

PELOTON

A Peloton studio with a wooden ceiling and large windows. In the foreground, a person's arm and hand in a black boxing glove are visible on the right. In the background, four people in white tank tops and shorts are exercising: one on a treadmill, one in a boxing stance, one standing with arms raised, and one doing a plank. The lighting is warm and golden.

Earnings Update
Q3 FY2026

Disclaimer

SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this presentation, other than statements of historical fact, including, without limitation, statements regarding our expected financial results for the fourth quarter of and the full fiscal year 2026; the scope, impact and anticipated costs associated with the Original Series Bike+ recall; our execution of and timing of and the expected benefits from our restructuring initiatives and cost-saving measures; the cost savings and other efficiencies of expanding relationships with our third-party partners; the launch of new products and services; our new initiatives with retailer partners and our efforts to optimize our retail showroom footprint; the prices of our products and services; our future operating results and financial position, including our ability to achieve and maintain our Free Cash Flow, revenue, gross margin, adjusted EBITDA, and subscription targets; our profitability; our business strategy and plans and our ability to achieve them, market growth, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "potential," "continue," "anticipate," "intend," "expect," "could," "would," "project," "plan," "target," and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions.

We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, assumptions, and other important factors that could cause actual results to differ materially from those stated, including, without limitation: our ability to successfully execute our business strategy; our ability to achieve and maintain future profitability and positive free cash flow; our ability to attract and maintain Subscribers; our ability to accurately forecast consumer demand of our products and services and adequately manage our inventory; our ability to execute and achieve the expected benefits of our restructuring initiatives and other cost-saving measures on our anticipated timeline, and whether our efforts will result in further actions or additional asset impairment charges that adversely affect our business; our ability to effectively manage our growth and costs; our ability to anticipate consumer preferences and successfully develop and offer new products and services in a timely manner, and effectively manage the introduction of new or enhanced products and services; demand for our products and services and growth of the connected fitness and wellness markets; our ability to maintain the value and reputation of the Peloton brand; disruptions or failures of our information technology systems or websites, or those of third parties on whom we rely; our reliance on a limited number of suppliers, contract manufacturers, and logistics partners for our Connected Fitness Products; our lack of control over suppliers, contract manufacturers, and logistics partners for our Connected Fitness Products; our ability to predict our long-term performance and changes to our revenue as our business matures; any declines in sales of our Connected Fitness Products; the effects of increased competition in our markets and our ability to compete effectively; our dependence on third-party licenses for use of music in our content; actual or perceived defects in, or safety of, our products, including any impact the Original Series Bike+ recall, other product recalls, quality improvement or similar programs or legal or regulatory claims, proceedings or investigations involving our products; increases in component costs, long lead times, supply shortages or other supply chain disruptions; accidents, safety incidents or workforce disruptions; seasonality or other fluctuations in our quarterly results; our ability to generate class content; risks related to acquisitions or dispositions and our ability to integrate any such acquired companies into our operations and control environment, including Precor; risks related to expansion into international markets; risks related to payment processing, cybersecurity, or data privacy; risks related to artificial intelligence ("AI") and our integration of AI into our products, services and business operations; risks related to our Peloton Apps and their ability to work with a range of mobile and streaming technologies, systems, networks, and standards; our ability to effectively price and market our Connected Fitness Products and subscriptions; any inaccuracies in, or failure to achieve, operational and business metrics or forecasts of market growth; our ability to maintain effective internal control over financial and management systems; impacts from warranty claims or product returns; our ability to maintain, protect, and enhance our intellectual property; our ability to comply with laws and regulations that currently apply or become applicable to our business both in the United States and internationally; risks related to changes in global trade policies, including our ability to mitigate the effects of tariffs and other non-tariff restrictions, such as taxes, quotas, local content rules, customs detentions and other protectionist measures, and our ability to obtain any tariff refunds or rebates; our reliance on third parties for computing, storage, processing and similar services and delivery and installation of our products; our ability to attract and retain highly skilled personnel and maintain our culture; risks related to our common stock and indebtedness; and those risks and uncertainties described in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, as such risks and uncertainties may be updated in our filings with the Securities and Exchange Commission, which are available on the Investor Relations page of our website at <https://investor.onepeloton.com/investor-relations> and on the SEC website at www.sec.gov. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Our forward-looking statements speak only as of the date of this presentation, and we undertake no obligation to update any of these forward-looking statements for any reason after the date of this presentation or to conform these statements to actual results or revised expectations, except as required by law.

Disclaimer (cont'd)

NON-GAAP FINANCIAL MEASURES

This presentation includes references to non-GAAP financial measures, including Adjusted EBITDA, Trailing Twelve Months Adjusted EBITDA, Free Cash Flow, Trailing Twelve Months Free Cash Flow, Adjusted Operating Expenses, Adjusted Operating Expenses % of Total Revenue, Net Debt, Gross Principal Debt Outstanding, Net of Cash and cash equivalents, Gross Leverage Ratio, and Net Leverage Ratio. We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our recurring core business operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures should be read in conjunction with the Company's financial statements prepared in accordance with GAAP. The reconciliations of each non-GAAP financial measure to the corresponding GAAP measure should be carefully evaluated. See the Financial Appendix for reconciliations of historical non-GAAP financial measures included in this presentation to the nearest GAAP financial measure. We are not able to provide a reconciliation of these non-GAAP financial measures to their comparable GAAP financial measures on a forward-looking basis without unreasonable efforts including, because, of the inherent difficulties in forecasting certain amounts that affect Net income (loss) and Adjusted EBITDA, and Net cash provided by (used in) operating activities and Free Cash Flow. As a result, we do not believe that a GAAP reconciliation would provide meaningful supplemental information about our outlook.

Our purpose

**Empower people to live fit, strong,
long, and happy**

Our mission

**Bring integrated fitness and wellness
experiences to Members anytime, anywhere**

Four strategic pillars

Improve Member outcomes

Meet Members everywhere

Members for life

Business excellence

Key Results

Q3 FY2026

PELOTON

Revenue

\$631m

▲ 1% YoY

Above
(\$605m-\$625m guidance)

Gross Margin

52%

▲ 90 bps YoY

Below
(54% guidance)

Adj. EBITDA¹

\$126m

▲ 41% YoY

In-line
(\$120m-\$135m guidance)

Free Cash Flow¹

\$151m

▲ 59% YoY

Connected Fitness
Subscriptions²

2.662m

▼ -7.6% YoY

In-line
(2.650m-2.675m guidance)

1. Non-GAAP measure. See Financial Appendix for reconciliation of GAAP to non-GAAP measures.
2. Ending Paid Connected Fitness Subscriptions.

Commercial Business Unit

Achieved double digit revenue growth and announced upcoming release of the Commercial Series, Peloton's first-ever Bike and Tread designed for high-traffic gym environments



Commercial Business Unit Revenue

▲ **14%**
YoY

Renderings of Peloton Commercial Series, expected to be launched Q2 FY27.

Content Licensing with Spotify

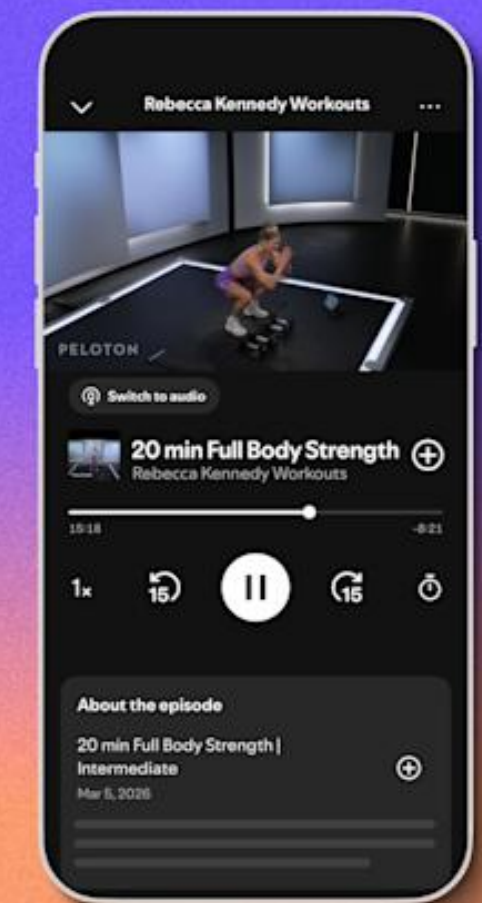
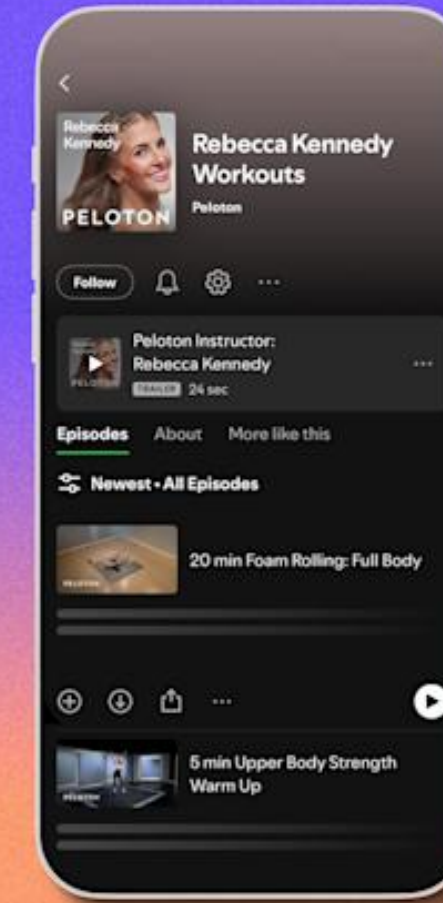
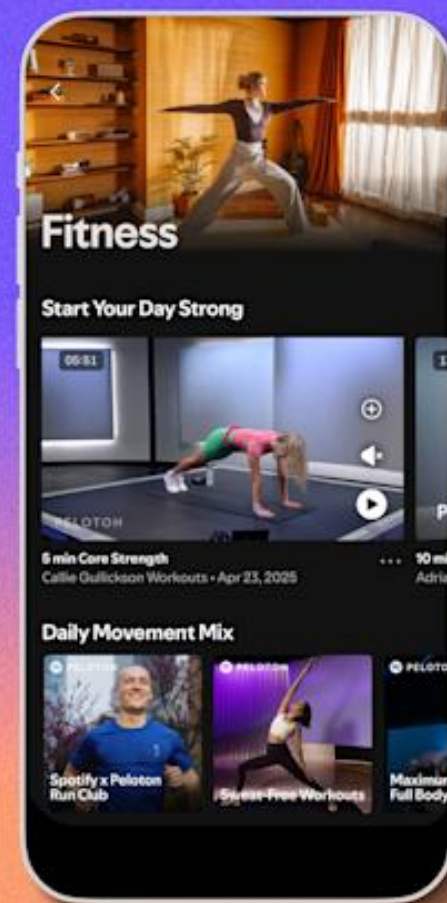
Peloton featured on Spotify's Fitness platform in most countries where Spotify is available



1,400 classes

and growing

A curated collection of Strength, Pilates, Barre, Yoga, Stretching, Meditation, Floor Cardio, and Outdoor classes



01 Third Quarter Fiscal 2026 Results

Revenue

Delivered positive revenue growth YoY

Q3 Total Revenue

▲ **\$631m**
\$7m / 1% YoY

Q3 Subscription Revenue

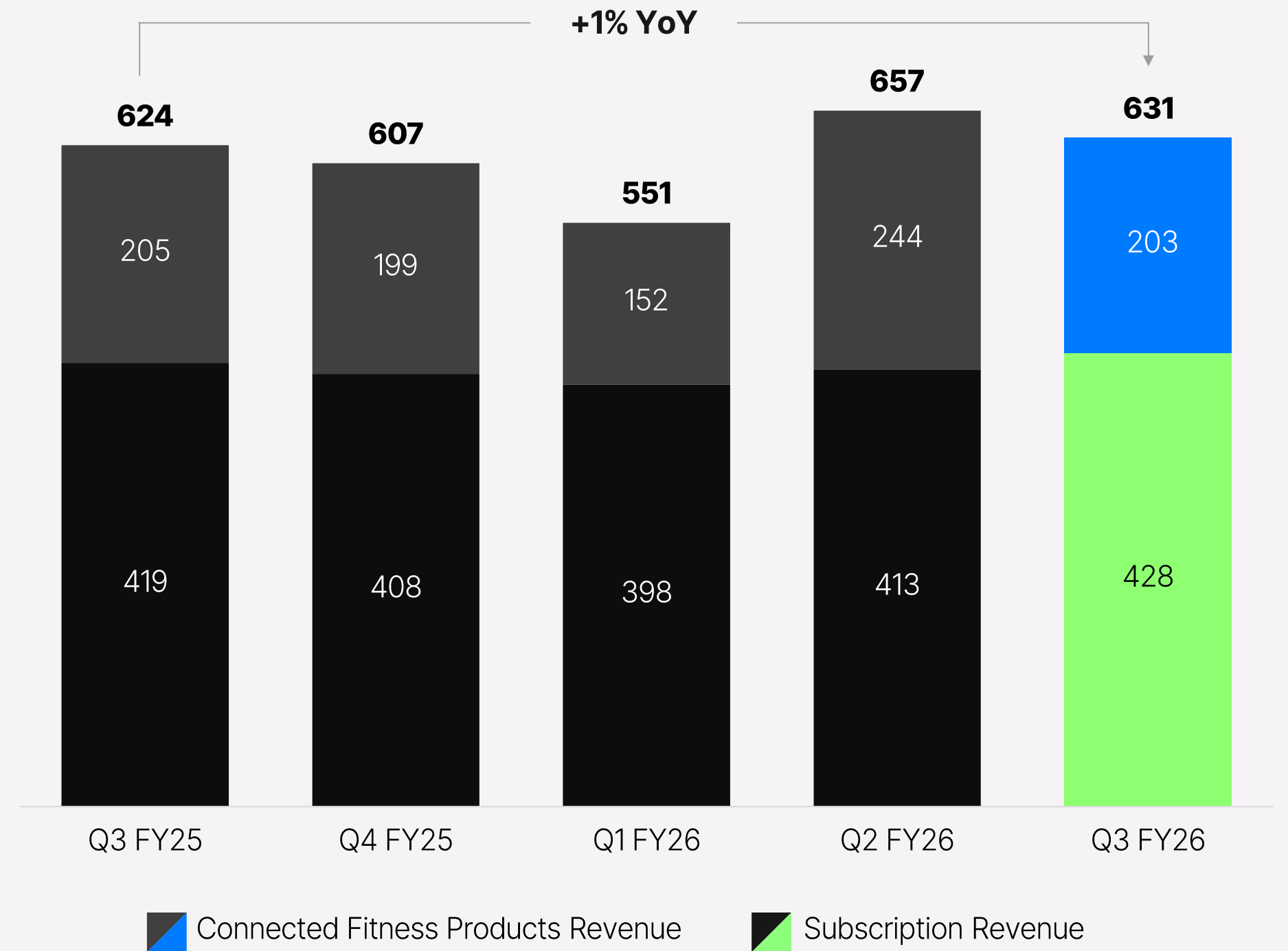
▲ **\$428m**
\$9m / 2% YoY

Q3 Connected Fitness Products Revenue

▼ **\$203m**
-\$3m / -1% YoY

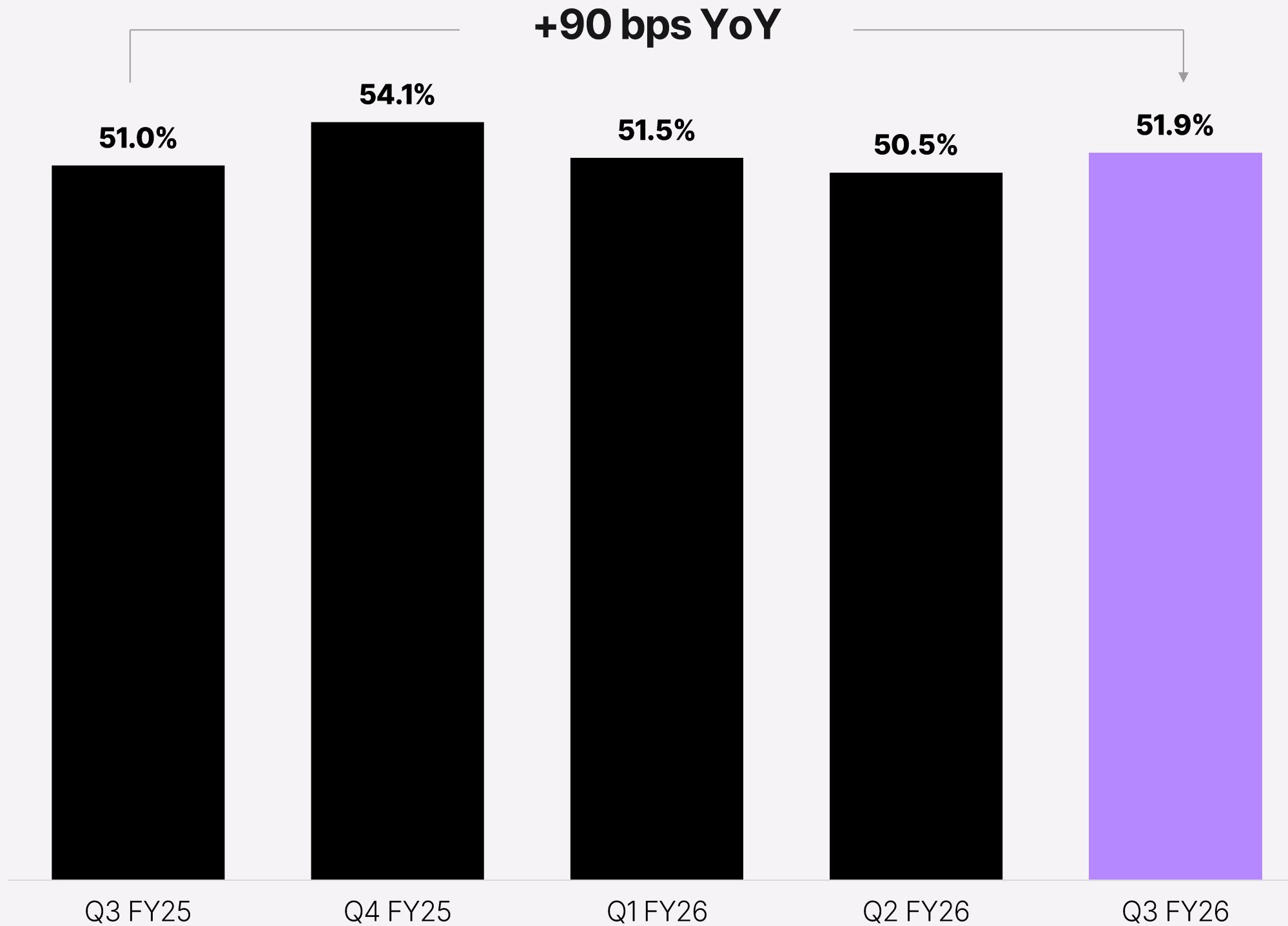
PELOTON

(\$m)



Total Gross Margin

Increased 90 bps YoY¹



Q3 Total Gross Profit

 **\$327m**

\$9m / 3% YoY

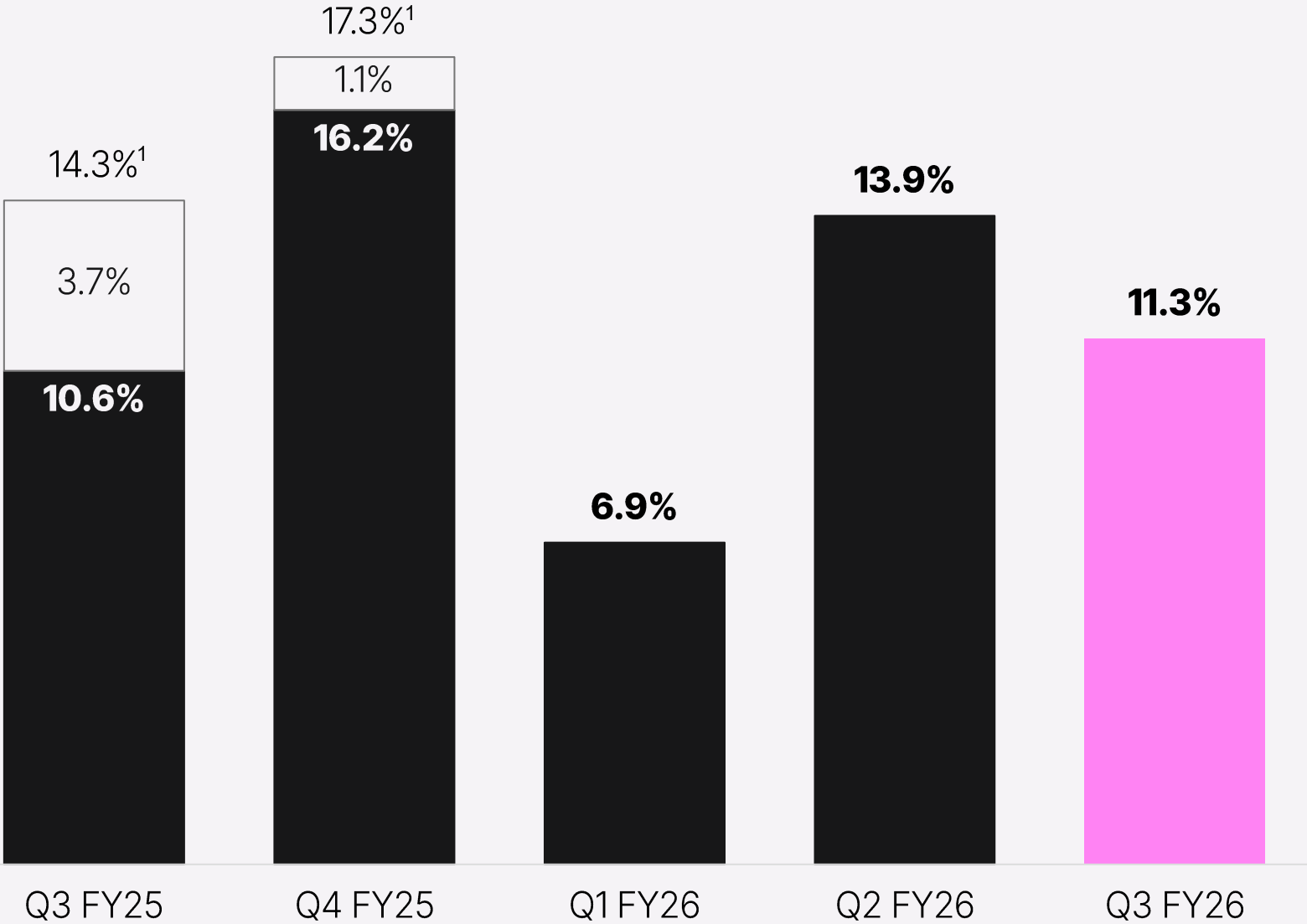
1. Beginning in Q1 FY26, the Company now assigns executive compensation and other corporate overhead costs associated with our corporate facilities to the various expense captions that these costs relate to. For a reconciliation of Total Gross Margin for Q3 FY25 and Q4 FY25 to the revised amounts inclusive of allocated overhead costs, refer to the reconciliation tables in the Financial Appendix.

Segment Adjusted Gross Margins¹

Segment Adjusted Gross Margins Increased YoY

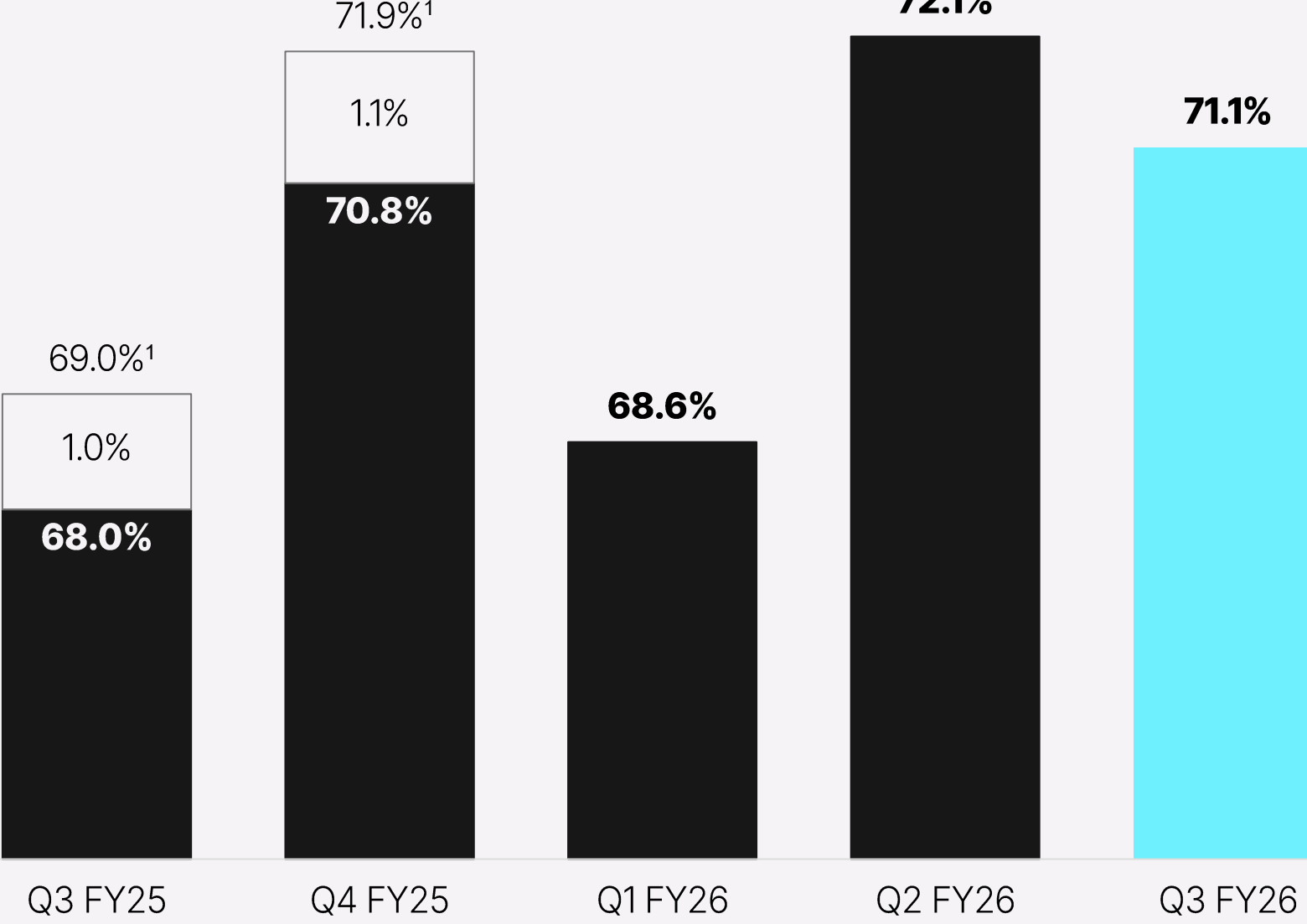
Q3 Connected Fitness Products Adj. Gross Margin¹

11.3%
+70 bps YoY¹



Q3 Subscription Adj. Gross Margin¹

71.1%
+310 bps YoY¹



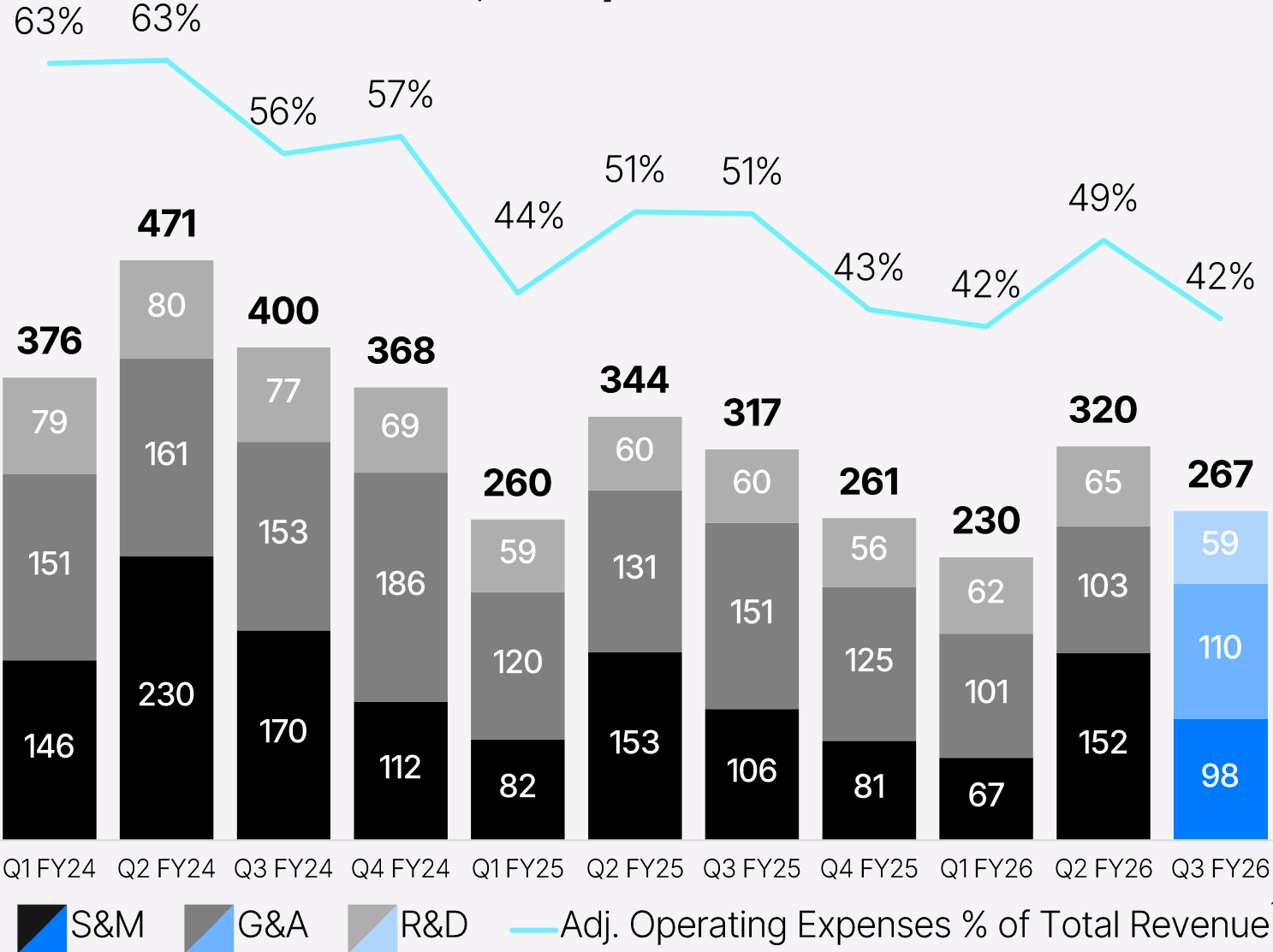
1. Beginning in Q1 FY26, the Company now assigns executive compensation and other corporate overhead costs associated with our corporate facilities to the various expense captions that these costs relate to. For a reconciliation of our reported segment gross margins to the Segment Adjusted Gross Margins for Q3 FY25 and Q4 FY25, refer to the reconciliation tables in the Financial Appendix.

Operating Expenses and SBC

On track to achieve at least \$100m of run-rate cost savings in FY26

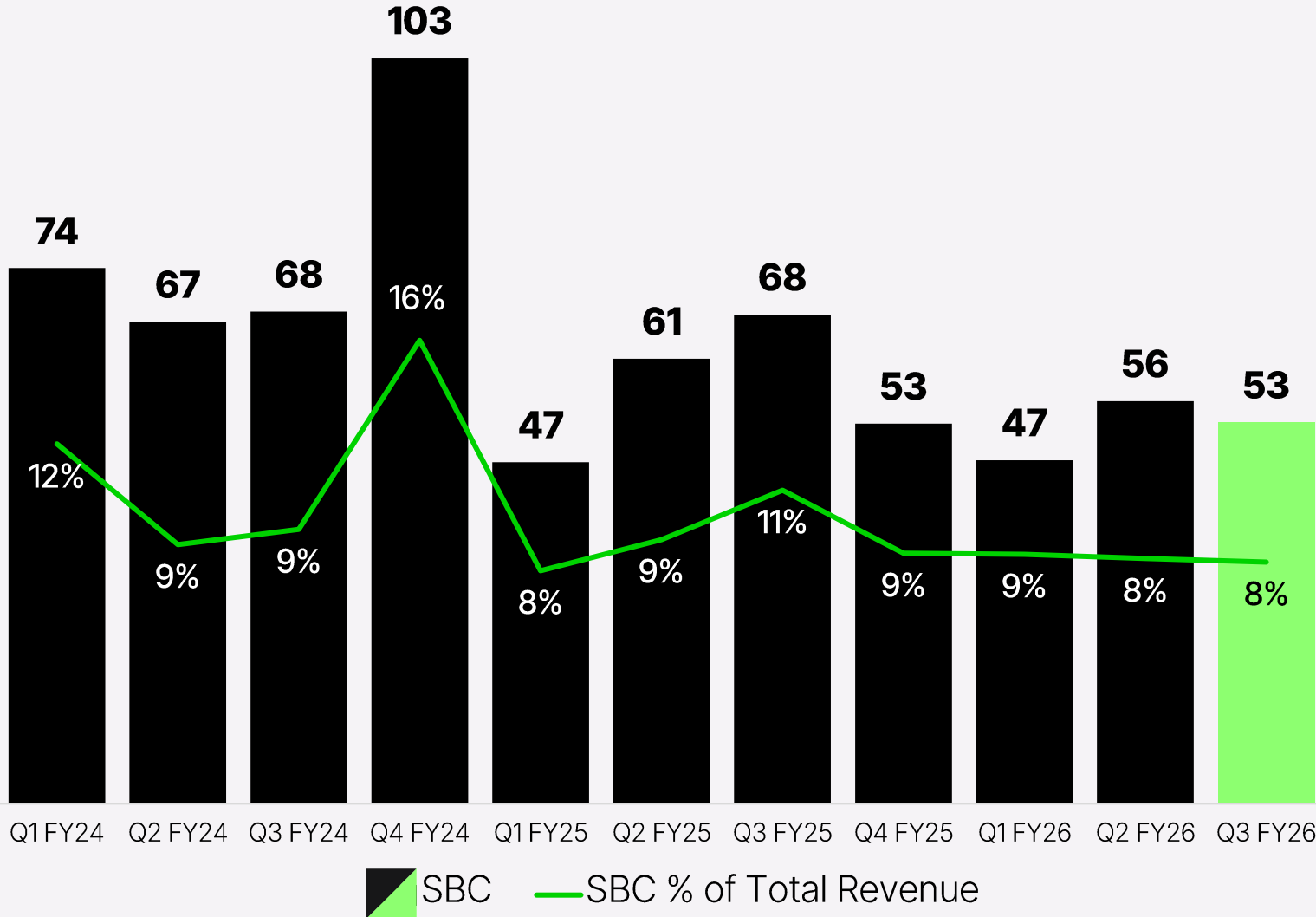
Q3 Adj. Operating Expenses¹ (\$m)

\$267m
-\$50m / -16% YoY



Q3 Stock-Based Compensation Expense (\$m)

\$53m
-\$15m / -22% YoY



1. Non-GAAP measure. See Financial Appendix for reconciliation of GAAP to non-GAAP measures. Excludes restructuring, impairment, and supplier settlements.

Profitability

Gains driven by disciplined cost management

Q3 Adjusted EBITDA¹

\$126m
 ▲ +\$37m / 41% YoY

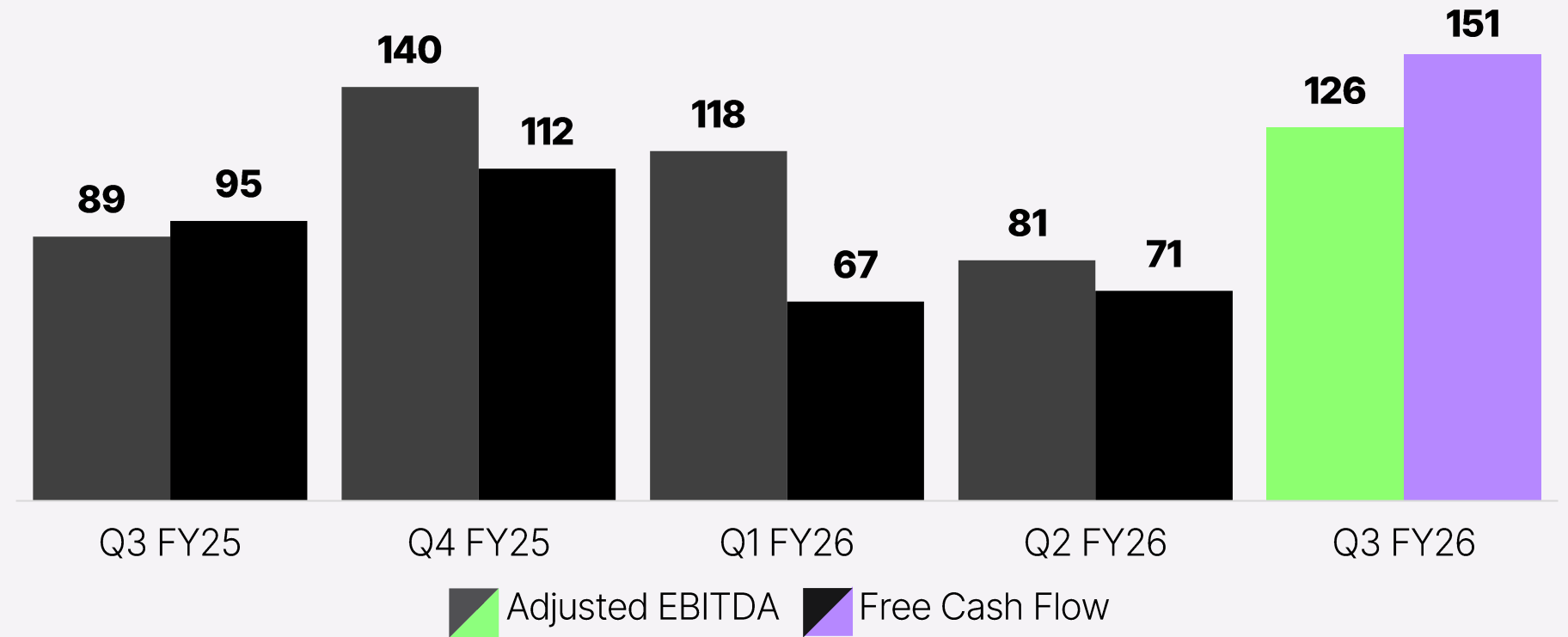
Q3 Free Cash Flow¹

\$151m
 ▲ +\$56m / 59% YoY

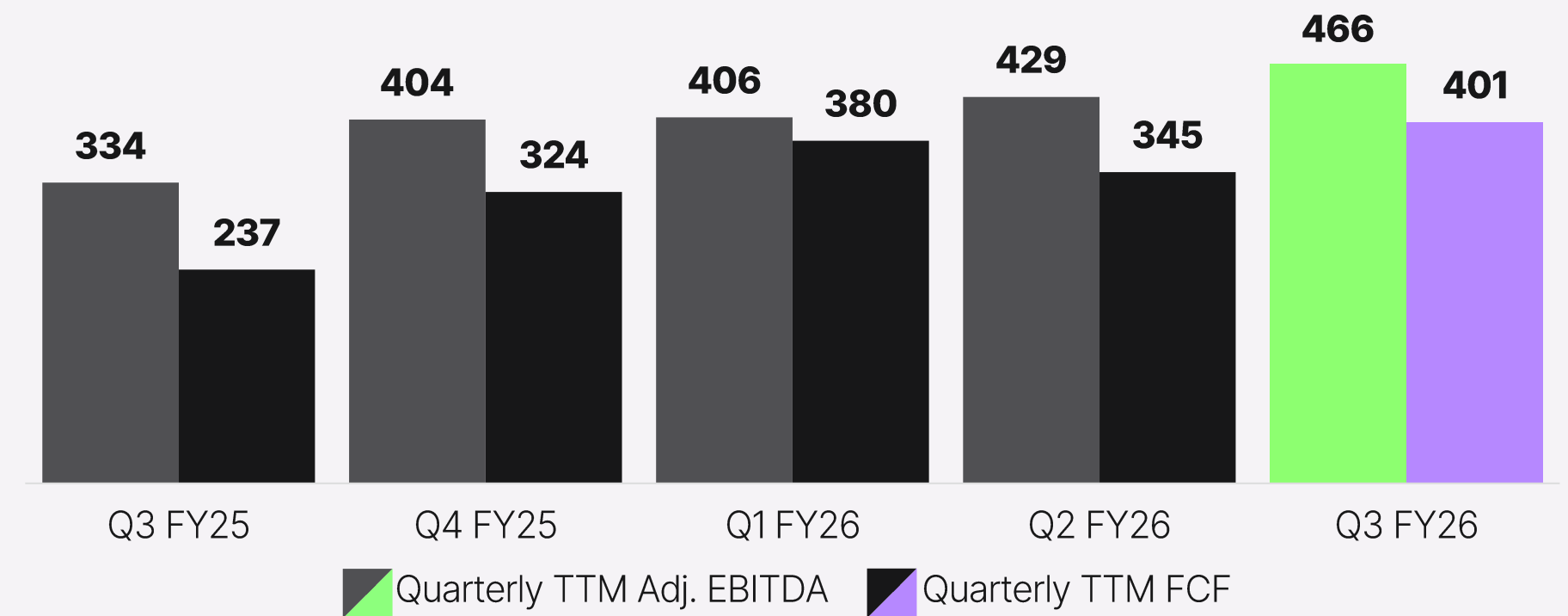
1. Non-GAAP measure. See Financial Appendix for reconciliation of GAAP to non-GAAP measures
 2. Trailing twelve months ('TTM')

PELOTON

Quarterly Adj. EBITDA / Free Cash Flow¹ (\$m)

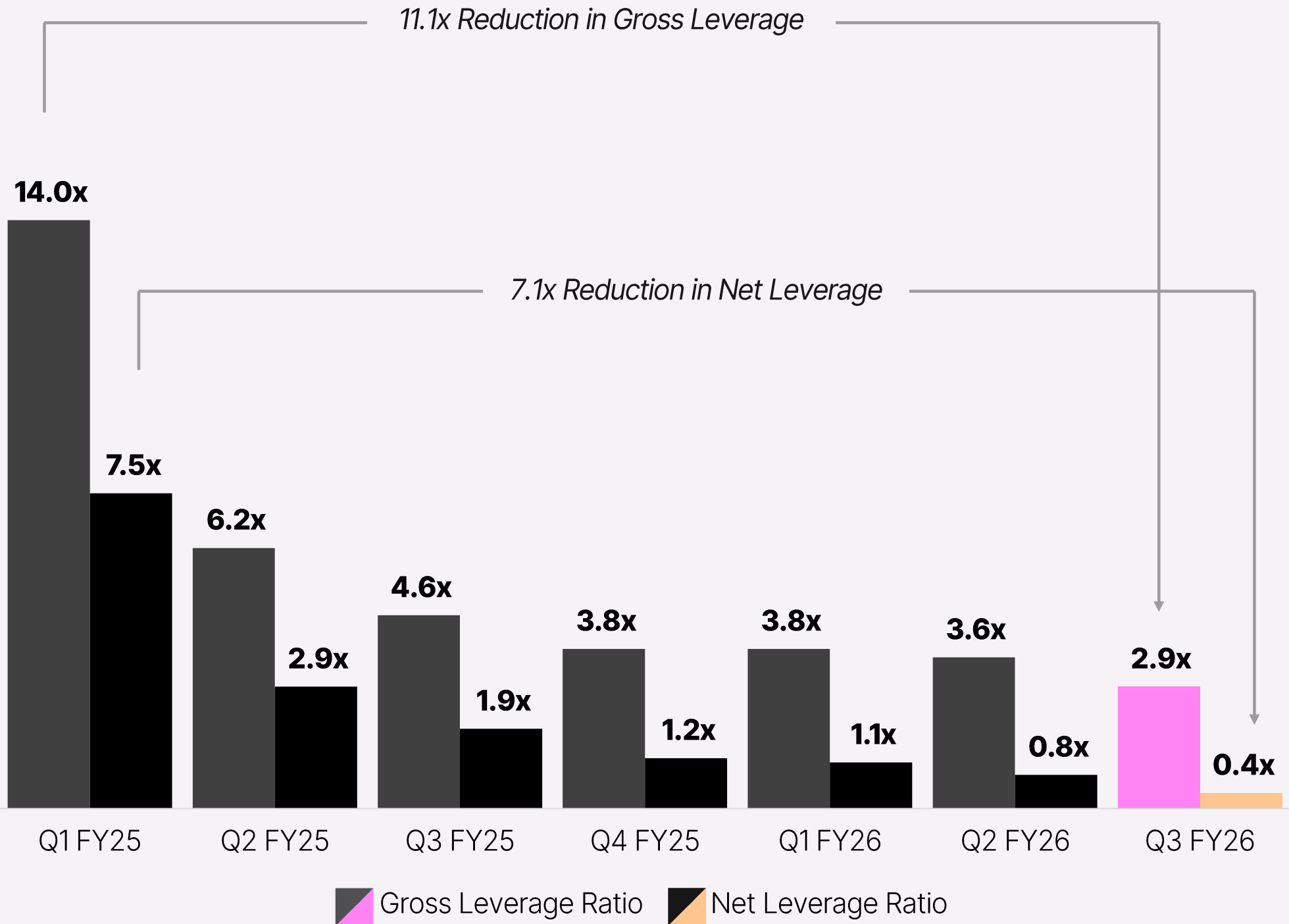


Quarterly TTM² Adj. EBITDA / TTM Free Cash Flow¹ (\$m)



Balance Sheet

Meaningful deleveraging enabling next phase of strategic capital allocation



Q3 Net Debt¹

\$173m
 -\$412m / -70% YoY

Q3 Gross Leverage Ratio¹

2.9x
 -1.7x YoY

Q3 Net Leverage Ratio¹

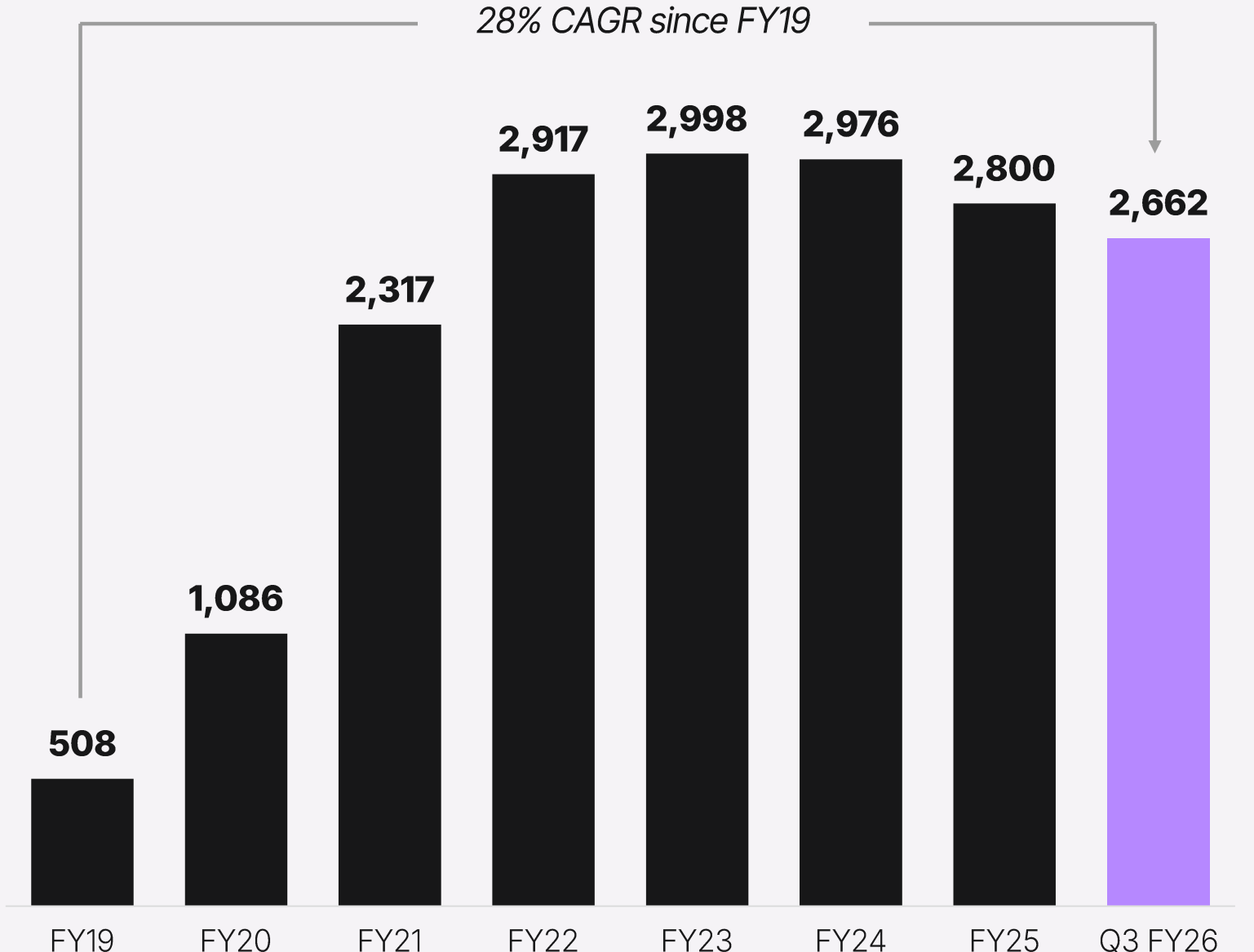
0.4x
 -1.5x YoY

1. Non-GAAP measure. See Financial Appendix for reconciliation of GAAP to non-GAAP measures

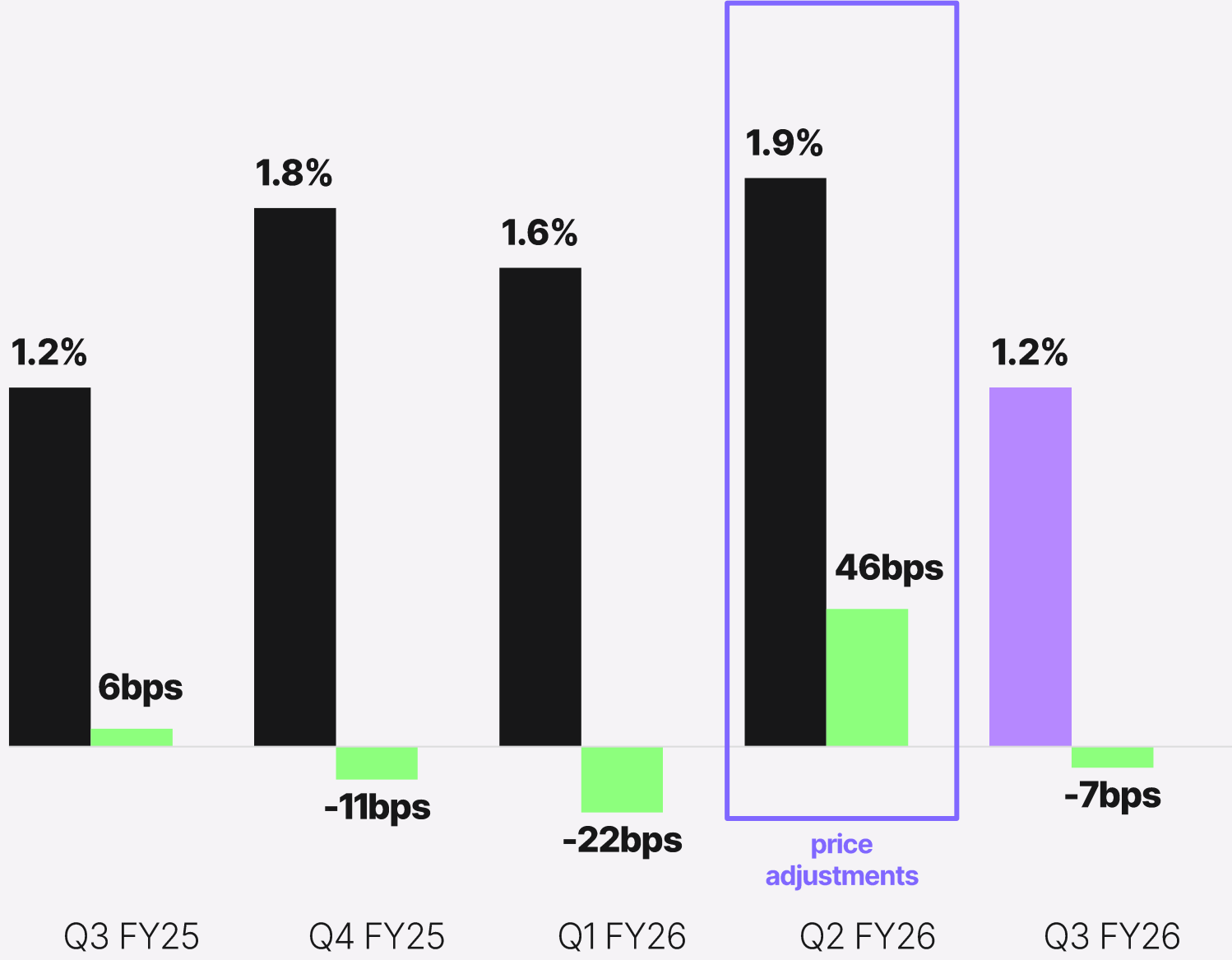
Ending Paid Connected Fitness Subscriptions

Average Net Monthly Paid Connected Fitness Subscription Churn improved year-over-year

Ending Paid Connected Fitness Subscriptions (000s)^{1,2}



Avg. Net Monthly Paid Connected Fitness Subscription Churn¹



1. Beginning January 1, 2025, the Company migrated its subscription data model for reporting Ending Paid Connected Fitness Subscriptions and Average Net Monthly Paid Connected Fitness Subscription Churn to a new data model that provides greater visibility to any change to a subscription's payment status when it occurs. The new model gives the Company more precise and timely data on subscription pause and churn behavior. Information prior to Q3 FY25 has been revised to conform with the current period presentation. The impact of this change in the model on Ending Paid Connected Fitness Subscriptions and Average Net Monthly Paid Connected Fitness Subscription Churn for the periods in FY25 and prior is immaterial.

2. Beginning July 1, 2024, the Company no longer included paused Connected Fitness subscriptions in Ending Paid Connected Fitness Subscriptions and began treating a pause as a churn event in Average Net Monthly Paid Connected Fitness Subscription Churn. All figures above exclude paused Connected Fitness Subscriptions. Please refer to the FY2023 10-K for more information about this metric change.

Average Net Monthly Paid Connected Fitness Subscription Churn

YoY bps change

03 Outlook

Outlook for Full Year FY26

	As Reported	Full Year FY26 Guide		% Change (Midpoint)
	FY25	Low	High	YoY
<u>Financial Results (\$m)</u>				
Total Revenue	\$2,491	\$2,420	\$2,440	-2%
Total Gross Margin ¹	50.9%	~52.5%		160 bps
Adjusted EBITDA ²	\$404	\$470	\$480	18%
Free Cash Flow ²	\$324	~\$350		8%
<u>User Metrics (m)</u>				
Ending Paid Connected Fitness Subscriptions	2.800	2.550	2.570	-8.6%

1. Beginning in the first quarter of 2026, the Company now assigns executive compensation and other corporate overhead costs associated with our corporate facilities to the various expense captions that these costs relate to. As a result, FY26 Total Gross Margin guidance is inclusive of assigned overhead costs and is not comparable to prior periods. Additionally, the Company changed its measure of segment profitability to Segment Adjusted Gross profit, defined as Revenue less Adjusted Cost of revenue incurred by the segment, which is inclusive of allocated overhead costs, for all periods presented. For a reconciliation of Total Gross Margin for FY25 to the revised amount inclusive of allocated overhead costs, refer to the reconciliation tables in the section titled "Change in Segment Measure of Profitability."

2. Non-GAAP measure. See Financial Appendix for reconciliation of GAAP to non-GAAP measures for FY25.

Webcast Information

We will host a live call at 8:30 a.m. ET on Thursday, May 7, 2026 to discuss our financial results. To avoid delays, we encourage participants to register at least 15 minutes before the start of the call.

A live webcast of the call and our earnings presentation will be available at <https://investor.onepeloton.com/news-and-events/events>, and a replay will be available on the investor relations page of the Company's website for 30 days.

02 Our Business

World Class Equipment

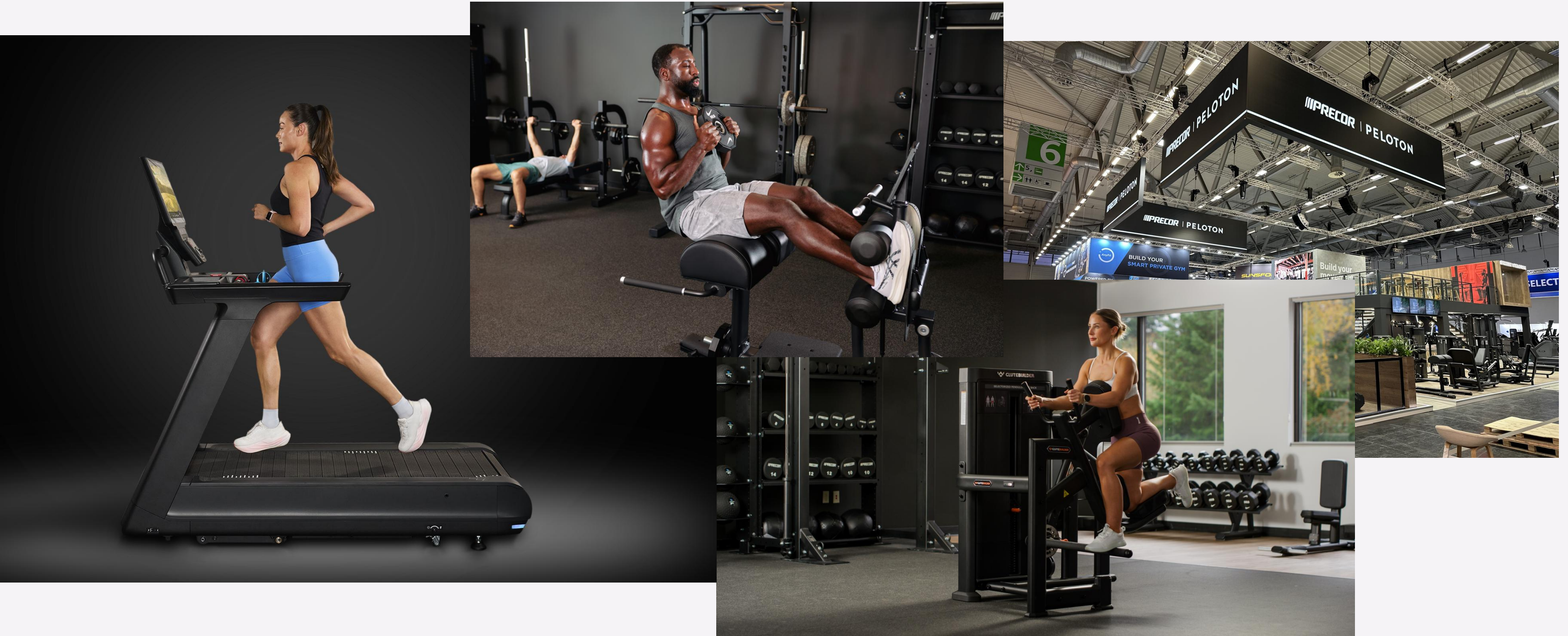
Our equipment has an average NPS above 70¹



1. NPS measured using Q3 FY26 NPS for all Original Series equipment, except Original Series Tread+ due to smaller survey sample size, which uses Q2 FY26 NPS.

World Class Equipment

Commercial Business Unit serves 80,000+ facilities across 60+ countries



Engaging Content

Expert Instructors teach live and on-demand

Expansive Content Library: Currently over 50,000 live and on-demand classes across more than 15 disciplines, ensuring fresh, daily engagement for every fitness level

World-Class Talent: Over 50 premier Instructors leading 100+ structured programs designed to drive habit formation and long-term retention

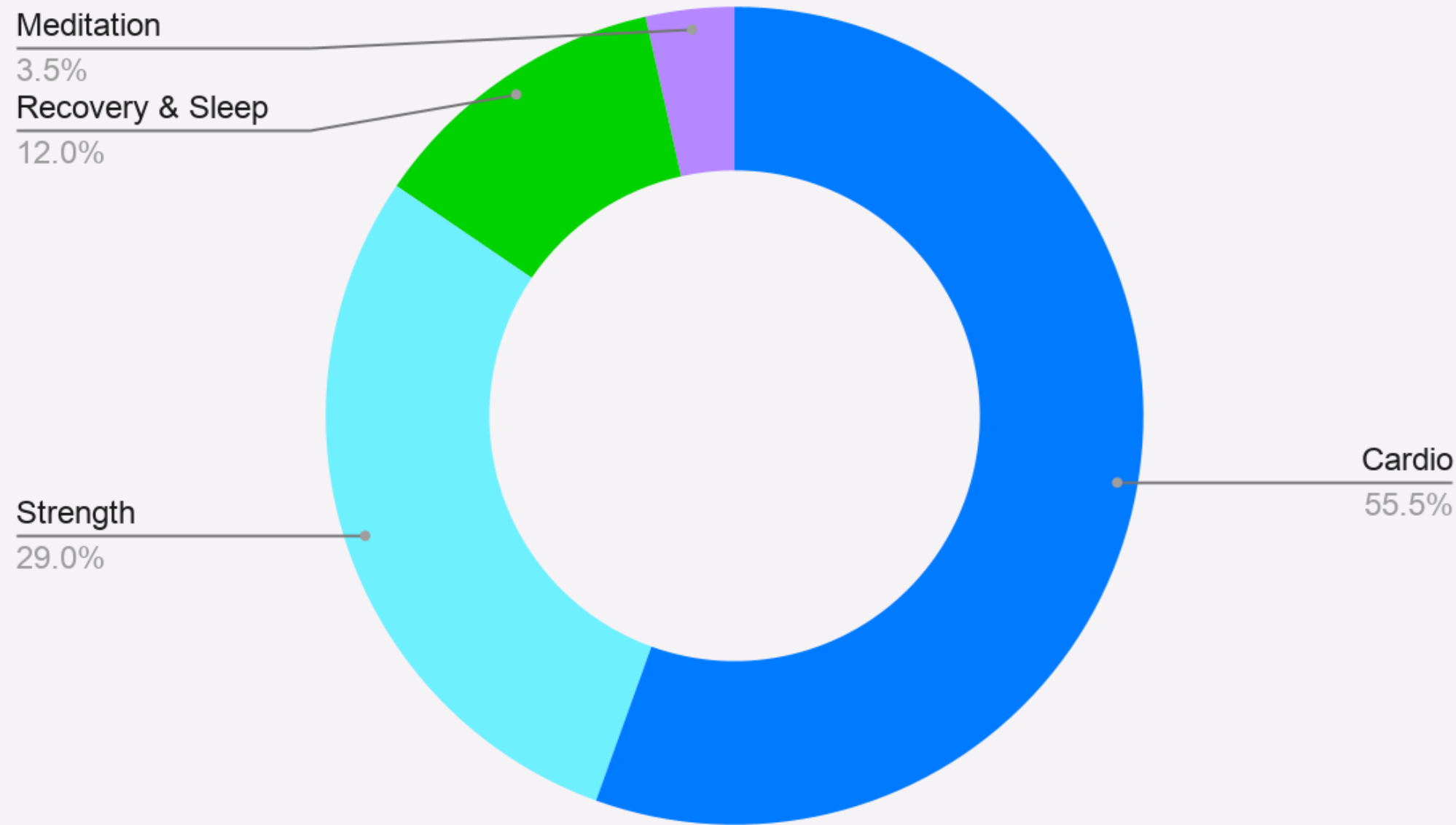
Entertainment and Scenic: Stream movies and TV or virtually visit iconic locations around the world, with real-time metrics and guided workouts in the background

Scalable Global Reach: Content localized into 3 languages; piloting AI dubbing for more efficient translation



Diversified Member Engagement

Q3 FY26 Proportion of Workouts by Discipline



Pilates engagement increased

+48%

year-over-year in Q3

More than 400,000 Members completed a workout from the new HiLit training plan (mix of Strength, Pilates, Tread, and Mobility classes)

Cardio: Boxing, Cardio, Cycling, Outdoor, Row, Running, and Walking

Meditation: Meditation (excluding Sleep Meditation)

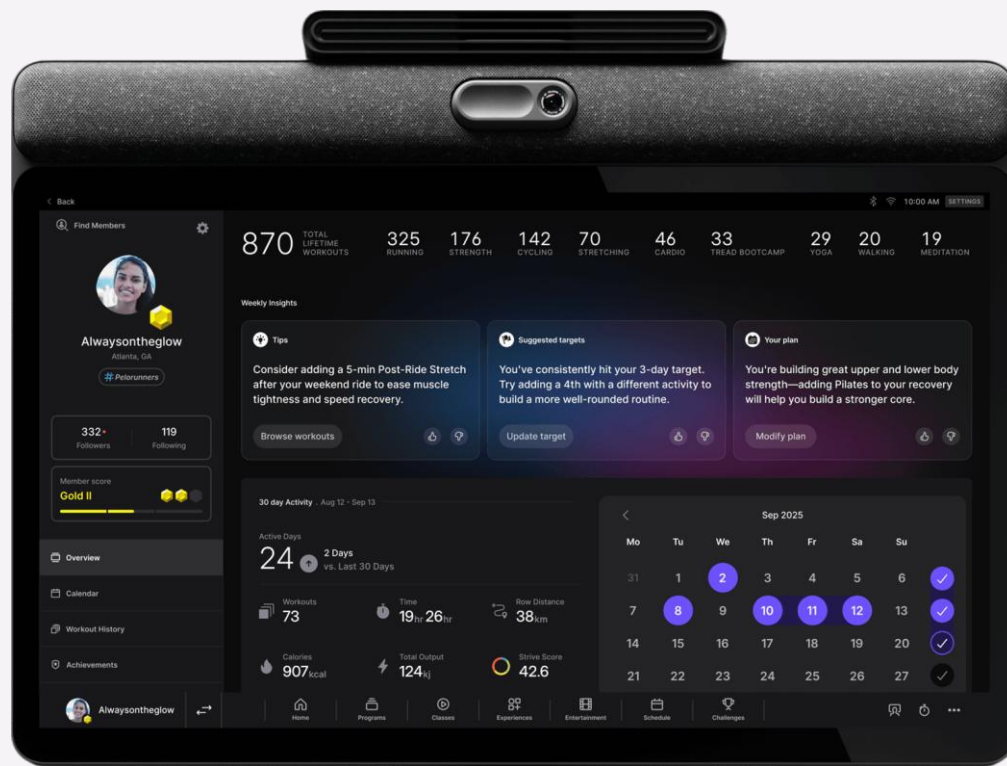
Recovery & Sleep: Stretching and Sleep Meditation

Strength: Barre, Bike Bootcamp, Pilates, Row Bootcamp, Strength, Tread Bootcamp, Yoga, and Strength+ content

Intuitive Software

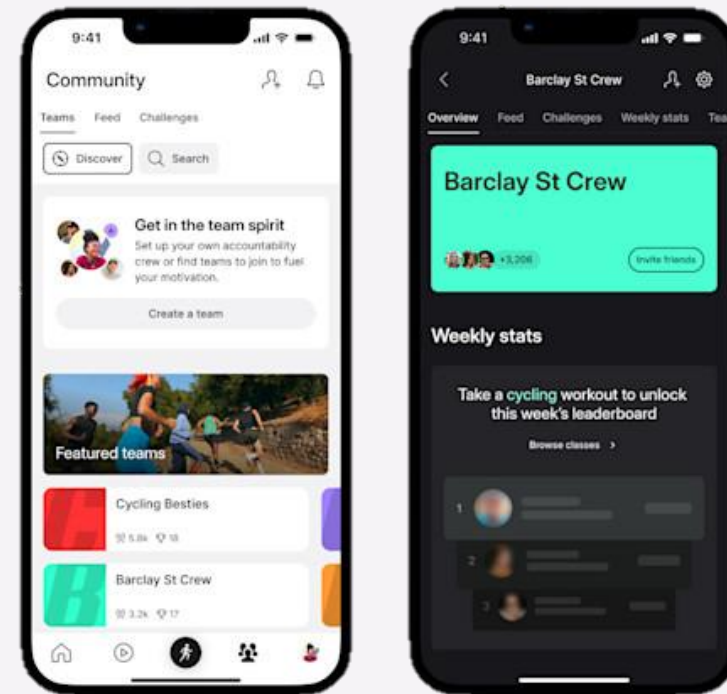
Peloton IQ, Teams, and Club Peloton designed to keep Members engaged

Peloton IQ



Data-driven coaching and personalized insights to optimize Member training, performance, and recovery

Teams



Social engagement engine driving accountability and lower churn through user-created micro-communities

Club Peloton



Gamified reward system designed to incentivize daily active usage, consistency, and milestone achievements

04 Financial Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Non-GAAP Financial Measures

	Quarter Ended					Trailing Twelve Months ("TTM") Ended ⁽¹⁾				
	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
	(in millions)									
Net (loss) income	\$ (47.7)	\$ 21.6	\$ 13.9	\$ (38.8)	\$ 26.4	\$ (171.0)	\$ (118.9)	\$ (104.1)	\$ (50.9)	\$ 23.2
Adjusted to exclude the following:										
Total other expense, net	14.5	7.0	26.7	24.7	25.6	93.0	79.3	93.4	72.9	84.0
Net gain on debt refinancing	—	—	—	—	—	(53.6)	—	—	—	—
Income tax expense (benefit)	0.8	1.0	0.7	(0.2)	0.4	2.5	3.4	3.2	2.3	1.9
Depreciation and amortization expense	21.2	20.8	16.8	15.4	13.6	94.6	89.7	81.6	74.2	66.5
Stock-based compensation expense	67.6	52.5	47.5	54.6	52.7	281.7	228.8	229.1	222.2	207.3
Impairment expense	30.7	11.8	8.3	23.0	3.4	62.9	64.1	67.5	73.7	46.5
Restructuring expense	2.4	25.2	4.4	2.7	4.1	5.8	33.8	35.3	34.7	36.4
Supplier settlements	—	—	—	—	—	23.2	23.5	—	—	—
Product recalls	—	—	—	—	—	(5.8)	—	—	—	—
Litigation and settlement expenses	—	—	—	—	—	0.6	—	—	—	—
Adjusted EBITDA ⁽²⁾	<u>\$ 89.4</u>	<u>\$ 140.0</u>	<u>\$ 118.3</u>	<u>\$ 81.4</u>	<u>\$ 126.2</u>	<u>\$ 333.9</u>	<u>\$ 403.6</u>	<u>\$ 406.0</u>	<u>\$ 429.0</u>	<u>\$ 465.8</u>

(1) Trailing Twelve Month ("TTM") Adjusted EBITDA is computed by summing our reported Adjusted EBITDA for the trailing four fiscal quarters.

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

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

Non-GAAP Financial Measures

	Quarter Ended					Trailing Twelve Months ("TTM") Ended ⁽¹⁾				
	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
	(in millions)									
Net cash provided by operating activities	96.7	117.1	71.9	71.9	152.7	248.6	333.0	392.4	357.6	413.6
Capital expenditures	(2.1)	(4.7)	(4.5)	(0.9)	(2.2)	(11.3)	(9.3)	(12.0)	(12.2)	(12.3)
Free Cash Flow ⁽²⁾	<u>\$ 94.7</u>	<u>\$ 112.4</u>	<u>\$ 67.4</u>	<u>\$ 71.0</u>	<u>\$ 150.5</u>	<u>\$ 237.3</u>	<u>\$ 323.7</u>	<u>\$ 380.4</u>	<u>\$ 345.5</u>	<u>\$ 401.3</u>

(1) Trailing Twelve Month ("TTM") Free Cash Flow is computed by summing our reported Free Cash Flow for the trailing four fiscal quarters.

(2) We define Free Cash Flow as Net cash provided by (used in) operating activities less Capital expenditures.

Change in Segment Measure of Profitability

Beginning in Q1 FY26, the Company changed its measure of segment profitability to Segment Adjusted Gross profit to better align with the manner in which our chief operating decision maker evaluates segment performance and makes resource allocation decisions. Segment Adjusted Gross profit is defined as Revenue less Adjusted Cost of revenue incurred by the segment. Adjusted Cost of revenue includes costs directly related to the function of each segment, including certain corporate overhead costs, such as a portion of depreciation, rent and occupancy charges related to the Company's corporate facilities, and personnel-related expenses for certain executives and departments ("Allocated overhead costs"). For comparability purposes, the Company is providing supplemental historical segment financial information to reflect the new segment measure of profitability:

	Quarter Ended			Quarter Ended			Fiscal Year Ended		
	Q3 FY25			Q4 FY25			FY25		
	As Reported	Allocated overhead costs	Segment Adjusted Gross profit	As Reported	Allocated overhead costs	Segment Adjusted Gross profit	As Reported	Allocated overhead costs	Segment Adjusted Gross profit
(dollars in millions)									
Gross Profit:									
Connected Fitness Products	\$ 29.3	\$ (7.6)	\$ 21.7	\$ 34.4	\$ (2.2)	\$ 32.3	\$ 111.2	\$ (14.8)	\$ 96.4
Subscription	288.8	(4.3)	284.4	293.7	(4.5)	289.2	1,157.1	(17.4)	1,139.7
Total Gross profit	\$ 318.1	\$ (11.9)	\$ 306.1	\$ 328.1	\$ (6.6)	\$ 321.5	\$ 1,268.3	\$ (32.2)	\$ 1,236.1
Total Gross Margin	51.0 %		49.1 %	54.1 %		53.0 %	50.9 %		49.6 %
Connected Fitness Products Gross Margin	14.3 %		10.6 %	17.3 %		16.2 %	13.6 %		11.8 %
Subscription Gross Margin	69.0 %		68.0 %	71.9 %		70.8 %	69.1 %		68.1 %

A reconciliation between reportable Total Gross Profit to consolidated (Loss) income before income taxes is as follows:

	Quarter Ended		Fiscal Year Ended
	Q3 FY25	Q4 FY25	FY25
(in millions)			
Total Segment Adjusted Gross profit	\$ 306.1	\$ 321.5	\$ 1,236.1
Allocated overhead costs	(11.9)	(6.6)	(32.2)
Total Gross Profit (As Reported)	\$ 318.1	\$ 328.1	\$ 1,268.3
Sales and marketing	(106.5)	(80.6)	(421.6)
General and administrative	(151.4)	(125.1)	(527.3)
Research and development	(59.6)	(55.8)	(234.2)
Impairment expense	(30.7)	(11.8)	(64.1)
Restructuring expense	(2.4)	(25.2)	(33.8)
Supplier settlements	—	—	(23.5)
Total other expense, net	(14.5)	(7.0)	(79.3)
(Loss) income before income taxes	\$ (46.9)	\$ 22.6	\$ (115.6)

Reconciliation of Total Operating Expenses to Adjusted Operating Expenses

Non-GAAP Financial Measures

	Quarter Ended										
	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
	(in millions)										
Total operating expenses	417.6	486.5	455.9	375.3	291.2	364.3	350.5	298.5	242.4	345.6	274.8
Less: Impairment expense	24.0	3.6	19.0	10.6	4.9	16.7	30.7	11.8	8.3	23.0	3.4
Less: Restructuring expense	17.8	13.4	37.6	(2.8)	2.9	3.3	2.4	25.2	4.4	2.7	4.1
Less: Supplier settlements	—	(1.5)	(0.9)	(0.3)	23.5	—	—	—	—	—	—
Adjusted operating expenses ⁽¹⁾	<u>\$ 375.8</u>	<u>\$ 471.0</u>	<u>\$ 400.2</u>	<u>\$ 367.8</u>	<u>\$ 259.9</u>	<u>\$ 344.3</u>	<u>\$ 317.5</u>	<u>\$ 261.5</u>	<u>\$ 229.7</u>	<u>\$ 319.9</u>	<u>\$ 267.3</u>
Total Revenue	\$ 595.5	\$ 743.6	\$ 717.7	\$ 643.6	\$ 586.0	\$ 673.9	\$ 624.0	\$ 606.9	\$ 550.8	\$ 656.5	\$ 630.9
Total operating expenses % of Total Revenue	70 %	65 %	64 %	58 %	50 %	54 %	56 %	49 %	44 %	53 %	44 %
Adjusted operating expenses % of Total Revenue ⁽²⁾	63 %	63 %	56 %	57 %	44 %	51 %	51 %	43 %	42 %	49 %	42 %

(1) We define Adjusted operating expenses as Total operating expenses adjusted to exclude: Impairment expense, Restructuring expense, and Supplier settlements.

(2) We define Adjusted operating expenses % of Total Revenue as Adjusted operating expenses divided by Total Revenue.

Reconciliation of Total Debt to Net Debt

Non-GAAP Financial Measures

	As Of Quarter End	
	Q3 FY26	Q3 FY25
	(in millions)	
Current portion of debt	\$ 10.0	\$ 208.2
Convertible senior notes, net of current portion	344.6	343.3
Term loan, net of current portion	944.8	947.6
Total debt ⁽¹⁾	1,299.4	1,499.2
Less: Cash and cash equivalents	1,126.3	914.3
Net Debt ⁽²⁾	\$ 173.1	\$ 584.9

(1) Total debt consists of the carrying amount of Current portion of debt, Convertible senior notes, net of current portion, and Term loan, net of current portion, on our Condensed Consolidated Balance Sheets, which includes unamortized debt discount and issuance costs.

(2) We define Net Debt as Total debt less Cash and cash equivalents.

Gross Principal Debt Outstanding, Net of Cash and cash equivalents, Gross Leverage Ratio, and Net Leverage Ratio

Non-GAAP Financial Measures

	Trailing Twelve Months ("TTM") Ended						
	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
	(dollars in millions)						
Net (loss) income	\$ (393.5)	\$ (290.6)	\$ (171.0)	\$ (118.9)	\$ (104.1)	\$ (50.9)	\$ 23.2
Adjusted to exclude the following:							
Total other expense, net	63.2	98.9	93.0	79.3	93.4	72.9	84.0
Net gain on debt refinancing	(53.6)	(53.6)	(53.6)	—	—	—	—
Income tax (benefit) expense	(0.1)	2.3	2.5	3.4	3.2	2.3	1.9
Depreciation and amortization expense	102.9	100.5	94.6	89.7	81.6	74.2	66.5
Stock-based compensation expense	285.3	280.2	281.7	228.8	229.1	222.2	207.3
Impairment expense	38.1	51.2	62.9	64.1	67.5	73.7	46.5
Restructuring expense	51.7	41.1	5.8	33.8	35.3	34.7	36.4
Supplier settlements	20.9	22.4	23.2	23.5	—	—	—
Product recalls	(12.3)	(5.8)	(5.8)	—	—	—	—
Litigation and settlement expenses	7.8	3.7	0.6	—	—	—	—
Adjusted EBITDA ⁽¹⁾	<u>\$ 110.2</u>	<u>\$ 250.3</u>	<u>\$ 333.9</u>	<u>\$ 403.6</u>	<u>\$ 406.0</u>	<u>\$ 429.0</u>	<u>\$ 465.8</u>
Gross principal debt outstanding ⁽²⁾	\$ 1,546.5	\$ 1,544.0	\$ 1,541.5	\$ 1,539.0	\$ 1,536.5	\$ 1,534.0	\$ 1,332.5
Less: Cash and cash equivalents	722.3	829.0	914.3	1,039.5	1,103.6	1,179.6	1,126.3
Gross principal debt outstanding, net of cash and cash equivalents ⁽³⁾	<u>\$ 824.2</u>	<u>\$ 715.0</u>	<u>\$ 627.2</u>	<u>\$ 499.5</u>	<u>\$ 432.9</u>	<u>\$ 354.4</u>	<u>\$ 206.2</u>
Gross Leverage Ratio ⁽⁴⁾	14.0 x	6.2 x	4.6 x	3.8 x	3.8 x	3.6 x	2.9 x
Net Leverage Ratio ⁽⁵⁾	7.5 x	2.9 x	1.9 x	1.2 x	1.1 x	0.8 x	0.4 x

(1) Trailing Twelve Month ("TTM") Adjusted EBITDA is computed by summing our reported Adjusted EBITDA for the trailing four fiscal quarters.

(2) Gross principal debt outstanding consists of the gross principal amount outstanding on Total debt, which excludes unamortized debt discount and issuance costs.

(3) We define Gross principal debt outstanding, net of cash and cash equivalents as Gross principal debt outstanding less Cash and cash equivalents.

(4) Our Gross Leverage Ratio is defined as Gross principal debt outstanding divided by our Trailing Twelve Month Adjusted EBITDA.

(5) Our Net Leverage Ratio is defined as Gross principal debt outstanding, net of cash and cash equivalents divided by our Trailing Twelve Month Adjusted EBITDA.