

Peloton

Strategic Focus on Wellness & Return to Revenue Growth While Cost Discipline Supports Profit Ramp; Remain Neutral & \$8 PT

PTON continues to optimize its cost structure & generate meaningful FCF while investing toward growth initiatives. PTON's FY26 Adj. EBITDA guide of \$400M-\$450M exceeded expectations w/PTON announcing a new restructuring plan that will drive \$100M+ annualized savings by the end of FY26. PTON's FY26 Revenue guide implies -4% Y/Y to ~flat Y/Y trends, including full-year decreases across hardware sales & CF Subscribers, partly offset by sales growth in Precor products. However, we believe this could prove conservative given product innovation & likely pricing adjustments, and the FY26 Revenue guide suggests inflection to Y/Y growth during the fiscal year. PTON plans to rationalize promos & adjust pricing to reflect its operational costs (incl. shipping/delivery, returns, tariffs, & other fees) & increase the value of its offering, & PTON will introduce an optional expert assembly fee while extending free self-install to Tread & Row. We believe PTON could increase subscription pricing, which is likely not fully embedded in the FY26 Revenue guide. CEO Peter Stern is broadening PTON's focus beyond fitness to also include wellness, & Peloton will scale offerings across Strength and newer categories including Meditation, Sleep, Recovery, Nutrition, & Hydration while enhancing its core fitness offerings. We are encouraged by PTON's progress across improving profit, ramping FCF, & deleveraging of the BS while investing toward growth. However, we project -29% Y/Y FCF declines and do not project a return to revenue growth until 2HFY26. Our FY26/FY27 estimates decrease ~2-4% across Revenue but increase ~15-20% across Adj. EBITDA. We maintain our Neutral rating and are establishing a December 2026 PT of \$8 based on ~8x CY27E Adj. EBITDA of \$526M, which equates to ~16x CY27E FCF of \$271M.

KEY THOUGHTS AFTER CALLS WITH MANAGEMENT

- **FY26 Adj. EBITDA Margin Expansion & FCF Generation Supported by Cost Discipline & \$100M+ Restructuring Savings.** PTON exceeded its targeted \$200M+ annualized run-rate cost savings by the end of FY25 & announced a new restructuring plan to realize \$100M+ annualized savings by the end of FY26 through headcount reductions, lower indirect spend, & work relocation. PTON has already actioned ~50% of the run rate cost savings through workforce reductions & expects to realize the remainder through FY26. G&A will represent the largest area of savings, w/optimizations also across R&D and S&M, and PTON expects ~15% of total savings to come from lower SBC. 4QFY CF gross margins sustained DD% for the third consecutive quarter in 4QFY (17.3%), of 17.3% were ~680bps above our 10.5% estimate, sustaining DD% for the third consecutive quarter but will step down sequentially in 1QFY driven by fixed cost deleveraging against lower hardware sales, & PTON expects 1QFY Subscription Gross Margins of 68%-

Neutral

PTON, PTON US
Price (07 Aug 25):\$7.11

▲ Price Target (Dec-26):\$8.00
Prior (Dec-25):\$7.00

Internet - Large Cap / Mid & Small Cap

Doug Anmuth ^{AC}

Bryan M. Smilek

J.P. Morgan Securities LLC

Key Changes (FYE Jun)

	Prev	Cur
Adj. EPS - 26E (\$)	0.38	0.51

Quarterly Forecasts (FYE Jun)

Adj. EPS (\$)	2025A	2026E	2027E
Q1	0.20	0.08	
Q2	(0.03)	0.11	
Q3	0.13	0.12	
Q4	0.22	0.13	
FY	0.59	0.51	0.63

Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	97	98	100	94	95
Growth	31	42	84	97	26
Momentum	31	2	78	98	5
Quality	78	79	94	99	69
Low Vol	92	94	93	97	70
ESGQ	93	72	14	100	-

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 11 for analyst certification and important disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, users should be aware that the firm may have a conflict of interest that could affect the objectivity of this report.

This material was originally prepared by a J.P. Morgan entity (as identified in the material) in connection with its business and is being provided to you as a courtesy in a modified format only for informational and educational purposes (not investment purposes), and on a delayed basis.

Price Performance



	YTD	1m	3m	12m
Abs	-18.3%	10.6%	1.9%	143.5%
Rel	-26.1%	8.8%	-10.7%	121.6%

Company Data

Shares O/S (mn)	501
52-week range (\$)	10.90-2.83
Market cap (\$ mn)	3,561.10
Exchange rate	1.00
Free float (%)	99.1%
3M ADV (mn)	14.19
3M ADV (\$ mn)	96.2
Volatility (90 Day)	83
Index	S&P 500
BBG ANR (Buy Hold Sell)	9 10 1

Key Metrics (FYE Jun)

\$ in millions	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	2,491	2,470	2,545
Adj. EBIT	314	336	394
Adj. EBITDA	403	436	501
Adj. net income	231	211	274
Adj. EPS	0.59	0.51	0.63
BBG EPS	(0.42)	(0.14)	0.01
Cashflow from operations	333	242	274
FCFF	324	229	256
Margins and Growth			
Revenue Growth Y/Y (%)	(7.8%)	(0.9%)	3.1%
EBIT margin	12.6%	13.6%	15.5%
EBIT Growth Y/Y (%)	(397.7%)	7.0%	17.2%
EBITDA margin	16.2%	17.6%	19.7%
EBITDA Growth Y/Y (%)	11764.7%	8.0%	14.9%
Net margin	9.3%	8.6%	10.8%
Adj. EPS growth	(268.8%)	(14.0%)	23.4%
Ratios			
Adj. tax rate	1.4%	0.5%	0.0%
Interest cover	-	-	-
Net debt/Equity	NM	NM	NM
Net debt/EBITDA	1.0	0.4	NM
ROE	(49.5%)	(63.5%)	(237.8%)
Valuation			
FCFF yield	11.7%	7.8%	8.3%
Dividend yield	-	-	-
EV/Revenue	1.4	1.6	1.5
EV/EBITDA	8.3	8.9	7.6
Adj. P/E	12.0	14.0	11.3

Summary Investment Thesis and Valuation

Investment Thesis

Peloton is the largest interactive fitness platform in the world, with 6M+ members globally. We believe Peloton is well positioned to disrupt the fitness industry through its at-home connected fitness subscription platform, with runway for growth, as PTON Members represent only ~4% of global gym memberships. Peloton retains control over the entire member journey through its vertically integrated model, which allows PTON to deliver on its members-first mission and drives a passionate and highly engaged member base. We are encouraged by PTON's recent debt-re-financing & ongoing cost rationalization, and we believe the company maintains a solid brand with a valuable subscriber base (<2% monthly churn). However, return to growth in CF Subs & Revenue remains challenging, & visibility is limited given secular & macro pressures.

Valuation

We are establishing a December 2026 PT of \$8 based on ~8x CY27E Adj. EBITDA of \$526M, which equates to ~16x CY27E FCF of \$271M. This represents a discount to Consumer Subscription peers trading at ~32x, on average, given PTON's lower growth & profit profile.

Performance Drivers

Market	22%
Sector	0%
Macro	8%
Style	5%
Idiosyn.	64%

Factors	6M Corr	1Y Corr
Market: MSCI US	0.52	0.47
Sect: Cons Discretionary	-0.13	0.05
Ind: Cons Dur & Apparel	-0.43	-0.04
Macro:		
Non-Energy Commodity	0.27	0.22
US Dollar	-0.39	-0.21
Crude Oil	-0.19	-0.16
Quant Styles:		
Momentum	0.43	0.26
DivYld	-0.43	-0.23
Size	0.57	0.19

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

69%. We expect PTON to continue benefitting from lower service & repair costs, lower warranty costs, & benefits from FY26 cost savings, while Subscription GMs should improve driven by content production & music royalty expense optimizations. PTON expects FY26 Total GMs of 51.0% w/cost optimizations partially offset by ~70bps headwind from executive & corporate overhead costs. We project FY26 Gross Margins of 51.1% (+20bps Y/Y), including CF GMs of 13.7% (+10bps Y/Y), & Subscription GMs of 69.2% (+10bps Y/Y), which could prove conservative. PTON remains committed to meaningful FCF generation & expects to deliver FCF of \$200M+ in FY26, which includes ~\$65M impact from tariff exposure, net working capital headwinds, & 1x cash restructuring costs. We project FY26 Adj. EBITDA of \$436M (\$400M-\$450M guide, 17.6% margin) & FCF of \$229M (-29% Y/Y).

- FY26 Revenue Guide Implies Return to Quarterly Topline Growth.** PTON's FY26 Revenue guide implies -4% Y/Y to ~flat Y/Y trends, including full-year decreases across hardware sales & CF Subscribers, partly offset by sales growth in Precor products. However, we believe this could prove conservative against product innovation & pricing adjustments, and the FY26 Revenue guide implies inflection toward Y/Y growth during the year. PTON plans to rationalize promos & adjust pricing to reflect its operational costs (incl. shipping/delivery, returns, tariffs, & other fees) & increase the value of its offering, & PTON will introduce an optional expert assembly fee while extending free self-install to Tread & Row. **We believe PTON could increase subscription pricing, & both hardware & software price increases are likely not fully embedded in the FY26 Revenue guide.** While PTON expects Y/Y CF Net Losses in FY26, it is focused on executing across its strategic objectives to drive return to growth including **1) improving member outcomes** through expansion into wellness categories, enhancements to core fitness offerings (incl. cardio & strength), & deeper personalization through AI & data integrations; **2) Expanding reach** through microstores, creating a unified commercial business unit, & int'l expansion; & **3) Creating members for life** through improved onboarding, loyalty programs, & social features that strengthen community & deepen engagement. We project FY26 CF Net Losses of ~115k & Revenue of \$2.47B (-1% Y/Y), including return to Y/Y Revenue growth in 2HFY26.
- Other Notable Points.** **1)** 4Q Engagement levels were healthy w/avg monthly workout time per Paid CF Sub +4% Y/Y, and 2M members engaged in Strength, 1.2M in Sleep & Recovery, & 400k in Mental Wellbeing; **2)** PTON expects to continue reducing net debt & deleveraging in FY26 while prioritizing growth investments; **3)** PTON integrated Precor w/Peloton for Business under a new commercial business unit & plans to expand on success w/hotel partnerships; **4)** Peloton & Precor-branded equipment are currently subject to a 50% tariff on aluminum content & PTON anticipates additional reciprocal tariffs on imported tablets from Thailand; **5)** PTON is focused on growing its physical & online presence, including expanding from 1 to 10 microstores & scaling Peloton Repowered in FY26. PTON will increase the presence of Instructors at in-person events ~3x in FY26 and ~10x by FY27, with a proportional increase in its online presence.

Summary of the Quarter

Figure 1: Peloton 4QFY25 Results vs J.P. Morgan Estimates

\$ in millions, except Subs, Churn, & EPS

Peloton	4QFY25			
	JPM e	Actual	Diff (%)	Guidance
PTON Revenue	\$580.2	\$606.9	4.6%	\$571M - \$586M
Subscription Revenue	\$431.4	\$408.3	(5.3%)	
CF Products Revenue	\$148.8	\$198.6	33.5%	
KPIs				
CF Subscribers	2,775,000	2,800,000	0.9%	2.77M - 2.79M
CF Sub Net Adds	(105,000)	(80,000)	(23.8%)	
CF Churn (Avg Net Monthly)	1.87%	1.80%	(7 bps)	
Digital Subscribers	541,399	552,000	2.0%	540k - 550k
Gross Profit	\$309.8	\$328.1	5.9%	
% Margin	53.4%	54.1%	66 bps	
Subscription Contribution Profit	\$310.9	\$308.0	(0.9%)	
% Margin	72.1%	75.4%	336 bps	
CF Products Gross Profit	\$15.6	\$34.4	120.1%	
% Margin	10.5%	17.3%	682 bps	
Adj. EBITDA	\$85.3	\$140.0	64.1%	\$66M - \$86M
% Margin	14.7%	23.1%	837 bps	
GAAP Diluted EPS	(\$0.13)	\$0.05	NM	
Y/Y Growth				
PTON Revenue	(10%)	(6%)		
Subscription Revenue	(0%)	(5%)		
CF Products Revenue	(30%)	(6%)		
CF Subscribers	(7%)	(6%)		

Source: Company reports and J.P. Morgan estimates.

Peloton Estimate Changes

Figure 2: Adjusting J.P. Morgan Estimates, 1QFY26E-FY27E

\$ in millions, except Subs & Churn

PTON (\$ in Millions)	1QFY26		2QFY26		3QFY26		4QFY26		FY26		FY27	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Revenue	586.4	542.7	658.8	645.0	669.3	638.7	616.2	643.1	2,530.7	2,469.6	2,653.2	2,545.3
Y/Y Growth	0%	(7%)	(2%)	(4%)	7%	2%	6%	6%	3%	(1%)	5%	3%
% change		(7.5%)		(2.1%)		(4.6%)		4.4%		(2.4%)		(4.1%)
Subscription Revenue	411.5	401.3	402.2	400.9	397.5	421.0	395.9	438.1	1,607.2	1,661.3	1,634.3	1,611.5
Y/Y Growth	(3%)	(6%)	(4%)	(5%)	(5%)	1%	(8%)	7%	(5%)	(1%)	2%	(3%)
% change		(2.5%)		(0.3%)		5.9%		10.7%		3.4%		(1.4%)
Connected Fitness Subscribers	2,725,000	2,725,000	2,750,000	2,735,000	2,800,000	2,750,000	2,815,000	2,685,000	2,815,000	2,685,000	2,865,000	2,735,000
Y/Y Growth	(6%)	(6%)	(4%)	(5%)	(3%)	(5%)	1%	(4%)	1%	(4%)	2%	2%
% change		0.0%		(0.5%)		(1.8%)		(4.6%)		(4.6%)		(4.5%)
Net Adds	(50,000)	(75,000)	25,000	10,000	50,000	15,000	15,000	(65,000)	40,000	(115,000)	50,000	50,000
Y/Y Growth	NM	NM	NM	NM	900%	200%	NM	NM	NM	NM	NM	NM
% change		NM		NM		NM		NM		(387.5%)		0.0%
Avg Net Monthly CF Churn	1.85%	1.89%	1.33%	1.33%	1.16%	1.20%	1.66%	1.52%	1.47%	1.51%	1.57%	1.57%
Y/Y Change (bps)	(5 bps)	(1 bps)	(7 bps)	(7 bps)	(4 bps)	(0 bps)	(21 bps)	(28 bps)	(18 bps)	(11 bps)	10 bps	5 bps
Change (bps)		23 bps		3 bps		35 bps		(87 bps)		28 bps		(0 bps)
Digital Subscribers	518,102	523,923	520,650	532,350	515,700	521,430	514,329	524,400	514,329	524,400	555,475	566,352
Y/Y Growth	(11%)	(10%)	(11%)	(9%)	(10%)	(9%)	(5%)	(5%)	(5%)	(5%)	8%	8%
% change		1.1%		2.2%		1.1%		2.0%		2.0%		2.0%
Connected Fitness Products Revenue	174.9	141.5	256.6	244.1	271.8	217.7	220.3	205.0	923.6	808.3	1,018.9	933.8
Y/Y Growth	10%	(11%)	1%	(4%)	32%	6%	48%	3%	20%	(1%)	10%	16%
% change		(19.1%)		(4.9%)		(19.9%)		(6.9%)		(12.5%)		(8.4%)

Source: J.P. Morgan estimates.

Figure 3: Adjusting J.P. Morgan Estimates, 1QFY26E-FY27E (Cont'd)

\$ in millions, except Subs & Chum

PTON (\$ in Millions)	1QFY26		2QFY26		3QFY26		4QFY26		FY26		FY27	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Gross Profit	300.5	285.4	308.2	310.0	315.0	326.1	305.4	339.5	1,229.1	1,261.0	1,296.0	1,256.5
Y/Y Growth	-1%	-6%	-3%	-3%	-1%	3%	-1%	3%	-2%	-1%	5%	0%
% Margin	51.2%	52.6%	46.8%	48.1%	47.1%	51.1%	49.6%	52.8%	48.6%	51.1%	48.8%	49.4%
% change		(5.0%)		0.6%		3.5%		11.2%		2.6%		(3.0%)
Subscription Contribution Profit	293.8	289.1	289.4	292.2	290.4	310.2	288.3	325.0	1,161.8	1,216.5	1,196.2	1,178.3
Y/Y Growth	-4%	-5%	-5%	-4%	-5%	2%	-7%	6%	-5%	0%	3%	-3%
% Margin	71.4%	72.1%	71.9%	72.9%	73.1%	73.7%	72.8%	74.2%	72.3%	73.2%	73.2%	73.1%
% change		(1.6%)		1.0%		6.8%		12.7%		4.7%		(1.5%)
Connected Fitness Products Gross Profit	22.7	11.3	35.9	34.2	40.8	32.7	34.1	32.8	133.6	110.9	173.2	149.4
Y/Y Growth	56%	-22%	10%	4%	39%	11%	119%	-5%	45%	0%	30%	35%
% Margin	13.1%	8.0%	14.0%	14.0%	15.0%	15.0%	15.5%	16.0%	14.5%	13.7%	17.0%	16.0%
% change		(50.2%)		(4.9%)		(19.9%)		(3.9%)		(16.9%)		(13.7%)
Adjusted EBITDA	117.2	93.1	62.5	99.9	100.9	118.5	98.9	124.0	379.5	435.6	417.8	500.6
Y/Y Growth	0%	-20%	0%	71%	0%	33%	0%	-11%	9%	8%	10%	15%
% Margin	20.0%	17.2%	9.5%	15.5%	15.1%	18.6%	16.1%	19.3%	15.0%	17.6%	15.7%	19.7%
% change		(20.6%)		59.8%		17.5%		25.4%		14.8%		19.8%
GAAP Net Income	(6.3)	(14.6)	(62.2)	(13.7)	(25.5)	4.2	(47.5)	2.4	(141.6)	(21.7)	(126.8)	(31.4)
Y/Y Growth	0.0	NM	0.0	NM	0.0	NM	0.0	-89%	NM	NM	NM	NM
% Margin	(1.1%)	(2.7%)	(9.4%)	(2.1%)	(3.8%)	0.7%	(7.7%)	0.4%	(5.6%)	(0.9%)	(4.8%)	(1.2%)
% change		NM		NM		NM		NM		NM		NM
Free Cash Flow	63.0	(14.6)	69.2	86.9	66.4	59.4	43.5	97.3	242.1	229.0	286.6	256.0
Y/Y Growth	489%	NM	-35%	-18%	-30%	-37%	11%	-13%	-3%	-29%	18%	12%
% change		NM		25.6%		(10.6%)		123.6%		(5.4%)		(10.7%)

Source: J.P. Morgan estimates.

Model Pages

Figure 4: Peloton Income Statement

\$ in millions, except EPS

Fiscal period end	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	1Q25A	2Q25A	3Q25A	4Q25A	FY2025A	1Q26E	2Q26E	3Q26E	4Q26E	FY2026E	FY2027E
Calendar period end	06/30/19	06/30/20	06/30/21	06/30/22	06/30/23	06/30/24	09/30/24	12/31/24	03/31/25	06/30/25	06/30/25	09/30/25	12/31/25	03/31/26	06/30/26	06/30/26	06/30/27
Revenue	915.0	1,825.9	4,021.8	3,582.1	2,800.2	2,700.5	586.0	673.9	624.0	606.9	2,490.8	542.7	645.0	638.7	643.1	2,469.6	2,545.3
Subscription Revenue	181.1	363.7	872.2	1,394.7	1,670.1	1,708.7	426.3	420.6	418.5	408.3	1,673.7	401.3	400.9	421.0	438.1	1,661.3	1,611.5
Connected Fitness Products Revenue	733.8	1,462.2	3,149.7	2,187.5	1,130.2	991.7	159.6	253.4	205.5	198.6	817.1	141.5	244.1	217.7	205.0	808.3	933.8
Cost of Revenue	531.4	989.1	2,569.8	2,883.8	1,876.7	1,494.0	282.2	355.6	306.0	278.8	1,222.6	257.3	335.0	312.6	303.6	1,208.6	1,288.8
Gross Profit	383.6	836.7	1,452.0	698.4	923.6	1,206.5	303.8	318.4	318.1	328.1	1,268.4	285.4	310.0	326.1	339.5	1,261.0	1,256.5
Operating Expenses:																	
Sales & Marketing	324.0	477.0	729.7	1,018.9	648.2	658.9	81.9	152.7	106.5	80.6	421.7	86.8	116.1	116.3	106.1	425.3	435.2
General & Administrative	207.0	351.6	662.4	963.4	798.1	651.1	119.5	131.3	151.4	125.1	527.3	111.3	106.4	106.7	131.8	456.2	463.2
Research & Development	54.8	89.0	247.8	359.5	318.4	304.8	58.5	60.3	59.6	55.8	234.2	65.1	64.5	68.3	68.8	266.8	269.8
Goodwill Impairment				181.9	0.0	0.0	4.9	0.0	0.0	0.0	4.9					0.0	
Impairment expense				390.5	144.5	57.2	2.9	16.7	30.7	11.8	62.1					0.0	
Restructuring Expense				518.3	211.4	63.3	23.5	3.3	2.4	25.2	54.4	5.0	5.0			10.0	
Total GAAP Operating Expenses	585.8	917.6	1,639.8	3,432.4	2,120.6	1,735.5	291.2	364.3	350.6	298.5	1,304.6	268.2	292.0	291.3	306.8	1,158.3	1,168.3
Operating Income	(202.3)	(80.8)	(187.8)	(2,734.0)	(1,197.1)	(529.0)	12.5	(45.9)	(32.5)	29.6	(36.3)	17.2	18.0	34.8	32.7	102.7	88.2
Non-GAAP Operating Income	(112.8)	8.0	6.3	(2,462.1)	(877.1)	(223.8)	59.7	15.6	35.1	82.1	192.5	66.0	75.4	95.5	99.0	335.9	393.7
Other Income (Expense), Net	6.7	12.4	(10.4)	(74.0)	(60.9)	(23.1)	(12.6)	(45.3)	(14.5)	(7.0)	(79.4)	(31.7)	(31.7)	(29.9)	(29.9)	(123.2)	(119.6)
Pre-Tax Income	(195.6)	(68.4)	(198.2)	(2,808.1)	(1,258.0)	(552.1)	(0.1)	(91.2)	(47.1)	22.6	(115.8)	(14.6)	(13.7)	4.9	2.8	(20.5)	(31.4)
Tax Rate	NM	NM	NM	NM	NM	NM	NM	NM	NM	4%	NM	0.0%	0.0%	15.0%	15.0%	NM	0.0%
Income Tax Benefit (Expense)	(0.1)	(3.4)	9.2	(19.6)	(3.7)	0.2	(0.8)	(0.7)	(0.8)	(1.0)	(3.3)	0.0	0.0	(0.7)	(0.4)	(1.2)	0.0
GAAP Net Income	(195.6)	(71.6)	(189.0)	(2,827.7)	(1,261.7)	(551.9)	(0.9)	(92.0)	(47.7)	21.6	(118.9)	(14.6)	(13.7)	4.2	2.4	(21.7)	(31.4)
GAAP Basic EPS	(\$8.54)	(\$0.32)	(\$0.64)	(\$8.77)	(\$3.64)	(\$1.51)	(\$0.00)	(\$0.24)	(\$0.12)	\$0.05	(\$0.30)	(\$0.04)	(\$0.03)	\$0.01	\$0.01	(\$0.05)	(\$0.07)
GAAP Diluted EPS	(\$8.54)	(\$0.32)	(\$0.64)	(\$8.77)	(\$3.64)	(\$1.51)	(\$0.00)	(\$0.24)	(\$0.12)	\$0.05	(\$0.30)	(\$0.04)	(\$0.03)	\$0.01	\$0.00	(\$0.05)	(\$0.07)
Basic Shares Outstanding	23	221	294	322	347	366	379	386	394	402	390	407	412	418	423	415	436
Diluted Shares Outstanding	23	221	294	322	347	366	379	386	394	501	415	507	513	520	526	517	543
Adjusted EBITDA Calculation:																	
Operating Income	(202.3)	(80.8)	(187.8)	(2,734.0)	(1,197.1)	(529.0)	12.5	(45.9)	(32.5)	29.6	(36.3)	17.2	18.0	34.8	32.7	102.7	88.2
Stock-Based Compensation	89.5	88.8	194.0	271.8	319.9	305.1	47.2	61.5	67.6	52.5	228.8	48.8	57.4	60.7	66.2	233.2	305.4
Depreciation & Amortization	21.7	40.2	63.8	142.8	123.3	108.8	24.8	22.8	21.2	20.8	89.6	27.1	24.5	23.0	25.1	99.7	106.9
Content costs for past use	16.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction costs	0.4	0.1	25.5	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Litigation and settlement expenses	12.1	60.1	35.8	146.2	102.8	10.5	23.5	0.0	0.0	0.0	23.5	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustment items	7.2	9.4	122.2	12.9	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1x expenses	0.0	0.0	0.0	1,172.1	437.3	108.0	7.8	20.0	33.1	37.0	97.9					0.0	
Adjusted EBITDA (ex-content costs for past use)	(54.9)	119.3	253.7	(982.7)	(208.5)	3.5	115.8	58.4	89.4	140.0	403.6	93.1	99.9	118.5	124.0	435.6	500.6
Adjusted EBITDA	(71.3)	117.7	253.7	(982.7)	(208.5)	3.5	115.8	58.4	89.4	140.0	403.6	93.1	99.9	118.5	124.0	435.6	500.6

Source: Company reports and J.P. Morgan estimates.

Figure 5: Peloton Income Statement (Cont'd)

Y/Y Growth	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	1Q25A	2Q25A	3Q25A	4Q25A	FY2025A	1Q26E	2Q26E	3Q26E	4Q26E	FY2026E	FY2027E
Revenue	110%	100%	120%	(11%)	(22%)	(4%)	(2%)	(9%)	(13%)	(6%)	(8%)	(7%)	(4%)	2%	6%	(1%)	3%
Subscription Revenue	126%	101%	140%	60%	20%	2%	3%	(1%)	(4%)	(5%)	(2%)	(6%)	(5%)	1%	7%	(1%)	(3%)
Connected Fitness Products Revenue	111%	99%	115%	(31%)	(48%)	(12%)	(12%)	(21%)	(27%)	(6%)	(18%)	(11%)	(4%)	6%	3%	(1%)	16%
Other Revenue	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Cost of Revenue	117%	86%	160%	12%	(35%)	(20%)	(9%)	(20%)	(25%)	(16%)	(18%)	(9%)	(6%)	2%	9%	(1%)	7%
Gross Profit	102%	118%	74%	(52%)	32%	31%	6%	6%	3%	5%	5%	(6%)	(3%)	3%	3%	(1%)	(0%)
Sales & Marketing	114%	47%	53%	40%	(36%)	2%	(44%)	(34%)	(37%)	(28%)	(36%)	6%	(24%)	9%	32%	1%	2%
General & Administrative	232%	70%	88%	45%	(17%)	(18%)	(21%)	(18%)	(1%)	(33%)	(19%)	(7%)	(19%)	(30%)	5%	(13%)	2%
Research & Development	135%	62%	178%	45%	(11%)	(4%)	(26%)	(25%)	(22%)	(20%)	(23%)	11%	7%	15%	23%	14%	1%
Stock-Based Compensation	951%	(1%)	118%	40%	18%	(5%)	(30%)	(8%)	2%	(50%)	(25%)	3%	(7%)	(10%)	26%	2%	31%
Depreciation & Amortization	228%	85%	59%	124%	(14%)	(12%)	(19%)	(9%)	(22%)	(19%)	(18%)	9%	7%	8%	21%	11%	7%
Total GAAP Operating Expenses	147%	57%	79%	109%	(38%)	(18%)	(30%)	(25%)	(23%)	(20%)	(25%)	(8%)	(20%)	(17%)	3%	(11%)	1%
% of Revenue																	
Cost of Revenue	58.1%	54.2%	63.9%	80.5%	67.0%	55.3%	48.2%	52.8%	49.0%	45.9%	49.1%	47.4%	51.9%	48.9%	47.2%	48.9%	50.6%
Sales & Marketing	35.4%	26.1%	18.1%	28.4%	23.1%	24.4%	14.0%	22.7%	17.1%	13.3%	16.9%	16.0%	18.0%	18.2%	16.5%	17.2%	17.1%
General & Administrative	22.6%	19.3%	16.5%	26.9%	28.5%	24.1%	20.4%	19.5%	24.3%	20.6%	21.2%	20.5%	16.5%	16.7%	20.5%	18.5%	18.2%
Research & Development	6.0%	4.9%	6.2%	10.0%	11.4%	11.3%	10.0%	8.9%	9.6%	9.2%	9.4%	12.0%	10.0%	10.7%	10.7%	10.8%	10.6%
Total GAAP Operating Expenses	64.0%	50.3%	40.8%	95.8%	75.7%	64.3%	49.7%	54.1%	56.2%	49.2%	52.4%	49.4%	45.3%	45.6%	47.7%	46.9%	45.9%
Stock-Based Compensation	9.8%	4.9%	4.8%	7.6%	11.4%	11.3%	8.1%	9.1%	10.8%	8.7%	9.2%	9.0%	8.9%	9.5%	10.3%	9.4%	12.0%
Depreciation & Amortization	2.4%	2.2%	1.6%	4.0%	4.4%	4.0%	4.2%	3.4%	3.4%	3.4%	3.6%	5.0%	3.8%	3.6%	3.9%	4.0%	4.2%
Margins																	
Gross margin	41.9%	45.8%	36.1%	19.5%	33.0%	44.7%	51.8%	47.2%	51.0%	54.1%	50.9%	52.6%	48.1%	51.1%	52.8%	51.1%	49.4%
Operating margin	(22.1%)	(4.4%)	(4.7%)	(76.3%)	(42.8%)	(19.6%)	2.1%	(6.8%)	(5.2%)	4.9%	(1.5%)	3.2%	2.8%	5.5%	5.1%	4.2%	3.5%
Non-GAAP Operating Income	(12.3%)	0.4%	0.2%	(68.7%)	(31.3%)	(8.3%)	10.2%	2.3%	5.6%	13.5%	7.7%	12.2%	11.7%	15.0%	15.4%	13.6%	15.5%
GAAP Net Income	(21.4%)	(3.9%)	(4.7%)	(78.9%)	(45.1%)	(20.4%)	(0.2%)	(13.7%)	(7.6%)	3.6%	(4.8%)	(2.7%)	(2.1%)	0.7%	0.4%	(0.9%)	(1.2%)
Adjusted EBITDA	(7.8%)	6.4%	6.3%	(27.4%)	(7.4%)	0.1%	19.8%	8.7%	14.3%	23.1%	16.2%	17.2%	15.5%	18.6%	19.3%	17.6%	19.7%

Source: Company reports and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Peloton (*Neutral; Price Target: \$8.00*)

Investment Thesis

Peloton is the largest interactive fitness platform in the world, with 6M+ members globally. We believe Peloton is well positioned to disrupt the fitness industry through its at-home connected fitness subscription platform, with runway for growth, as PTON Members represent only ~4% of global gym memberships. Peloton retains control over the entire member journey through its vertically integrated model, which allows PTON to deliver on its members-first mission and drives a passionate and highly engaged member base. We are encouraged by PTON's recent debt-re-financing & ongoing cost rationalization, and we believe the company maintains a solid brand with a valuable subscriber base (<2% monthly churn). However, return to growth in CF Subs & Revenue remains challenging, and visibility is limited given secular & macro pressures.

Valuation

We are establishing a December 2026 PT of \$8 based on ~8x CY27E Adj. EBITDA of \$526M, which equates to ~16x CY27E FCF of \$271M. This represents a discount to Consumer Subscription peers trading at ~32x, on average, given PTON's lower growth & profit profile.

Risks to Rating and Price Target

Risks to the upside include: **1)** Strong execution drives return to CF subscriber & revenue growth; **2)** Continued cost rationalization efforts drive significant Adj. EBITDA & FCF generation; **3)** Connected Fitness industry returns to growth, supporting improved financial performance; and **4)** New leadership drives improved operational & financial performance.

Risks to the downside include: **1)** Peloton cannot restore strong subscriber growth or revenue growth; **2)** PTON does not return to meaningful Adjusted EBITDA profit & FCF generation; **3)** Heavy competition, including Apple Fitness+, Equinox/SoulCycle, BODY, Tonal, Tempo, etc.; and **4)** Less traditional valuation support vs subscription peers, with no clear comp & limited visibility into near-term demand trends.

Peloton: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY24A	FY25A	FY26E	FY27E	FY28E		1Q26E	2Q26E	3Q26E	4Q26E	
Revenue	2,701	2,491	2,470	2,545		Revenue	543	645	639	643	
COGS	(1,494)	(1,223)	(1,209)	(1,289)		COGS	(257)	(335)	(313)	(304)	
Gross profit	1,207	1,268	1,261	1,257		Gross profit	285	310	326	339	
SG&A	(896)	(631)	(549)	(486)		SG&A	(122)	(141)	(139)	(147)	
Adj. EBITDA	3	403	436	501		Adj. EBITDA	93	100	119	124	
D&A	(109)	(90)	(100)	(107)		D&A	(27)	(25)	(23)	(25)	
Adj. EBIT	(105)	314	336	394		Adj. EBIT	66	75	96	99	
Net Interest	-	-	-	-		Net Interest	-	-	-	-	
Adj. PBT	(129)	234	213	274		Adj. PBT	34	44	66	69	
Tax	0	(3)	(1)	0		Tax	0	0	(1)	(0)	
Minority Interest	-	-	-	-		Minority Interest	-	-	-	-	
Adj. Net Income	(128)	231	211	274		Adj. Net Income	34	44	65	69	
Reported EPS	(1.51)	(0.31)	(0.05)	(0.07)		Reported EPS	(0.04)	(0.03)	0.01	0.00	
Adj. EPS	(0.35)	0.59	0.51	0.63		Adj. EPS	0.08	0.11	0.12	0.13	
DPS	-	-	-	-		DPS	-	-	-	-	
Payout ratio	-	-	-	-		Payout ratio	-	-	-	-	
Shares outstanding	366	390	415	436		Shares outstanding	407	412	520	526	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	698	1,040	1,070	1,326		Gross margin	44.7%	50.9%	51.1%	49.4%	-
Accounts receivable	104	101	141	195		EBITDA margin	0.1%	16.2%	17.6%	19.7%	-
Inventories	330	206	193	132		EBIT margin	(3.9%)	12.6%	13.6%	15.5%	-
Other current assets	135	91	39	25		Net profit margin	(4.8%)	9.3%	8.6%	10.8%	-
Current assets	1,266	1,438	1,443	1,679		ROE	31.5%	(49.5%)	(63.5%)	(237.8%)	-
PP&E	354	239	152	63		ROA	(5.2%)	10.7%	10.1%	12.9%	-
LT investments	-	-	-	-		ROCE	(8.9%)	29.9%	31.3%	33.2%	-
Other non current assets	565	449	451	457		SG&A/Sales	33.2%	25.3%	22.2%	19.1%	-
Total assets	2,185	2,125	2,046	2,200		Net debt/equity	NM	NM	NM	NM	-
Short term borrowings	10	209	0	0		P/E (x)	NM	12.0	14.0	11.3	-
Payables	432	373	322	229		P/BV (x)	NM	NM	NM	142.5	-
Other short term liabilities	243	223	232	204		EV/EBITDA (x)	984.9	8.3	8.9	7.6	-
Current liabilities	685	804	553	433		Dividend Yield	-	-	-	-	-
Long-term debt	1,490	1,291	1,301	1,301		Sales/Assets (x)	1.1	1.2	1.2	1.2	-
Other long term liabilities	529	445	445	445		Interest cover (x)	-	-	-	-	-
Total liabilities	2,704	2,539	2,299	2,178		Operating leverage	1919.4%	5121.8%	(825.3%)	561.1%	-
Shareholders' equity	(519)	(414)	(252)	22		Revenue y/y Growth	(3.6%)	(7.8%)	(0.9%)	3.1%	-
Minority interests	-	-	-	-		EBITDA y/y Growth	(101.6%)	11764.7%	8.0%	14.9%	-
Total liabilities & equity	2,185	2,126	2,046	2,200		Tax rate	(0.2%)	1.4%	0.5%	0.0%	-
BVPS	(1.42)	(1.06)	(0.61)	0.05		Adj. Net Income y/y Growth	(67.7%)	(280.1%)	(8.5%)	29.6%	-
y/y Growth	66.8%	(25.3%)	(42.7%)	(108.2%)		EPS y/y Growth	(69.4%)	(268.8%)	(14.0%)	23.4%	-
Net debt/(cash)	749	413	184	(72)		DPS y/y Growth	-	-	-	-	-
Cash flow from operating activities	(66)	333	242	274							
o/w Depreciation & amortization	109	90	100	107							
o/w Changes in working capital	80	98	(22)	(100)							
Cash flow from investing activities	27	(5)	(13)	(18)							
o/w Capital expenditure	(20)	(9)	(13)	(18)							
as % of sales	0.7%	0.4%	0.5%	0.7%							
Cash flow from financing activities	(94)	2	(198)	0							
o/w Dividends paid	-	-	-	-							
o/w Net debt issued/(repaid)	(1,467)	(10)	(198)	0							
Net change in cash	(135)	335	31	256							
Adj. Free cash flow to firm	(86)	324	229	256							
y/y Growth	(81.7%)	(477.0%)	(29.2%)	11.8%							

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

Analyst Certification: The Research Analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst’s personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst’s analysis was made in good faith and that the views reflect the Research Analyst’s own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker:** J.P. Morgan Securities LLC makes a market in the securities of Peloton or related entities.
- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Peloton or related entities.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Peloton or related entities.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Peloton or related entities.
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Peloton or related entities.
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Peloton or related entities.
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Peloton or related entities.
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Peloton or related entities.
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Peloton or related entities.
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Peloton or related entities, if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by calling 1-800-477-0406 with your request.

Peloton (PTON, PTON US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Oct 21, 2019. All share prices are as of market close on the previous business day.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period. J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: Overweight (over the duration of the price target indicated in this report, we expect this stock will outperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); Neutral (over the duration of the price target indicated in this report, we expect this stock will perform in line with the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); and Underweight (over the duration of the price target indicated in this report, we expect this stock will underperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe. NR is Not Rated. In this case, J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In Americas equity research, some stocks under coverage have a rating but no price target; in these cases, we expect the stock will outperform/perform in line/underperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe over the next six to 12 months. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap Equity Research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those Research Analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying Research Analyst's coverage universe can be found on J.P. Morgan's Research website.

Coverage Universe: Anmuth, Doug: Airbnb (ABNB), Alphabet (GOOG), Alphabet Inc. (GOOGL), Amazon.com (AMZN), Booking Holdings (BKNG), Chewy (CHWY), Criteo (CRTO), DoorDash (DASH), Expedia Group, Inc. (EXPE), Fiverr (FVRR), Instacart (CART), Lyft (LYFT), Meta Platforms Inc (META), Netflix Inc (NFLX), Peloton (PTON), Pinterest (PINS), Reddit (RDDT), Snap Inc. (SNAP), Spotify (SPOT), TripAdvisor, Inc. (TRIP), Uber Technologies (UBER), WEBTOON (WBTN), ZipRecruiter (ZIP), eBay, Inc (EBAY), trivago (TRVG)

J.P. Morgan Equity Research Ratings Distribution, as of July 05, 2025

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	50%	37%	13%
IB clients**	51%	48%	35%
JPMS Equity Research Coverage*	47%	41%	12%
IB clients**	72%	69%	51%

*Please note that the percentages may not add to 100% because of rounding.

**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.

For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please contact the primary analyst or your J.P. Morgan representative. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website. This report also sets out within it the material underlying assumptions used

History of Investment Recommendations:

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to [UK MIFID Research Unbundling exemption](#) for details of J.P. Morgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see JPM website.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit <https://www.theocc.com/components/docs/riskstoc.pdf> for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or https://www.finra.org/sites/default/files/2020-08/Security_Futures_Risk_Disclosure_Statement_2020.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult JPM.

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Where more than one legal entity is listed under an analyst's name, the first legal entity is responsible for the production unless stated otherwise. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below in the legal entity disclosures, this material has been distributed by the legal entity responsible for production, or where more than one legal entity is listed under the analyst's name, the first legal entity will be responsible for distribution. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:

Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission - ALYC y AN Integral N°51).

Australia: J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market Participant of ASX Limited, a Clearing and Settlement Participant of ASX Clear Pty Limited and a Clearing Participant of ASX Clear (Futures) Pty Limited. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting JPM website. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: [J.P. Morgan Australia - Research Independence Policy](#).

Brazil: Banco J.P. Morgan S.A. is regulated by the Comissão de Valores Mobiliários (CVM) and by the Central Bank of Brazil. Ombudsman.

Canada: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc.

Chile: Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile.

China: J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business.

Colombia: Banco J.P. Morgan Colombia S.A. is supervised by the Superintendencia Financiera de Colombia (SFC).

Dubai International Financial Centre (DIFC): JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules.

European Economic Area (EEA): Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons.

Hong Kong: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited.

India: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai - 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number - INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/ CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK).

Korea: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch.

Japan: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan.

Malaysia: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia.

Mexico: J.P. Morgan Casa de Bolsa, S.A. de C.V. and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission.

New Zealand: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008.

Philippines: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission.

Singapore: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MDDI (P) 057/08/2025 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or

JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material.

South Africa: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA).

Taiwan: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. **To the extent that J.P. Morgan Securities (Taiwan) Limited produces research materials on securities not listed on the Taiwan Stock Exchange or Taipei Exchange (“Non-Taiwan Listed Securities”), these materials shall not constitute securities recommendations for the purpose of applicable Taiwan regulations, and, for the avoidance of doubt, J.P. Morgan Securities (Taiwan) Limited does not act as broker for Non-Taiwan Listed Securities.** According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material.

Thailand: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangkok, Bangkok 10500.

UK: Research is produced in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority or J.P. Morgan Markets Limited (“JPMML Ltd”) which is authorised and regulated by the Financial Conduct Authority. Unless specified to the contrary, this material is distributed in the UK by JPMS plc and is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as “UK relevant persons”. This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. A description of J.P. Morgan EMEA’s policy for prevention and avoidance of conflicts of interest related to the production of Research can be found at the following link: [J.P. Morgan EMEA - Research Independence Policy](#).

U.S.: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst’s involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. Artificial intelligence tools may have been used in the preparation of this material, including assisting in data analysis, pattern recognition, and content drafting for research material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan’s current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of

risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2025. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research.

Sustainalytics: Certain information, data, analyses and opinions contained herein are reproduced by permission of Sustainalytics and: (1) includes the proprietary information of Sustainalytics; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product or project; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. Sustainalytics is not responsible for any trading decisions, damages or other losses related to it or its use.

This material was originally prepared by a J.P. Morgan entity (as identified in the material) in connection with its business and is being provided to you as a courtesy in a modified format only for informational and educational purposes (not investment purposes), and on a delayed basis.

"Other Disclosures" last revised August 02, 2025.

Copyright 2025 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Completed 08 Aug 2025 01:10 AM EDT

Disseminated 08 Aug 2025 01:10 AM EDT

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.