

FY 2024

2nd Quarter Earnings Release



**BowFlex** 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; 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](http://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.



## ▶ Key Topics for Today



Completed **comprehensive company rebrand to BowFlex** – a globally renowned name known as a beacon of fitness excellence



Continue to **face challenging operating environment**, as retailers continue to maintain highly conservative approach to inventory and macroeconomic uncertainty weighs on the consumer



Remain **focused on areas in our control** and making **deliberate decisions to manage through the near-term environment**



Ensuring that we are well positioned to capitalize on **long-term shift to connected at-home fitness** when the consumer demand stabilizes



# Q2 Results: Improvements Driven by Deliberate Product Enhancements and Diligent Cost Management



# \$49M

Net Sales

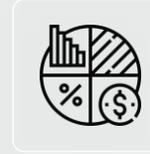
-26% vs Q2 FY23



# \$21M

Direct Segment Sales

*Direct Strength up 15% vs Q2 FY23*



# +300bps

Gross Margin Expansion



# 21%

Reduction in Adjusted Operating Expenses YoY



# 41%

Reduction in Adjusted EBITDA <sup>(1)</sup> Loss YoY



# ~596K

JRNY<sup>®</sup> Members  
+51% YoY growth



# 143K

JRNY<sup>®</sup> Subscribers  
+1% YoY growth

<sup>(1)</sup> See earnings release for reconciliation of non-GAAP financial measures

## ► Positive Trajectory of Operational Excellence Initiatives



Supply Chain Initiatives



Disciplined Cost Management



**+41%** YoY Improvement in Adj. EBITDA



Supply chain initiatives → margin improvements through reduced landed product costs



Variable operating model → continually manage costs to align with demand environment



Significant Improvement in Inventory Position



Fortified Balance Sheet & Financial Flexibility

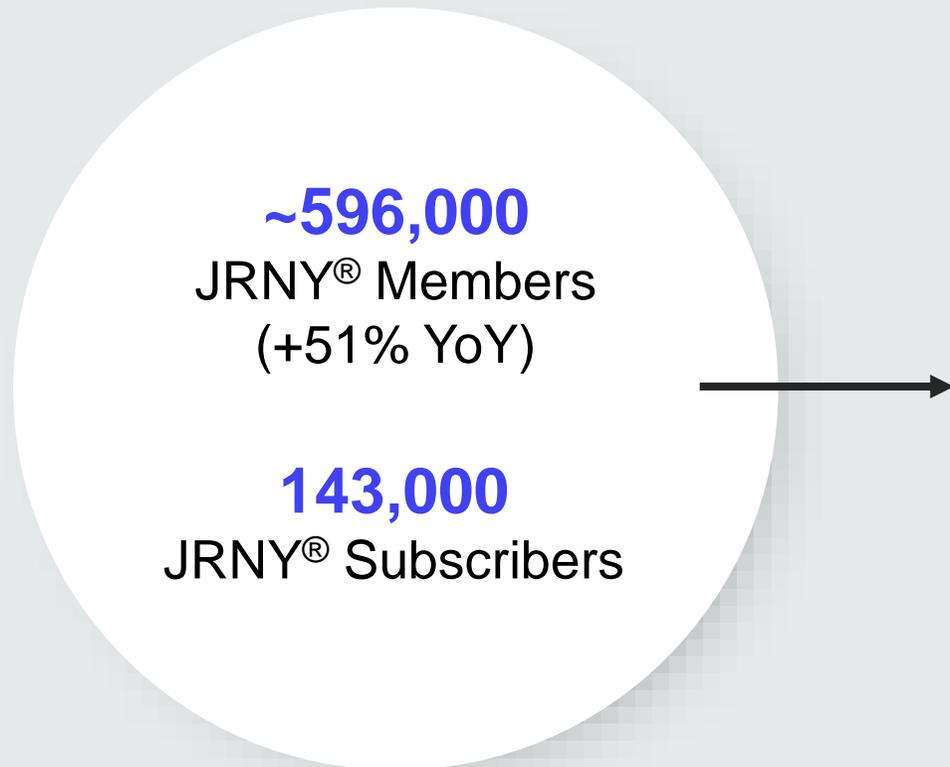


Liquidity to advance total company rebrand and support new product launches



Flexibility to navigate potential headwinds in challenging retail environment

## ▶ JRNY Update



- We have made the necessary **investments to sharpen focus on paid subscriber conversion**
- **Higher conversion rates and engagement** from JRNY® Members on 2-month trials, **representing +11% QoQ**
- Reflects ongoing efforts to enhance **frequency of communication with our users**
- Now expect **650,000 JRNY® Members by FY24 end**, above our original guidance of 625,000 JRNY® Members

## ▶ New Product Launch to Feature Refreshed BowFlex Branding



**Unveiled robust new lineup** of connected fitness equipment, solidifying our position as a leader in the connected home fitness industry



New products feature revamped BowFlex branding: **BowFlex IC Bike SE and Max SE**



Will be **sold through Direct channel** as we focus our new products and innovation efforts to drive this segment



## ▶ Next Generation Product Pipeline

**BowFlex IC Bike SE**



Updated and increased **bike adjustability range/levers**

New **simplified console interface** design

**7" Color LCD with Metric Display**

**Updated design** vs BowFlex C6 and IC4

**BowFlex Max Trainer SE**



**Quiet functionality** for an immersive experience

New **simplified console interface** design

**7" Color LCD with Metric Display**

Features **new terrain control auto-adjust**

**Schwinn Elliptical 490**

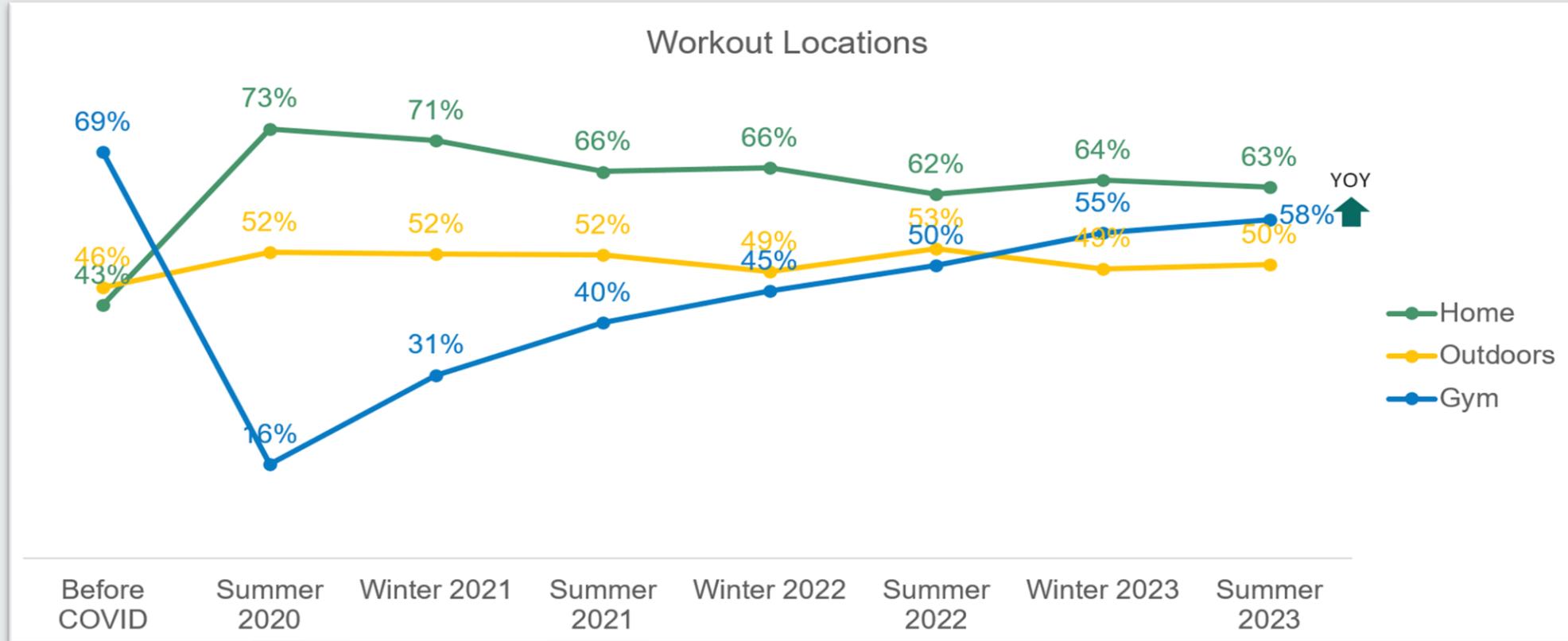


Delivers **compact footprint with 20" stride**

Features **terrain control technology**

**Thousands of structured workouts and hundreds of virtual routes** via JRNY and 3rd party apps

► **Proportion of People Working Out at the Gym is up Significantly, Without Decline in Home Workout Mix**



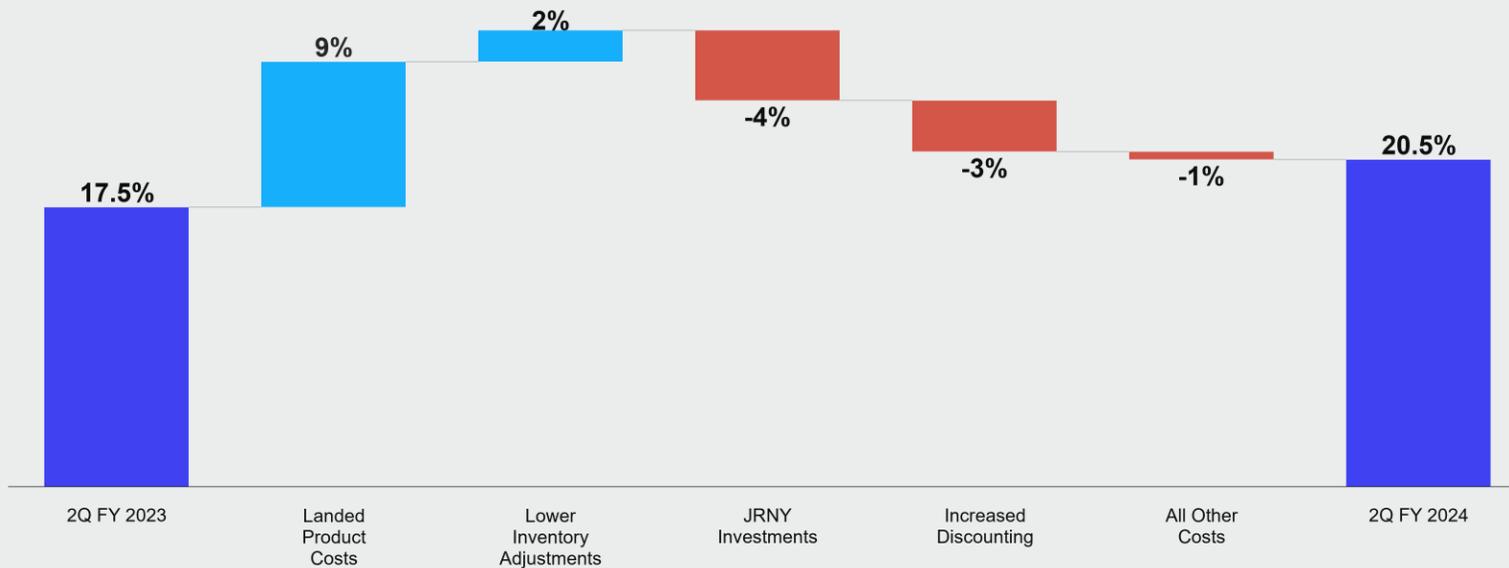
Q: Where have you worked out on a weekly basis in the past 3 months (ie., since [date])? Please select all that apply.

Note: Summer 2020 n = 2142, Winter 2021 n = 2005, Summer 2021 n = 2069, Winter 2022 n = 2543, Summer 2022 n = 2580, Winter 2023 n = 2508, Summer 2023 n = 2515

## ► P&L: Q2 FY24, Qtr. Ending September 2023

- **Net Sales of \$49M**
  - -26% vs Q2 FY23 (LY)
  - Direct Segment Sales -15% vs Q2 FY23 (LY); Strength +15% vs LY
  - Retail Segment Sales -30% vs Q2 FY23 (LY); International +41% vs LY
- **Gross Profit of \$10M, -13% vs Q2 FY23 (LY)**
- **Gross Margins of 20%**
  - +300 bps vs Q2 FY23 (LY)

Gross Margin YoY Bridge for Qtr. Ending September 2023



## ► P&L: Q2 FY24 (Qtr. Ending September) Adjusted

\$ in millions	Q2 FY24	Q2 FY23	TY vs LY	
	Sep 2023	Sep 2022	\$ Var	% Var
<b>Net Sales</b>	<b>49</b>	<b>65</b>	<b>-17</b>	<b>-26%</b>
<b>Gross Profit</b>	<b>10</b>	<b>11</b>	<b>-2</b>	<b>-13%</b>
<i>Gross Margin %</i>	<i>20%</i>	<i>18%</i>	<i>3 pts</i>	
<b>Adj. Operating Expenses<sup>(1)</sup></b>	<b>20</b>	<b>25</b>	<b>-5</b>	<b>-21%</b>
<i>% of sales</i>	<i>41%</i>	<i>38%</i>	<i>2 pts</i>	
<b>Selling &amp; Marketing</b>	<b>7</b>	<b>9</b>	<b>-2</b>	<b>-25%</b>
<i>% of sales</i>	<i>14%</i>	<i>14%</i>	<i>0 pts</i>	
<b>Adj. G&amp;A</b>	<b>9</b>	<b>11</b>	<b>-2</b>	<b>-18%</b>
<i>% of sales</i>	<i>18%</i>	<i>17%</i>	<i>2 pt</i>	
<b>R&amp;D</b>	<b>4</b>	<b>5</b>	<b>-2</b>	<b>-29%</b>
<i>% of sales</i>	<i>8%</i>	<i>8%</i>	<i>0 pt</i>	
<b>Adj. Operating Loss<sup>(1)</sup></b>	<b>(10)</b>	<b>(14)</b>	<b>4</b>	<b>-28%</b>
<i>Adj. Operating Margin %</i>	<i>-20%</i>	<i>-21%</i>	<i>1 pts</i>	
<b>Adj. EBITDA Loss from Continuing Operations<sup>(1)</sup></b>	<b>(6)</b>	<b>(10)</b>	<b>4</b>	<b>-41%</b>
<i>Adj. EBITDA Margin %</i>	<i>-12%</i>	<i>-15%</i>	<i>3 pts</i>	



(1) See earning press release for reconciliation of non-GAAP financial measures. Due to rounding, some numbers may not foot

## ► Balance Sheet and Liquidity

\$ in millions	Q2 FY24 September 2023	Q4 FY23 March 2023
Cash and Investments	\$10	\$18
Inventory	66	47
Trade Receivables	24	21
Trade Payables	63	29
Debt	16	28
Liquidity <sup>(1)</sup>	\$39	\$33

- Quarter-Ending Inventory of \$66M
  - -33% vs 9/30/22 (LY) and +42% vs 3/31/23 (Q4 FY23)
- Net Cash <sup>(2)</sup> +\$4M vs FYE23

**Net Cash** (Cash, cash equivalents, and investments less debt)

3/31/22	6/30/22	9/30/22	12/30/22	3/31/23	6/30/23	9/30/23
-\$15M	-\$28M	-\$40M	-\$43M	-\$10M	+\$2M	-\$5M



(1) Total liquidity, defined as cash, cash equivalents, investments, and available borrowing under the line of credit  
 (2) Net Cash, defined as cash, cash equivalents, and investments less debt | Due to rounding, some numbers may not foot

## ▶ Adjusting FY24 Guidance

### Full Year 2024

**Total Revenue**

Between \$215M - \$240M  
*(previous \$270M - \$300M)*

**Royalty revenue**

~\$1.1M  
*(previous \$1.8M)*

**Adjusted EBITDA<sup>(1)</sup>**

Between \$25M loss to \$15M loss  
*(previous \$15M loss to break-even)*

**JRNY Members**

~650k  
*(previous ~625k)*



(1) See earning release for more information regarding non-GAAP financial measures

# Appendix

## ► Q2 FY 24 P&L Summary (GAAP)

\$ in millions, except EPS	Q2 FY24 3-months ending Sep 2023	Q2 FY23 3-months ending Sep 2022	3-months ending September, FY24 VS FY23	
			\$ Var	% Var
<b>Net Sales</b>	<b>\$49</b>	<b>\$65</b>	<b>-17</b>	<b>-26%</b>
<b>Gross Profit</b> <i>Gross Margin %</i>	<b>10</b> <i>20%</i>	<b>11</b> <i>18%</i>	<b>-2</b> <i>3 pts</i>	<b>-13%</b>
<b>Operating Expenses</b> <i>% of Sales</i>	<b>21</b> <i>43%</i>	<b>26</b> <i>39%</i>	<b>-5</b> <i>4 pts</i>	<b>-18%</b>
<b>Operating Loss</b> <i>Operating Margin %</i>	<b>(11)</b> <i>-23%</i>	<b>(14)</b> <i>-22%</i>	<b>3</b> <i>-1 pts</i>	
<b>Loss Continuing Ops</b>	<b>(13)</b>	<b>(15)</b>	<b>3</b>	
<b>Diluted EPS, Cont Ops</b>	<b>\$(0.35)</b>	<b>\$(0.41)</b>	<b>\$0.06</b>	



# BowFlex<sup>INC</sup>

 BowFlex  Jrny  SCHWINN