Risk Factors Comparison 2023-08-23 to 2022-09-07 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

We may be unable to attract and retain Subscribers, 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. • **The** ~~We have grown and the~~ company has evolved rapidly in recent years and ~~have limited~~ **continues to establish its** operating experience at ~~our current~~ **the appropriate** scale ~~of operations~~. If we are unable to manage our longer- term growth ~~and~~ **,** intervening changes **, and costs, or implement restructuring initiatives** effectively, our brand, company culture, and financial performance may suffer. • If we are unable to anticipate consumer preferences and successfully develop and offer new, innovative, and updated products and services in a timely manner, or effectively manage the introduction of new or enhanced products and services, our business may be adversely affected. • The connected fitness market is relatively new and, if the general market and specific demand for our products and services does not continue to grow, grows more slowly than we expect, or fails to grow as much as we expect, our business, financial condition, and operating results 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. • 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 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 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. • ~~Our past financial results may not be indicative of our future performance. • We operate in a highly competitive market and we may be unable to compete successfully against existing and future competitors. •~~ We derive a significant majority of our revenue from sales of our Bike and Bike . A decline in sales of our Bike and Bike would negatively affect our future revenue and operating results. • **We operate in a highly competitive market** ~~The full impact of the COVID- 19 pandemic, or COVID- 19, its duration~~ and **we may** ~~any resurgence of infections is uncertain and cannot~~ be **unable to compete successfully against existing** ~~predicted. The COVID- 19 pandemic could worsen or its effects could be prolonged, including as a result of variants, which could have an~~ **and future competitors** ~~adverse effect on our business, results of operations, and financial condition~~. • 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. • ~~Our success depends on our ability to maintain the value and reputation of the Peloton brand. •~~ From time to time, we may be subject to legal proceedings, ~~regulatory~~ **government inquiries or** investigations **,** or disputes ~~, and governmental inquiries~~ 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 ~~. FINANCIAL INFORMATION~~ Item 1. Business Overview Peloton is ~~the largest interactive~~ **a leading global** fitness **company** ~~platform in the world~~ with a ~~loyal~~ **highly engaged** community of over 6. ~~9~~ **5** million Members ~~as of June 30~~ **across the United States** , ~~2022~~ **United Kingdom, Canada, Germany and Australia** . ~~We pioneered connected~~ **As a category innovator at the nexus of fitness** , technology **, and media, Peloton' s first** - ~~enabled fitness, and the streaming~~ of ~~immersive, instructor~~ - ~~led boutique classes to our~~ **its- kind subscription platform seamlessly combines innovative hardware, distinctive software, and exclusive content. Its world- renowned instructors coach and motivate** Members **to be the best version of themselves** anytime, anywhere. **Founded in 2012** ~~We make fitness entertaining, approachable, effective,~~ and ~~convenient~~ **headquartered in New York City** , **Peloton continues** ~~while fostering social connections that encourage our Members~~ to ~~be~~ **scale across** the ~~best versions of themselves~~ **five markets in which it operates** . We define a **"** Member **"** as any individual who has a Peloton account through a paid Connected Fitness Subscription ~~(" All- Access Membership "),~~ or a paid Peloton App **Membership, and completes one or more workouts in the trailing 12 month period. We define a completed workout as either completing at least 50 % of an instructor- led class, scenic ride or run, or ten or more minutes of " Just Ride ", " Just Run ", or " Just Row " mode. We define a " Connected Fitness Subscription " as a person, household, or commercial property, such as a hotel or residential building, who has either 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) or requested a " pause " to their subscription for up to three months** . ~~We are~~ **Our Products Peloton provides Members with expert instruction and world class content to create impactful and entertaining workout experiences for anyone, anywhere, and at any stage in their fitness journey. At home, outdoors, traveling, or at the gym, Peloton offers** an ~~innovation company at the nexus~~ **immersive and personalized experience. With tens-** of **- thousands of classes available across 16** fitness **modalities** , **Members can access Peloton** ~~technology, and media. We have disrupted the fitness industry by developing a first- of- its- kind subscription platform that seamlessly combines the best equipment, proprietary networked software, and world- class streaming digital fitness and wellness~~ content **via our hardware** ~~, creating a product that our~~ - **or via the Peloton App** ~~Members love. Our world- class instructors teach classes across a variety of fitness and wellness disciplines~~ , **on** ~~including indoor cycling, indoor / outdoor running and walking, Bike and Tread bootcamps, yoga, Pilates, Barre, strength training, stretching, meditation, and floor cardio.~~

~~We produce hundreds of original programs per month and maintain a vast and constantly updated library of thousands of original fitness and wellness programs. We make it easy for Members to find a class that fits~~ their **phone** ~~interests based on class type~~ , ~~instructor~~ **tablet** , ~~music genre~~ **or TV** , ~~length~~ **allowing them to workout when** , **where** ~~available equipment~~ , ~~area of physical focus,~~ and ~~level of difficulty~~ **how they want** . Our Connected Fitness ~~Product~~ **Products** ~~portfolio includes~~ - **include** ~~the~~ **: •** Peloton Bike ~~,~~ **- The original Peloton** Bike ~~, Tread, Tread , and our recently launched first connected strength product, Peloton Guide. Our revenue is generated primarily from the sale of our Connected Fitness Products and associated recurring Subscription revenue. We have historically experienced significant growth in sales of our Connected Fitness Products, which, when combined~~ **combines** ~~with our low Average Net Monthly Connected Fitness~~ **fitness** ~~Churn has led to significant growth in Connected Fitness Subscriptions. From the start of fiscal 2021 through fiscal 2022 year- end~~ , **technology** ~~Total revenue decreased 11 %~~ , ~~and our Connected Fitness Subscription base grew 27 %. Our financial profile has been characterized by strong retention, recurring revenue, and efficient customer acquisition. Our low Average Net Monthly Connected Fitness Churn, together with our high Subscription Contribution Margin, yields an~~ **and media to** ~~attractive lifetime value (LTV) for our Connected~~ -- **connect riders** ~~Fitness subscriptions well in excess of our customer acquisition cost (CAC). Maintaining an attractive LTV / CAC ratio is a primary goal of our acquisition strategy. Our Products Our current Bike features a carbon steel frame, a nearly silent belt drive, durable magnetic resistance, and a 22 " high- definition touchscreen with built- in stereo speakers~~ to ~~stream~~ live and on- demand **workouts led** ~~classes, all in a compact, 4'~~ by **Peloton instructors** ~~2' footprint~~ . **• Peloton** ~~Our Bike is available in the United States, Canada, the United Kingdom, Germany, and Australia. Our~~ Bike ~~provides an immersive cardio experience and seamless transition to floor~~ - **The Peloton** ~~based exercises with its 24 ", 360 degree rotating display. Members can easily pivot and tilt the screen to add strength, yoga, and stretching to their routine or take our Bike bootcamp class series. Resistance on~~ Bike **unlocks** ~~is controlled digitally allowing Members to " Auto Follow " their instructors' class programs and control resistance from the touchscreen. A powerful built- in soundbar and subwoofer system offers~~ an ~~improved audio~~ **even more dynamic workout** experience ~~while the integrated Apple GymKit simplifies Apple Watch pairing. Bike is currently available for purchase in the United States, Canada, the United Kingdom, Germany, and Australia. The newest addition to our Tread line has all the essential elements of the Tread experience but in a more affordable and compact form factor – maintaining ample running surface area and runner comfort. The Tread features a sleek belt drive, 24 " touchscreen~~ with **indoor cycling riders having the option of** ~~integrated soundbar and subwoofer, and ergonomic pace and incline control knobs and jump buttons. With an immersive audio and video experience and heart rate monitor integration, Peloton Tread is designed for both~~ on- ~~Tread~~ **and- off- bike content** as well as ~~floor~~ **automatic resistance control with the Bike electronic braking system. Designed to keep riders motivated and effortlessly moving from cardio to strength, yoga, and more, the Peloton Bike unlocks an even more seamless and integrated total workout experience. • Peloton Tread** - ~~based bootcamp~~ **The Peloton Tread combines a cutting- edge treadmill design with Peloton' s compelling running and strength training** content. **The** Tread **includes fundamental elements unique to Peloton** ~~is currently available for purchase in the United States~~ , **like dial control knobs** ~~Canada, the United Kingdom,~~ and ~~Germany~~ **jump buttons** . **• Peloton Tread - The Peloton** Tread features ~~a shock- absorbing rubber-~~ slat belt **technology that offers the optimal comfort experience when running. The Tread offers a combination of cardio** and **strength content,** ~~ball~~ - **all streamed via a** ~~bearing system, ideal for low- impact training. Pace and incline ergonomic control knobs allow for seamless adjustments, and the~~ 32 " ~~high- definition~~ touchscreen ~~features~~ **and** a **powerful** ~~20- watt~~ sound bar **,** ~~. Tread had only been available~~ for **a total body workout at home. On** ~~sale in the United States, however, on~~ May 5, 2021, we ~~decided to issue~~ **issued** a voluntary product recall on Tread , which we **conducted** ~~are conducting~~ in collaboration with the **U. S.** Consumer Product Safety Commission (" CPSC") **; currently** ~~. At this time~~ , we are **seeking** ~~not able~~ to **resume** ~~forecast a date for~~ sales ~~to resume~~ **of the Tread** in the United States **in 2024** . See Part I, Item 1A" Risk Factors — Risks Related to Our Connected Fitness Products and Members. " **• Peloton** Guide ~~is our~~ **- Peloton' s** first connected ~~fitness~~ strength product **, Peloton Guide, is an AI- powered personal trainer that connects to televisions. Peloton Guide features personalized strength training routines, rep tracking, time tracking, and progress tracking. It features exclusive strength programs and workouts only available on Peloton Guide. • Peloton Row- Peloton Row combines the innovative software, premium hardware** ~~designed~~ -- **design, and exclusive Peloton content** to ~~further enhance the~~ **deliver a unique low- impact,** full- body **cardio, and strength** workout **. Peloton Row employs proprietary form assistance and form guidance technology for rowers and also features personalized pace target technology. Financing options are available for most Peloton products. In the United States and Canada, we also provide the opportunity via the Peloton Rental program to rent Peloton Bikes and access fitness content for one monthly fee. Peloton content is accessed via a Membership, and we have created a number of ways – including a free option – for consumers to engage with Peloton' s fitness** experience **. Monthly membership options include: • All- Access Membership: Includes App Membership and content exclusively for Peloton equipment. • Peloton App Membership: Access to the Peloton App is available with an All Access or Guide Membership for Members who have Connected Fitness Products or** through a **standalone App Membership** ~~number of unique product features. Guide is supported~~ with ~~dedicated content, including exclusive programs~~ **multiple Membership tiers: ◦ Peloton App : Designed** for ~~all levels, live body- training classes with instructors, and an extensive move library to help Members learn and perfect proper form. Guide is currently available for purchase in~~ the ~~United States, Canada, the United Kingdom, and Australia. Our Connected Fitness Subscriptions are on a month- to- month basis, allow for multiple household users~~ - **user who wants** ~~, and provide~~ unlimited access to **Peloton' s entire library other than Lanebreak and Scenic classes. This tier includes** all ~~live~~ **of App One' s offerings** and **unlocks access to thousands of equipment- based cardio classes to take on any indoor bike, treadmill, or rower. This tier also offers exclusive access to classes, featuring specialty content. ◦ Peloton App One: Designed for the Member who wants unlimited access to thousands of classes across 9 of Peloton' s 16 modalities, including Strength, Meditation, Outdoor Walking, Yoga, and more, as well as all the classes included in the free tier. App One Members can also take up to three, equipment- based**

cardio classes per month (Cycling / Tread / Row). New, on- demand **, and live** classes ~~. Our Connected Fitness Subscription allows Members to~~ **are offered almost daily, as well as** access **to** ~~classes through our Connected Fitness Products, compete on our motivating leaderboard, track performance metrics, and connect and interact with the broader~~ Peloton ~~community~~ **' s Challenges, Programs, and Collections** . ◦ ~~Our Connected Fitness Subscription also includes access to our content through~~ Peloton ~~Digital, our digital app, which is available through iOS~~ **App Free: Designed to supplement a user' s current workout routine** and **to serve** ~~Android mobile devices and most tablets and computers. On average, we had 2. 1 Members per Connected Fitness Subscription as of June 30, 2022. Peloton Digital began~~ as a ~~companion app~~ **gateway to all Peloton has to offer a new user. The free tier provides more than 50 classes curated across 12 of Peloton' s modalities, enabling the user to pair workouts to meet their individual interests, even as their goals change over time. This tier includes a rotating set of featured classes that are refreshed on an ongoing basis. • Guide Membership: Includes App Membership and content exclusively** for **Guide** ~~Connected Fitness Subscriptions to provide access to our classes while our Members were away from their Connected Fitness Products. A Peloton Digital Subscriber is an individual who has a paid Peloton Digital subscription with a successful credit card billing. Peloton Digital is included with all Connected Fitness Subscriptions. As of June 30, 2022, 71 % of our Members on Connected Fitness Subscriptions used Peloton Digital to supplement their workout regimen. Peloton Digital also helps us attract new Connected Fitness Subscriptions by serving as an acquisition tool for new Members. Peloton Digital workouts include indoor / outdoor running and walking, Bike and Tread bootcamps, yoga, Pilates, Barre, strength training, stretching, meditation, and floor cardio. Our Members have shown strong interest in these new verticals; in fiscal 2022, 56 % of workouts completed were across non- cycling fitness verticals~~ . Our Integrated Fitness Platform Technology Our content delivery and interactive software platform are critical to our Member experience. We invest substantial resources 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 ~~world- class~~ engineering, product, and design teams ~~. Our engineering, product, and design teams work together to bring our products to life, from conception and validation to implementation~~ . We constantly improve our ~~existing~~ Connected Fitness Products **, as well as the Peloton App,** through frequent software updates, ~~rapid~~ iteration of feature enhancements, and ~~new~~ innovations **such as Peloton Lanebreak** ~~. Our video streaming pipeline utilizes cloud providers for stream generation~~ , ~~storage, and distribution. The integration with these providers is customized and developed by~~ our **first game** ~~engineering team and is designed to integrate with our product and systems. This enables a high~~ - ~~quality Member~~ **inspired fitness** experience **. Additionally, Peloton continues to invest in AI / ML** and ~~high availability of services~~ **Computer Vision technology to power proprietary personalization and discovery models** across ~~diverse consumer~~ **all of our software** platforms and ~~geographies~~ **unique fitness features like Guide Rep Counting** . Content ~~and Music~~ We create engaging, original fitness and wellness content in an authentic **,** live environment that is immersive and motivating while ~~encouraging~~ **also creating** a sense of community ~~. We combine high production value content with a broad catalog of music to create a truly unique fitness experience our Members love. We use performance data to understand our Members' workout habits in order to evolve and optimize our programming around class type, length, music, and other considerations~~ . We have developed a diverse content library with **tens- of-** thousands of classes ~~across an extensive range of class lengths, difficulty levels, and fitness preferences ranging from fun and flexible to structured and highly technical, all of which our Members easily access through filtering and search capabilities~~ . **Exclusively** ~~As of June 30, 2022, we produce~~ **produced at** ~~original programs from~~ our production studios in New York City and London, ~~with 54~~ **featuring our 57** instructors, ~~and~~ across ~~14~~ **16** fitness and wellness ~~disciplines~~ **modalities** including ~~indoor~~ **Strength, Yoga, Meditation, Cardio, Stretching,** Cycling, **Outdoor, Running, Walking,** Tread **Bootcamp** ~~, Outdoor Running and Walking~~ , Bike ~~and Tread bootcamps~~ - **Bootcamp** , **Boxing** ~~Yoga, Strength Training~~ , Pilates, Barre, ~~Stretching~~ **Rowing** , ~~Meditation, Floor Cardio,~~ and ~~Dance Cardio~~ **Row Bootcamp, our content breadth and depth is vast** . We have ~~additionally updated our~~ Scenic Content ~~to~~ **that** ~~include~~ **includes** instructor- guided **classes** ~~content shot in beautiful locations with multi- channel Scenic Radio options~~ , as well as **non- guided time and distance- based options, all shot in beautiful destinations. We also have a game- inspired workout experience with our** Lanebreak ~~, a gamified workout~~ feature ~~that allows~~ **, allowing** ~~members~~ **Members** to experience an animated workout as an alternative to ~~original~~ **instructor- led** programming. ~~As we further expand internationally, we intend to develop localized~~ **Our Peloton Studios in New York City and London provide an in- person Peloton** content ~~, as we have done~~ **experience. Regular studio member classes and events are held** in ~~the~~ **these** ~~United Kingdom and~~ **spaces combining a high- energy live production environment with fitness classes in seven active production studios. We currently produce our content in three languages: English,** ~~Germany~~ - **German, and Spanish** . As we expand into other non- English- speaking countries, we intend to produce classes in local languages from our existing studios and use subtitling for English- speaking users **, continually expanding** ~~. We currently produce~~ our content **library while also being culturally relevant** in ~~three~~ -- **the markets where we are serving** ~~languages: English, German, and Spanish. Instructors In front of the camera, our instructors play a critical role in bringing the Peloton experience to life for our~~ Members. ~~Our instructors are not only authorities in their respective areas of fitness, but also relatable, magnetic personalities who inspire passionate followings. We offer a diverse cast of instructors that allows us to appeal to a broad audience of Members. Our instructors inspire our Members off- camera by attending showroom openings and other Member- focused events, like Homecoming, where they meet and interact with our Members. Our Members feel connected to our instructors and many Members travel long distances to take a live class at our Peloton studios. Production Team Behind the camera, our studio production teams are dedicated to creative excellence. We have top production talent representing decades of experience at major broadcast and cable networks, some of whom have won Emmy Awards for production excellence. Our teams provide dedicated creative support to our instructors before, during, and after live productions with the help of content performance data. All classes are shot in broadcast quality environments with a fraction of the staff and budget typical of a major network show. This allows us to deliver a constant stream of live- produced, authentic fitness and wellness programming with cinematic quality that provides clarity of instruction and entertainment value.~~

~~Music and Music Technology~~ We have developed a proprietary music platform that **allows** ~~fuels the workout experience allowing~~ our instructors to ~~program~~ **integrate** curated playlists **into our programming in a way** that **we believe** ~~align~~ **aligns** with our Members' musical ~~preferences~~ **tastes** . **We work with** ~~As of June 30, 2022, we had over 4 million active tracks under license, representing one of the largest audiovisual connected fitness~~ music **providers to ensure that our** ~~catalogs in the world. Our~~ curated music is as diverse and dynamic as the Members we serve, delivering an exceptional ~~musical~~ **workout** experience created by instructors and music supervisors on our production team ~~. We control the intersection of fitness and music in a deeply engaging way, motivating Members to achieve their fitness goals while discovering great music in the process~~ . Peloton has become noteworthy as a ~~music- forward~~ brand ~~and discovery platform for new artists and songs while also~~ providing the opportunity for our Members to engage in a new way ~~to~~ **with** the ~~music~~ **fitness modalities** they love. ~~Members consistently rank music as one of their favorite aspects of the Peloton experience.~~ We believe we have **also** taken a leading position in the fitness and wellness category by **developing** ~~defining new standards for~~ musical content partnership campaigns that feature some of the most recognizable global talent in the industry. This ~~also~~ includes **working with music providers on** the development of our signature Artist Series which celebrate the legacy and catalog of some of the most prominent names in the **music** business. We **also collaborate closely with artist teams to** premiere new music exclusives available only on Peloton, and **to arrange for** ~~collaborate closely with artist teams across a variety of productions including remixes, curation, custom content, and~~ guest ~~platform~~ appearances ~~, all based on their own music or influences. We have applied, and will continue to apply, technological solutions and an artist- centric partnership strategy to enhance our music platform including: • Development of data- driven playlist recommendations for our instructors and music supervisors to use~~ in ~~programming; • Song search and filtering optimizations, including the ability to search by song length and beats per minute; • Automation of music rights management and reporting; • For Members, a display of every song played in a class, including artist name and associated artwork; • Ability for Members to " like " songs they discover anywhere on our platform and save it to their profile; • Spotify and Apple Music integrations, enabling Members to sync songs they hear on Peloton to their streaming service; and • Strengthening and leveraging artist partnerships on and off- platform for deeper membership engagement and heightened brand profile. Music Rights Strategy We have built a world class music rights content management and reporting system to meet the needs of our music rights holders in order to support our highly- engaged, growing global community. Peloton is increasingly seen by our partners as an impactful music discovery platform, which has created opportunities to progressively and meaningfully enhance~~ our classes ~~with custom music experiences. We expect this to continue as we invest in music- first technology to improve the quality of our Members' experience, strengthen our competitive advantage over other fitness platforms, and add value to our Members~~ . Sales and Marketing ~~Our goal is to increase brand awareness and purchase intent for our Connected Fitness Products and Subscriptions. We use a unique combination of brand and product- specific performance marketing to build brand awareness and generate predictable sales of our Connected Fitness Products. Video has been the strongest medium to communicate the features of the Peloton platform. We primarily market through advertisements on broadcast and cable television, social media, and over- the- top providers such as Hulu and YouTube to reach our target audience, focusing on incremental return on investment. Direct to Consumer, Multi- Channel Sales Model~~ We sell our products directly to customers through a multi- channel sales platform ~~that includes e~~ **and via third parties. We also sell Peloton Bikes to business** - ~~commerce, inside sales, showrooms,~~ **to- business (" B2B ") customers** and **provide the opportunity for employers** ~~in a small number of cases~~ , ~~a" store within store" concept~~ **insurers and other enterprise partners to offer their employees and members subsidized access to Peloton App subscriptions** . Our sales associates use ~~robust~~ customer relationship management tools to deliver an elevated, personalized, and educational purchase experience, regardless of channel of capture and conversion. • E- Commerce and Inside Sales: Our desktop and mobile websites ~~, www. onepeloton. com, www. onepeloton. co. uk, www. onepeloton. de, www. onepeloton. ca, and www. onepeloton. com. au~~ provide an elevated brand experience where visitors can learn about our products and services and access product reviews. Our ~~inside~~ **Inside** ~~sales~~ **Sales** team engages with customers by phone, email, and online chat on our websites, and offers one- on- one sales consultations seven days a week. • ~~Showrooms~~ **Retail Stores** : Our ~~showrooms~~ **stores** allow customers to experience and try our products. We provide interactive product demonstrations and many of our ~~showrooms~~ **stores** have private areas where customers can ~~do~~ **take** a " test ~~ride~~ **class** " **on** ~~or~~ **our** ~~" test run~~ **Bike, Bike , Tread, and Row products** . ~~"~~ We frequently host Peloton community events in our ~~showrooms~~ **stores** , which help deepen brand engagement and **customer** loyalty. • ~~Commercial~~ **Third Party Retailers** : **Our products are also available to purchase from a number of third party retailers, including Amazon, Dick' s Sporting Goods, and John Lewis. • Peloton for Business: Peloton For Business is a unified portfolio of B2B well- being solutions for enterprise clients, offered across seven key verticals: Hospitality, Corporate Wellness, Multi- Family Residential, Education, Healthcare, Gyms and Community Wellness.** The ~~commercial and hospitality markets represent~~ **full- service offering includes** a **range** ~~small percentage~~ of ~~sales but are important~~ **equipment and content- based solutions, delivering on Peloton' s commitment** to ~~driving trial~~ **empower anyone, anywhere, anytime. To market our products, we use a combination of** ~~and~~ **brand and product specific performance marketing to build** brand awareness ~~. Our Bikes in hospitality locations help keep our Members riding when they travel~~ , **generate sales** ~~creating further Member engagement, loyalty, and convenience. Across our markets as~~ of ~~June 30, 2022, there were approximately 18, 000 Peloton Bikes in over 8, 000 commercial locations. • Corporate Wellness: Our Corporate Wellness program provides employers, insurers, and other partners with the opportunity to offer their employees and Members subsidized access to Peloton Digital subscriptions, All Access Memberships, and / or~~ **our** Connected Fitness Products and ~~delivers on our oft- stated goal to make Peloton even more accessible. Additionally, with our announcement in August 2022 that Peloton Bike, Guide, and select accessories and apparel are available for purchase in Amazon' s U. S. stores, we have begun and expect to continue to broaden our sales channels, including through distribution to third- party retailers. Showroom Sites As of June 30, 2022, we operated 135 retail locations across the United States, Canada, the United Kingdom, Australia, and Germany. Our retail locations are located primarily in upscale malls, lifestyle centers, and~~

~~premium street locations. When evaluating potential new markets, we carefully examine historical sales data, key demographics, traffic patterns, geographic locations, and co- tenancy of other complementary lifestyle- oriented retailers. In the United States, we attempt to cluster stores around major urban markets and suburbs while also operating in super regional and regional centers that draw from a greater trade area. In Canada, Germany, Australia, and the United Kingdom, we will continue to focus on major urban markets. We operate three retail formats including our large showrooms which range from 1, 500 to 3, 000 square feet and " microstores " which are typically around 300 square feet. Large showrooms comprise 75 % of our retail locations and provide space for Connected Fitness Products and Peloton- branded apparel, as well as private areas for " test rides " and " test runs. " Microstores represent 5 % of our retail locations and are typically placed in highly visible " center court " areas. Concession stores represent 20 % of our retail locations and consist of a presence within a partner' s retail space in the U. K., Australia, and Germany. Our large showroom leases are typically five to ten years in lease duration while microstores are typically open for up to 1. 5 years. Microstores allow us to test markets and specific shopping areas, and provide a temporary location while searching for the ideal large showroom space. On August 12, 2022, as part of our previously announced ongoing restructuring initiatives, we announced the decision to rebalance our e- commerce and retail mix to~~ drive **App** ~~efficiencies and therefore reduce our retail showroom presence across North America. Membership & Member Support Services The Membership team, which includes third- party support providers, is focused on driving engagement to help us maintain our high Connected Fitness Subscription~~ **subscriptions** ~~retention rates. The team develops new ways to promote engagement with our products and community or help Members reengage with our platform when activity has lapsed. The Membership team helps curate goal- based challenges, awards digital badges for Member accomplishments, and sends Peloton- branded " Century Club " shirts after a Member' s 100th class. The team also communicates with Members with no recent activity through email campaigns that help encourage these Members to get back to their workout routine~~ . In addition, **in May** ~~the Membership team collects and responds to feedback about our platform that is on our primary Facebook group of over 469, 000 Members as of June 30, 2022~~ **2023 , we relaunched the Peloton Brand, for anyone, anywhere, with a new brand identity and campaign and new content features** . **Following the brand relaunch, we continue to diversify and maximize our marketing channel mix. Manufacturing and Logistics** In ~~order to bring our community together, we organize several in- person events throughout the year including to welcome Members for workouts, celebrate milestones, and attend instructor meet- and- greets at our production studios in New York City and London. We also host Members at our showrooms, and celebrate our Members with our flagship Member event, Peloton Homecoming, held in New York City and remotely each May. While all in- person events were cancelled during the COVID- 19 pandemic, we re- opened our Peloton Studios in New York to the public in July 2022 and have resumed some in- person events. The Member Support team, along with our third- party support providers, serves all the needs of our customers and Members including sales support, scheduling, delivery, installation, account and billing inquiries, product trouble- shooting and repair, product education, returns and exchanges, and anything else our Members need. Manufacturing and Logistics We have historically manufactured and assembled our products in- house, as well as through third parties, and in~~ July 2022, we announced a shift **from in- house manufacturing** to utilizing third- party manufacturing partners for 100 % of our products. The components used in our products are procured on our behalf using our designs by our contract manufacturers, according to our required 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 they contract with, while evaluating prospective new partnerships. We ~~purchase from our primary contract manufacturers on a purchase order basis. Under our governing agreements, our contract manufacturers must follow our established product design specifications, quality assurance programs, and manufacturing standards. We have developed relationships with our partners to maintain access to the resources needed to scale seasonally and ensure our partners have the requisite experience to produce our Connected Fitness Products and accessories. We pay for and own certain tooling and equipment specifically required to manufacture our products to have control of supply and component pipelines. In an attempt to mitigate against the risks related to a single source of supply, we qualify alternative suppliers and manufacturers when possible, and develop contingency plans for responding to disruptions, such as maintaining buffer inventory of single source components or utilizing alternative freight lanes that can have cost implications. However, given the current global supply and freight constraints, or natural disasters, we face challenges with various manufacturing related component shortages. Logistics and Fulfillment Historically, we have used~~ - **use** a combination of **leased and operated as well as** contracted third- party logistics providers (" 3PLs ") ~~and owned assets~~ in our logistics **and service** network which includes middle mile and last mile operations centers in the United States, Canada, Germany ~~and~~ **,** the United Kingdom **, and** ~~. In the Australian~~ - **Australia** ~~market, we have utilized contracted services for the entire logistics network. We are moving towards exclusively utilizing 3PL partners for our last mile network in North America and are actively exploring similar transitions to a more variable network in our international markets. This shift in logistics strategy is meant to allow us to further scale our delivery capabilities and to drive improvements in speed of service, cost and geographical reach, all while maintaining flexibility. We seek out 3PL partners who are highly- trained experts on our products and services and offer product education, assistance with account set up, tips and recommendations for product care as well as content selection. With our commitment to our Members- first approach, we will continue to invest to strengthen our field operations' coverage, and improved delivery experience and service~~ . 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, ~~2022~~ **2023** , we held ~~158~~ **170** U. S. issued patents and had ~~72~~ **83** U. S. patent applications pending. We also held ~~259~~ **393** issued patents in foreign jurisdictions and ~~206~~ **146** patent applications pending in foreign jurisdictions. Our U. S. issued patents expire between ~~May 9~~ **September 15** , 2023 and ~~November 24~~ **October 14** , 2040 ~~.~~ As of June 30, ~~2022~~ **2023** , we held ~~41~~ **52** registered trademarks in the United States, including the Peloton mark and our " P " logo and also held ~~566~~ **844** 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 be 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 first- mover advantage, leading market position, brand recognition, and integrated platform set us apart in the market for connected, technology- enabled fitness. We provide a superior value proposition and benefit from the clear endorsement of our Connected Fitness Subscription and mobile app solutions, 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 and growing the market, our main sources of competition include in- studio fitness classes, fitness clubs, at- home fitness equipment and content, and health and wellness apps. The areas in which we compete include: • Consumers and Engagement. We compete for consumers to join our platform through Connected Fitness Subscriptions or Peloton ~~Digital~~ **App** subscriptions, and we seek to engage and retain them through an integrated experience that combines content, **hardware,** software, service, and community. • Product **and App** Offering. We compete with producers of fitness products ~~and~~ **,** services **and apps** and work to ensure that our platform maintains the most innovative technology and user- friendly features. • Talent. We compete for talent in every vertical across our company including technology, media, fitness, design, supply chain, logistics, ~~music~~ **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. Government Regulation We are subject to many varying laws and regulations in the United States, the United Kingdom, the European Union and throughout the world, including those related to privacy, data protection, content regulation, intellectual property, consumer protection, e- commerce, marketing, advertising, messaging, rights of publicity, health and safety, **environmental, social, and governance factors,** employment and labor, product quality and safety, accessibility, competition, customs and international trade, 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 other 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. Seasonality Historically, we have experienced higher ~~revenue~~ **Connected Fitness Products sales** in the second and third quarters of the fiscal year compared to other quarters, due in large part to seasonal holiday demand, New Year' s resolutions, and cold weather. We also have historically incurred higher sales and marketing expenses during these periods. For example, in fiscal **year 2023** ~~2018 and 2019~~ , our second and third quarters combined ~~each~~ represented ~~63~~ **62 % of Connected Fitness Products revenue and 55** % of our Total revenue ~~for the applicable fiscal year. However, in fiscal 2020, we saw a significant increase in demand in the fourth quarter related to the onset of the COVID- 19 pandemic, and in contrast to previous years, only 54 % of our Total revenue was generated in our second and third quarters. In fiscal 2021, the ongoing COVID- 19 pandemic and the recalls of our Tread products in the fourth quarter of fiscal 2021 continued to impact our historical seasonal patterns, with the second and third fiscal quarters accounting for only 58 % of our fiscal 2021 sales (excluding Precor sales as Precor was consolidated beginning in the fourth fiscal quarter of 2021). In fiscal 2022, the ongoing COVID- 19 pandemic and the recalls of our Tread products in the fourth quarter of fiscal 2021 impacted our historical seasonal patterns, with the second and third fiscal quarters accounting for 59 % of fiscal 2022 sales. As the pandemic receded in recent months, we began to experience a return to pre- pandemic seasonal trends. However, should the COVID- 19 pandemic worsen or if its effects prove to be prolonged, we may continue to see atypical seasonal trends~~ . Human Capital Our Culture **We' re fostering** ~~Our dynamic culture expresses our expansive vision and~~ - **an** ~~passion for community and collaboration~~ **environment that attracts extraordinary talent** , **helps every individual become their best self,** and ~~is~~ **unlocks each person' s greatest potential,** shaped by the following fundamental values: • Put Members First ~~: We obsess over every touchpoint of our Member experience- always remembering that when our Members win, we win. We root everything we do and all product and feature development in Member needs and never assume we know what is best. We believe in building connections based on trust, respect, and inclusion, and are proud that our Member community embodies these qualities.~~ • Operate with a Bias for Action ~~: We challenge the status quo by continuously innovating, learning, and improving. We embrace failure and change as an opportunity to be agile, take smart risks, and learn- and we also take the time to pause in order to act and move forward with sharper focus and intent. We never let the fear of imperfection stop us from achieving great things.~~ • Empower Teams of Smart Creatives ~~: We hire team members who are great at what they do, then give them the trust, autonomy, and resources to do their jobs and make decisions. We empower one another to embrace a creative mindset and be creative in execution, problem- solving, thinking beyond parameters, and delivery. We take the time to show appreciation and celebrate the achievements of our team members.~~ • Together We Go Far ~~: As our company name suggests, we know the importance and value of a team. Work shoulder- to- shoulder and have each other' s backs, encourage everyone to have a voice, and draw out the best in others. We uphold the obligation to dissent rather and are open to perspectives different from our own.~~ • Be the Best Place to Work ~~: We are~~

~~committed to cultivating and maintaining our authentic, world- class culture across all our markets – putting team member experience, well- being, and safety at the heart of all that we do. We strive to show up with empathy, honesty, and authenticity and are committed to maintain and build on this aspect of our culture as we grow and scale.~~ We live these values through our approach to human capital management, summarized below. Employees As of June 30, ~~2022~~ **2023** , we employed ~~3~~ **2** , ~~723~~ **765** individuals in the United States across our New York City headquarters, **retail stores** ~~Plano campus, Atlanta office, showrooms~~ , and field operations warehouses, with ~~3~~ **2** , ~~576~~ **678** being full- time employees. Internationally, we ~~had 857 employees~~ **employed 819 individuals primarily** ~~in the United Kingdom, Ireland, Germany, and Australia~~ across corporate, ~~showroom~~ **retail stores** , and warehouse functions ~~, 86 employees in Canada, largely in showroom and warehouse roles, and 738 individuals in Taiwan across manufacturing, quality engineering and operations functions. Additionally, Precor' s 791 employees are located across 13 countries, with most based in manufacturing facilities in North Carolina and Washington state~~ . We also hire additional seasonal employees, primarily in our showrooms, during the holiday season ~~. In July 2022, we announced we are exiting all owned- manufacturing, which involves the reduction in our workforce of approximately 500 employees in Taiwan. Additionally, in connection with our previously announced ongoing restructuring initiatives, in August 2022, we announced our plans for a reduction in our workforce of approximately 530 employees from our North American delivery workforce teams, as well as approximately 250 Member support positions in North America~~ . Certain of our instructors are covered by collective bargaining agreements with the Screen Actors Guild- American Federation of Television and Radio Artists, or SAG- AFTRA. However, we are not signatories to any agreements with SAG- AFTRA. With the exception of SAG- AFTRA, none of our domestic employees are currently represented by a labor organization or a party to any collective bargaining agreements. Diversity, Equity, and Inclusion We **cultivate a culture of inclusion by** ~~are unapologetic about our bold and unrelenting commitment to~~ creating **physiologically, emotionally, physically, and psychologically safe** ~~workspaces~~ ---- **spaces so** ~~that are equitable for all and where~~ all team members ~~can thrive~~ **feel valued** , **heard** ~~and where they are recognized for their individual and collective contributions to our business. Our diversity~~ , ~~equity,~~ and **secure** ~~inclusion (" DEI ") team operate as a center of excellence, partnering across the business and proactively using data, evidence and insights to inform our programming, ensuring it remains locally relevant and responsive~~ . We' re proud that one of our core ~~tenets~~ **aspirations** is to **become** ~~strive to operate as~~ an **anti-** ~~antiracist~~ ---- **racist** organization, and in 2020, we **created and** committed ~~ourselves~~ to the Peloton Pledge, our ~~ongoing~~ multi- ~~year~~ **pronged** , ~~business wide commitment~~ **multi- faceted action plan** to combat systemic **racial** ~~inequity~~ **inequities** and ~~promote global health~~ **amplify change both in our company** and ~~well~~ **our community. We are pushing ourselves from the inside out and partnering with community** - ~~being for all~~ **based organizations to deliver meaningful and measurable impact** . Through the Peloton Pledge we are investing across five pillars: • ~~Our Workforce~~ **Pay Equity** - We **continue to** offer **competitive** ~~above- market entry~~ rates for our hourly workforce **and equally competitive rates for equivalent roles in all markets. We' re also committed to maintaining pay equity for our team and continue to conduct an annual global pay equity study** ; • Learning and Development- We offer content that ~~focuses on supporting~~ **supports** ~~the~~ **internal** mobility ~~of our team members~~ **, individual growth,** and ~~we are doubling down on~~ **ongoing skills development, and** training around **diversity, equity, and inclusion (** DEI **)** topics; • Community Investments- We partner with **leading** ~~leaders and~~ action- oriented ~~nonprofits to~~ **organizations addressing systemic racism through partnerships that** drive ~~change in the broader community~~ **real, sustainable transformation;** • ~~Inclusive Content~~ **Democratizing fitness** - We ~~produce content~~ **continuously evaluate progress** and ~~experiences that uplift~~ **apply learnings to do our part to democratize access to fitness and cultivate a** diverse ~~perspectives within our~~ **and inclusive Member** community; ~~and~~ • Long- Term DEI **Strategy** - We invest in various programs to support long- term DEI, as further described below. **The** ~~For our team members, the~~ Peloton Pledge has **sharpened our focus** ~~meant an increased emphasis~~ on ~~delivery~~ **delivering** ~~of~~ value- ~~added~~ -- **add** , business- wide DEI programming. In our ongoing push for ~~business- wide~~ shared learning, we continue to create psychologically safe spaces for our ~~employees~~ **team members** to learn and grow together. **For example** ~~We offer development programs for all team members~~ , ~~including an online resource, the Antiracism Activation Center, to bolster their journey toward becoming an antiracist ally. In addition,~~ we ~~established a bronze- level baseline for the MLT Black Equity at Work Certification – a comprehensive process aimed at broad and long- term systemic change – and will strive to reach gold level in the coming years. We~~ have ~~also~~ introduced specific learning programs for managers, such as ~~Prototyping Inclusion and~~ Activating Allyship, to ~~help our leaders~~ support our ~~DEI goals~~ **ambition to be an anti- racist organization** . We **continue** ~~similarly host " Brave Conversations' " on race and equity that help us accelerate our path~~ to **offer** ~~becoming the Best Place to Work. When it comes to supporting~~ --- **support, engagement, and development opportunities to** our team members **through our** ~~, we are proud to have eight U. S. and five International~~ Employee Resource Groups (" ERGs ") ~~that~~ **and Inclusion Forums,** ~~foster~~ **fostering** a diverse and inclusive workplace ~~. Our ERGs amplify~~ **and providing space to grow our** team member ~~voice and help us foster belonging and engagement across all~~ **ally population. Through** the ~~markets~~ **delivery of our DEI strategy,** we ~~operate in: • ACE @ Peloton (Asian Community); • Black @ Peloton; • LHIT @ Peloton (Latinx / Hispanic in Tech); • Peloton Pride Allies; • The Parenthood Journey; • The Women~~ ' **re increasing cross- business** ~~s Alliance; • Veterans @ Peloton; and • Thrive (mental health~~ , **multi- market collaboration that energizes our team members and leaders to innovate, leverage** ~~neurodiversity~~ ----- **diversity of thought** , and ~~disability)~~ **create responsive and culturally relevant programming to drive the system and behavioral changes required to be a truly, globally inclusive business** . ~~To hold ourselves accountable~~ **Our commitments to diversity, equity, and inclusion extend to our compensation practices to ensure our team members are paid fairly based** on ~~pay equity, we conduct an~~ **the work they perform. We** ~~annual~~ **annually partner with a** third- party ~~analysis of~~ **firm to review** team members' pay **. We aim** to **act on** ~~evaluate the impact, if~~ any ~~, of gender, race, or ethnicity on base pay independent of business relevant factors. The pay equity study conducted in April 2022 identified no statistically significant~~ pay gaps **we find through this analysis** ~~based on gender, race, or ethnicity, and any identified pay gaps (regardless if such gaps were statistically significant or not) have been adjusted~~ to support our commitment to achieve true pay equity across Peloton ~~.~~

~~Our pay equity study is in addition to any market- specific obligations we have to undertake pay gap analyses, such as our Gender Pay Gap Study in the United Kingdom. Our bold, ambitious DEI efforts are designed to achieve equity, including pay equity, for all our team members~~ and to ensure we' re a globally inclusive business. ~~Employee~~ **Our pay equity study is in addition to any market- specific obligations we have to undertake pay gap analyses, such as our Gender Pay Gap Study in the United Kingdom. Team Member** Safety We prioritize the health and welfare of our team members, our Members, and **the impact** our **operations have on the** environment. The core elements of our ~~employee~~ **team member** health and safety ~~strategy~~ **program** include 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** . ~~Our Global~~ **Concerns about the health and** ~~Safety~~ **safety of our** ~~& Security Operations team promotes safe operations and provides~~ team members ~~with access to our global 24 / 7 Risk Operations Center. Concerns about the health and safety of our employees~~ , or the health and safety of individuals working on behalf of Peloton suppliers or business partners, are reportable through our Ethics Hotline or online Ethics Portal, which is **maintained through an independent third- party platform and** monitored by our **Safety, Ethics, and** Compliance ~~and Risk~~ Team ~~. We continually strive to improve processes across field safety training, incident training, professional investigations, and standardization of physical security resources, among other areas~~ . Training, Development, and Engagement At Peloton, we have a dedicated global **Talent** ~~Learning and~~ Development Team that develops and delivers company- wide ~~training~~ **learning** experiences across all functions. These include, but are not limited to ~~: • Connected Leadership for people managers~~ , ~~which focuses~~ **programs focusing** on Peloton' s approach to leadership, coaching and team member connectivity ~~; • Internal hiring and mobility program~~ , ~~which supports professional growth; • Functional~~ **functional** and role specific training ~~; • Required compliance trainings for all team members; • A Learning Management System~~ , ~~Peloton Academy, which houses training resources for all roles across the Company;~~ and **internal hiring and mobility to support professional growth** ~~• A Monthly Virtual Learning Series with additional learning opportunities, on a variety of topics, available for all team members~~ . We are committed to ~~making Peloton~~ **cultivating an equitable and inclusive culture that enables people to thrive in** the best ~~place to work~~ **career experiences of their lives** by engaging with, and listening to, our ~~employees~~ **team members** . We maintain ongoing connection with our team members through our company intranet, " Pelonet **,** " ~~;~~ regular all- hands meetings **and business performance reviews** , team town halls, and company- wide engagement surveys during the year ~~. Recent surveys have led to enhancements across safety and security, employee connection, communication and learning and development initiatives~~ . Our Patent Incentive Program provides rewards and recognition to qualifying team members whose inventions are included in a patent application submitted by Peloton ~~, and the Peloton High Five Fund, a team member and Peloton- funded grant, enables team members to provide financial relief to help other team members who are facing hardship resulting from a natural disaster or unforeseen personal challenge~~ . Competitive Compensation and Work / Life Harmony Our compensation program is structured around our overarching philosophy of rewarding demonstrable performance and aligning ~~employees~~ **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. We take a comprehensive view of the tools and programs we use to attract, reward, and retain top talent. Our workforce is diverse – so our benefits must be, too. ~~Peloton offers a broad array of benefits to our team members, including: • Comprehensive health care and mental health benefits; • Childcare solutions; • Generous parental leave; • Referral bonus program; • Legal assistance; • Product and apparel discounts; and • Access to the Peloton app.~~ At Peloton, we encourage our team members to foster kindness, support, empathy, respect, compassion, and a sense of community in all interactions every day. To help us reach our goal of maintaining healthy work / life harmony, we have instituted **a number of** supportive practices ~~for working and maintain the following policies: • Hybrid work arrangements and flexible paid time off; • Paid volunteer time off; • Paid civic time off for select civic activities; and • Matching program of up to $ 1, 000 / year for employee charitable donations~~ . 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. 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 ~~Digital~~ **Guide, Peloton Row, Peloton Gym, Peloton App** , 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 (https: / / investor. onepeloton. com / investor- relations) as well as our Twitter feed (@ onepeloton) and Press Newsroom (https: / / www. onepeloton. com / press) as a 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, Twitter feed and Press Newsroom in addition to following our press releases, SEC filings, and public conference calls and webcasts. 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. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial may also become important factors that adversely affect our business. 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 achieve or maintain profitability in the future. We have incurred operating losses each year since our inception in 2012 and may continue to incur net losses in the future. We expect that our operating expenses may increase in the future as we optimize and grow our business, including via our sales and marketing efforts, continuing to invest in research and development, adding content and software features to our platform, expanding into new geographies, **expanding the reach and use of the Peloton App,** and developing new ~~Connected Fitness Products~~ **products and features** . These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow **down,** or our revenue may decline for a number of other reasons, including reduced demand for our products and services, increased competition, a decrease in the growth or reduction in size of our overall market, or if we cannot capitalize on strategic opportunities. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability. ~~We have experienced significant Subscriber growth over the past several years.~~ Our continued business and revenue growth is dependent on our ability to continuously attract and retain Subscribers, and we cannot be sure that we will be successful in these efforts, or that Subscriber retention levels will not materially decline. There are a number of factors that could lead to a decline in Subscriber levels or that could prevent us from increasing our Subscriber 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; • our inability to deliver quality products and functionality, content, and services; • actual or perceived safety concerns regarding our products; • unsatisfactory experiences with the delivery, installation, or servicing of our Connected Fitness Products, including due to delivery costs or prolonged delivery timelines and limitations on ~~, cost of, or the suspension of, the~~ in- home installation, return, and warranty servicing processes; • our Members engaging with competitive products and services; • technical or other problems preventing Members from accessing our content and services in a rapid and reliable manner or otherwise affecting 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; • changes in consumer preferences regarding home fitness, whether as a result of the COVID- 19 pandemic or otherwise; and • interruptions in our ability to sell or deliver our Connected Fitness Products or to create content and services for our Members ~~as a result of the COVID- 19 pandemic or otherwise~~ . Additionally, any potential expansion into international markets can involve new challenges in attracting and retaining Subscribers that we may not successfully address. As a result of these factors, we cannot be sure that our Subscriber levels will be adequate to maintain or permit the expansion of our operations. A decline in Subscriber levels could have an adverse effect on our business, financial condition, and operating results. 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. Failure to accurately forecast our needs may result in manufacturing delays, increased costs, or an excess in inventory. Our ability to accurately forecast demand could be affected by many factors, including changes in consumer demand for our products and services, changes in demand for the products and services of our competitors, unanticipated changes in general market conditions, and the weakening of economic conditions or consumer confidence in future economic conditions ~~, such as those caused by the COVID- 19 pandemic~~ . If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of products available for sale. We have **in** ~~recently~~ -- **recent periods** experienced **, and may continue to experience,** a decrease in consumer demand **. Furthermore,** ~~and an increase in our~~ inventory levels ~~. Inventory levels~~ in excess of consumer demand ~~has~~ **have** resulted ~~in~~ , and may continue to result **,** in inventory write- downs or write- offs and the sale of excess inventory at discounted prices, which would cause our gross margins to suffer and could impair the strength and premium nature of our brand. Further, lower than forecasted demand has resulted, and could continue to result in excess manufacturing capacity or reduced manufacturing efficiencies, which could result in lower margins. In periods when we experience a decrease in demand for our products and an increase in inventory, we may be unable to renegotiate our agreements with existing suppliers or partners on mutually acceptable terms and may be prevented from fully utilizing firm purchase commitments. Although in certain instances our agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs, our loss contingencies may include liabilities for contracts that we cannot cancel, reschedule or adjust with suppliers or partners. In addition, we may deem it necessary or advisable to renegotiate agreements with our supply partners in order to scale our inventory with demand. Disputes with our supply partners regarding our agreements ~~could~~ **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 disruption to our supply chain and require management' s attention. Further, we are required to evaluate goodwill impairment on an annual basis and between annual evaluations in certain circumstances, and future goodwill impairment evaluations may result in a charge to earnings. See " — 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. " ~~Conversely, if we underestimate consumer demand, our suppliers and manufacturers may~~

~~not be able to deliver products to meet our requirements or we may be subject to higher costs in order to secure the necessary production capacity. See " — Increases in component costs, long lead times, supply shortages, and supply changes could disrupt our supply chain and have an adverse effect on our business, financial condition, and operating results. " An inability to meet consumer demand and delays in the delivery of our products to our customers could result in reputational harm and damaged customer relationships and have an adverse effect on our business, financial condition, and operating results.~~ In February 2022, we announced a restructuring plan to, among other things, reduce certain fixed costs in our business, and 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 we are taking under the restructuring plan 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. Implementation of the restructuring plan and any other cost- saving initiatives may be costly and disruptive to our business, the expected costs and charges may be greater than we have forecasted, and the estimated cost savings may be lower than we have forecasted. Additionally, certain aspects of the restructuring plan, such as severance costs in connection with reducing our headcount, could negatively impact our cash flows. 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 our restructuring plan, could result in reputation 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 plan has 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 1, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Fourth Quarter Fiscal ~~2022~~ **2023** Update and Recent Developments — Restructuring Plan. " **The** ~~We have grown and the~~ Company has evolved rapidly in recent years and ~~have limited~~ **continues to establish its** operating experience at ~~our current~~ **the appropriate** scale ~~of operations~~ . If we are unable to manage our longer- term growth ~~and~~ **,** intervening changes **and costs, or implement restructuring initiatives** effectively, our brand, company culture, and financial performance may suffer. ~~We have expanded our operations rapidly in recent years and have limited operating experience at our current size.~~ As we ~~mature, grow and~~ evolve over time, our business ~~becomes increasingly complex and~~ can take different forms. During periods of growth, we have had to manage costs while making investments such as expanding our sales and marketing, focusing on innovative product and content development, upgrading our management information systems and other processes, and obtaining more space, and in future periods of growth **,** we expect to have to similarly manage our costs while investing in the expansion of our business. Growth and **recent** restructuring initiatives strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training, managing and retaining a diffuse ~~and at times growing~~ employee base. Failure to preserve our company culture could harm our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. Moreover, the integrated nature of aspects of our business, where we design our own Connected Fitness Products, develop our own software, produce original fitness and wellness programming, **and** sell some of our products through our own sales teams and e- commerce site ~~, and in some cases assemble, deliver, and service our Connected Fitness Products~~ , exposes us to risk and disruption at many points that are critical to successfully operating our business and may make it more difficult for us to scale our business over time. **We** ~~For example, as a result of and at the onset of the COVID- 19 pandemic, we experienced difficulties in meeting consumer demand for our Connected Fitness Products and services due to our employees becoming ill, being unable to travel to our facilities, and constraints within our supply chain. Conversely, we~~ have recently experienced lower demand for our Connected Fitness Products and services, ~~resulting~~ **which resulted** in a shift in our strategic focus, including through the restructuring initiatives we announced in February 2022 and the additional ongoing actions we ~~are taking~~ **have taken** to optimize our business. As we continue to develop our infrastructure, and particularly in light of the reductions in headcount that began as a part of our February 2022 restructuring initiatives, we may find it difficult to maintain valuable aspects of our culture. If we do not adapt to meet these evolving challenges, or if our management team does not effectively scale with our long- term growth while managing costs, we may experience erosion to our brand, the quality of our products and services may suffer, and our company culture may be harmed. **We have made** ~~Our growth strategy has at times contemplated and may in the future contemplate increases in our advertising and other marketing spending,~~ changes to our targeted retail ~~showroom~~ **store** strategy, **including reducing** ~~or contraction of~~ the number of ~~showroom~~ **retail store** locations ~~with~~ **. We have placed** more of an emphasis on third-party retail distribution, including in connection with our ~~announced~~ reduction of our North American ~~showroom~~ **retail store** presence announced **in** August ~~12,~~ 2022 **,** as part of our restructuring plan. ~~Many of our existing retail showrooms are relatively new and we cannot assure you that these showrooms or that future showrooms will generate revenue and cash flow comparable with those generated by our more mature locations or at prior rates for that same location, especially as we expand to new geographic markets.~~ We may **continue** ~~also at times need~~ to close retail ~~showrooms~~ **stores** for strategic reasons or may wish to exit certain retail locations but be limited in timing and cost to exit under the lease terms. Moreover, certain occurrences outside of our control may result in the closure of our retail ~~showrooms~~ **stores** . Many of our retail ~~showrooms~~ **stores** are leased pursuant to multi- year leases, and our ability to sublease to a suitable subtenant, or negotiate favorable terms to exit a lease early or for a lease renewal option, may depend on factors that are not within our control. We may **Additionally,we may** not be able to realize the cost savings and benefits initially anticipated as a result of the restructuring initiatives that we announced in

February 2022 or the additional ongoing initiatives to optimize our business and the anticipated costs of these initiatives may be greater than expected.See " — 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 " and ~~see~~ **See** Part 1,Item 7," Management' s Discussion and Analysis of Financial Condition and Results of Operations — Fourth Quarter Fiscal ~~2023~~ **2022** Update and Recent Developments — Restructuring Plan." ~~Our growth strategy has~~ also open additional production studios as we expand ~~internationally~~ , which will require significant additional investment. The successful implementation of our growth strategy will require significant expenditures before any substantial associated revenue is generated and we cannot guarantee that these increased investments will result in corresponding and offsetting revenue growth. Additionally, we may not be able...... Recent Developments — Restructuring Plan. " Because we have a limited history **of** operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience at this scale, combined with the rapidly evolving nature of the market in which we sell our products and services, substantial uncertainty concerning how these markets may develop, and other economic factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue. Failure to manage our future growth and evolution of the company effectively could have an adverse effect on our business, financial condition, and operating results. Our success in maintaining and increasing our Subscriber base depends on our ability to identify and originate trends as well as to anticipate and react to changing consumer demands in a timely manner. Our products and services are subject to changing consumer preferences that cannot be predicted with certainty. If we are unable to introduce new or enhanced offerings in a timely manner or via the appropriate channels, or our new or enhanced offerings are not accepted by our Subscribers, our competitors may introduce similar or more desirable offerings and at speeds that are faster than us, which could negatively affect our growth. Moreover, our new offerings may not receive consumer acceptance as preferences could shift rapidly to different types of fitness and wellness offerings or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower subscription rates, lower sales, pricing pressure, lower gross margins, discounting of our products and services, and excess inventory levels. Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address them will partially depend upon our continued ability to develop and introduce innovative, high- quality offerings to market in a way that adequately meets demand. For example, we ~~are looking~~ **have, and continue to look** at ways to broaden our sales channels, including through distribution to third- party retailers, rethinking the value proposition of our Peloton App, and **offering** ~~experimenting with~~ a rental program in select markets ~~,~~ where Subscribers ~~pay a single~~ **can rent Peloton Bikes and access fitness content for one** monthly fee **(Peloton Rental)** ~~for the combined use of their Connected Fitness Product and their Connected Fitness Subscription, rather than paying an initial upfront purchase price for their Connected Fitness Product~~ . Development of new or enhanced products and services may require significant time and financial investment, which could result in increased costs and a reduction in our profit margins. For example, we have historically incurred higher levels of sales and marketing expenses accompanying each product and service introduction **, including relating to the May 2023 branding and App relaunch** . Moreover, while we experienced a significant increase in our Subscriber base at the onset of the COVID- 19 pandemic, the rate of the increase has since slowed down and, over the longer term, it remains uncertain how **the post- COVID- 19 pandemic environment will impact consumer demand for our products and services and consumer preferences generally. See " — A resurgence of the COVID- 19 pandemic could have an adverse effect on our business, and it remains uncertain how the post- COVID- 19 pandemic environment and any resurgence of** the COVID- 19 pandemic will impact consumer demand for our products and services and consumer preferences generally. ~~In addition, we have experienced and may continue to experience delays in the development and introduction of new or enhanced products and services due to the effects of the COVID- 19 pandemic and other market constraints. See " — The full impact of the COVID- 19 pandemic, its duration, and any resurgence of infections, is uncertain and cannot be predicted. The COVID- 19 pandemic could worsen or its effects may be prolonged, including as a result of variants, which could have an adverse effect on our business, results of operations, and financial condition.~~ " Moreover, we must successfully manage introductions of new or enhanced products and services, as such introductions could adversely impact the sales of our existing products and services. For instance, **we may experience higher Subscriber churn as a result of our May 2023 App relaunch, which included the introduction of new membership tiers.** ~~consumers~~ **Consumers** may **also** choose to forgo purchasing existing products or services in advance of new or anticipated product and service launches, and we may experience higher returns from users of existing products. As we introduce new or enhanced products and services, we may face additional challenges managing a more complex supply chain and manufacturing process, including the time and cost associated with onboarding and overseeing additional suppliers, contract manufacturers, logistics providers, and third- party retailers. We may also face challenges managing the inventory of new or existing products, which could lead to excess inventory and discounting of such products. In addition, new or enhanced products or services may have varying selling prices and costs compared to legacy products and services, which could negatively impact our brand, gross margins and operating results. The connected fitness and wellness market is relatively new, rapidly growing over the last several years, and largely unproven, and it is uncertain whether it will sustain high levels of demand and achieve wide market acceptance. Our success depends substantially on the willingness of consumers to widely adopt our products and services. We have had to educate consumers about our products and services through significant investment and provide quality content that is superior to the content and experiences provided by our competitors. Additionally, the fitness and wellness market at large is heavily saturated, and the demand for and market acceptance of new products and services in the market is uncertain. It is difficult to predict the future growth rates, if any, and size of our market. We cannot assure you that our market will develop or be sustained at current levels, that the public' s interest in connected fitness and wellness will continue, or that our products and services will be widely adopted. If our market does not develop, develops more slowly than expected, or becomes saturated with competitors, or if our products and services do not achieve or sustain market acceptance, our business, financial condition, and operating results could be adversely affected. ~~.~~Any historical revenue growth should not be considered indicative of our future performance.In particular,we have experienced periods of high revenue growth since we began selling our Bike,however,our revenue growth has slowed as our business matured and may not resume to prior levels.Additionally,we experienced a significant increase in our Subscriber base at the onset of the COVID- 19 pandemic **,** which slowed **down** as consumers were able to resume activity outside the home,and,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,rising 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 growing companies in rapidly changing industries,including market acceptance of our products and services,attracting and retaining~~ We have ~~historically relied have~~ encountered,and will continue to encounter,risks and difficulties frequently experienced by growing companies in rapidly changing industries,including market acceptance of our products and services,attracting and retaining Subscribers,and increasing competition and expenses as we expand our business.We cannot be sure that we will be successful in addressing these and other challenges we may face in the future,and our business may be adversely affected if we do not manage these risks successfully.In addition,we may not achieve sufficient revenue to attain or maintain positive cash flows from operations or profitability in any given period,or at all. ~~Our products~~ **We believe that our brand is important to attracting** and **retaining Members** ~~services are offered in a highly competitive market~~ . **Maintaining,protecting,and enhancing** ~~We face significant competition in every aspect of~~ our **brand depends** on **the success of** a **variety** ~~limited number~~ of ~~contract manufacturers~~ **factors, such as: our marketing efforts; our ability to provide consistent, high- quality products, services, features, content, 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 plan or our products, services, technology, customer service, content, personnel,** and suppliers ~~to manufacture~~ **could diminish confidence in,** and ~~transport~~ **the use of,** our **products and services. For example, product recalls, including the May 2021 voluntary Tread recall and May 2023 voluntary original Bike seat post recall, each conducted in collaboration with the CPSC, involved reports of injuries associated with our products. 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** ~~and~~ **brand** ~~since October 2019 we~~ **. 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. See " — Stockholder activism could disrupt our business, cause us to incur significant expenses, hinder execution of our business strategy, and impact our stock price. " 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** ~~manufactured~~ - **manufacture** ~~certain~~ **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. Our growth over the past several years has,** in certain instances,strained these systems.As we grow,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 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,and otherwise adequately serve our Members. ~~Online sales~~ **The operation** of our ~~Connected~~ **direct** - ~~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 ~~house~~ - **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** ~~July 2022,~~ we ~~announced~~ **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. We** are ~~exiting all owned- manufacturing and subsequently our expanded partnership with one of our existing manufacturers. Due to our strategic exit from in- house manufacturing, we are now~~ solely reliant on contract manufacturers for all of our manufacturing needs. In some cases, we rely on only a single supplier for some of our products and 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 and China. Thus, our business could be adversely affected if one or more of our suppliers is impacted by escalating tensions, hostilities, or trade disputes in the region, a natural disaster, an epidemic such as the COVID- 19 pandemic, or other interruption at a particular location. ~~In particular, the COVID- 19 pandemic has caused, and may continue to cause, interruptions in the development, manufacturing (including the sourcing of key components), and shipment of our Connected Fitness Products, which could adversely impact our revenue, gross margins, and operating results.~~ 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. Additionally, we may further increase our reliance on third- party suppliers, manufacturers and other logistics partners. For example, in August 2022, we announced that we are exiting our North American last mile locations and shifting our reliance entirely to third- party logistics providers. ~~Our~~ **One of our** primary last mile ~~partner~~ **partners** currently relies on a network of independent contractors to perform last mile services for us in many markets. If any of these independent contractors, or the last mile partner as a whole, do not perform their obligations or meet the expectations of us or our Members, our brand, reputation and business could suffer. ~~See " — 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. "~~ 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. 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, we may 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. 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. " 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. Accordingly, 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 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; • price increases; • failure of a significant supplier, manufacturer, or logistics partner to perform its obligations to us for technical, market, or other reasons; • variance in the quality of services provided by our third- party last mile partners; • **reliance on our partners to adhere 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; • exposure to natural catastrophes, **including climate-related risks and extreme weather events,** epidemics such as the COVID- 19 pandemic, political unrest, including escalating tensions, hostilities, or trade disputes between Taiwan and China, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries **,** in which our Connected Fitness Products are manufactured or the components thereof are sourced; • changes in local economic conditions in the jurisdictions where our suppliers, manufacturers, and logistics partners are located; • 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. ~~We also rely on our logistics partners, including third- party last mile partners, to complete a substantial percentage of our deliveries to customers. In August 2022, we announced that we are exiting most of our North American distribution facilities and shifting our reliance entirely to third- party logistics providers. Our primary last mile partner currently relies on a network of independent contractors to perform last mile services for us in many markets. If any of these independent contractors, or the last mile partner itself or by virtue of those with which it contracts, does not perform its obligations or meet the expectations of us or our Members, our brand, reputation and business could suffer.~~ 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 . Any historical revenue growth should not......, financial condition, and operating results . Our Connected Fitness Products are sold in highly competitive markets with limited barriers to entry. Changes to our price structure, including with respect to delivery and installation pricing, product mix, the introduction by competitors of comparable products at lower price points, a maturing product lifecycle, a decline in consumer spending, or other factors (including factors disclosed herein) could result in a decline in our revenue derived from our Connected Fitness Products, which may have an adverse effect on our business, financial condition, and operating results. **In addition, in May 2023, in collaboration with the CPSC, we announced a voluntary recall of the original Peloton model Bikes (not Bike) seat posts sold in the U. S. from January 2018 to May 2023 and we are offering Members a free replacement seat post as the approved repair. This recall may result in negative public perception of our products and may have a material adverse effect on the sales of our Connected Fitness Products.** Because we derive a significant majority of our revenue from the sales of our Bike and Bike , any material decline in sales of our Bike would have a pronounced impact on our future revenue and operating results. **See " — Our products** ~~The COVID- 19 pandemic continues to evolve, with pockets of resurgence~~ and ~~the emergence of variant strains contributing~~ **services may be affected from time** to **time by design** ~~continued uncertainty about its scope, duration, severity, trajectory,~~ and ~~lasting impact~~ **manufacturing defects or product safety issues, real or perceived, that could adversely affect our business and result in harm to our reputation** . ~~COVID- 19 has caused~~ **" 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 ~~volatility~~ **competition** in **every aspect** ~~financial markets and has contributed to what could be an extended global recession. Public health problems resulting from COVID- 19, the resurgence~~ of **our** ~~infections and the emergence of new variants and precautionary measures instituted by governments and businesses~~ -- **business** ~~to mitigate its spread~~ , including ~~travel restrictions and quarantines, have and could continue to contribute to a general slowdown in the global economy, adversely impact our Members, employees, third- party suppliers, contract manufacturers, logistics providers and other business partners, and otherwise disrupt our operations. Changes in our operations in response to the evolving COVID- 19 pandemic and employee illnesses resulting from the pandemic have resulted in inefficiencies and delays, including in sales, delivery, and product development efforts, and additional costs related to business continuity initiatives, that cannot be fully prevented or mitigated through succession and business continuity planning, employees working remotely or teleconferencing technologies. COVID- 19 and related reactions from governments and members of the public have had and may, including as a result of a resurgence or prolonged duration, continue to have a negative impact on our business, liquidity, results of operations, and stock price due to the occurrence of some or all of the following events or circumstances, among others: • our inability to manage our business effectively due to employees, including key employees, becoming ill, working from home inefficiently, and being unable to travel to our facilities; • our and our third- party suppliers', contract manufacturers', logistics providers', and other business partners' inability to operate worksites, including manufacturing facilities, shipping and fulfillment centers, and our retail showrooms and production studios, due to employee illness or reluctance to appear at work, or " stay- at- home " regulations or recommendations; • our inability to provide our Members with high- quality Member support due to changes to the delivery experience and our or our logistics providers' inability to provide in- home servicing of Connected Fitness Products due to safety risks and local government regulations related to COVID- 19; • temporary inventory shortages caused by a combination of increased demand for our Connected Fitness Products that were difficult to predict with accuracy, and longer lead- times and component shortages in the manufacturing of our Connected Fitness Products, due to work restrictions related to COVID- 19, import / export conditions such as port congestion, and local government orders; • interruptions in our ability to offer live studio classes; • interruptions in manufacturing (including the sourcing of key components), shipment and delivery of our products; • disruptions of the operations of our third- party suppliers, which could impact our or our manufacturers' ability to purchase components at efficient prices and in sufficient amounts; • reduced demand for our Connected Fitness Products and services, including due to any prolonged economic downturn that may occur; • our inability to raise additional capital or the dilution of our common stock if we raise capital by issuing equity securities; • volatility in the market price of our Class A common stock; and • incurrence of significant increases to employee health care and benefits costs. Sales of our Connected Fitness Products increased with the onset of the pandemic as we saw consumers invest in~~ at- home fitness equipment **and content, fitness clubs, in- studio fitness classes, and health and wellness apps. 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 ~~the imposition~~ **ours. Our competitors, some** of ~~government mandated stay-~~ **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 efforts, be more efficient** at ~~- home orders. As a result of~~ **meeting consumer demand, create more compelling employment opportunities,** ~~our~~ - **or** ~~increased sales~~ **marketing campaigns** , **or may adopt more aggressive pricing policies. 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. In addition, our competitors may have significantly greater resources than us, allowing** ~~the~~ **them to identify and capitalize more efficiently upon opportunities in new markets and consumer preferences and trends, quickly transition and adapt their products and services, devote greater resources to marketing and advertising or music licensing rights, or be better positioned to withstand substantial** price **competition. Due to** ~~of our Class A common stock increased significantly with the onset of the COVID- 19 pandemic, but has also decreased and fluctuated since then~~ - **the highly volatile and competitive nature of the industry in which we compete** , ~~including based~~ **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 ~~developments surrounding COVID- 19. It remains uncertain how the COVID- 19 pandemic and its duration or any resurgence will impact our stock price over the long term. The full extent of the impact of COVID- 19, its duration, or any resurgence on~~ our business ~~and~~ **,** financial **condition** ~~results will depend largely on future developments~~ , ~~including, without limitation, the resurgence of infections, the emergence of new variants, the development, availability,~~ and ~~distribution of new vaccines and treatments and the uptake and effectiveness of existing vaccines and treatments, guidance regarding and the imposition of protective public safety measures, companies' remote work policies, the impact on capital and financial markets and global supply chains, and the related impact on the circumstances and behavior of our Members (including their discretionary spending or their return to pre- COVID routines), all of which are highly uncertain and cannot be predicted. 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. " The situation is continuously evolving, and additional impacts may arise that we currently view as immaterial or that we are not currently aware of~~ . Music is an important element of the overall content that we make available to our Members. 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). We pay royalties to such parties or their agents around the world. 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. At times, while we may hold the applicable license for certain music in North America, it may be difficult to obtain the license for the same music from the applicable rights holders outside of North America. In addition, our music licenses may not contemplate some of the features and content that we may wish to add to our service, or new service offerings or revenue models that we may wish to launch. Rights holders also may attempt to take advantage of their market power to seek onerous financial terms from us. Our relationship with certain rights holders may deteriorate. We may elect not to renew certain agreements with rights holders for any number of reasons, or we may decide to explore different licensing schemes or economic structures with certain or all rights holders. Artists and / or songwriters **or their agents** may object and may exert public or private pressure on rights holders to discontinue or to modify license terms, or we may elect to discontinue use of an artist or songwriter' s catalog based on a number of factors, including actual or perceived reputational damage. Additionally, there is a risk that aspiring rights holders, their agents, or legislative or regulatory bodies will create or attempt to create new rights that could require us to enter into new license agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify. With respect to musical compositions, in addition to obtaining the synchronization and reproduction rights, we also need to obtain public performance or communication to the public rights. In the United States, public performance rights are typically obtained separately through intermediaries 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 copyright owners. 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, and SESAC. 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 agreements 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 for musical compositions through local collecting societies representing songwriters and publishers, and from certain publishers directly, or a combination thereof. Given the licensing landscape in certain territories, we cannot guarantee that our licenses with collecting societies and our direct licenses with publishers provide full coverage for all of the musical compositions we use in our service in the countries in which we operate, or that we may enter in the future. 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 that such rights holders own or control ~~,~~ and could increase the risk of liability for copyright infringement. Although we expend significant resources to seek 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 13 – 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 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, services, features, content, and support, and 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. We believe that the importance of our brand will increase~~ **Increases** ~~as competition further intensifies and~~ **in component costs, long lead times, supply shortages, customs detentions** ~~brand~~ -- **and supply changes** ~~promotion activities may require substantial expenditures. Our brand~~ could **disrupt** ~~be harmed if we fail to achieve these objectives or~~ **our**

supply chain ~~if our public image were to be tarnished by negative publicity. Unfavorable publicity about us, our strategic initiatives, such as our restructuring plan or our products, services, technology, customer service, content, personnel, and suppliers could diminish confidence in, and the use of, our products and services. For example, we have received reports of a number of injuries associated with our Tread product, and as a result, on May 5, 2021, we decided to issue a voluntary product recall of our Tread , which we are conducting in collaboration with the CPSC. On the same day we also issued a voluntary product recall of our Tread. 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~~ -- **and** ~~. Such negative publicity also could~~ 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. ~~In addition, we have recently been the target of an activist stockholder whose claims about us, our management and our business strategy could result in decreased confidence in the Company and adversely affect our reputation. See " — Stockholder activism could disrupt our business, cause us to incur significant expenses, hinder execution of our business strategy, and impact our stock price. "~~ Accurately forecasting and meeting customer demand partially depends on our ability to obtain timely and adequate delivery of components for our Connected Fitness Products. All of the components that go into the manufacturing of our Connected Fitness Products are sourced from a limited number of third- party suppliers, and some of these components are provided by a single supplier. Our contract manufacturers generally purchase these components on our behalf, subject to certain approved supplier lists, and we do not have long- term arrangements with most of our component suppliers. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify components used in our Connected Fitness Products. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in design, quantities, and delivery schedules. Our ability to meet temporary unforeseen increases or decreases in demand has been, and may in the future be, impacted by our reliance on the availability of components from these sub-suppliers. We may in the future experience component shortages, and the predictability of the availability of these components may be limited. In the event of a component shortage or supply interruption from suppliers of these components, we may not be able to develop alternate sources in a timely manner. Developing alternate sources of supply for these components may be time-consuming, difficult, and costly **,** and we may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to fill our orders in a timely manner. Any interruption or delay in the supply of any of these parts or components, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to meet our scheduled Connected Fitness Product deliveries to our customers. Conversely, in periods when we experience a decrease in demand for our products and an increase in inventory, we may be unable to renegotiate our agreements or purchase commitments with existing suppliers or partners on mutually acceptable terms, which could result in inventory write- offs, storage costs for excess inventory, or litigation. 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. " Moreover, volatile economic conditions have made it and may continue to make it more likely that our suppliers and logistics providers may be unable to timely deliver supplies, or at all, and there is no guarantee that we will be able to timely locate alternative suppliers of comparable quality at an acceptable price. In addition, international supply chains have been and may continue to be impacted by events outside of our control and limit our ability to procure timely delivery of supplies or finished goods and services. Since the beginning of 2018, importing and exporting has involved more risk, as there has been increasing rhetoric, in some cases coupled with legislative or executive action, from several U. S. and foreign leaders regarding tariffs against foreign imports of certain materials. Several of the components that go into the manufacturing of our Connected Fitness Products are sourced internationally, including from China, from where imports on specified products are subject to tariffs by the United States following the U. S. Trade Representative Section 301 Investigation. These issues appear to have been and could be further exacerbated by ~~the continuation~~ **any resurgence** of the COVID- 19 pandemic as well as other global supply chain issues. We have seen, and may continue to see, increased congestion and / or new import / export restrictions implemented at ports that we rely on for our business. In many cases, we have had to secure alternative transportation, such as air freight, or use alternative routes, at increased costs to run our supply chain. These tariffs and other supply chain issues have an impact on our component costs and have the potential to have an even greater impact depending on the outcome of the current trade negotiations, which have been protracted and recently resulted in increases in U. S. tariff rates on specified products from China. Increases in our component costs could have a material effect on our gross margins. The loss of a significant supplier, an increase in component costs, or delays or disruptions in the delivery of components, could adversely impact our ability to generate future revenue and earnings and have an adverse effect on our business, financial condition, and operating results. Our business could be adversely affected from an accident, safety incident, or workforce disruption. Our operations could expose us to significant personal injury claims that could subject us to substantial liability. **Any failure** ~~Public health issues such as pandemics increase our exposure to these risks. For example, in connection with the COVID- 19 pandemic, we had to secure personal protective equipment, such as face masks and gloves, institute vaccination and testing policies and otherwise implement new methods of monitoring employee health, such as temperature checks. Our inability~~ to timely adapt to changing norms and requirements around maintaining a safe workplace could ~~cause~~ **result in** employee ~~illness~~ **illnesses** , accidents **or safety incidents** ~~, may not successfully prevent outbreaks of illnesses~~ , or may result in team discontent if we fail **,** or if it is perceived that we are failing **,** to protect the health and safety of our employees. Our liability insurance may not be adequate to cover fully all claims, and we may be forced to bear substantial losses from an accident or safety incident resulting from our ~~activities~~ **operations** . Additionally, if our employees decide to join or form a labor union, we may become party to a collective bargaining agreement, which could result in higher employee costs and increased risk of work stoppages. It is also possible that a union seeking to organize one subset of our employee population could also mount a corporate campaign, resulting in negative publicity and reputational harm or other impacts that require attention by our management team and our employees. Negative publicity, work stoppages, or strikes by unions could have an adverse effect on 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 common to traditional retail selling periods, where we generated a disproportionate amount of sales activity related to our Connected Fitness Products during the period from November through February due in large part to seasonal holiday demand, New Year' s resolutions, and cold weather. **The** ~~However, in fiscal 2020, we saw a significant increase in demand in the fourth quarter related to the onset of COVID- 19, and, in contrast to previous years, only 54 % of our Total revenue was generated in our second and third quarters during that fiscal year. More recently, in fiscal 2022, the ongoing~~ COVID- 19 pandemic ~~and~~ **previously affected** ~~the~~ **these trends** ~~recalls of our Tread products in the fourth quarter of fiscal 2021 impacted our historical seasonal patterns~~ , ~~with~~ **but as** the **COVID- 19** ~~second and third fiscal quarters accounting for 59 % of fiscal 2022 sales. As the~~ pandemic has receded ~~in recent months~~ , we have ~~begun to experience~~ **experienced** a return to pre- pandemic seasonal trends. ~~However, should the COVID- 19 pandemic worsen or if its effects prove to be prolonged, we may continue to see atypical seasonal trends. Over time, we expect the seasonality of our business to return to historical patterns, with pronounced increases in demand during~~ **During periods** ~~our second and third quarters. Moreover, in the event~~ of higher sales during the period from November through February, our working capital needs may be typically greater during the second and third quarters of the fiscal year. 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 ~~. Furthermore, our growth in recent years may obscure the extent to which seasonality trends have affected our business and may continue to affect our business. Accordingly, yearly or quarterly comparisons of our operating results may not be useful and our results in any particular period will not necessarily be indicative of the results to be expected for any future period~~ . 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 ~~, such as the duration and trajectory of the COVID- 19 pandemic~~ . Our quarterly operating results and other operating metrics have fluctuated in the past and may continue to fluctuate from quarter to quarter. Additionally, our limited operating history makes it difficult to forecast our future results. As a result, you should not rely on our past quarterly operating results as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. 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 Subscribers; • our development and improvement of the quality of the Peloton experience, including, enhancing existing and creating new Connected Fitness Products, services, technology, features, and content; • the continued development and upgrading of our proprietary technology platform; • the timing and success of new product, service, feature, and content introductions by us or our competitors or any other change in the competitive landscape of our market; • pricing pressure as a result of competition or otherwise; • the **introduction of the previously announced rear guard** ~~timing and our ability to develop certain product solutions~~ to enhance the safety of our Tread product ~~to the satisfaction of the CPSC in connection with our voluntary product recall~~ , which we **announced** ~~are conducting~~ in collaboration with the CPSC; • 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 that we may incur to grow and expand our operations and to remain competitive; • short- term expenditures and initiatives we may undertake in furtherance of long- term cost savings, including our restructuring plan announced in February 2022 **and related continuing actions** ; • **our** ~~the continued expansion of, and~~ reliance on ~~,~~ third- party last mile delivery and maintenance services for our Connected Fitness Products; • successful expansion into international markets ~~, including Canada, the United Kingdom, Germany, and Australia~~ ; • seasonal fluctuations in subscriptions and usage of Connected Fitness Products by our Members, each of which may change as our products and services evolve or as our business grows; • ~~the~~ 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, including content costs for past use; • 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; • fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies; • changes in our effective tax rate, including as a result of potential changes in tax laws proposed by the Biden administration ~~and Democratic controlled Congress~~ ; • changes in accounting standards, policies, guidance, interpretations, or principles; and • changes in business or macroeconomic conditions, including ~~the impact of the COVID- 19 pandemic,~~ 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. If we fail to meet or exceed such expectations, the market price of our Class A common stock could fall substantially, and we could face costly lawsuits, including securities class action suits. See " Risks Related to the Ownership of our Class A Common Stock. " Our passion and focus on delivering a high- quality and engaging Peloton experience may not maximize short- term financial results, which may yield results that conflict with the market' s expectations and could result in our stock price being negatively affected. 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 App,** 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. For example, in February 2022, we committed to a restructuring plan, which has resulted in charges and which we anticipate will require additional charges in the future. See ~~"~~ Part 1, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Fourth Quarter Fiscal ~~2022~~ **2023** Update and Recent Developments — Restructuring Plan. " 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. We rely on access to our production...... operating results may be adversely affected. Our acquisition of Precor presents risks, and we may not realize our anticipated strategic and financial goals from the acquisition. Risks we may face in connection with our acquisition ~~and integration~~ of Precor include: • We may not realize the benefits we expect to receive from the transaction, such as anticipated synergies; • We may have difficulties managing Precor' s technologies and lines of business or retaining key personnel from Precor; • The acquisition may not further our business strategy as we expected ~~, we may not successfully integrate Precor as planned~~ , there could be unanticipated adverse impacts on Precor' s business, or we may otherwise not realize the expected return on our investments, which could adversely affect our business or operating results; • The acquisition may cause, and additional factors relating to the shift in our strategic focus and to our restructuring initiatives have caused and may continue to cause, impairments to assets that we record as a part of an acquisition **,** including intangible assets and goodwill; • Our operating results or financial condition may be adversely impacted by (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, or other third parties; (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) intellectual property claims or disputes; • Precor operates in segments of the commercial market that we have less experience with, including traditional gyms, multifamily residences, hotels and college and corporate campuses, and expansion of our operations in these segments ~~through the acquisition~~ could present various ~~integration~~ challenges and result in increased costs and other unforeseen challenges; • Precor serves customers in more than 100 countries worldwide, and **,** as a result of the acquisition **,** our operations have expanded into new jurisdictions, which could present significant ~~integration~~ 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 "); ~~• Precor' s employees in a number of countries around the world are now Peloton employees, and we may face new and unanticipated challenges in employing this significant workforce, including integrating these employees into our existing business units, providing benefits and working conditions that comply with the laws in jurisdictions in which we haven' t operated before, and maintaining our One Peloton culture;~~ and • We may have failed to identify or assess the magnitude of certain liabilities, shortcomings or other risks in Precor' s business ~~prior to closing our acquisition of Precor~~ , which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, a diversion of management' s attention and resources, and other adverse effects on our business, financial condition, and operating results. 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. " We **have experienced, and** may **continue to** experience **,** delays in the sale of the Ohio industrial facility that was intended to be Peloton Output Park, which could adversely impact our business and financial condition. In May 2021, we announced our plans to build a U. S.- based manufacturing facility in Troy Township, Ohio, which we called " Peloton Output Park. " While we previously intended to use Peloton Output Park to manufacture some of our Connected Fitness Products, we currently are marketing and intend to sell the Ohio facility. ~~As of June 30, 2022, we had invested approximately $ 86. 6 million to build an industrial building for sale.~~ The process of re- developing, constructing, and marketing for sale the Ohio facility has been inherently complex and has required significant capital expenditure, and its sale **has caused, and** may **continue to** cause **,** significant disruption to our operations and divert management' s attention and resources, all of which could have a material adverse effect on our business, financial condition and operating results. We can give no assurance that we will recoup any of our investment in the development of the Ohio facility or realize the expected benefits of its sale, if any. Expansion into international markets will expose us to significant risks. We intend to expand our operations to other countries, which requires significant resources and management attention and subjects us to regulatory, economic, and political risks in addition to those we already face in the United States. There are significant risks and costs inherent in doing business in international markets, including: • difficulty establishing and managing international operations and the increased operations, travel, infrastructure, including establishment of 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 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,** consumer protection, consumer product safety, 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, including, for example, escalating tensions, hostilities, or trade disputes between China and Taiwan or the effects of " Brexit, " each of which could have an adverse impact on our 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 acquisitions of, or investments in, foreign entities ~~, which may result in additional operational costs and risks. For example, as a result of our October 2019 acquisition of Tonic, we acquired manufacturing plants in Taiwan. This acquisition required us to, among other things, fulfill Tonic' s obligations under existing service contracts that are unrelated to our current business, address the difficulties of managing a workforce in a foreign country with different labor laws, customs, and language barriers, and successfully maintain relationships with Tonic' s suppliers and contract partners. In July 2022, we announced our plans to exit all owned manufacturing~~ , 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. " In April 2021, we completed our acquisition of Precor **,** which serves customers in more than 100 countries worldwide. As a result, we began to increase our operations and efforts abroad, which can also result in various ~~integration~~ challenges and amplify the various risks and costs of doing business in international markets described above. 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 our class content.If we are unable to access or use our studios **or alternate venues,** or if we are unable to attract and retain high- quality fitness instructors,we may not be able to generate interesting and attractive content for our classes.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 ~~,including COVID- 19 related public health and safety measures or other restrictions,~~ could render our studios inaccessible or unusable and could inhibit our ability to produce and deliver new fitness and wellness content for our Members ~~.For example,in April 2020,we decided to temporarily pause live production at both our New York and London studios to reduce the risk of exposure to our employees and their families to COVID- 19.While we have since reopened our studios for live production,and taken a number of health and safety precautions in doing so,there is no guarantee that the COVID- 19 pandemic or other incidents beyond our control will not result in future pauses to live production from our studios or other locations~~ .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.Our standard employment contract with our U.S.- based fitness instructors has **a fixed,multi- year term,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 we fail to produce and provide our Members with interesting and attractive content led by instructors who engage them and who they can relate to,then our business,financial condition,and operating results may be adversely affected.** 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. For example, in April 2021, we acquired Precor in order to establish U. S. manufacturing capacity, boost research and development capabilities, and accelerate our penetration of the commercial market. 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, an acquisition, investment, or business relationship may 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 may 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. 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 ~~would~~ **will** result in increased fixed 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, 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** ~~intend to divest~~ **divested** some of our assets, including through site closures **,** and **plan to divest additional assets, including** the sale of **the Ohio industrial facility that was intended to be** Peloton Output Park. We may in the future decide to divest other assets or a business ~~. For example, in July 2022 we announced our plans to exit owned manufacturing operations, including Tonic~~. 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 . Any major disruption or failure of......, financial condition, and operating results . 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, 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 ~~network~~ **the availability, integrity and security of our systems** and data ~~security~~ are increasingly diverse and sophisticated. **Our systems** ~~Despite our efforts~~ and **data** ~~processes to prevent breaches, our products and services~~, as well as ~~our servers, computer systems, and~~ those of **critical** third parties **,** ~~that we use in our operations~~ are vulnerable to ~~cybersecurity risks, including~~ cyber- attacks ~~such as~~ **involving, for example,** viruses and worms, **social engineering /** phishing ~~attacks~~, 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, ~~which could lead~~ **as well as cyber- risks attributable** to **software** ~~interruptions, delays, loss of critical data, unauthorized access to Member data, a negative impact on our~~ - **or hardware (e** ~~Members' experience, and loss of consumer confidence~~. ~~In addition~~ **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** ~~be the target of email scams that attempt to acquire personal data or company assets~~. Despite our efforts to create security barriers to ~~such threats~~ **protect our systems and data** , we **cannot** ~~may not be able to~~ 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** ~~attempts to obtain~~ our or our Members' data and assets, ~~disrupt~~ **disrupts** our service, or otherwise ~~access~~ **compromises the availability, integrity or security of** our systems, or those of third parties we use ~~, if successful,~~ could adversely affect our business, ~~and~~ 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, ~~and~~ adversely affect our brand, ~~impacting~~ --- **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 ~~deductible~~ **,**

self- insured retentions or **other** co- insurance requirements. Our Member engagement on mobile devices depends upon effective operation with mobile and streaming device operating systems, networks, and standards that we do not control. A significant and growing portion of our Members access our platform through the Peloton App, and there is no guarantee that popular mobile devices or television streaming devices will continue to support the Peloton App or that device users will use the Peloton App rather than competing products. We are dependent on the interoperability of the Peloton App with popular mobile and television streaming operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the functionality of our ~~app~~ **App** offering or give preferential treatment to competitors could adversely affect our platform' s usage on mobile devices and televisions. Additionally, in order to deliver high- quality content, it is important that the Peloton App offering is designed effectively and works 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, and we must 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. In the event that it is more difficult for our Members to access and use our platform on their mobile devices or televisions, or Members find the Peloton App does 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 platform on their mobile devices or televisions or use products that do not offer access to our platform, our Member growth and Member engagement could be adversely impacted. 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. Further, in March 2022 **,** we began **offering Peloton Rental** ~~testing a new pricing model~~ in select markets **. In May 2023** , **we relaunched** ~~where Subscribers pay a single monthly fee for the combined use of their~~ -- **the Peloton App** ~~Connected Fitness Product and their Connected Fitness Subscription~~ , ~~rather than paying~~ **shifting perception of** an ~~initial upfront purchase price for their Connected Fitness Product~~ **in- home bike company to reflect everything Peloton has to offer to everyone, at any level, wherever they are** . No assurance can be given that ~~this~~ **these offerings** or any other new ~~offerings~~ **products or services** will be successful and will not adversely affect our reputation, operating results, and financial condition. Additionally, our focus on long- term Member engagement over short- term financial condition or results of operations can result in us making decisions that may reduce our short- term revenue or profitability if we believe that such decisions benefit the aggregate Member experience and will thereby improve our financial performance over the long term. These decisions may not produce the long- term benefits that we expect, in which case our Member growth and engagement as well as our business, operating results, and financial condition could be negatively impacted. 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. We use traditional television and online advertising, as well as third- party social media platforms such as Facebook, Twitter, and Instagram, as marketing tools. As television advertising, online, and social 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 social media and 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 Class A common stock could decline. In addition, an increase in the use of television, online, and social 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. **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, ~~including due to the COVID- 19 pandemic,~~ trends in consumer discretionary spending also remain unpredictable and subject to reductions and fluctuations ~~. To date, our business has mostly operated in a relatively strong economic environment and, therefore, we cannot be sure the extent to which we may be affected by actual or fears of recessionary conditions~~ . 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** ~~Historically, a majority~~ 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 conditions, 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 **, including relating to the May 2023 App relaunch, which included the introduction of new membership tiers and pricing** . 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, 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. ~~Moreover, while we experienced a significant increase in our Subscriber base upon the outbreak of COVID- 19, it remains uncertain how the COVID- 19 pandemic will ultimately impact Subscriber renewal rates in the long- term.~~ Furthermore, **we have offered, including in connection with the May 2023 App relaunch, and may** in the future ~~, we may~~ 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 began **offering Peloton** ~~experimenting with a rental~~ **Rental** ~~program~~ in select markets ~~, where Subscribers pay a single monthly fee for both the combined use of their Connected Fitness Product and their Connected Fitness Subscription, rather than paying an initial upfront purchase price for their Connected Fitness Product~~ . 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, ~~then~~ 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 Total Workouts and Average Monthly Workouts per Connected Fitness Subscription, with internal methods, which are not independently verified by any third party and, in particular for the Peloton App, are often reliant upon an interface with mobile operating systems, networks and standards that we do not control. 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 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. The forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you that our business will grow at a similar rate, if at all. Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The forecasts relating to the expected growth in the connected fitness and wellness market, including estimates based on our own internal survey data, may prove to be inaccurate. Even if the market experiences the growth we forecast, we may not grow our business at a similar rate, or at all. Our growth is subject to many factors, including consumer demand and our success in implementing our business strategy, which are subject to many risks and uncertainties. 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. " 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 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 revenue requirements applicable solely to 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 to maintain a total level of liquidity of not less than $ 250. 0 million and **limits** ~~maintain a minimum total four~~ - **our** ~~-~~ **borrowings under the revolving credit facility of our credit agreement to the lesser of $ 400. 0 million and an amount equal to the Subscription revenue of the company and its subsidiaries for the most recently completed fiscal** quarter ~~revenue level~~ of **the company** ~~$ 3. 0 billion (which are replaced with a covenant to maintain a minimum debt to adjusted EBITDA ratio upon our meeting a specified adjusted EBITDA threshold)~~ . These restrictions 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 12- 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- Second 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 was 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 have identified material weaknesses in our internal control over financial reporting, and if our remediation of such material weaknesses is not 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. In the course of preparing our financial statements for fiscal 2021 ~~and~~ **,** fiscal 2022 **and fiscal 2023** , we identified material weaknesses in our internal control over financial reporting. 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 2023, we identified a material weakness related to information technology general controls (" ITGCs ") in the area of user access over a certain information technology system specific to Precor. We have concluded that this material weakness arose because we did not design and maintain sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to a financial application, programs, and data to appropriate Company personnel. The affected ITGCs adversely affected certain automated and manual business process controls reliant on such ITGCs.** The material ~~weaknesses~~ -- **weakness that we** identified **in fiscal 2021 and 2022** related to reporting involving inventory **;** ~~and~~ - **an** ~~the~~ **additional material weakness we identified in fiscal 2022 related to** controls that validate the inputs and assumptions used in our impairment testing. We have concluded that these material weaknesses arose because our controls were not effectively designed, documented and maintained to (i) verify that our physical inventory counts were correctly counted and communicated; and (ii) apply fair value measurements and validate the inputs and assumptions used in our impairment testing for reporting in our financial statements. To address our material weaknesses, we have made changes to our program and controls as set forth in ~~See~~ Part II, Item 9A " Controls and Procedures. " ~~We~~ **Unless otherwise described in Part II, Item 9A " Controls and Procedures ", we** will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time. 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 remediate the control deficiencies that led to our material weakness in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. For example, as we **continue** ~~exit our last mile warehouses and further expand~~ 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 rules and regulations of the listing standards of The Nasdaq Stock Market LLC and other applicable securities rules and regulations. Compliance with these rules and regulations 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. In the course of preparing our financial statements for fiscal ~~2021~~ **2023** ~~and fiscal 2022~~ , we identified a material weakness in our internal control over financial reporting **related to Precor ITGCs. Previously, in fiscal 2021 and 2022, we had identified a material weakness related to controls around the existence, completeness, and valuation of inventory** . If, in the future, we have a material weakness or deficiencies in our internal control over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. Effective internal control is necessary for us to produce reliable financial reports and is important to prevent fraud. See " — We have identified material weaknesses in our internal control over financial reporting, and if our remediation of such material weaknesses is not 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 compliance with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act. 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. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Estimates " in Part II, Item 7 of this Annual Report on Form 10- K. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and stockholders' equity / deficit, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue related reserves, the realizability of inventory, content costs for past use reserve, fair value measurements including common stock valuations, the incremental borrowing rate associated with lease liabilities, useful lives of property and equipment, product warranty, goodwill and finite-lived intangible assets, accounting for income taxes, stock- based compensation expense and commitments and contingencies. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our Class A common stock. We are exposed to changes to the global macroeconomic environment beyond our control, including inflation fluctuations and foreign currency exchange rate fluctuations. We are exposed to fluctuations in inflation, which could negatively affect our business, financial condition and **operating** results ~~of operation~~ . The United States has recently experienced historically high levels of inflation. If the inflation rate continues to increase, 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 ~~of operations~~ . 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 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. **A resurgence of the COVID- 19 pandemic could have an adverse effect on our business, results of operations, and financial condition due to the occurrence of some or all of the following events or circumstances, among others: • our and our third- party suppliers', contract manufacturers', logistics providers', and other business partners' inability to manage our or their business effectively or operate worksites due to employees, including key employees, becoming ill and working from home inefficiently as a result of a remote or hybrid working arrangement; • temporary inventory shortages caused by difficulties in predicting demand for our products and services and longer lead- times and component shortages in the manufacturing of our Connected Fitness Products, due to import / export conditions such as port congestion, and local government orders; and • incurrence of significant increases to employee healthcare and benefits costs. In addition, while we experienced a significant increase in our Subscriber base at the onset of the COVID- 19 pandemic, the rate of the increase has since slowed down and, over the longer term, it remains uncertain how the post- COVID- 19 pandemic environment will impact consumer demand for our products and services and consumer preferences generally. It also remains uncertain how any resurgence of the COVID- 19 pandemic would impact demand for our products and services. 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. "** We have been and may in the future be subject to stockholder activism, which can arise in a variety of predictable or unpredictable situations ~~,~~ and can result in substantial costs and divert management' s and our board' s attention and resources from our business. Additionally, such stockholder activism could give rise to perceived uncertainties as to our long- term business, financial forecasts, future operations and strategic planning, harm our reputation, adversely affect our relationships with our Members and business partners, and make it more difficult to attract and retain qualified personnel. We may also be required to incur significant fees and other expenses related to activist matters, including for third- party advisors retained by us to assist in navigating activist situations. Our stock price could fluctuate due to trading activity associated with various announcements, developments, and share purchases over the course of an activist campaign or otherwise be adversely affected by the events, risks and uncertainties related to any such stockholder activism. Increased **regulation and increased** scrutiny and changing expectations from investors, consumers, employees, ~~regulators,~~ and others regarding ~~our~~ environmental, social and governance **matters,** practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance (" ESG ") practices and reporting. Investors, consumers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, consumer or employee expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted. Our ability to achieve ~~any~~ **our current or future** ESG ~~objective~~ **objectives , targets or goals, including our renewable energy procurement, air freight reduction, and circular business model goals,** is subject to numerous risks, many of which are outside of our control. Examples of such risks include: ~~•~~ **•** the availability and cost of low- or non- carbon- based energy sources; ~~•~~ **•** the evolving regulatory requirements affecting ESG standards or disclosures; ~~•~~ **•** the availability of suppliers that can meet sustainability, diversity and other ESG standards that we may set; ~~•~~ **•** our ability to recruit, develop and retain diverse talent in our labor markets; and ~~•~~ **•** the success of our organic growth and acquisitions or dispositions of businesses or operations. 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. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced in various states and other jurisdictions **. For instance, the European Union Corporate Sustainability Reporting Directive (" CSRD ") became effective in 2023. CSRD applies to both EU and non- EU in- scope entities and would require them to provide expansive disclosures on various sustainability topics including climate change, biodiversity, workforce, supply chain, and business ethics. The SEC is expected to finalize a climate change disclosure proposal in 2023. Further, the International Sustainability Standards Board issued sustainability and climate change disclosure standards in June 2023, which the U. K. and other countries in which we operate had indicated they will adopt as their own binding standards** . Our failure to comply with any applicable 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. 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 **climate risk in the form of 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 the COVID- 19 pandemic, and other unforeseen events or events that we cannot control. The third- party providers, systems and operations and contract manufacturers 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. 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, ~~that~~ **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. 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 ~~can~~ **may be alleged, and have been alleged, to** be affected by design and manufacturing defects **or potential product safety issues** . Sophisticated operating system software and applications, such as those offered by us, often have issues that can unexpectedly interfere with the intended operation of hardware or software products. 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. We may also become subject to the hazards and uncertainties of product liability claims and related litigation ~~. For example~~ , **including** ~~we have received reports of injuries associated with our Tread product, one of which led to the death of a child. As a result of the aforementioned injuries associated with these reported Tread incidents, in April 2021, the CPSC unilaterally issued a warning to consumers~~ - **consumer claims** ~~about the safety hazards associated with the Tread~~ . **Additionally** ~~While we do not agree with all of the assertions in the CPSC' s warning~~ , in May 2021 **,** we initiated a voluntary recall of our Tread product in **coordination with the CPSC in response to reports of injuries associated with our Tread , one of which led to the death of a child. In 2020, we conducted a voluntary recall in coordination with the CPSC of first generation clip- in pedals in our Peloton Bike, our original model bike, due to a risk that the pedal can break during use, causing injuries. In addition, in May 2023, in** collaboration with the CPSC **, we announced a voluntary recall of the original Peloton model Bikes (not Bike) seat posts sold in the U** . ~~The CPSC is~~ **S. from January 2018 to May 2023, and we are offering Members a free replacement seat post as the approved repair. We have incurred, and may continue to incur, incremental expenses or face other challenges in connection with the implementation of the seat post recall beyond what we have** currently **estimated** ~~investigating the matter and in August 2022 we were notified by the CPSC that the agency staff believes we failed~~ to **be probable** ~~meet our statutory obligations under the Consumer Product Safety Act~~ and **reasonably estimable** ~~intends to recommend that the CPSC impose civil monetary penalties. The recall~~ , **including if** ~~the possibility that the CPSC or other~~ -- **the number of reported incidents materially increases** ~~regulators could assess penalties or fines against us~~ , **which** ~~and the risk that the CPSC or we could determine to recall any other product now or in the future,~~ may adversely impact our operating results, brand reputation, **demand for our products,** and business. In **addition to the seat post recall described above, in collaboration with the CPSC, in May 2023 we announced that we will be offering a free rear safety guard to Members in** connection with the ~~voluntary recall of the~~ Tread **recall** ~~, we developed and released additional safety features, such as a passcode to protect against unauthorized use, and we are working to develop additional physical hardware to further enhance the safety of the product~~ . **We** ~~If we are unable to develop a product solution to further enhance the safety of our Tread product, we may not be able to sell that product for a significant period of time, if ever, and~~ may face **, and have faced,** substantial costs associated with the **implementation of the above and other recalls including the** development of ~~such~~ **new or additional product** features ~~and implementation of the recall~~ . **We** ~~In addition to the CPSC investigation, we~~ are presently subject to class action litigation, private personal injury claims and other regulatory proceedings **, government inquiries and investigations** related to the Tread **and Bike** ~~recall~~ **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 13- 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 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, 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, and elevation in the case of Tread; ~~and~~ 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. If the software used in our Connected Fitness Products or on our platform malfunctions and fails to accurately track, display, or record 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** ~~Due to the COVID- 19 pandemic~~ , **and in the future may face, challenges to** our ability to provide high- quality Member support ~~has been significantly impacted~~ . For example, due to COVID- 19, we have at times been unable to provide in- home servicing of our Connected Fitness Products, **and** we have at times had to pause **or limit** ~~and temporarily suspend the sale,~~ delivery ~~, and installation~~ of **our Connected Fitness Products** ~~the Tread, and delivery procedures for the Bike have been limited in some locations where we are unable to provide in- home delivery and set up services~~ . Additionally, our use of, and expansion of, other distribution channels and our increasing reliance on third- party Member support and third- party last mile partners for in- home delivery and set up services may challenge our ability to control Members' experience of such services. ~~In addition, the closure of our offices, either due to COVID- 19 or due to our restructuring initiatives, has forced our Member support staff to work from home, which may result in work- productivity issues or a decrease in efficiencies, particularly during times of high call volume as we have seen when delivery lead times get longer.~~ If we 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 permit returns of our Bikes 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 home fitness demand as consumers go back to their pre- COVID routines. In addition, we have been, and in the future could be, subject to costs related to product recalls, 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. For example, in connection with our May 2021 Tread recall, 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 the Tread and other 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 third- party 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 vary from country to country. Changes in interpretation of the insurance regulations or other laws and regulations concerning extended warranties 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 products. We are subject to requirements under the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, requiring us to conduct due diligence on and disclose whether or not certain conflict minerals originating from certain **countries as well as** geographic regions are necessary for the manufacture or functionality of our products. The implementation of these requirements could adversely affect the sourcing, availability, and pricing of the materials used in the manufacture of components used in our products. In addition, we incur additional costs to comply with the potential disclosure requirements, including costs related to conducting diligence procedures to determine the sources of minerals that may be used or necessary to the production of our products and, if applicable, potential changes to products, processes, or sources of supply as a consequence of such due diligence activities. It is also possible that we may face reputational harm if we determine that any of our products contain minerals not determined to be free of conflict minerals or if we are unable to alter our products, processes, or sources of supply to avoid such materials. From time to time, we may be subject to claims, lawsuits, government **inquiries or** investigations **, demands, disputes** , and other proceedings involving ~~products~~ - **product safety, product** liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. As we have grown, we have seen a rise in the number and significance of these disputes and inquiries. Injuries sustained by Members or their friends and family members, or others who use or purchase our Connected Fitness Products, have **subjected us to** , and could in the future ~~,~~ subject us to **,** regulatory proceedings **, government inquiries, investigations,** and **actions, and private** litigation ~~by governance agencies and private litigants brought against us,~~ 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. Additionally, we have in the past been subject to intense media scrutiny, which exposes us to increasing regulation, government **or regulatory** investigations, legal actions and penalties. For example, we are presently subject to ~~a CPSC investigation and other~~ litigation related to ~~injuries sustained~~ **injury claims** by Members and ~~others~~ - **other** ~~who use~~ **used** or purchased the Tread , and we have reporting obligations to safety regulators in all jurisdictions where we sell Connected Fitness Products, where reporting may trigger further regulatory investigations. ~~In August 2022, we received notice from the CPSC that the agency staff believes we failed to meet our statutory obligations under the Consumer Product Safety Act and intends to recommend that the CPSC impose civil monetary penalties.~~ See " — ~~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. " **The** ~~In addition, the DOJ and the U. S. Department of Homeland Security (" DHS ") have subpoenaed us for documents and other information related to our reporting of the injuries associated with our products and the~~ SEC is also investigating our public disclosures concerning the **Tread** recall, as well as other matters. **In addition, in 2021, the DOJ and the Department of Homeland Security (the " DHS ") subpoenaed us for documents and other information related to our statutory obligations under the CPSA, and they are continuing to investigate.** We have also been named in several lawsuits related to ~~these recalls~~ **our products** . For example, the Company and certain of its **former** officers have been named in a consolidated securities class action on behalf of a class consisting of individuals who purchased or otherwise acquired our Class A common stock between September 11, 2020 and May 5, 2021, alleging that the defendants made false and / or misleading statements in violation of Sections 10 (b) and 20 (a) of the Exchange Act and Rule 10b- 5 promulgated thereunder related to the Tread **and Tread products** ~~recall. In addition, between May~~ and ~~November 2021, four shareholders~~ **the safety of those products. Seven stockholders** filed verified ~~shareholder~~ **stockholder** derivative action lawsuits purportedly on behalf of the Company against certain of our ~~executive~~ **current and former** officers and ~~the members of our Board of Directors~~ **directors** alleging breaches of fiduciary duties and violations of Section 14 (a) of the Securities Exchange Act, and, for certain of the lawsuits, unjust enrichment, abuse of control, gross mismanagement, waste, and a claim for contribution under Sections 10 (b) and 21D of the Exchange Act **based upon similar allegations** ~~against certain of our executive officers~~ . See " — ~~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. " ~~Separately, we~~ **We and certain of our current and former officers** have **also** been named **as defendants** in **a consolidated** ~~putative securities class actions related to demand for our Connected Fitness Products. In particular, plaintiffs filed~~ putative securities class action **related to demand for our Connected Fitness Products. In particular, plaintiffs filed a putative securities class action** ~~lawsuits~~ - **lawsuit** purportedly on behalf of a class consisting of individuals who purchased or otherwise acquired our **Class A** common stock between February 5, 2021 and ~~November 4~~ **January 19** , ~~2021~~ **2022** , alleging that the **defendants** ~~Company and certain of its officers~~ made false and / or misleading statements about demand for the Company' s products and **the reasons for the Company' s product inventory growth. Plaintiffs also allege that the defendants** engaged in improper trading in violation of Sections 10 (b) ~~, 20 (a),~~ and 20A of the Exchange Act and Rule 10b- 5 promulgated thereunder. **Four stockholders filed verified stockholder derivative action lawsuits purportedly on behalf of the Company against current and former officers and directors, alleging breaches of fiduciary duty based upon substantially similar allegations. We have also been named in a putative class action in South Carolina related to the Bike seat post recall by plaintiffs purporting to represent a nationwide class of purchasers of the Bike and alleging that sales of the Bike constituted breaches of warranty, negligence, unjust enrichment, and sale of a defective product. The Company and certain of its current and former officers have also been named in a putative securities class action on behalf of individuals who purchased or otherwise acquired Peloton securities between May 10, 2022 and May 10, 2023, alleging that the defendants made false and / or misleading statements about the safety of the Peloton Bike and likelihood of a recall in violation of Sections 10 (b) and 20 (a) of the Exchange Act and Rule 10b- 5 promulgated thereunder.** Additionally, from time to time, we may be, and currently are, subject to inquiries from regulators in which they seek information about us or our practices. Such further inquiries could result in more formal investigations or allegations, which could adversely impact our business, financial condition, and operating results. Litigation, **government**

inquiries or investigations, regulatory proceedings, such as the investigations described above, as well as related personal injury or class action claims and lawsuits, and securities **, commercial, consumer** and intellectual property infringement matters that we are currently facing or could face, can be protracted and expensive, and have results that are difficult to predict. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive 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 legal or regulatory proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain products, components, or features, all 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 could divert the resources of our management and require significant expenditures. See Note 13- 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. The results of litigation, investigations, claims **, demands, disputes** , and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition, and operating results. We collect, store, process, and use personal data and other Member 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, including personal data (some of which is considered sensitive data under applicable laws), such as home addresses, and geolocation data. 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 our Members' 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. These laws and regulations also require us to safeguard our Members' personal data. Although we have established security measures, policies and procedures designed to protect Member information, our ~~or 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 Member data. Any compromise of our security or breach of our Members' privacy could 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 Member data or other proprietary information, cause interruptions in our operations, or expose Members 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 Member data, we may also have obligations to notify Members 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 Member 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 Member data could impose additional requirements with respect to the retention and security of Member 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, 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)** , 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 ~~governmental~~ **global trade related laws and regulations for the** export and import ~~controls~~ **of goods, articles, materials and technology, as well**

as forced labor and economic ~~sanction~~ **sanctions** ~~laws~~ **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 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 and services to some countries altogether. Furthermore, U. S. export control laws and economic sanctions **programs** prohibit the provision of products and services to **certain** countries, **regions,** governments, and persons ~~targeted by~~ **subject to** U. S. sanctions **regulations** . Even though we take precautions to prevent our products **and technology** from being provided to targets of U. S. sanctions, our products and services, including our firmware updates, could be provided to those targets ~~or provided by our Members~~ . 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. ~~We could~~ **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 ~~future enforcement action~~ **new regulations in the markets we operate within. If we fail to comply** with **these** ~~respect to compliance with governmental export and import controls and economic sanctions~~ laws ~~that result in~~ **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 ~~that~~ prohibit companies and their employees and third- party ~~intermediaries~~ **representatives** from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign ~~government~~ **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. ~~We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental~~ **Governmental enforcement** authorities ~~in the United States and elsewhere~~ 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, ~~severe~~ **substantial** criminal or civil sanctions and ~~, in the case of the FCPA,~~ suspension or debarment from U. S. government contracts, any of which could have a ~~materially~~ -- **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 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. Our ability to use our net operating loss to offset future taxable income may be subject to certain limitations. As of June 30, ~~2022~~ **2023** , we had U. S. federal net operating loss carryforwards, or NOLs, and state NOLs of approximately $ ~~2~~ **3** , ~~896~~ **101** . ~~7~~ **6** million and $ 2, ~~130~~ **309** . ~~00~~ **9** million, respectively, due to prior period losses **,** which if not utilized **,** will begin to expire for federal and state tax purposes beginning in 2034 and ~~2022~~ **2023** , respectively. Realization of these NOLs depends on future income, and there is a risk that our existing NOLs could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our operating results. 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 three ownership changes ~~on November 30~~ **in the past** , ~~2015 and April 18, 2017 and February 24, 2020~~ 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. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security, or CARES Act, was signed into law. The CARES Act changes certain provisions of the Tax Act. Under the CARES Act, NOLs arising in taxable years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but NOLs arising in taxable years beginning after December 31, 2020 may not be carried back. In addition, the CARES Act eliminates the limitation on the deduction of NOLs to 80 % of current year taxable income for taxable years beginning before January 1, 2021. 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. 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, 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 on 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, 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. In order to protect our brand and intellectual property rights, we spend significant resources to monitor and protect these 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 ~~proprietary~~ **intellectual property** rights **, including by music rights holders** . There is considerable patent and other intellectual property development activity in our market **.** ~~, and litigation~~ **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 13- 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 ~~ongoing~~ 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 ~~(Sony Music Entertainment, Universal Music Group, and Warner Music Group)~~ , independent record labels, major music publishers ~~(Sony Music Publishing, Universal Music Publishing Group, and Warner Chappell Music Publishing)~~ , 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 own administer, control or own all rights on a worldwide basis, it **may** ~~becomes~~ **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 ~~any~~ agreements with those rights holders or to secure the appropriate licenses with all necessary parties ~~. Given the high level of content concentration in the music industry, the market power of a few licensors, and the lack of transparent ownership information for musical compositions, including on a worldwide basis, we may be unable to license a large amount of music or the music of certain popular artists, and our business, financial condition, and operating results could be materially harmed. We are a party to many music license agreements that are complex and impose numerous obligations upon us that may make it difficult to operate our business, and a breach of such agreements could adversely affect our business, operating results, and financial condition~~ . 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; ~~• represent that we will obtain all necessary publishing licenses~~ and ~~consents and pay all associated fees, royalties, and other amounts due for the licensing of musical compositions;~~ • comply with certain marketing and advertising restrictions ~~; • grant the licensor the right to audit our compliance with the terms of such agreements; and • comply with certain security and technical specifications~~ . Certain of our license agreements **could** also contain minimum guarantees and / or advance payments, which are not always tied to our number of Subscribers or stream counts for music used in our service. Accordingly, our ability to achieve and sustain profitability and operating leverage in part depends on our ability to increase our revenue through increased sales of subscriptions on terms that maintain an adequate gross margin. Our license agreements that contain minimum guarantees 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 such minimum guarantees and / or advances 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 minimum guarantees and / or advance 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 breach any obligations in any of our license agreements, or 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. ~~In the past, we have entered into agreements that required us to make substantial payments to licensors to resolve instances of past use at the same time that we enter into go- forward licenses. These agreements may also include most- favored nations provisions. If triggered, these most favored nations provisions could cause our payments or other obligations under those agreements to escalate substantially. If we need to enter into additional similar agreements in the future, it could have a material adverse effect on our business, financial condition, and operating results.~~ We face ~~risks~~ **risk of** ~~, such as~~ unforeseen costs and potential liability in connection with content we produce, license, and distribute through our platform. As a producer and distributor of content, we face potential liability for negligence, **intellectual property** ~~copyright, and trademark~~ infringement, or other claims based on the nature and content of materials that we produce, license, and distribute. We also may face potential liability for content used in promoting our service, including marketing materials. We may decide to remove content from our service, not to place certain content on our service, or to discontinue or alter our production of certain types of content 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 ~~to avoid infringement~~. 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 **have** ~~intend to increase~~ **increased** our reliance on certain third parties, such as last mile and Member support partners. 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 expect 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. Additionally, we rely on last mile partners for the delivery and installation of our products ~~,~~ and **have** ~~intend to increase~~ **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. 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. Furthermore, our providers 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 failed to indemnify us, adversely impact our operating results. Our future success depends on the continuing efforts of our key employees 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, retail managers, and fitness instructors. In particular, we are highly dependent on the services of our ~~leadership team to the development of our business, future vision, and strategic direction. Among other recent changes in our~~ senior management team **to** ~~, we have transitioned those~~ -- **the development** ~~serving as our Chief Executive Officer and President and our Chief Financial Officer, as well as other members~~ of ~~management. Our~~ **our business,** future **vision** ~~performance will depend~~ , ~~in part, on the successful integration of these new senior level executives into their roles, and the continuity of leadership among the larger workforce. If we do not successfully manage these transitions, it could be viewed negatively by our customers, employees, investors, suppliers and other third- party partners, and could have an~~ **and** ~~adverse impact on our business and results of operations. We also heavily rely on the continued service and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business, including with respect to~~ strategic **direction** ~~initiatives such as our restructuring plan~~ . If members of our senior management team, including our executive leadership, become ill, or if we are otherwise unable to retain them, we may not be able to manage our business effectively and, as a result, our business and operating results could be harmed. If the senior management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis then our business and future growth prospects could be harmed. **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 designing and developing software and internet- related services, and with background in the areas of artificial intelligence and machine learning.** Also imperative to our success are our fitness instructors, who we rely on to bring new, exciting, and innovative fitness and wellness content to our platform, and who act as brand ambassadors. The loss of ~~any~~ key personnel, including key instructors, could make it more difficult to manage our brand, operations and research and development activities, could reduce our employee retention and revenue, and impair our ability to compete. Although we have entered into employment agreements with our instructors, the U. S. agreements constitute at- will employment. We do not maintain key person life insurance policies on any of our employees. Demand and competition for highly skilled personnel, including those with specific expertise, is often intense, especially in New York City, where we have a substantial presence and need for highly skilled personnel. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. 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** . In addition, we issue equity awards to certain of our employees as part of our hiring and retention efforts, and job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. 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. In addition, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size of equity awards granted per employee or undertaking other efforts that 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. If we cannot maintain our " One Peloton " 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 critical component of our success has been our corporate culture. We have invested substantial time and resources in building our " One Peloton " culture, which is based on the idea that if we work together, we will be more efficient and perform better because of one another. As we continue to evolve, we will need to maintain our " One Peloton " culture among our employees dispersed across various geographic regions. Impacts resulting from the COVID- 19 pandemic have also required us to **modify some of** ~~make substantial changes to~~ the ~~way~~ **ways** that our employee population does their work, and we have faced new ~~and unforeseen~~ challenges arising from the management of **certain** remote, geographically dispersed teams. Our response to the changing work environment has included a number of employee- focused ~~benefits initiatives and~~ office policies, which are aimed at increasing productivity and employee morale and which have increased our costs. 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 market price of our Class A common stock has been, and will likely continue to be, volatile. In addition, the trading prices of securities of technology companies in general have been highly volatile. Moreover, while the trading price of our Class A common **stock** initially increased during the outbreak of the COVID- 19 pandemic, it has fluctuated widely and has now decreased as the public returned to pre- pandemic routines and due to other factors beyond our control. There are no assurances that the trading price of our Class A common stock will increase, decrease, or will continue at this level for any period of time. In addition to the factors discussed in this Annual Report on Form 10- K, the market price of our Class A common stock **has and** may fluctuate significantly in response to numerous factors, many of which are beyond our control, including: • our ability to execute and realize the benefits of strategic plans, such as the restructuring initiative we announced in February 2022; • ~~impacts from the COVID- 19 pandemic, for example, consumer demand and economic volatility or uncertainty; •~~ overall performance of the equity markets and the performance of technology companies in particular; • variations in our operating results, cash flows, and other financial ~~metrics~~ and non- financial metrics, and how those results compare to analyst expectations; • changes in the financial projections we may provide to the public or our failure to meet these projections; • the timing and our ability to **implement** ~~develop certain~~ product solutions to enhance the safety of our Tread product ~~to the satisfaction of the CPSC in connection with the Company' s voluntary safety recall, which it is conducting~~ in collaboration with the CPSC; • 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 these estimates or the expectations of investors; • recruitment, satisfaction or departure of key personnel; • the economy as a whole **, including macroeconomic factors such as global supply issues, inflation, foreign currency exchange rate fluctuations, rising interest rate, recessionary conditions, political instability, volatility in the credit markets,** and market conditions in our industry; • past or future investments, acquisitions or dispositions; • negative publicity related to 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; • 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 ~~; • market reactions if there is a margin call or forced sale of any pledged shares~~ ; • the expiration of contractual lock- up or market standoff agreements; and • sales of shares of our Class A common stock by us or our stockholders. 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. Stock prices of many companies have fluctuated 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. In **particular, the Company has been named in three putative securities class action lawsuits, and ten putative stockholder derivative actions. In** April ~~and May~~ 2021, ~~two shareholders filed putative~~ **the Company and certain of its former officers were named in a consolidated securities** class ~~actions~~ - **action** ~~against the Company, our Chief Executive Officer, and our Chief Financial Officer, purportedly~~ on behalf of a class consisting of ~~those~~ individuals who purchased or otherwise acquired our Class A common stock between September 11, 2020 and May 5, 2021, alleging that the defendants made false and / or misleading statements in ~~violations~~ - **violation** of Sections 10 (b) and 20 (a) of the Exchange Act and Rule 10b- 5 promulgated thereunder **related to the Tread** ~~. In addition, in May, August,~~ and ~~November 2021, four shareholders~~ **Tread products and the safety of those products. Seven stockholders** filed verified ~~shareholder~~ **stockholder** derivative action lawsuits purportedly on behalf of the Company against certain of our ~~executive~~ **current and former** officers and ~~the members of our Board of Directors~~ **directors ,** alleging breaches of fiduciary duties and violations of Section 14 (a) of the Securities Exchange Act, and, for ~~three~~ **certain** of the lawsuits, unjust enrichment, abuse of control, gross mismanagement, waste, and a claim for contribution under Sections 10 (b) and 21D of the Exchange Act ~~against~~ **, based upon similar allegations. In November 2021, we and** certain of our ~~executive~~ **current and former** officers ~~. In addition, the Company, and certain of our officers,~~ were **also** named **as defendants** in a ~~separate~~ **consolidated putative securities class action related to demand for our Connected Fitness Products. Those plaintiffs filed a** putative class action ~~,~~ **lawsuit** purportedly on behalf of a class consisting of ~~those~~ individuals who purchased or otherwise acquired our **Class A** common stock between February 5, 2021 and ~~November 4~~ **January 19** , ~~2021~~ **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 product inventory growth. Plaintiffs also allege defendants engaged in improper trading** in violation of Sections 10 (b) and ~~20~~ **20A** ~~(a)~~ of the Exchange Act and Rule 10b- 5 promulgated thereunder. **Four stockholders filed verified stockholder derivative action lawsuits purportedly on behalf of the Company against certain of its current and former officers and directors, alleging breaches of fiduciary duty based upon substantially similar allegations. In June 2023, the Company and certain of its current and former officers were also been named in a putative securities class action on behalf of individuals who purchased or otherwise acquired Peloton securities between May 10, 2022 and May 10, 2023, alleging that the defendants made false and / or misleading statements about the safety of Peloton' s Bike and likelihood of a recall in violation of Sections 10 (b) and 20 (a) of the Exchange Act and Rule 10b- 5 promulgated thereunder.** 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 in the near future, 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, or attempt to take, steps to sell, directly or indirectly, their shares or otherwise secure, or limit the risk to, the value of their unrecognized gains on those shares. Additionally, some members of our senior leadership team have pledged shares to secure personal indebtedness. If the price of our Class A common stock declines, the executive could be forced by one or more of the banking institutions to sell shares of our Class A common stock in order to remain within the margin limitations imposed under the terms of the loans. Any conversion of pledged Class B common shares into shares of Class A common stock in connection with such a sale would result in dilution of the Class A stockholders. There were a total of ~~338~~ **356** , ~~274~~ **767** , ~~016~~ **627** shares of our Class A common stock and Class B common stock outstanding as of June 30, ~~2022~~ **2023** . All shares of our Class A common stock and Class B common stock are freely tradable, except for certain limitations, including with respect to holding periods, on any shares purchased by our " affiliates " as defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. Further, 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. These sales **could** also ~~could~~ cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock. In addition, as of June 30, ~~2022~~ **2023** , we had ~~8~~ **27** , ~~977~~ **236** , ~~705~~ **428** shares of Class A common stock underlying restricted stock units that were awarded but not yet vested, and stock options outstanding that, if fully exercised, would result in the issuance of ~~33~~ **19** , ~~067~~ **961** , ~~483~~ **731** shares of Class B common stock and ~~28~~ **23** , ~~748~~ **037** , ~~443~~ **542** 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 with our directors, executive officers, and certain 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. As of June 30, ~~2022~~ **2023** , our directors, executive officers, and holders of more than 5 % of our common stock, and their respective affiliates, held a majority of the voting power of our capital stock. 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 collectively control a ~~substantial~~ majority of the combined voting power of our common stock and therefore are able to control ~~all~~ **a number of** 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 the IPO, 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. The dual class structure of our common stock may adversely affect the trading market for our Class A common stock. ~~Certain stock index providers, such as S & P Dow Jones, exclude companies with multiple classes of shares of common stock from being added to certain stock indices, including the S & P 500. In addition, several~~ **Several** 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 prevent the inclusion of our Class A common stock in such indices,~~ 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, and may result in large institutional investors not purchasing shares of our Class A common stock **and** ~~. Any exclusion from stock indices~~ could result in a less active trading market for our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock. We do not intend to pay dividends for the foreseeable future. We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. Additionally, our ability to pay dividends on our common stock is limited by the restrictions under the terms of our ~~loan~~ **credit agreement** and security agreement. 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 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, as the only way to realize any future 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 amended and restated bylaws may have the effect of delaying or preventing a merger, acquisition or other change of control of our company that the 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 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. Moreover, Section 203 of the ~~Delaware~~ 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 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 amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Moreover, 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. In April 2020, we amended and restated our restated bylaws to 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 **"**). Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or 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. In addition, 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 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. Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. It is therefore in the short seller' s interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer' s business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. 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 ~~reputation~~ **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 0 % Convertible Senior Notes due 2026 (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, ~~2022~~ **2023** , we had approximately $ 1. **8 billion in total indebtedness ($ 1.** 0 billion ~~in total indebtedness~~ **of which was the Notes)** and approximately $ ~~430~~ **400** . ~~1~~ **0** million of available borrowing capacity under **the revolving credit facility in** our Second Amended and Restated Credit Agreement ~~(after deducting $ 69. 9 million of outstanding letters of credit secured by the Revolver)~~ . Our subsidiaries had no outstanding **additional** indebtedness as of June 30, ~~2022~~ **2023** . The indenture governing the Notes does 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. 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 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 special interest, if any. In addition, upon conversion, we will 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 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. The accounting method for the Notes could adversely affect our reported financial condition and results. The accounting method for reflecting the Notes on our balance sheet, accruing interest expense for the Notes and reflecting the underlying shares of our Class A common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. Under applicable accounting principles, the initial liability carrying amount of the Notes is the fair value of a similar debt instrument that does not have a conversion feature, valued using our cost of capital for straight, non- convertible debt. We reflected the difference between the net proceeds from our offering of the Notes and the initial carrying amount as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the Notes. As a result of this amortization, the interest expense that we expect to recognize for the Notes for accounting purposes will be greater than the cash interest payments we will pay on the Notes, which will result in lower reported income or higher reported loss. The lower reported income or higher reported loss resulting from this accounting treatment could depress the trading price of our Class A common stock and the Notes. However, in August 2020, the Financial Accounting Standards Board published an Accounting Standards Update, which we refer to as ASU 2020- 06, that in certain cases will eliminate the separate accounting for the debt and equity components as described above. ASU 2020- 06 will be effective for SEC- reporting entities for fiscal years beginning after December 15, 2021 (or, in the case of smaller reporting companies, December 15, 2023), including interim periods within those fiscal years. However, early adoption is permitted in certain circumstances for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. When effective, we expect to qualify for the elimination of the separate accounting described above which, as a result, will reduce the interest expense that we expect to recognize for the Notes for accounting purposes. In addition, because we intend to settle conversions by paying the conversion value in cash up to the principal amount being converted and any excess in shares, we expect to be eligible to use the treasury stock method to reflect the shares underlying the Notes in our diluted earnings per share. Under this method, if the conversion value of the Notes exceeds their principal amount for a reporting period, ~~then~~ we will calculate our diluted earnings per share assuming that all the Notes were converted and that we issued shares of our Class A common stock to settle the excess. However, if reflecting the Notes in diluted earnings per share in this manner is anti- dilutive, or if the conversion value of the Notes does not exceed their principal amount for a reporting period, ~~then~~ the shares underlying the Notes will not be reflected in our diluted earnings per share. In addition, when accounting standards change in the future and we are not permitted to use the treasury stock method, ~~then~~ our diluted earnings per share may decline. ASU 2020- 06 amends these accounting standards, effective as of the dates referred to above, to eliminate the treasury stock method for convertible instruments and instead require application of the " if- converted " method. Under that method, diluted earnings per share would generally be calculated assuming that all the Notes were converted solely into shares of Class A common stock at the beginning of the reporting period, unless the result would be anti- dilutive. The application of the if- converted method may reduce our reported diluted earnings per share. Furthermore, if any of the conditions to the convertibility of the Notes is satisfied, ~~then~~ we may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than a long- term, liability. This reclassification could be required even if no noteholders convert their Notes and could materially reduce our reported working capital. The capped call transactions may affect the value of the Notes and our Class A common stock. In connection with the Notes, we entered into capped call transactions with certain financial institutions (the **"** option counterparties **"**). The capped call transactions are expected generally to reduce the potential dilution to our Class A common stock upon any conversion of the Notes and / or offset any potential cash payments we are required to make in excess of the principal amount upon conversion of any Notes, with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, the option counterparties and / or their respective affiliates purchased shares of our Class A common stock and / or entered into various derivative transactions with respect to our Class A common stock. This activity could have increased (or reduced the size of any decrease in) the market price of our Class A common stock or the Notes at that time. In addition, the option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and / or purchasing or selling our Class A common stock in secondary market transactions (and are likely to do so following any conversion of Notes, any repurchase of the Notes by us on any fundamental change repurchase date, any redemption date or any other date on which the Notes are retired by us). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the Notes. The potential effect, if any, of these transactions and activities on the market price of our Class A common stock or the Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock. We are subject to counterparty risk with respect to the capped call transactions, and the capped call may not operate as planned **.** The option counterparties are financial institutions, and we will be subject to the risk that they might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions, including the bankruptcy filing by Lehman Brothers Holdings Inc. and its various affiliates. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated with increases in the market price or the volatility of our Class A common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our Class A common stock. We can provide no assurances as to the financial stability or viability of any option counterparty. In addition, the capped call transactions are complex, and they may not operate as planned. For example, the terms of the capped call transactions may be subject to adjustment, modification or, in some cases, renegotiation if certain corporate or other transactions occur. Accordingly, these transactions may not operate as we intend if we are required to adjust their terms as a result of transactions in the future or upon unanticipated developments that may adversely affect the functioning of the capped call transactions. 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 **operating** results ~~of operations~~ and impair our ability to satisfy our obligations under applicable debt agreements. As of June 30, ~~2022~~ **2023** , we had $ 1. 8 billion of indebtedness. We may also incur additional indebtedness to meet future financing needs. 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. In addition, our existing credit facilities contain, 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 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 ~~to~~ 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.