ended June 30,	
	2026	2025
	(in millions)	
Beginning balance	\$ —	\$ —
Gross (decrease) increase in unrecognized tax positions	—	—
Ending balance	<u>\$ —</u>	<u>\$ —</u>

Although it is possible that unrecognized tax benefits may increase or decrease within the next twelve months due to tax examination changes, settlement activities, expirations of statute of limitations, or the impact on recognition and measurement considerations related to the results of published tax cases or other similar activities, the Company does not anticipate any significant changes to unrecognized tax benefits over the next 12 months.

The Company is subject to taxation in the United States, various state and local jurisdictions, as well as foreign jurisdictions where the Company conducts business. Accordingly, on a continuing basis, the Company cooperates with taxing authorities for the various jurisdictions in which it conducts business to comply with audits and inquiries for tax periods that are open to examination. The tax years ended June 30, 2022 and later remain open to examination by tax authorities in the United States and United Kingdom.

Cash paid for income taxes, net of refunds received, pursuant to the requirements of ASU 2023-09 for the fiscal year ended June 30, 2026 is as follows:

	Fiscal Year Ended June 30, 2026
	(in millions)
Federal	\$ —
State and local	
California	1.0
All other states	0.9
Foreign	
Australia	0.5
Canada – Federal	1.1
Canada – Ontario	0.6
China	0.7
Germany – Federal	0.6
Germany – Munich	1.0
Taiwan	(1.3)
All other foreign	0.5
Cash paid for income taxes	<u>\$ 5.5</u>

16. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of outstanding shares of common stock during the period. Diluted earnings (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 restricted stock units and awards, and performance 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 earnings (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 earnings (loss) per share is as follows:

	Fiscal Year Ended June 30,		
	2026	2025	2024
	(in millions, except share and per share amounts)		
Basic earnings (loss) per share:			
Numerator:			
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)
Denominator:			
Weighted-average common shares outstanding, basic	424,726,220	390,037,997	365,546,334
Earnings (loss) per share, basic	\$ 0.15	\$ (0.30)	\$ (1.51)
Diluted earnings (loss) per share:			
Numerator:			
Net income (loss)	\$ 63.2	\$ (118.9)	\$ (551.9)
Net income (loss) attributable to common stockholders, diluted	\$ 63.2	\$ (118.9)	\$ (551.9)
Denominator:			
Weighted-average common shares outstanding, basic	424,726,220	390,037,997	365,546,334
Weighted-average effect of dilutive securities:			
Stock-based awards	11,492,423	—	—
Weighted average common shares outstanding, diluted	436,218,643	390,037,997	365,546,334
Earnings (loss) per share, diluted	\$ 0.14	\$ (0.30)	\$ (1.51)

As of June 30, 2026, June 30, 2025, and June 30, 2024, 39,217,172, 81,664,586, and 89,951,736 potentially dilutive stock-based awards, respectively, calculated as the total outstanding shares as of those period ends, were excluded from the computation of diluted earnings (loss) per share. Additionally, 76,452,600, 77,284,420, and 77,284,420 of potentially dilutive shares related to convertible senior notes, calculated under the if-converted method, were excluded from the computation of diluted loss per share as of June 30, 2026, June 30, 2025, and June 30, 2024, respectively. These amounts were excluded as they would have been anti-dilutive.

Capped Calls

For the fiscal year ended June 30, 2024, the denominator for basic and diluted loss per share does not include any effect from the Capped Call Transactions the Company entered into concurrently with the issuance of the 2026 Notes as this effect would be anti-dilutive. During the fiscal year ended June 30, 2024, the Capped Call Transactions were terminated. Refer to Note 11, *Debt* for additional information.

17. Segment Information

The Company applies ASC 280, *Segment Reporting*, in determining reportable segments. 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, including 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.

Operating expenditures, interest income and other expense, and taxes are not allocated to individual segments as these are managed on an entity wide group basis. Information on reportable segments and reconciliation to consolidated Income (loss) before income taxes is as follows:

Fiscal Year Ended June 30, 2026			
	Connected Fitness Products	Subscription	Total
	(in millions)		
Revenue	\$ 770.4	\$ 1,675.6	\$ 2,446.0
Consolidated Revenue			\$ 2,446.0
Less:			
Adjusted Cost of revenue	680.0	479.3	1,159.3
Segment Adjusted Gross profit	\$ 90.4	\$ 1,196.3	\$ 1,286.7
<i>Reconciliation to consolidated income before income taxes:</i>			
Sales and marketing			(400.4)
General and administrative			(430.3)
Research and development			(242.8)
Impairment expense			(34.6)
Restructuring expense			(17.9)
Total other expense, net			(97.6)
Income before income taxes			\$ 63.1

Fiscal Year Ended June 30, 2025			
	Connected Fitness Products	Subscription	Total
	(in millions)		
Revenue	\$ 817.1	\$ 1,673.7	\$ 2,490.8
Consolidated Revenue			\$ 2,490.8
Less:			
Adjusted Cost of revenue	720.8	534.0	1,254.7
Segment Adjusted Gross profit	\$ 96.4	\$ 1,139.7	\$ 1,236.1
<i>Reconciliation to consolidated loss before income taxes:</i>			
Allocated overhead costs			32.2
Sales and marketing			(421.6)
General and administrative			(527.3)
Research and development			(234.2)
Impairment expense			(64.1)
Restructuring expense			(33.8)
Supplier settlements			(23.5)
Total other expense, net			(79.3)
Loss before income taxes			\$ (115.6)

Fiscal Year Ended June 30, 2024			
	Connected Fitness Products	Subscription	Total
	(in millions)		
Revenue	\$ 991.7	\$ 1,708.7	\$ 2,700.5
Consolidated Revenue			\$ 2,700.5
Less:			
Adjusted Cost of revenue	952.0	566.4	1,518.4
Segment Adjusted Gross profit	\$ 39.8	\$ 1,142.3	\$ 1,182.1
<i>Reconciliation to consolidated loss before income taxes:</i>			
Allocated overhead costs			24.4
Sales and marketing			(658.9)
General and administrative			(651.0)
Research and development			(304.8)
Impairment expense			(57.3)
Restructuring expense			(66.1)
Supplier settlements			2.6
Total other expense, net			(23.2)
Loss before income taxes			<u>\$ (552.1)</u>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 June 30, 2026. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2026, 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.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Peloton. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2026 based on the guidelines established in the Internal Control—Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of June 30, 2026.

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 fiscal year ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As part of the 2025 Restructuring Plan, the Company entered a relationship with a global business shared services provider to support and execute certain business processes. At this time, a number of financial transaction processing activities have been transitioned to these shared business services centers and our transition activities under the Plan are substantially complete.

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.

Report of Independent Registered Public Accounting Firm

Ernst & Young LLP, our independent registered public accounting firm that audited the consolidated financial statements, has issued an audit report on our internal control over financial reporting as of June 30, 2026, which is included in Item 8 of this Annual Report on Form 10-K.

Item 9B. Other Information

On August 5, 2026, the Company entered into a reimbursement agreement with Mr. Thacker, our Chief Financial Officer, pursuant to which the Company provided Mr. Thacker with a cash reimbursement of \$436,466.14 (the "Reimbursement") in connection with Mr. Thacker's repayment of certain bonus amounts received from his prior employer during the term of his previous employment. Under the agreement, Mr. Thacker is required to reimburse the Company the full amount of the Reimbursement in cash if Mr. Thacker's employment with the Company terminates prior to the one year anniversary of the agreement, subject to certain exceptions as described in the agreement.

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2026, none of our directors or officers, as defined in Rule 16a-1(f) of the Exchange Act, adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended June 30, 2026, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included in our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended June 30, 2026, and is incorporated herein by reference.

Item 12. Securities Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended June 30, 2026, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended June 30, 2026, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included in our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended June 30, 2026, and is incorporated herein by reference.

Part IV

Item 15. Exhibit and Financial Statement Schedules

The following documents are filed, furnished or incorporated by reference as part of this Annual Report on Form 10-K:

1. Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8, of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All financial statement schedules have been omitted because they are not required or are not applicable, or the required information is shown in our consolidated financial statements or the notes thereto.

3. 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	
4.1	Form of Class A common stock certificate.	S-1/A	333-233482	4.1	09/10/2019	
4.2	Fourth Amended and Restated Investors’ Rights Agreement by and between the Registrant and certain security holders of the Registrant, dated April 5, 2019.	S-1	333-233482	4.2	08/27/2019	
4.3	Indenture, dated as of May 24, 2024, between Peloton Interactive, Inc. and U.S. Bank Trust Company, National Association, as trustee.	8-K	001-39058	4.1	05/24/2024	
4.4	Form of 5.50% Convertible Senior Notes due 2029 (included in Exhibit 4.1).	8-K	001-39058	4.1	05/24/2024	
4.5	Description of Class A Common Stock Registered Under Section 12 of the Securities Exchange Act of 1934, as amended.	10-K	001-39058	4.3	09/11/2020	
10.1†	Form of Indemnification Agreement.	S-1	333-233482	10.1	08/27/2019	
10.2†	2015 Stock Plan and forms of award agreements thereunder.	S-1	333-233482	10.2	08/27/2019	
10.3†	2019 Equity Incentive Plan and forms of award agreements thereunder.	10-K	001-39058	10.3	09/07/2022	

10.4†	Amendment to the Peloton Interactive, Inc. 2019 Equity Incentive Plan.	8-K	001-39058	10.1	12/12/2023	
10.5†	2019 Employee Stock Purchase Plan and form of subscription agreement thereunder.	S-8	333-233941	4.8	09/26/2019	
10.6†	Amended Severance and Change in Control Plan and form of participation agreement thereunder.	10-Q	001-39058	10.1	02/05/2026	
10.7†	Offer Letter by and between Peter Stern and the Registrant, dated October 28, 2024.	8-K	001-39058	10.1	10/31/2024	
10.8†	Offer Letter by and between Elizabeth Coddington and the Registrant, dated June 6, 2022.	8-K	001-39058	10.1	06/06/2022	
10.9†	Offer Letter by and between Jennifer Cotter and the Registrant, dated April 26, 2019.	10-K	001-39058	10.1	08/23/2023	
10.10†	Transition Agreement by and between Jennifer Cotter and the Registrant, dated March 14, 2026.	8-K	001-39058	10.1	03/17/2026	
10.11†	Offer Letter by and between Nick Caldwell and the Registrant, dated September 18, 2023.	10-K	001-39058	10.12	08/22/2024	
10.12†	Offer Letter, by and between Charles Kirol and the Registrant, dated April 3, 2025.	8-K	001-39058	10.1	04/09/2025	
10.13†	Form of Letter Agreement, dated September 14, 2025, amending offer letters and modifying certain severance plan rights.	8-K	001-39058	10.1	9/16/2025	
10.14†	Offer Letter by and between Siddharth Thacker and the Registrant, dated May 21, 2026.	8-K	001-39058	10.1	05/26/2026	
10.15†	Reimbursement Agreement by and between Siddharth Thacker and the Registrant, dated August 5, 2026.					X
10.16	Agreement of Lease by and between the Registrant and Maple West 25th Owner, LLC, dated November 11, 2015, as amended.	S-1/A	333-233482	10.9	09/10/2019	
10.17	Agreement of Lease by and between the Registrant and CBP 441 Ninth Avenue Owner LLC, dated November 16, 2018.	S-1/A	333-233482	10.10	09/10/2019	
10.18	Amendment and Restatement Agreement, dated as of May 30, 2024, among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and JPMorgan Chase Bank, N.A. and Goldman Sachs Lending Partners LLC as joint bookrunners and joint lead arrangers.	8-K	001-39058	10.1	05/30/2024	

19.1	Insider Trading Policy and Procedures.						X
21.1	List of Subsidiaries.						X
23.1	Consent of Ernst & Young LLP, Independent registered public accounting firm.						X
24.1	Power of Attorney (included in the signature page).						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
97.1†	Policy for Recovery of Incentive-Based Compensation.	10-K	001-39058	97.1	8/22/2024		
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 Inline XBRL and contained in Exhibit 101)						X

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

* Certain portions of this document that constitute private or confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

** Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will supplementally furnish copies of omitted schedules and exhibits to the SEC or its staff upon its request.

X Filed herewith.

XX Furnished herewith.

The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K 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.

Item 16. Form 10-K Summary

None.

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.

PELOTON INTERACTIVE, INC.

Date: August 6, 2026

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: <u>/s/ Peter Stern</u> Peter Stern	President and Chief Executive Officer and Director (Principal Executive Officer)	August 6, 2026
By: <u>/s/ Siddharth Thacker</u> Siddharth Thacker	Chief Financial Officer (Principal Financial Officer)	August 6, 2026
By: <u>/s/ Saqib Baig</u> Saqib Baig	Chief Accounting Officer (Principal Accounting Officer)	August 6, 2026
By: <u>/s/ Jay Hoag</u> Jay Hoag	Director	August 6, 2026
By: <u>/s/ Karen Boone</u> Karen Boone	Director	August 6, 2026
By: <u>/s/ Chris Bruzzo</u> Chris Bruzzo	Director	August 6, 2026
By: <u>/s/ Tara Comonte</u> Tara Comonte	Director	August 6, 2026
By: <u>/s/ Angel Mendez</u> Angel Mendez	Director	August 6, 2026
By: <u>/s/ Pamela Thomas-Graham</u> Pamela Thomas-Graham	Director	August 6, 2026

Corporate Information

Board of Directors

Jay Hoag⁽¹⁾⁽³⁾

Chairperson of the Board

Peter Stern

Director

Karen Boone⁽¹⁾

Director

Chris Bruzzo⁽³⁾

Director

Tara Comonte⁽²⁾

Director

Angel L. Mendez⁽²⁾

Director

Pamela Thomas-Graham⁽²⁾

Director

Leadership Team

Peter Stern

Chief Executive Officer
and President

Siddharth Thacker

Chief Financial Officer

Tammy Albarrán

Chief Legal Officer

Dalana Brand

Chief People Officer

Nick Caldwell

Chief Product Officer

Sarah Robb O'Hagan

Chief Content and Member
Development Officer

Megan Imbres

Chief Marketing Officer

Charlie Kirol

Chief Operating Officer

Dianna Kraus

Chief Communications Officer

Dion Camp Sanders

Chief Commercial Officer

Stockholder Account Assistance

Registered stockholder records are maintained by our transfer agent: Equiniti Trust Company, LLC

Website:

www.shareowneronline.com

Telephone:

(800) 468-9716

Form 10-K

Our Form 10-K is incorporated herein and has been filed with the Securities and Exchange Commission. To request a copy of our Form 10-K, free of charge from the Company, please contact Investor Relations.

Investor Relations

Company information is available upon request without charge. Please contact the Investor Relations team by email at investor@onepeloton.com.

Committee memberships:

(1) Compensation Committee, (2) Audit Committee,

(3) Nominating, Governance and Corporate Responsibility Committee

