

DECEMBER 2020



Investor Presentation

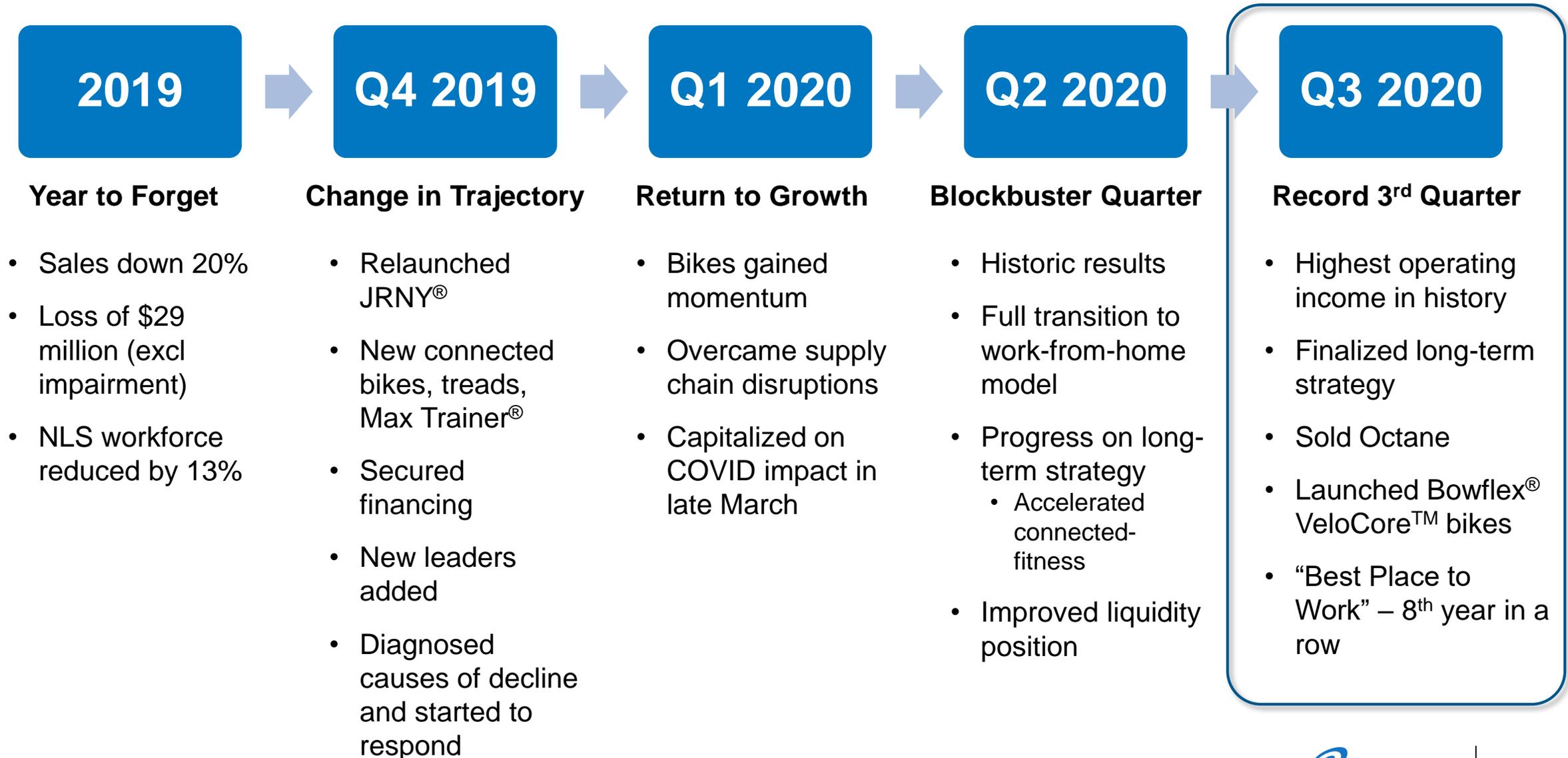
Safe Harbor Statement

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 or forecasted financial and operating results, 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. Our financial results could also be impacted by our sale of Octane Fitness and the impact of any divestiture or separation transaction on our remaining business. 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 caused by the COVID-19 pandemic; an inability to pass along or otherwise mitigate the impact of raw material price increases and other cost pressures, including unfavorable currency exchange rates; 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; risks related to or not completely realizing the anticipated benefits from the sale of Octane Fitness; changes in the financial markets, including changes in credit markets and interest rates 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.



Q3 Earnings Results

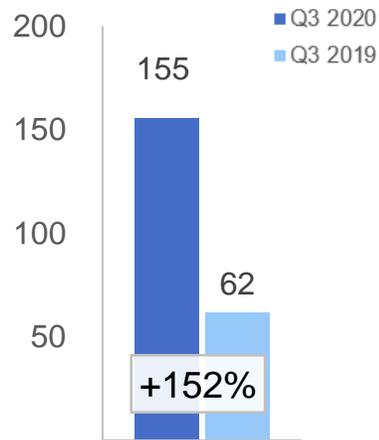
Recap of Progress



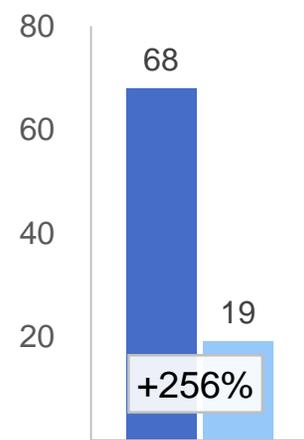
Q3 2020 Highlights

Record Third Quarter Results

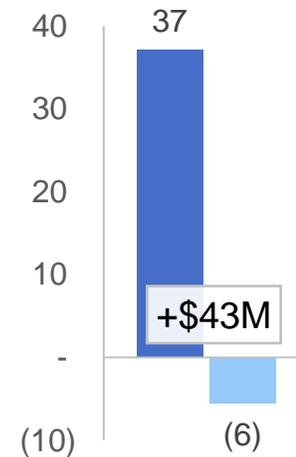
Net Sales (\$M)



Gross Profit (\$M)



Adj. EBITDA (\$M)



Q3 2020 Highlights

- Sales up **152%**; **Highest quarterly sales** in the last decade
 - Third consecutive quarter of **growth**
 - Strong performance in **both segments**
- Gross margin rate improved **+1280 bps**
- Operating Income of \$44M, **most profitable quarter ever**
- Adjusted **EBITDA improved +\$43 million**
- 4th consecutive quarter of **positive cash flow**



Q3 Operational Achievements



Massive increases in supply chain capacity

NEW! Product launches: VeloCore™ and JRNY®



Established new JRNY® business unit;
hired Chief Digital Officer



Continued focus on margins: improved pricing,
decreased promotions, strong merchandising



Strong customer metrics: 3x increase in traffic to
Bowflex.com and 7x increase in new customers



Maintained strong partnerships with existing Retail
customers and onboarded new ones



Results Across Multiple Dimensions

Delivered record-breaking results

Overcame challenges

- ✓ Disruptions in global supply chain including port closures, container shortages, and shipping delays
- ✓ Fatigue from extended work-from-home
- ✓ West Coast wildfires

Advanced long-term transformation

- ✓ Successful launch of Bowflex® VeloCore™
- ✓ Completed North Star strategy work
- ✓ Sold Octane

Maintained and leveraged strong corporate culture

- ✓ “Best Place to Work” – 8th year in a row



Near-term Market Outlook

Expect temporary and longer-term COVID impacts

-  Even as more gyms re-opened, our business continued to outperform
-  Research suggests lasting changes in workout habits of gym-goers, shifting to home fitness
-  Increased exposure for our brands and products
-  Trends towards online ordering and curbside pickup position us well due to our omni-channel model

We are responding based on this outlook

-  Making significant investments in inventory and expanding capacity in our best-selling products
-  Increasing investment in marketing, JRNY and product development to target gym-goers



North Star Strategy Update

Strategy work completed and rolling out internally

North Star focus:

Capitalize on company's strengths

- Well-known brands
- Reputation for quality
- Legacy of innovation
- Customer-focused culture

Address the weaknesses

- Losing track of consumer journey
- Falling behind on connected fitness
- Lack of focus

Strong Balance Sheet provides opportunity to accelerate execution



Q3 2020 Adjusted¹ P&L Summary

\$ in millions, except per share amounts

	Q3 2020	Q3 2019	\$ Var
Net Sales	\$155	\$62	\$94
Gross Profit	68	19	49
<i>Gross Margin %</i>	<i>44%</i>	<i>31%</i>	<i>13 pts</i>
Operating Expenses ¹	32	27	5
<i>% of Sales</i>	<i>21%</i>	<i>44%</i>	<i>-23 pts</i>
Operating Income / (Loss) ¹	36	(8)	44
<i>Operating Margin % ¹</i>	<i>23%</i>	<i>-13%</i>	<i>36 pts</i>
Net Income / (Loss)			
Continuing Ops ^{1,2}	28	(9)	37
Diluted Income / (Loss) per share			
Continuing Ops ^{1,2}	\$0.87	(\$0.29)	\$1.16
<i>EBITDA from Continuing Ops ¹</i>	<i>37</i>	<i>(6)</i>	<i>43</i>

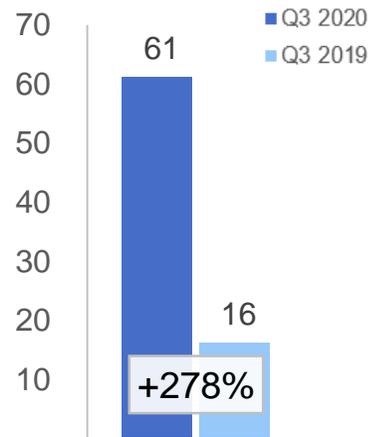
¹ Adjusted for gain on disposal group in Q3 2020

² Q3 2019 results include correction to income tax, as described in 10Q



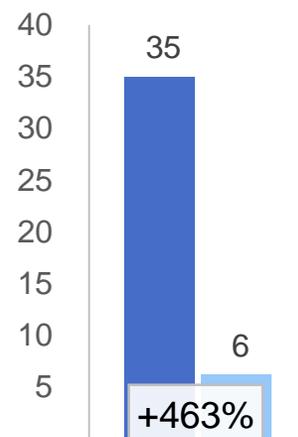
Direct Q3 2020 Segment Results

Net Sales (\$M)



Cardio +256%
Strength +349%

Gross Profit (\$M)



'20 '19
GM % 57% 38%

Contribution (\$M)



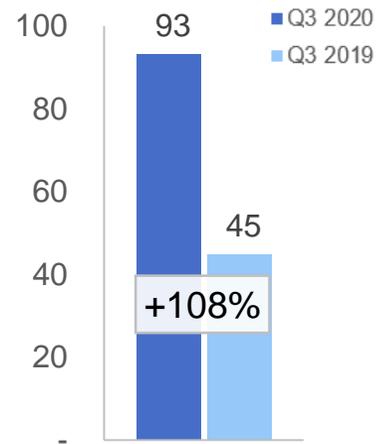
Highlights

- **3rd consecutive quarter of sales growth**
 - Both Cardio and Strength up >3x
 - Highest Q3 sales in last decade
- Entered Q4 with **\$23 million in backlog**
- Segment **Contribution improved by \$26 million**



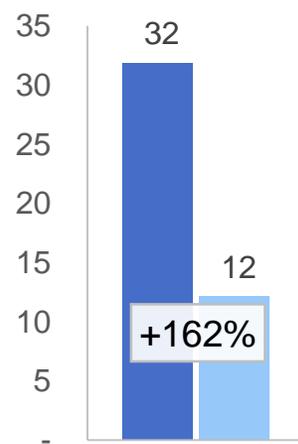
Retail Q3 2020 Segment Results

Net Sales (\$M)



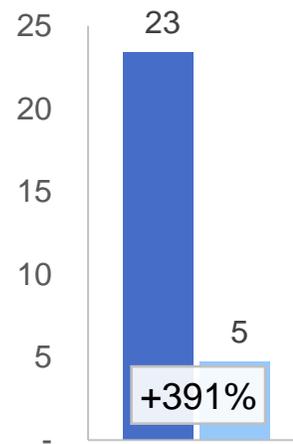
Cardio +103%
Strength +128%

Gross Profit (\$M)



'20 '19
GM % 34% 27%

Contribution (\$M)



Highlights

- Delivered **highest quarterly sales** in segment history
 - Excluding Octane brand, **Net Sales grew 132%**
 - Strong growth in both Cardio and Strength
- Entered Q4 with **\$45¹ million in backlog**
- Segment **Contribution growth of 391%**

¹ Excludes \$5M Octane backlog



Other Key Highlights for Q3

\$ in millions	Q3 2020 ¹	Q4 2019
Cash	\$72	\$11
Debt	14	14
Accounts Receivable	69	55
Trade Payables	83	74
Inventory	34	55

- **Strong Liquidity Position;** cash balance +\$61M vs YE19
- **Fourth consecutive quarter of positive cash flow**
- \$49 million available to borrow against Wells Fargo Facility @ 9/30/2020
- Non-cancellable purchase obligations at each quarter-end:
 - Q3 20: \$227M² | Q2 20: \$128M | Q1 20: \$35M | Q4 19: \$28M | Q3 19: \$47M



¹ Q3 2020 balance sheet impacted by certain 'held-for-sale' reclassifications and the gain on disposal group related to Octane sale process

² Excludes \$13M of Octane-related POs

Expectations for FY2020

Environment continues to be volatile and the supply chain challenges mentioned in prior earnings calls remain

- Sales growth highly dependent on uninterrupted supply chain
- Gross margin pressures due to logistics and operations costs
- Higher operating expenses in H2 compared to H1

Net Sales

• **\$540M - 565M**

Adjusted EBITDA¹

• **\$90M - 100M**

CapEx

• **\$10M - 13M**

¹ Adjusted to exclude loss on disposal group charges





Product Portfolio



Customized Fitness with JRNY



Growing Line-up of Bowflex Connected Fitness

Bikes

Bowflex
VeloCore 22



Bowflex
VeloCore 16



Bowflex C7



Treadmills

Bowflex
T7



Bowflex
T10



Bowflex
T22



Max Trainer

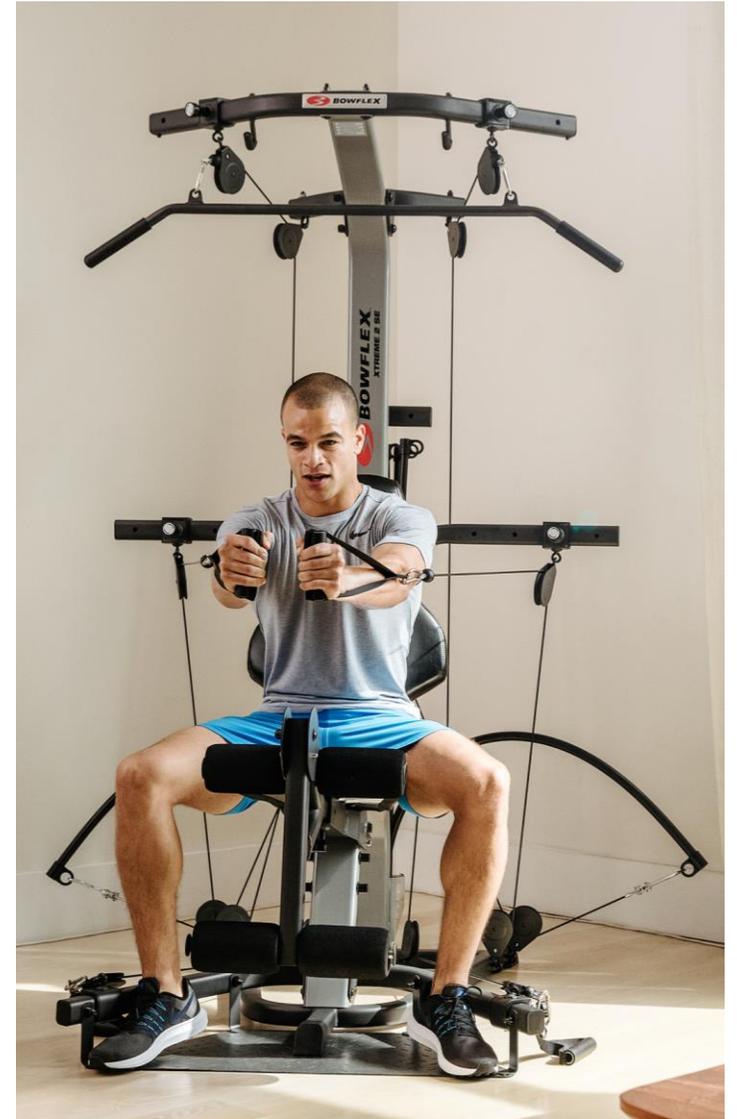
Bowflex Max
Total



Bowflex Max M9



Bowflex Strength Best Sellers



Schwinn and Bowflex Bikes





NAUTILUS *Inc*

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Appendix

Q3 2020 P&L Summary (GAAP)

\$ in millions, except
per share amounts

	Q3 2020	Q3 2019	\$ Var
Net Sales	\$155	\$62	\$94
Gross Profit	68	19	49
<i>Gross Margin %</i>	<i>44%</i>	<i>31%</i>	<i>13 pts</i>
Operating Expenses	24	27	(3)
<i>% of Sales</i>	<i>15%</i>	<i>44%</i>	<i>-29 pts</i>
Operating Income / (Loss)	44	(8)	52
<i>Operating Margin %</i>	<i>28%</i>	<i>-13%</i>	<i>42 pts</i>
Net Income / (Loss)			
Continuing Ops ¹	34	(9)	43
Net Income / (Loss)¹	34	(9)	43
<i>Net Income / (Loss) %¹</i>	<i>22%</i>	<i>-14%</i>	<i>36 pts</i>
Diluted Income / (Loss) per share			
Continuing Ops ¹	\$1.05	(\$0.29)	\$1.34
Diluted Income / (Loss) per share ¹	\$1.04	(\$0.30)	\$1.34
EBITDA from Continuing Ops	45	(6)	51

¹ Q3 2019 results include correction to income tax, as described in 10Q

