

Q3 FY2022

Quarter Ending December 31, 2021

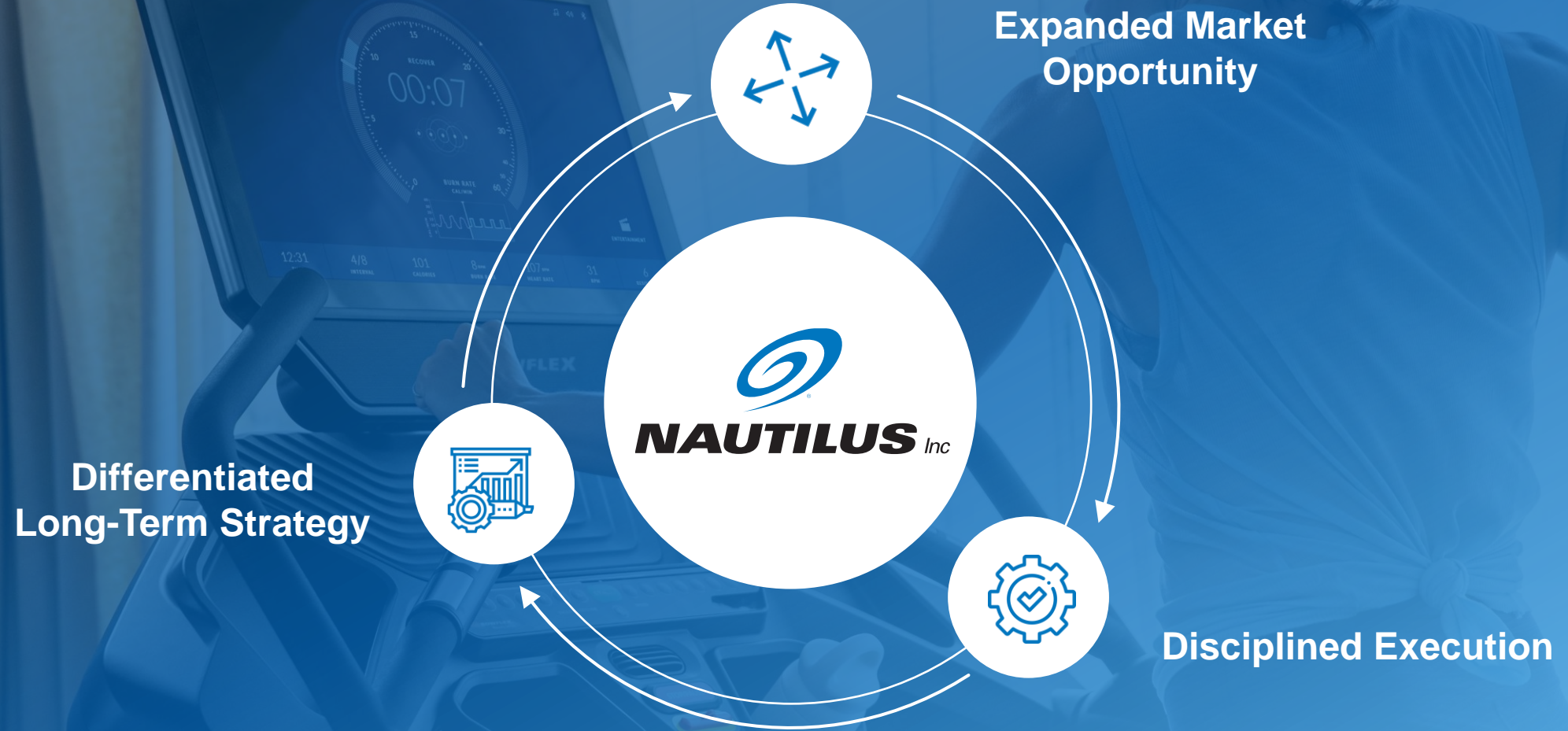
Earnings Call

Nautilus, Inc.

Safe Harbor Statement

This presentation includes forward-looking statements (statements which are not historical facts) within the meaning of the Private Securities Litigation Reform Act of 1995, including: projected, targeted or forecasted financial, operating results and capital expenditures, including but not limited to net sales growth rates, gross margins, operating expenses, operating margins, anticipated demand for the Company's new and existing products, statements regarding the Company's prospects, resources or capabilities; planned investments, strategic initiatives and the anticipated or targeted results of such initiatives; the effects of the COVID-19 pandemic on the Company's business; and planned operational initiatives and the anticipated cost-saving results of such initiatives. All of these forward-looking statements are subject to risks and uncertainties that may change at any time. Factors that could cause Nautilus, Inc.'s actual expectations to differ materially from these forward-looking statements also include: weaker than expected demand for new or existing products; our ability to timely acquire inventory that meets our quality control standards from sole source foreign manufacturers at acceptable costs; risks associated with current and potential delays, work stoppages, or supply chain disruptions, including shipping delays due to the severe shortage of shipping containers; an inability to pass along or otherwise mitigate the impact of raw material price increases and other cost pressures, including unfavorable currency exchange rates and increased shipping costs; experiencing delays and/or greater than anticipated costs in connection with launch of new products, entry into new markets, or strategic initiatives; our ability to hire and retain key management personnel; changes in consumer fitness trends; changes in the media consumption habits of our target consumers or the effectiveness of our media advertising; a decline in consumer spending due to unfavorable economic conditions; risks related to the impact on our business of the COVID-19 pandemic or similar public health crises; softness in the retail marketplace; availability and timing of capital for financing our strategic initiatives, including being able to raise capital on favorable terms or at all; changes in the financial markets, including changes in credit markets and interest rates that affect our ability to access those markets on favorable terms and the impact of any future impairment. Additional assumptions, risks and uncertainties are described in detail in our registration statements, reports and other filings with the Securities and Exchange Commission, including the "Risk Factors" set forth in our Annual Report on Form 10-K, as supplemented by our quarterly reports on Form 10-Q. Such filings are available on our website or at www.sec.gov. You are cautioned that such statements are not guarantees of future performance and that our actual results may differ materially from those set forth in the forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent developments, events, or circumstances.

Nautilus is Emerging as a Much Stronger Company than Pre-Pandemic



Nautilus Firmly Positioned at Two Tailwinds of the Fitness Industry

Renewed Focus
on Health and
Well-being



Affinity Towards
Brands with Strong
Value Proposition
and Recognition

We Expect the Industry Market Size to Settle Significantly Above Pre-pandemic Levels

29%

Of former gym-goers continue to tell us that they will not return to the gym

70%

Of people for whom fitness is important worked out at home

**Work from Home/
Hybrid Workplace**

Workout place highly correlates with work-place

Connected Fitness

Brings many benefits of the gym to the home

Meeting Industry Challenges with Disciplined Execution



Inventory Management

- Asset-light manufacturing model
- Did not have to close facilities or cease production
- Re-ordering for first half FY23

SKU Rationalization

- Focused on fewer SKUs that are largely best-sellers
- Worked down inventory during 3rd quarter

Regulating Expenses

- Regulating G&A until demand normalizes
- Continue to invest in the most important areas of strategic investment: Bowflex® and JRNY®

North Star: 5 Strategic Pillars

Our Path to Digital Transformation



Adopt a **Consumer**
First Mindset



Scale a **Differentiated**
Digital Offering



Focus Investments on
our **Core** Businesses



Evolve **Supply Chain**
to be our Strategic
Advantage



Build **Organizational**
Capabilities to Win

Meeting Industry Demand with Differentiated Long-Term Strategy

Nautilus has positioned itself well by building **long-term assets that will endure**

- Launching a complete suite of new multi-modality connected fitness cardio products
- A pipeline of strength products leveraging our VAY acquisition
- A new target consumer base with nearly 500,000 new customers
- Encouraging early progress on improving and scaling our JRNY® digital platform
- Significant expansion of multi-channel distribution
- New talent and capabilities within software, digital product, supply chain, financial analysis, and customer care
- New North Star strategy driving digital transformation

Financial Highlights

Q3 FY 2022



\$147M

Net Sales



63%

Sales Growth
vs. LLY¹



69%

Direct Sales Growth
vs. LLY¹



\$9M

Direct Segment Backlog
for the Quarter



60%

North American Retail
Sales Growth vs. LLY^{1,2}

9M FY 2022



\$470M

Net Sales



7%

Sales Growth
vs LY¹



144%

Sales Growth
vs. LLY¹

¹ Sales growth compares to same period two years ago, excluding Octane

² North American Retail is included in Retail Sales

JRNY® Update

2



Continuing to accelerate investment into JRNY® has boosted the member base to nearly 250,000 members by the end of the quarter, now closing in on 300,000 members



Introduced Bowflex® cardio machines: Max Total® 16 and VeloCore® 16



Attached JRNY® to Bowflex® SelectTech® 552 and 1090 dumbbell purchases



Now over 150 Explore the World™ locations



Library of over 1,250 trainer-led videos

New Features



- Tracking workouts across all modalities
- New subscription and billing platform
- 12-month complimentary trial

Company-wide Consumer-led Approach



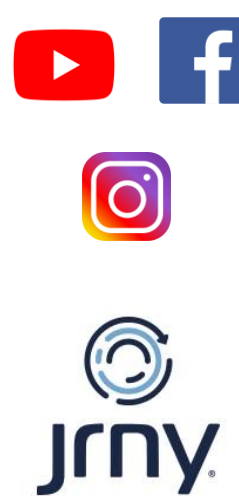
Transforming to a consumer-led, digital company from a product-led hardware approach



Ran first-ever ad campaign for Bowflex® SelectTech® 552 dumbbells with JRNY®



Positioning Bowflex® brand in modern and inclusive way



Use social media to advertise 12-month complimentary trial subscription



Launched engagement campaign with online game streamers

Additional approaches



Hired new Director of Customer Success, and first-ever Customer Experience Manager

Adding critical staff for email and social marketing

VAY Integration



Currently focused on integrating VAY's motion tracking capabilities into JRNY® to advance highly personalized workout experiences



Automatic rep counting and form coaching



Proprietary technology that works on and off Bowflex® & Schwinn® products



More than 250 people currently engaged in software development

Nautilus is moving closer to fulfilling JRNY®'s vision as a highly personalized one-to-one personal trainer

Supply Chain Dynamics Update

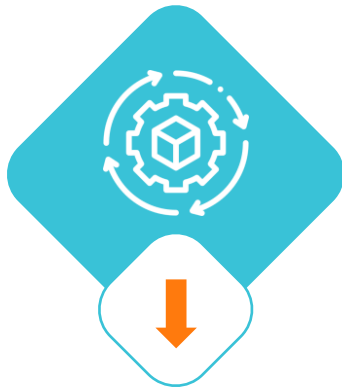


Strategic investments in Supply Chain allowed us to ship a record volume of units, driven by strength products

Problem

Solution

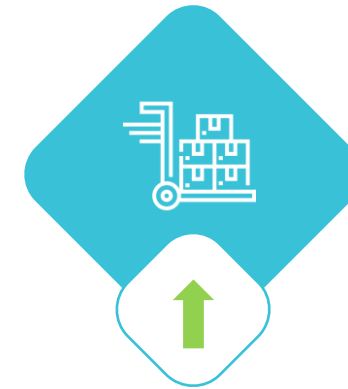
Result



Unprecedented supply chain challenges



Strategic decision to pre-order inventory ahead of the seasonally strong quarters

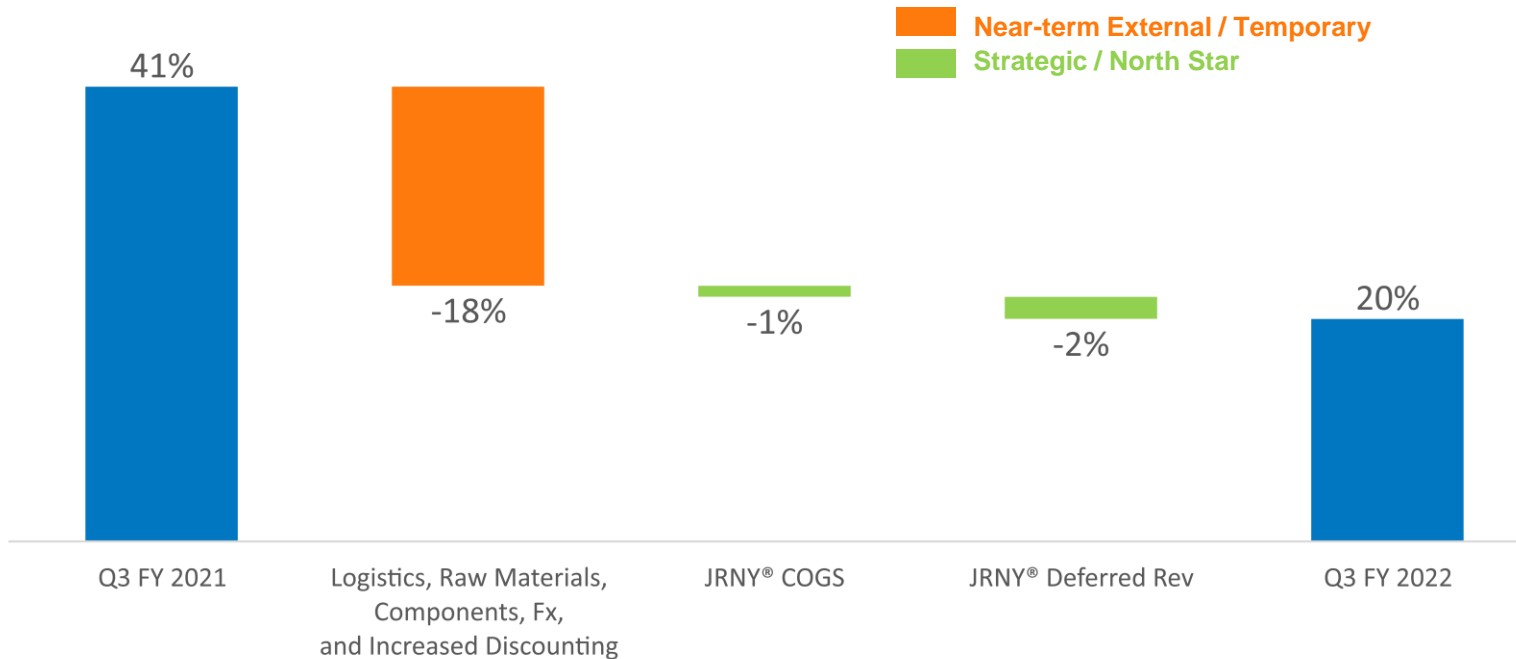


Shipped more units in this quarter than any other quarter in Nautilus' history

P&L: Q3 FY 2022, Qtr Ending December

- Net sales for the 3rd quarter were \$147M
 - +63% vs LLY*
 - Strong holiday performance resulted in \$9M backlog for Direct
- Gross profit was \$30M and gross margins were 20%

Gross Margin YoY Bridge for Qtr Ending December 2021



* Sales growth compares to same period two years ago, excluding Octane



P&L: Q3 FY 2022, Qtr Ending December - Adjusted*

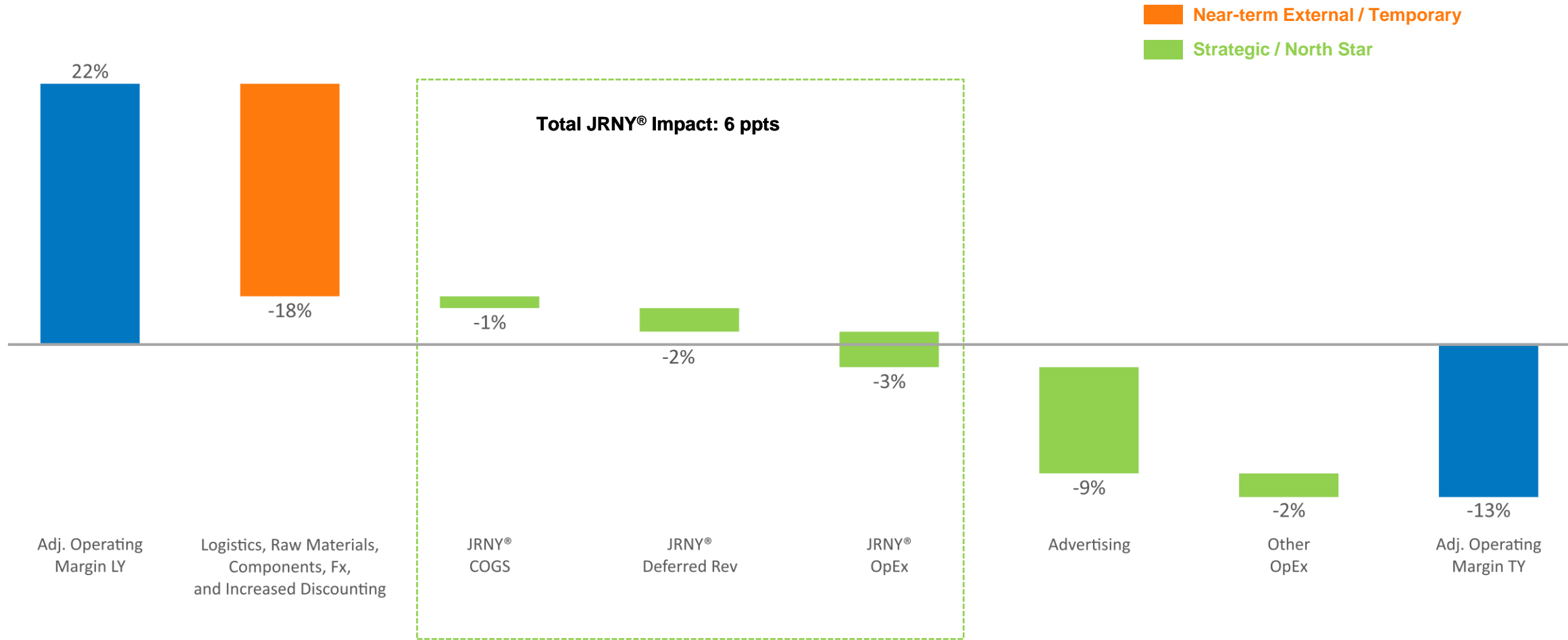
\$ in millions	Q3 FY22 3-mos ending December 2021	Q3 FY21 3-mos ending December 2020	TY vs. LY	
			\$ Var	% Var
Adj. Operating Expenses*	49	36	12	34%
<i>% of sales</i>	33%	19%	+14 pts	
Selling & Marketing	32	22	10	47%
<i>% of sales</i>	22%	12%	+10 pts	
Adj. G&A*	11	10	0.4	4%
<i>% of sales</i>	7%	5%	+2 pts	
R&D	5	4	1	34%
<i>% of sales</i>	4%	2%	+2 pts	
Adj. Operating (Loss) Income*	(19)	41	(60)	
<i>Adj. Operating Margin %</i>	-13%	22%	-35 pts	
Adj. EBITDA Continuing Operations*	(15)	45	(60)	
<i>Adj. EBITDA Margin %</i>	-10%	24%	-34pts	

* See earning release for reconciliation of non-GAAP financial measures



P&L: Q3 FY 2022, Qtr Ending December - Adjusted*

Adjusted Operating Margin YoY Bridge for Qtr Ending December 2021

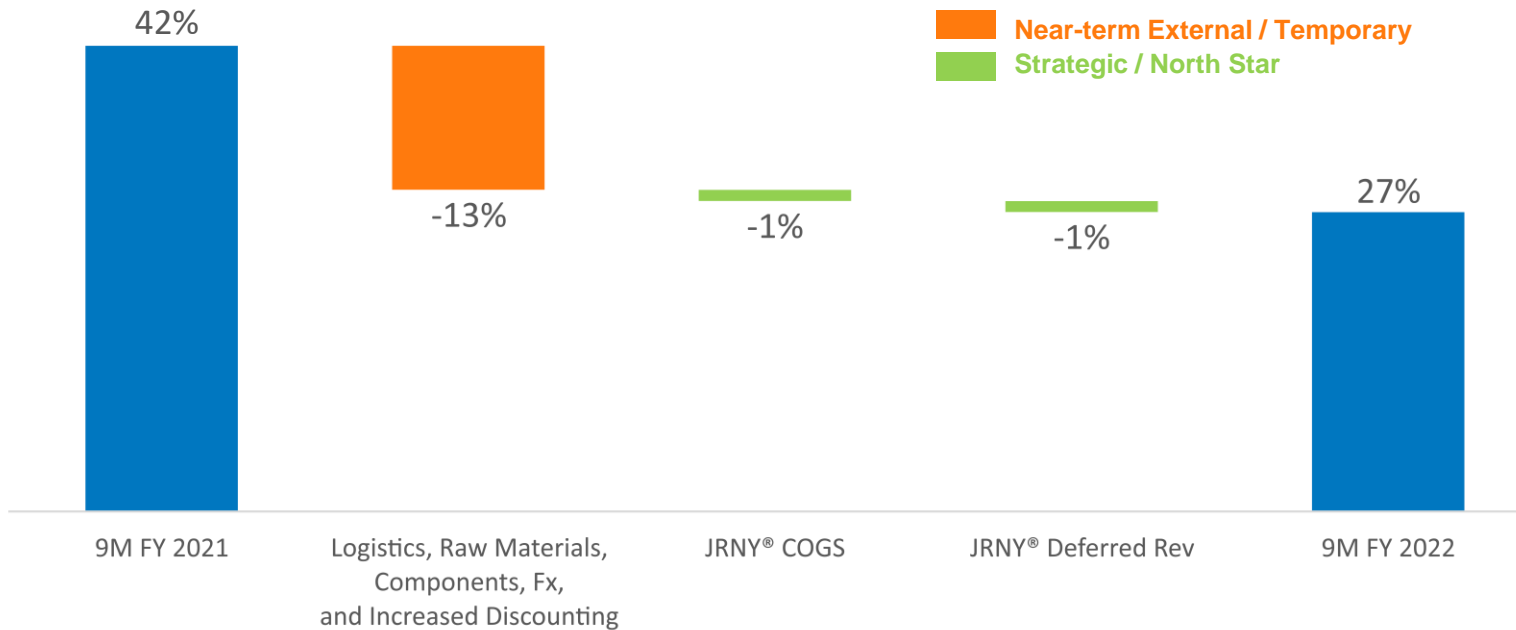


* See earning release for reconciliation of non-GAAP financial measures

P&L: FY 2022, 9-Months Ending - December

- Net sales for FY22 YTD were \$470M
 - +144% vs LLY*
- Gross profit was \$127M compared to \$193M last year and gross margins were 27% versus 42% last year

Gross Margin YoY Bridge for 9-Months Ending December 2021



* Sales growth compares to same period two years ago, excluding Octane



P&L: FY 2022, 9-Months Ending December - Adjusted*

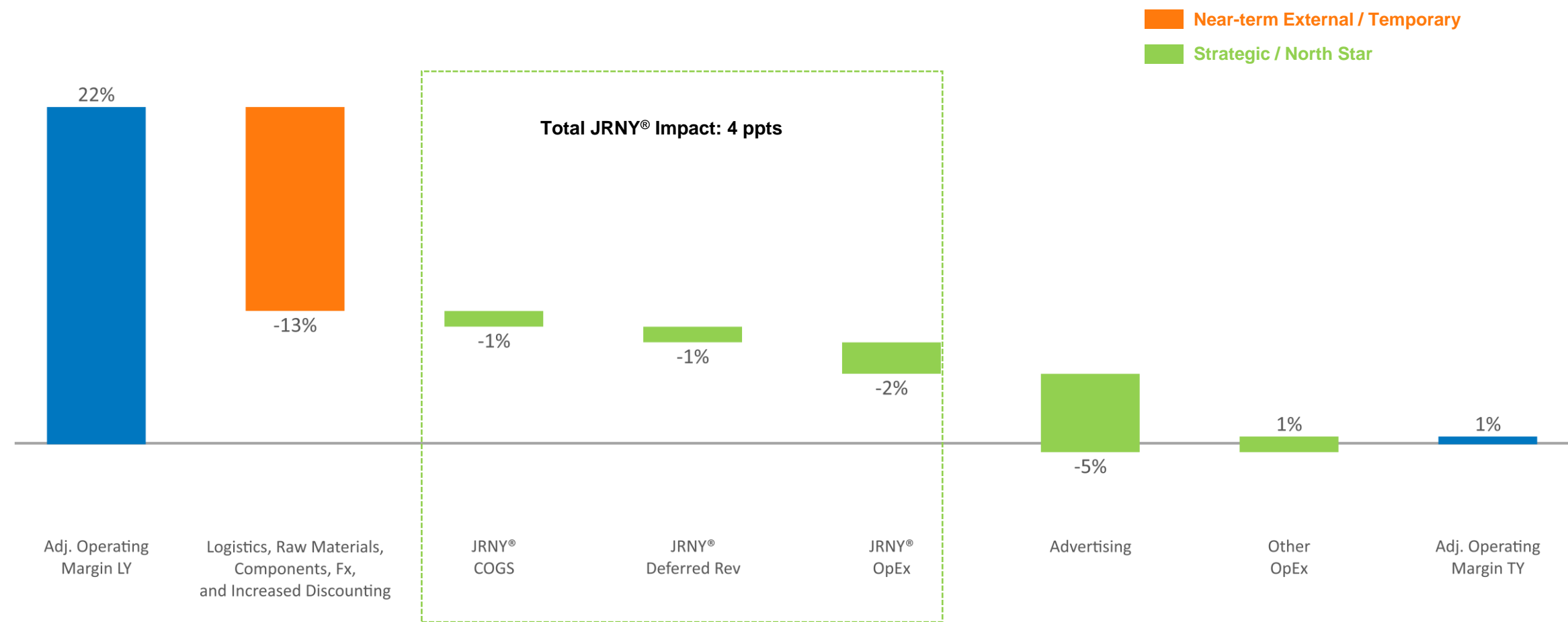
\$ in millions	YTD FY22 9-mos ending December 2021	YTD FY21 9-mos ending December 2020	TY vs. LY	
			\$ Var	% Var
Adj. Operating Expenses*	125	94	30	32%
<i>% of sales</i>	<i>27%</i>	<i>21%</i>	<i>+6 pts</i>	
Selling & Marketing	76	54	22	41%
<i>% of sales</i>	<i>16%</i>	<i>12%</i>	<i>+4 pts</i>	
Adj. G&A*	33	29	4	16%
<i>% of sales</i>	<i>7%</i>	<i>6%</i>	<i>+1 pt</i>	
R&D	16	12	4	32%
<i>% of sales</i>	<i>3%</i>	<i>3%</i>	<i>+1 pt</i>	
Adj. Operating Income*	3	99	(96)	
<i>Adj. Operating Margin %</i>	<i>1%</i>	<i>22%</i>	<i>-21 pts</i>	
Adj. EBITDA Continuing Operations	14	109	(96)	
<i>Adj. EBITDA Margin %</i>	<i>3%</i>	<i>24%</i>	<i>-21 pts</i>	

* See earning release for reconciliation of non-GAAP financial measures



P&L: FY 2022, 9-Months Ending December - Adjusted*

Adjusted Operating Margin YoY Bridge for YTD Ending December 2021



* See earning release for reconciliation of non-GAAP financial measures

Balance Sheet Comparison

\$ in millions	Q3 FY22 December 2021	Q4 FY21 March 2021
Cash and Investments	\$20	\$113
Inventory	128	68
Trade Receivables	94	89
Trade Payables	62	99
Debt	56	13
Revolver Availability	\$55	\$54

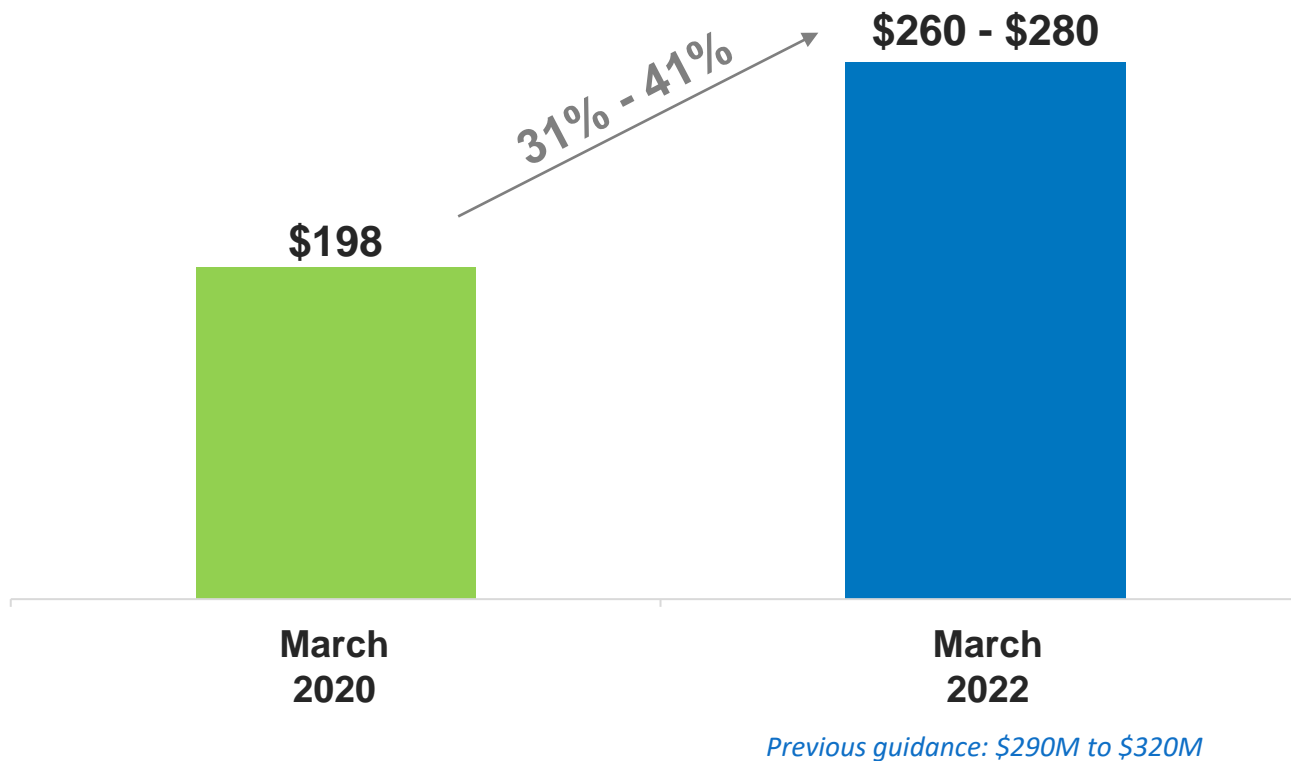
- Inventory down 21% vs \$163M @9/30/21
 - Inventory more concentrated towards best-selling SKUs
 - 15% in-transit @12/31
- \$55M available to borrow on our new \$100M facility



Expectations for 2H FY22

- Compared to the same period 2 years ago*, net sales expected to be **between \$260M and \$280M**, an increase of **31% to 41%**

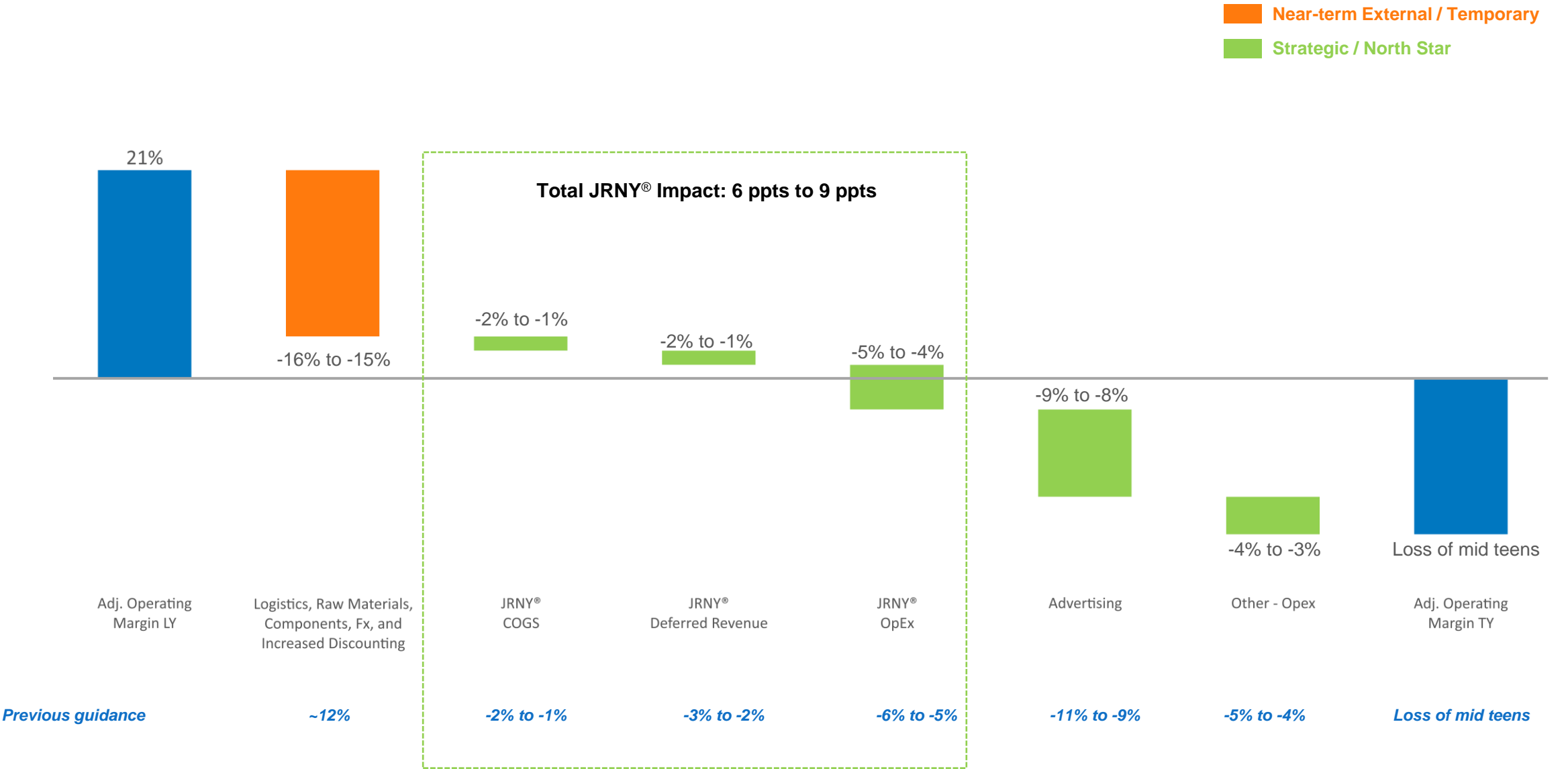
Revenue for 6-months ending March 2022 (\$M)



* Given the effect of the COVID-19 pandemic on last year's 2nd Half sales and to gauge growth and progress against more "normalized" results, the Company will be measuring this year's sales versus the same period two years ago for the next few quarters. In addition, because fitness season straddles the last two quarters of the year, the Company believes it is prudent to consider results on a six-month basis from October 1, 2021 to March 31, 2022



2H FY22 Guidance | Operating Margin



Expectations for 2H FY22



Operating margin
loss in the
mid-teens



Adjusted
EBITDA loss in
the low-teens



Capital Expenditures
between \$12M
and \$14M



Cross **300,000** JRNY®
Members by YE (3/31/22), above
mid-point of previous guidance

Long Term Expectations

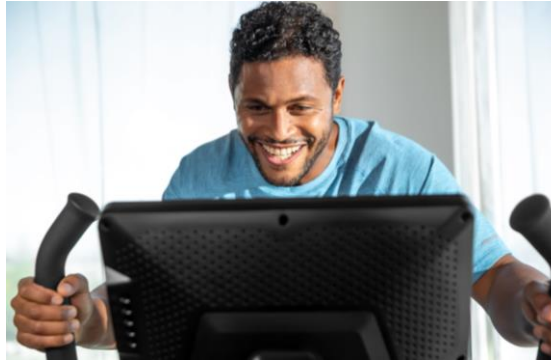
FY2023

FY2025

FY2026



Positive
Adjusted EBITDA



15%
Operating Margins



High Teens
Operating Margins

Quarter Summary

Nautilus is leveraging the long-term industry opportunity, executing upon its North Star plan, and building enduring assets to emerge from the pandemic a much stronger company



Executing against
North Star plan



Reach goal of
300,000 JRNY®
members by end
of FY2022



Tracking to goal of
2 million JRNY®
members by FY2026



Appendix

Q3 2022 P&L Summary (GAAP)

\$ in millions, except EPS	3-months ending December 2021	3-months ending December 2020	3-months ending December, FY22 VS. FY21	
			\$ Var	% Var
Net Sales	\$147	\$189	\$(42)	-22%
Gross Profit	30	78	(48)	-62%
<i>Gross Margin %</i>	<i>20%</i>	<i>41%</i>	<i>-21 pts</i>	
Operating Expenses	49	36	13	35%
<i>% of Sales</i>	<i>33%</i>	<i>19%</i>	<i>14 pts</i>	
Operating (Loss) Income	(19)	41	(60)	-147%
<i>Operating Margin %</i>	<i>-13%</i>	<i>22%</i>	<i>-35 pts</i>	
(Loss) Income Continuing Ops	(13)	29	(42)	-146%
<i>Inc Cont Ops Margin %</i>	<i>-9%</i>	<i>15%</i>	<i>-26 pts</i>	
Diluted EPS, Cont Ops	(\$0.43)	\$0.90	(\$1.33)	-148%

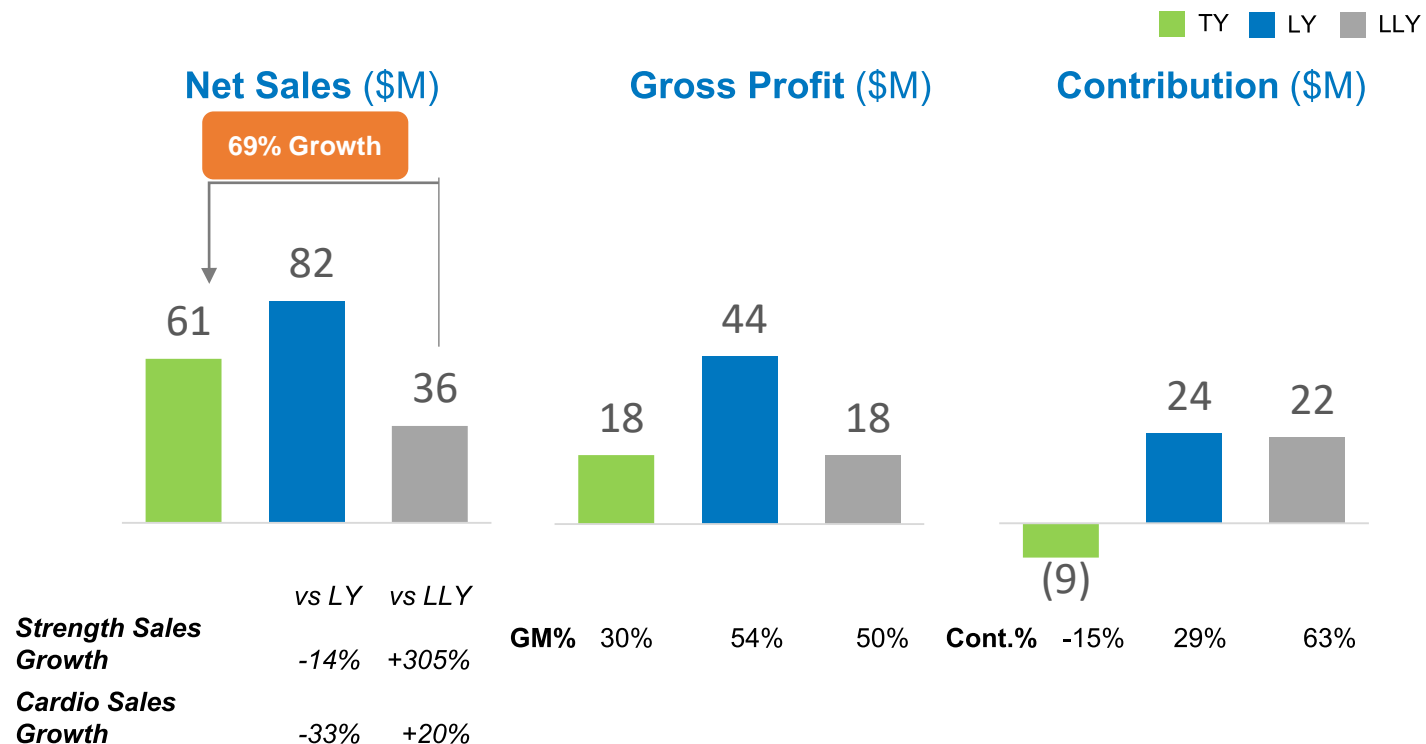


YTD 2022 P&L Summary (GAAP)

\$ in millions, except EPS	9-months ending December 2021	9-months ending December 2020	9-months ending December, FY22 VS. FY21	
			\$ Var	% Var
Net Sales	\$470	\$459	\$11	2%
Gross Profit	127	193	(66)	-34%
<i>Gross Margin %</i>	<i>27%</i>	<i>42%</i>	<i>-15 pts</i>	
Operating Expenses	131	115	16	14%
<i>% of Sales</i>	<i>28%</i>	<i>25%</i>	<i>3 pts</i>	
Operating (Loss) Income	(3)	78	(81)	-104%
<i>Operating Margin %</i>	<i>-1%</i>	<i>17%</i>	<i>-18 pts</i>	
(Loss) Income Continuing Ops	(4)	58	(62)	-107%
<i>Inc Cont Ops Margin %</i>	<i>-1%</i>	<i>13%</i>	<i>-14 pts</i>	
Diluted EPS, Cont Ops	(\$0.13)	\$1.80	(\$1.93)	-107%



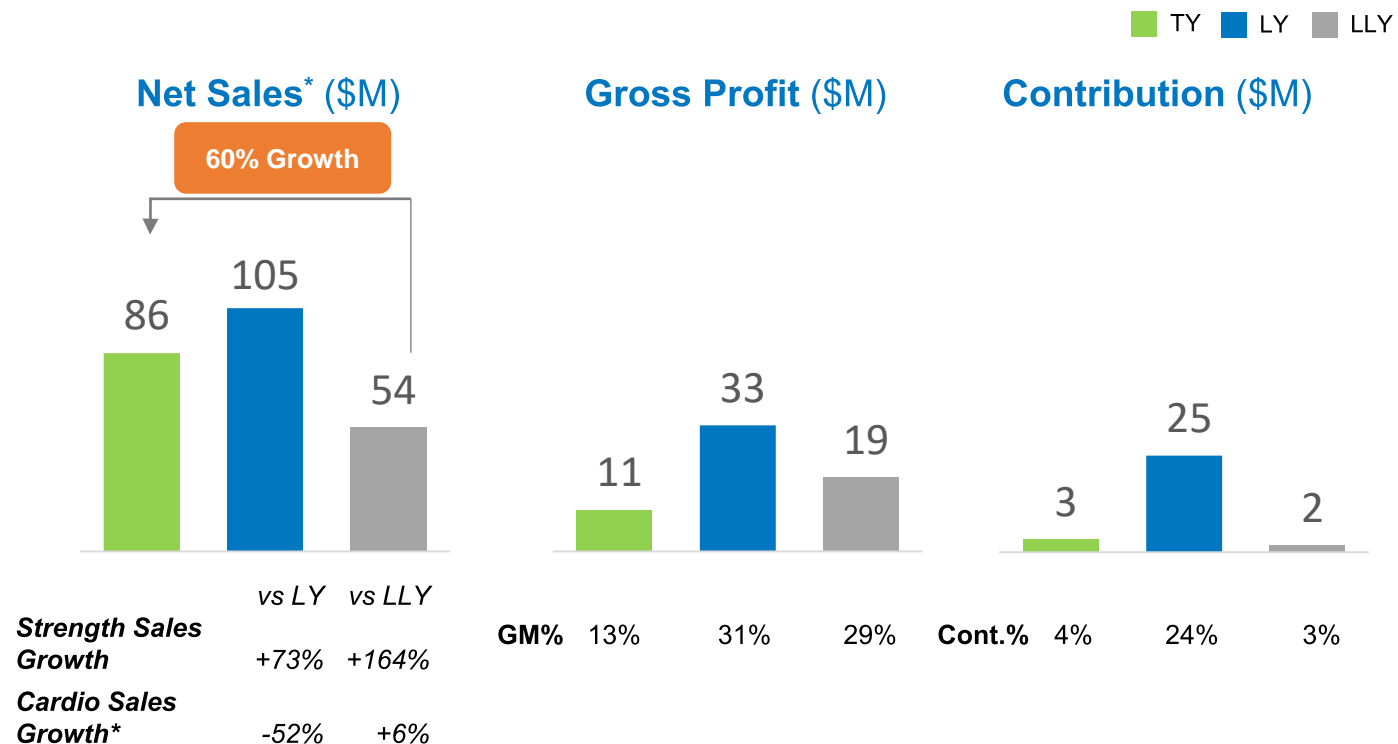
Direct Segment Results – Q3 FY2022



- Ended the quarter with \$9 million of backlog as of December 31, 2021
- The 24 ppt gross margin drop was primarily due to product costs, logistics and discounting (-20 pts) as well as increased JRNY® investment (-4 pts)



Retail Segment Results – Q3 FY2022

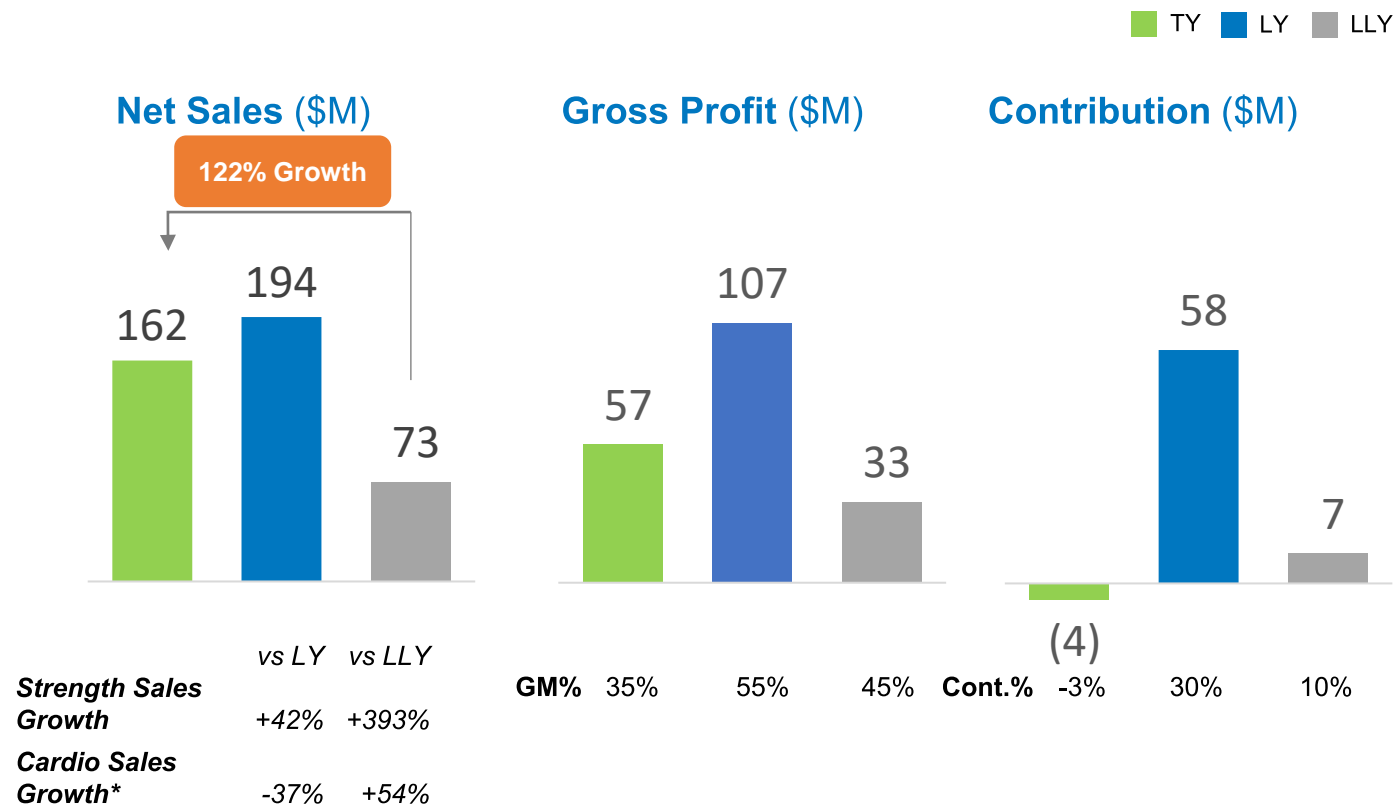


- Ended the quarter with backlog to \$44M
- The 18 ppt decrease in gross margin were primarily driven by increased products costs, logistics, and discounting (-17 pts) as well as increased investments in JRNY® (-1 pts)

* Excluding Octane



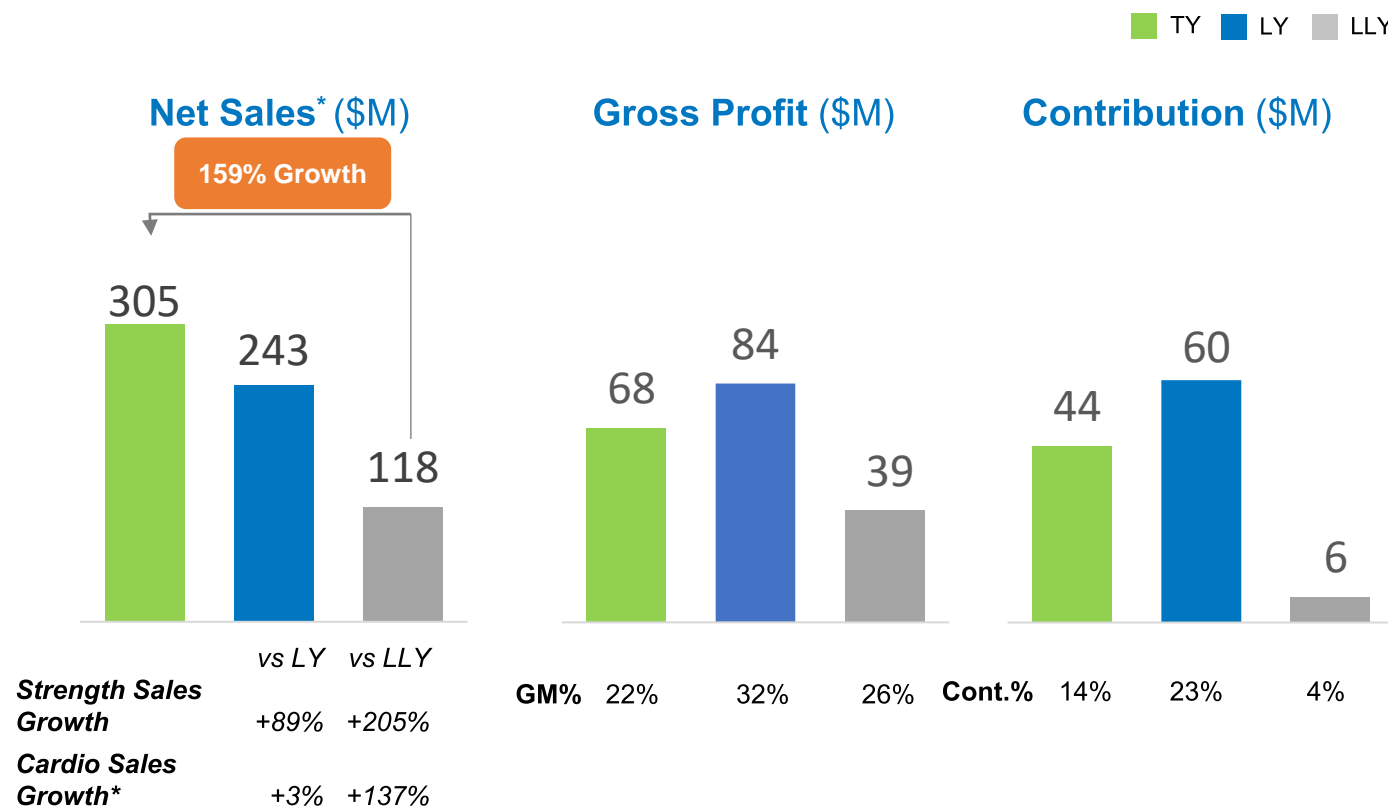
Direct Segment Results – YTD FY2022



- The 20 ppt decrease in gross profit margin was primarily driven by: increased product costs, logistics, and discounting (-17 pts) and increased investments in JRNY® (-3 pts)



Retail Segment Results – YTD FY2022



- The 10 ppt decrease in gross profit margin was primarily driven by increased product costs, logistics, and discounting

* Excluding Octane



New Fiscal Year End

- On December 30, 2020, the Board of Directors approved a change in the company's fiscal year:
 - FROM:** the twelve months beginning January 1 and ending December 31
 - TO:** the twelve months beginning April 1 and ending March 31.
- The company filed a transition report on Form 10-QT for the transition period from January 1, 2021 to March 31, 2021.
- The Company's **fiscal year 2022 begins** April 1, 2021 and **ends March 31, 2022**.
- The company changed its fiscal year-end to include the primary fitness season for exercise equipment, October to March, in the same fiscal year. In addition, the new fiscal year-end is better aligned with the fiscal year-end of its retail partners.

Old Fiscal Year												
Old Fiscal Year 2020				Old Fiscal Year 2021				Old Fiscal Year 2022				Old FY 2023
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Jan, Feb, Mar	Apr, May, Jun	Jul, Aug, Sep	Oct, Nov, Dec	Jan, Feb, Mar	Apr, May, Jun	Jul, Aug, Sep	Oct, Nov, Dec	Jan, Feb, Mar	Apr, May, Jun	Jul, Aug, Sep	Oct, Nov, Dec	Jan, Feb, Mar
2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	2023



NAUTILUS *Inc*

FOR MORE INFORMATION PLEASE CONTACT

Investor Relations:

John Mills
ICR, LLC
646-277-1254
john.mills@ICRinc.com

Media Contacts:

John Fread
Nautilus, Inc.
360-859-5815
jfread@nautilus.com

