



Analyst Day

Investor Presentation

March 18, 2021

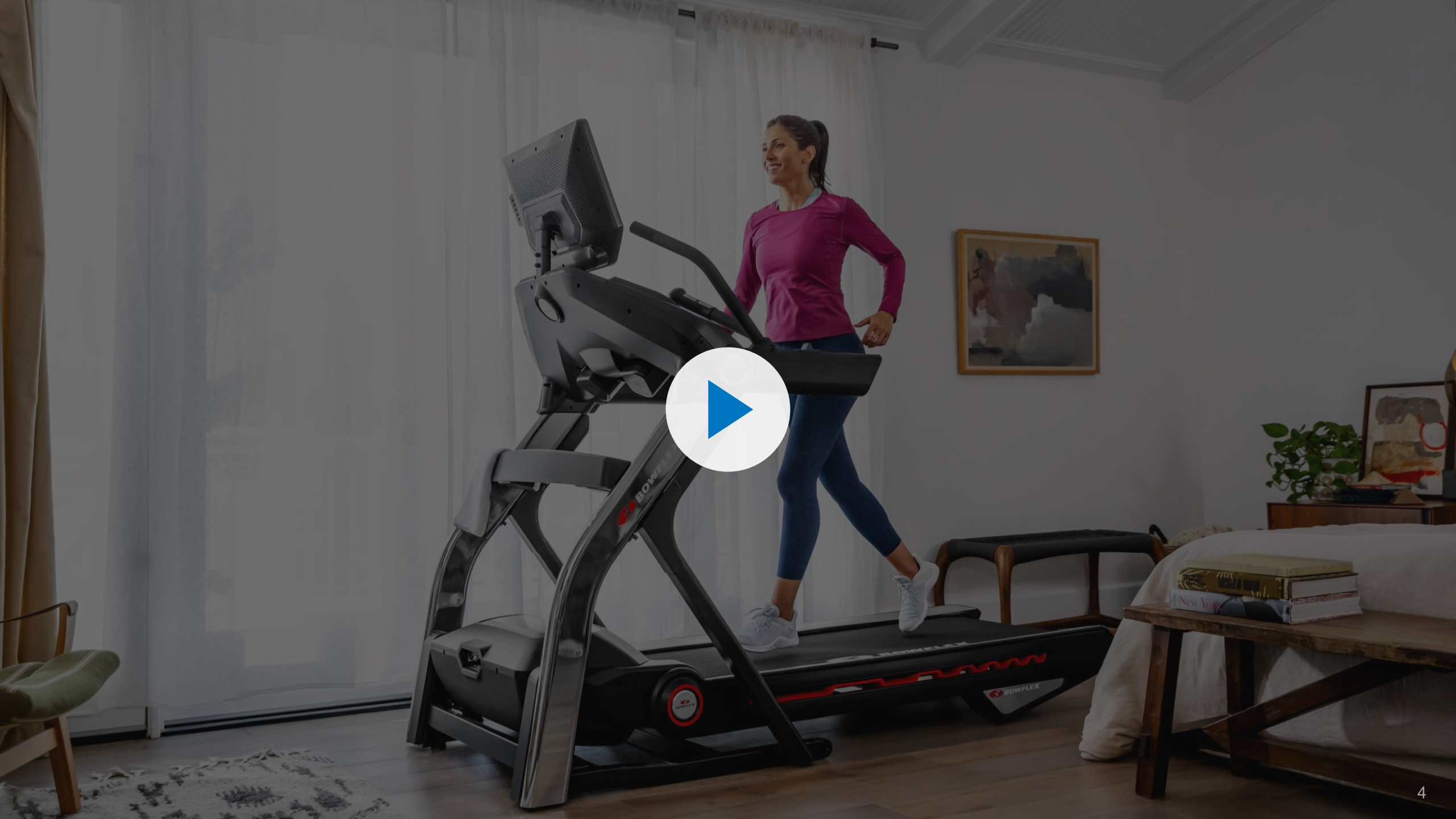


Safe Harbor Statement

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 and operating results, including FYE26 financial aspirations, 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, including targeted number of JRNY memberships; 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, 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; 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.

John Mills

Managing Director, ICR



A woman with curly hair, wearing a grey sports bra and green leggings, is smiling while exercising on a stationary bike. In the background, a man in a yellow t-shirt and dark shorts is also exercising on a stationary bike. The scene is set in a bright, modern home with large windows and a staircase.

North Star



Jrny™

to 2026

Investor Day: Key Takeaways



1 Home fitness is a long-term attractive industry

2 Nautilus is well-positioned to grow

3 We have strong momentum and have already transitioned to "new" Nautilus

4 North Star is the right direction for our Company

5 Nautilus is a good long-term value

Agenda

● Introduction

● Path to our Long-Term Strategic Plan

● Q&A

A

Assessment:
Strengths and
Weaknesses

B







**Identifying the
Opportunities**

C

North Star:
Journey to 2026

Nautilus Senior Leadership Team

Today's Speakers

						
Jim Barr CEO	Aina Konold CFO "Operational CFO"	Becky Alseth SVP, Chief Marketing Officer "Lives and Breathes the Consumer"	Chris Quatrochi SVP, Innovation "Earliest champion of JRNY"	Garry Wiseman SVP, Chief Digital Officer "Consumer-Centric Technologist"		
						
Bill McMahon VP & Interim Head of Supply Chain	Ellen Raim Chief People Officer	Jay McGregor VP and GM of Domestic Retail	Jeff Collins VP and GM of International Retail	Jeff Mauer VP and Head of IT	John Goelz (Incoming) Chief Supply Chain Officer	Wayne Bolio SVP and General Counsel

 New Members of Senior Leadership Team

Jim Barr, CEO, Nautilus, Inc.

Relevant Career Themes:

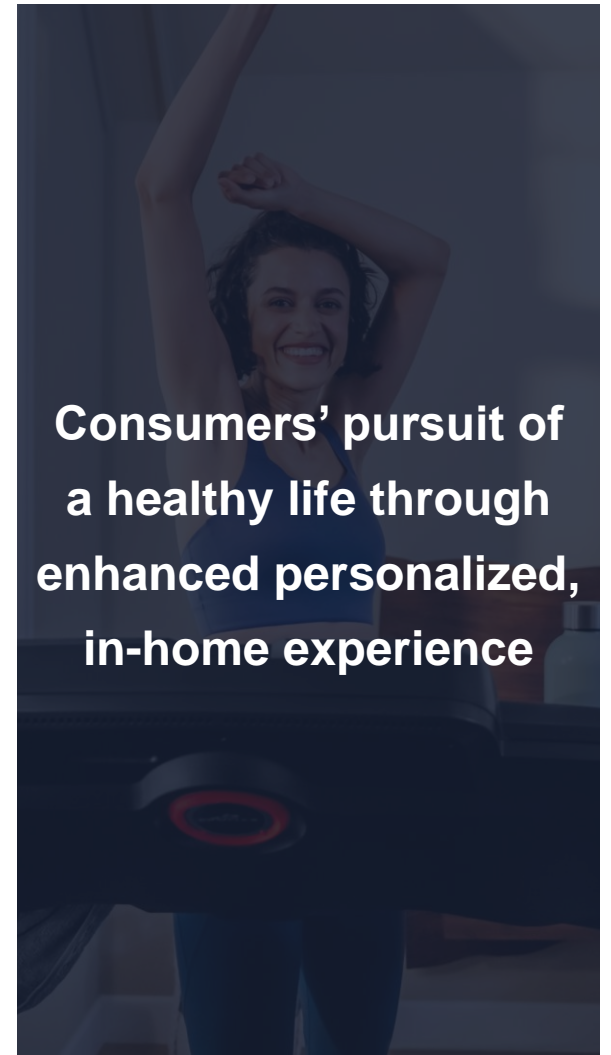
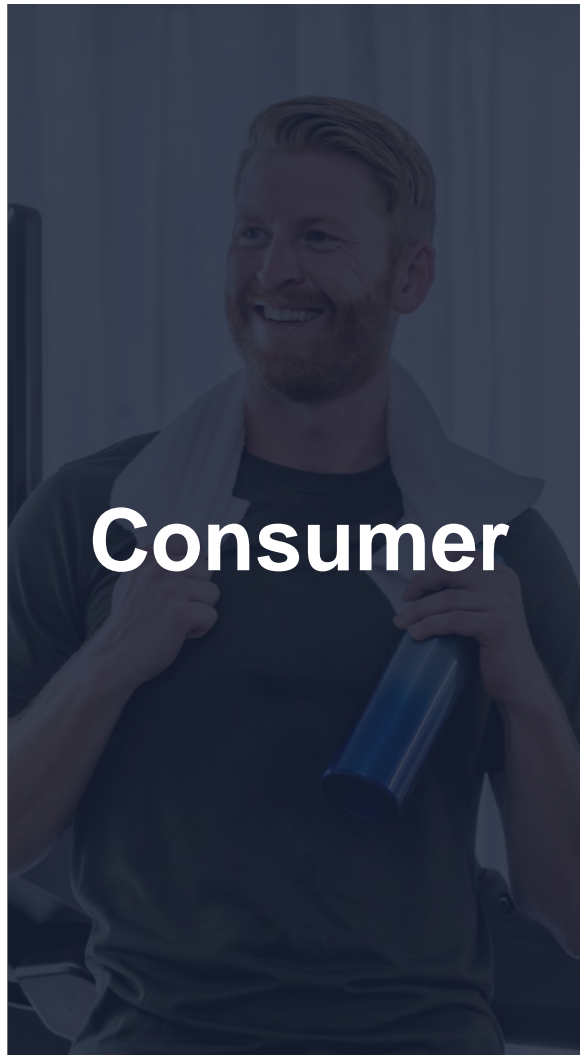
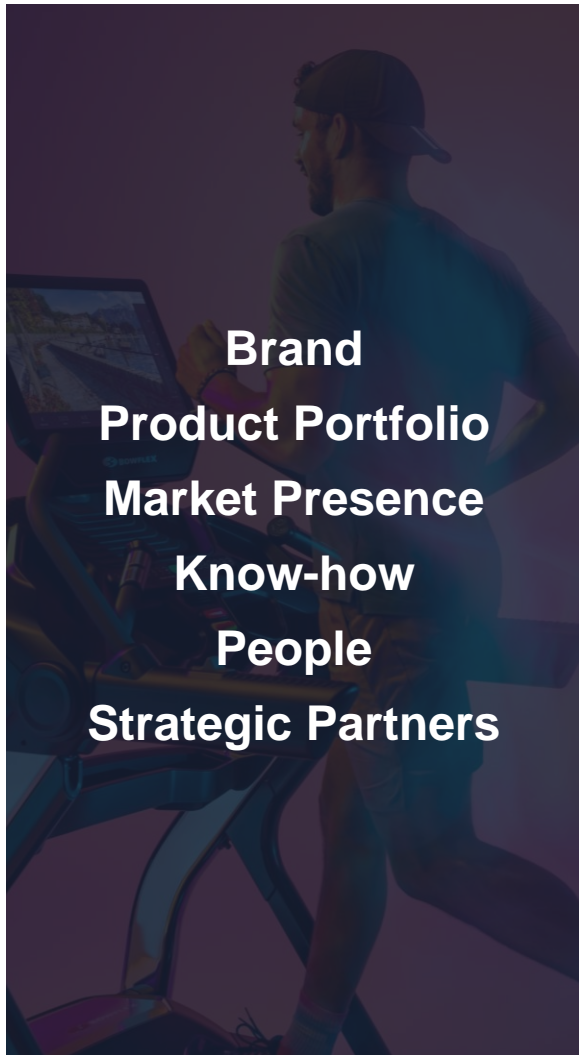
- 25 years in Digital, eCommerce, Omni-channel
- Digital Transformations Across Diverse Industries
- Multiple successes transforming and growing large scale digital and multichannel businesses
- Even Great Companies Sometimes Miss Something; The Key is the Path to Recovery

Bio:

- Joined Nautilus, Inc., July 2019
- Group President of Ritchie Bros. (NYSE: RBA)
- EVP and Chief Digital Officer, OfficeMax
- President, Online, Sears
- 12 years as GM/Partner in Microsoft's online businesses
- MBA, Finance, University of Chicago Booth School of Business; B.S. Miami University

Playbook:

- Driving Growth through Clear Strategic Direction & People Leadership
- Digital Approach to Products & GTM
- Consumer-Driven Marketing
- Innovation & Technology



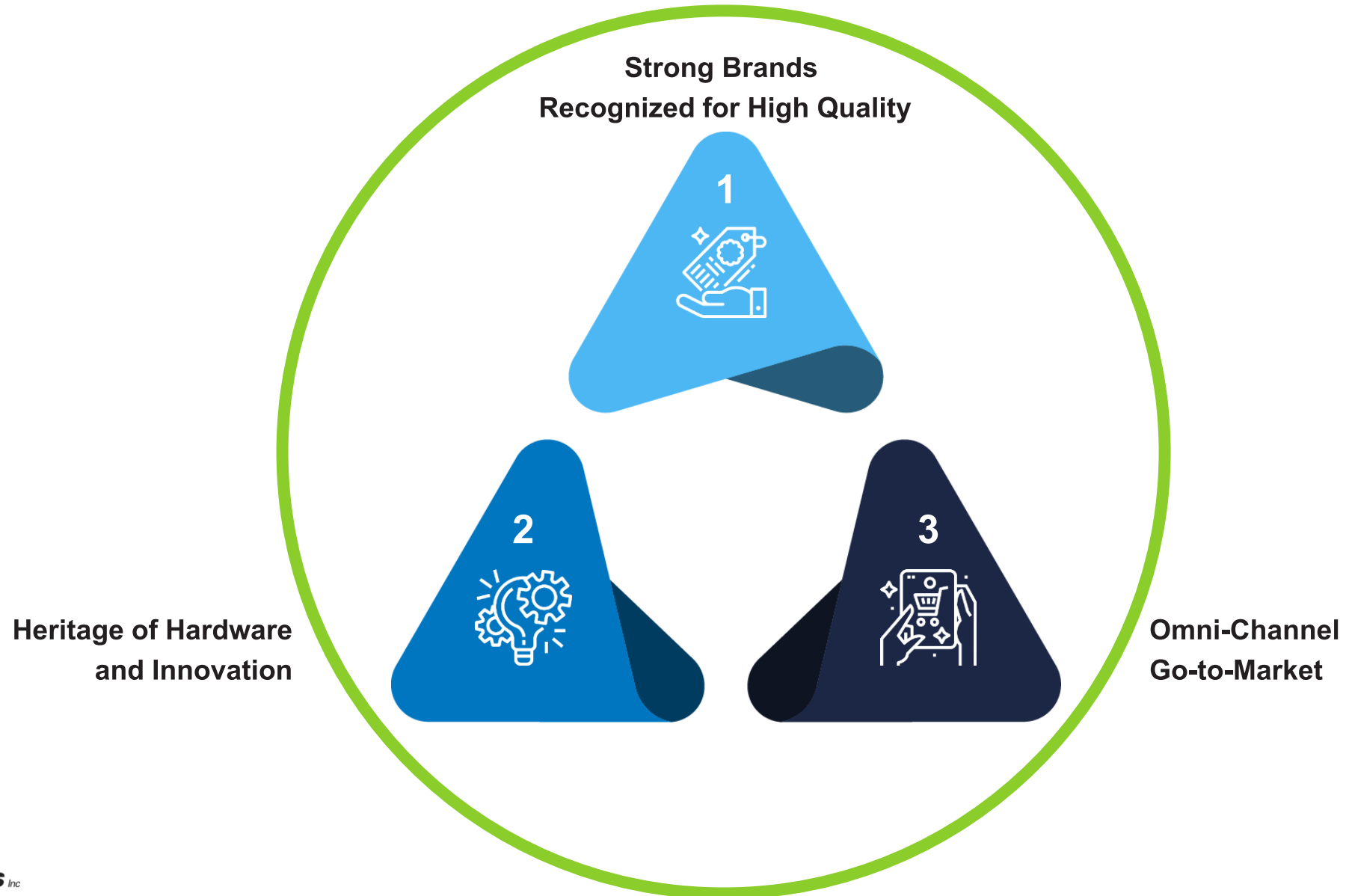
Long Term Strategy Approach

Highly structured, data driven approach



Our Strengths

People and Culture



1 Our Strengths: Strong Brands



#Versatile #StrongBrands #Quality
#Strength #Flexible #Reliable
#Weights #Innovative #Good

Awareness

87%

- One of the Top 3 Fitness Brands in Aided and Unaided Awareness ¹
- One of the Top 3 Brands Considered for purchase of fitness equipment¹



I actually WANT to get up and workout!

Comments about Bowflex VeloCore Bike -22"



#Classic #Good #Reliable #Quality
#Cool #Traditional #Bikes #Nice

Awareness

65%

- 125-year bike Heritage
- Important during this current bike trend



Move Over Peloton!

Comments about Schwinn IC4"



#Gym #Quality #Strength
#Expensive #Classic #Weights
#Cardio #Good

Awareness

59%

- Strong commercial equipment heritage



This treadmill works great for me

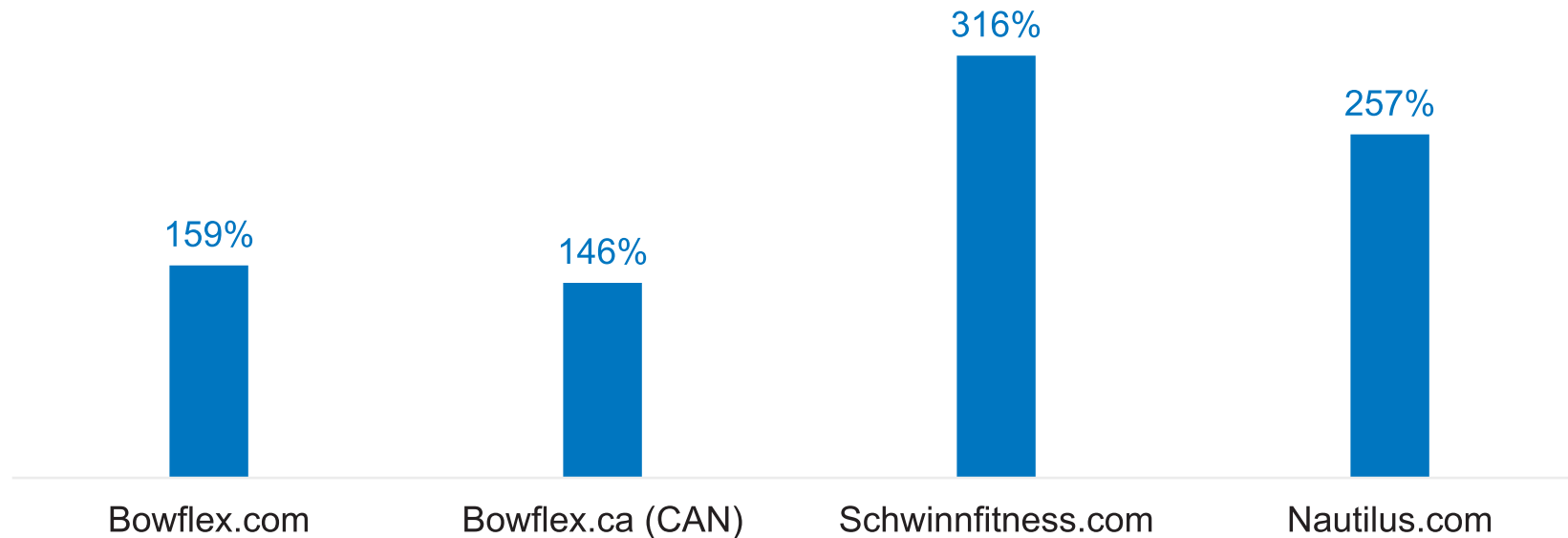
Comments about Nautilus T618 Treadmill

¹ Nautilus Inc. research conducted in summer 2020.

1 Our Strengths: Strong Brands

In 2020, we saw the ROI on decades of marketing investment (over \$0.5B). Advertising spend was down 24% vs 2019 but website visits grew between 2.5x to over 4x

Growth in Website Visits ('20 v. '19)



1 Our Strengths: Strong Brands



#Versatile #StrongBrands #Quality
#Strength #Flexible #Reliable
#Weights #Innovative #Good

Awareness

87%

- One of the Top 3 Fitness Brands in Aided and Unaided Awareness ¹
- One of the Top 3 Brands Considered for purchase of fitness equipment¹



I actually WANT to get up and workout!

Comments about Bowflex VeloCore Bike -22"



#Classic #Good #Reliable #Quality
#Cool #Traditional #Bikes #Nice

Awareness

65%

- 125-year bike Heritage
- Important during this current bike trend



Move Over Peloton!

Comments about Schwinn IC4"



#Gym #Quality #Strength
#Expensive #Classic #Weights
#Cardio #Good

Awareness

59%

- Strong commercial equipment heritage



This treadmill works great for me

Comments about Nautilus T618 Treadmill

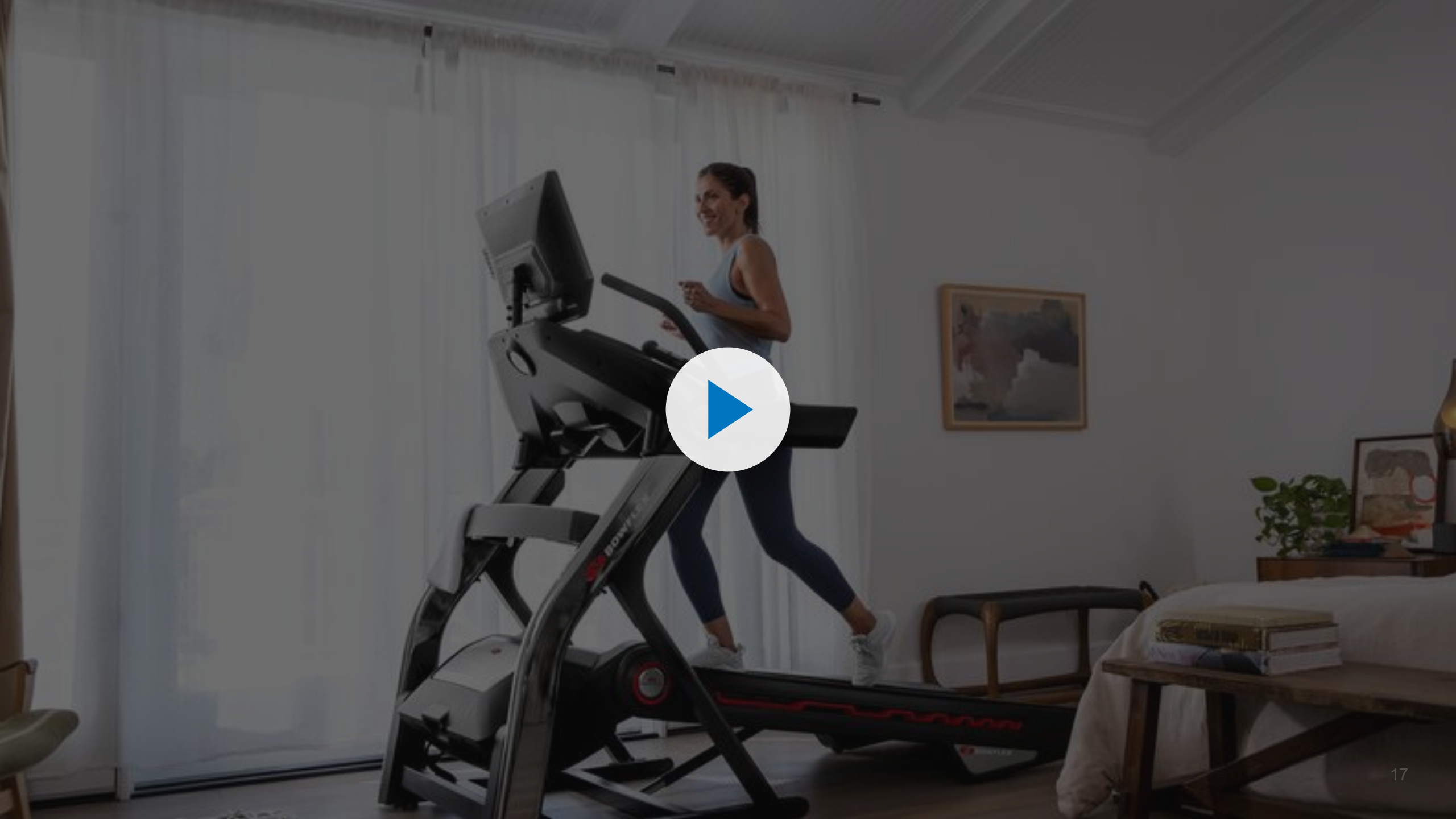
¹ Nautilus Inc. research conducted in summer 2020.

2 Our Strengths: Deep History of Innovation and Consumer Choice

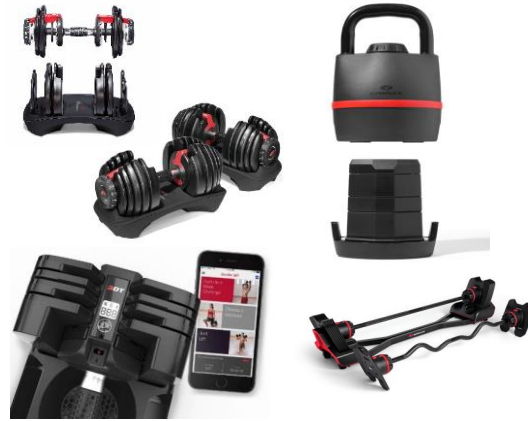
Over **300** Patents
Both machine and digital

Our connected products are winning





2 Our Strengths: Deep History of Innovation and Consumer Choice



Re-thinking indoor cycling

The most sold strength equipment of all time

Max Trainer, the most successful HiIT trainer ever

With a Hyper-personalized platform
JRNY

2 Our Strengths: Bowflex Portfolio – Focused On Connected Products



4 Connected Bikes

(3 with screens, one Bluetooth)



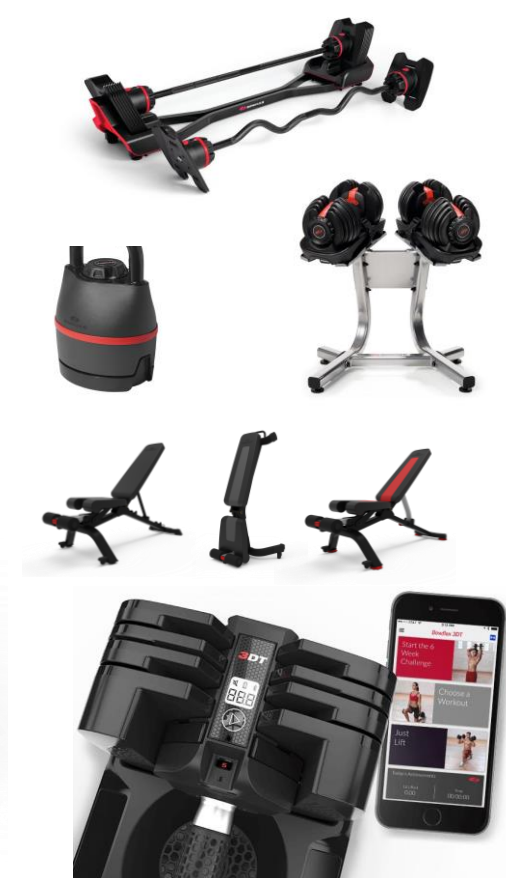
3 Connected Treads

(All screens)



3 HIIT Trainers/Ellipticals

(2 with screens, 1 Bluetooth)



Best-in-class
Strength Assortment

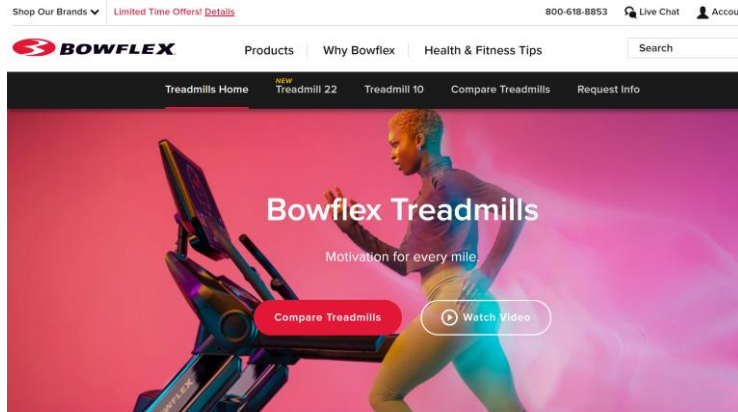
(with 1 Bluetooth connectible Dumbbell)

2 Our Strengths: Broad Suite of Products, To Bring the Gym Home



3 Our Strengths: Omni-channel Capabilities

Online Direct
44%



World-class cardio that challenges your best effort.
Elevate. Explore. Entertain.



Retail Presence
56%



3 Our Strengths: Omni-channel Capabilities

Established and growing retail presence a strategic advantage

Shop-in-shop



Select Retail Partners

In the US, Canada, and 80+ other countries

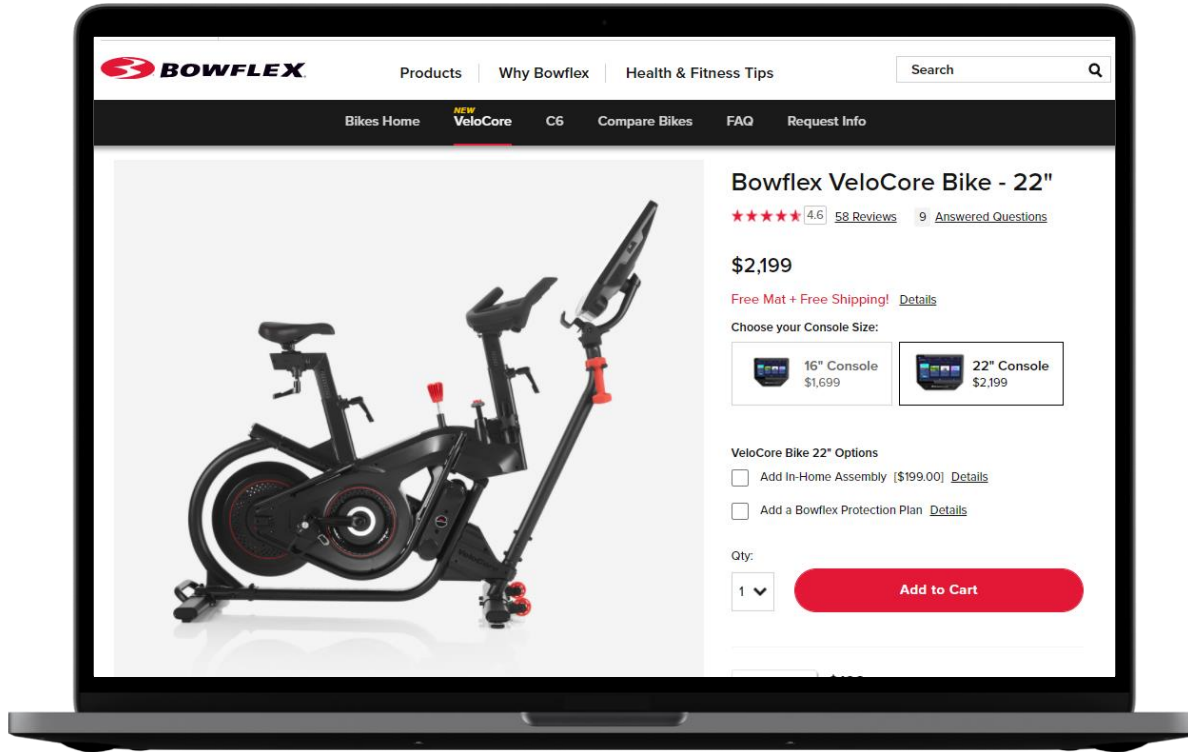


"Bowflex is the only brand that is bringing people to store"

"Bowflex is strong in the strength category.. the 552 was the most sold product during March"

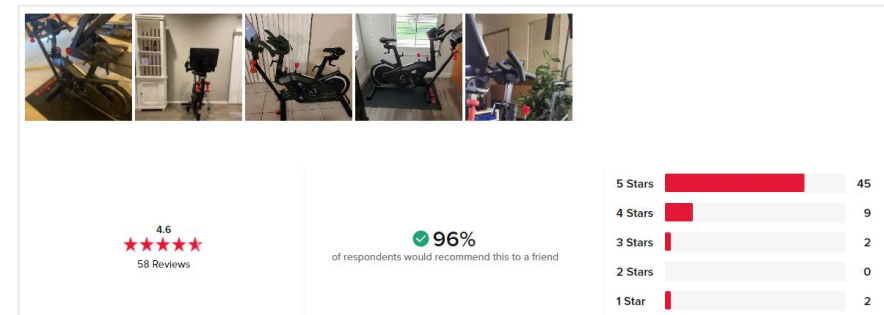
"NLS could expand offering into premium accessory categories given the brand recognition"

3 Our Strengths: Omni-channel Capabilities



Made significant improvements in our websites this past year

- Ability to cross-shop other brands
- Improved product pages (larger images and videos)
- Improved checkout experience and order status tracking
- Easier for consumers to post reviews. Many of them are sharing photos of their home setup



Early Action Towards North Star

CEO 2020 Goals

- 1 Strengthen the balance sheet
- 2 Set Long-Term Strategic Direction
- 3 Accelerate Connected Fitness
- 4 Find a sustainable model for Direct
- 5 Drive Profitable Growth in Retail
- 6 Turn Subscriptions Into a business
- 7 Put the Customer at the Center
- 8 Prepare Organization for New Operating Model



Early North Star Actions

2020 Accomplishments

- 1 Improved Liquidity
- 2 Launched North Star in Q420
- 3 3 modalities powered by JRNY (bikes, treads, Max)
- 4 Diagnosis and improvements; Record results
- 5 Record results, new retailers and improved margins
- 6 Hired new CDO to lead new JRNY business unit
- 7 Promoted Becky A. to CMO and augmented team
- 8 Expanding capabilities across the organization

Find Sustainable Model for Direct

Address the Root Causes of the Direct Segment Decline

Core Issues

- 1 Repeating a similar unsuccessful media mix strategy for several years; Not keeping up with modern marketing techniques
- 2 Losing track of customers' evolving purchase journey and media consumption habits;
- 3 Non-targeted marketing
- 4 Failing to introduce connected fitness and technology to our products rapidly enough
- 5 Talent gaps

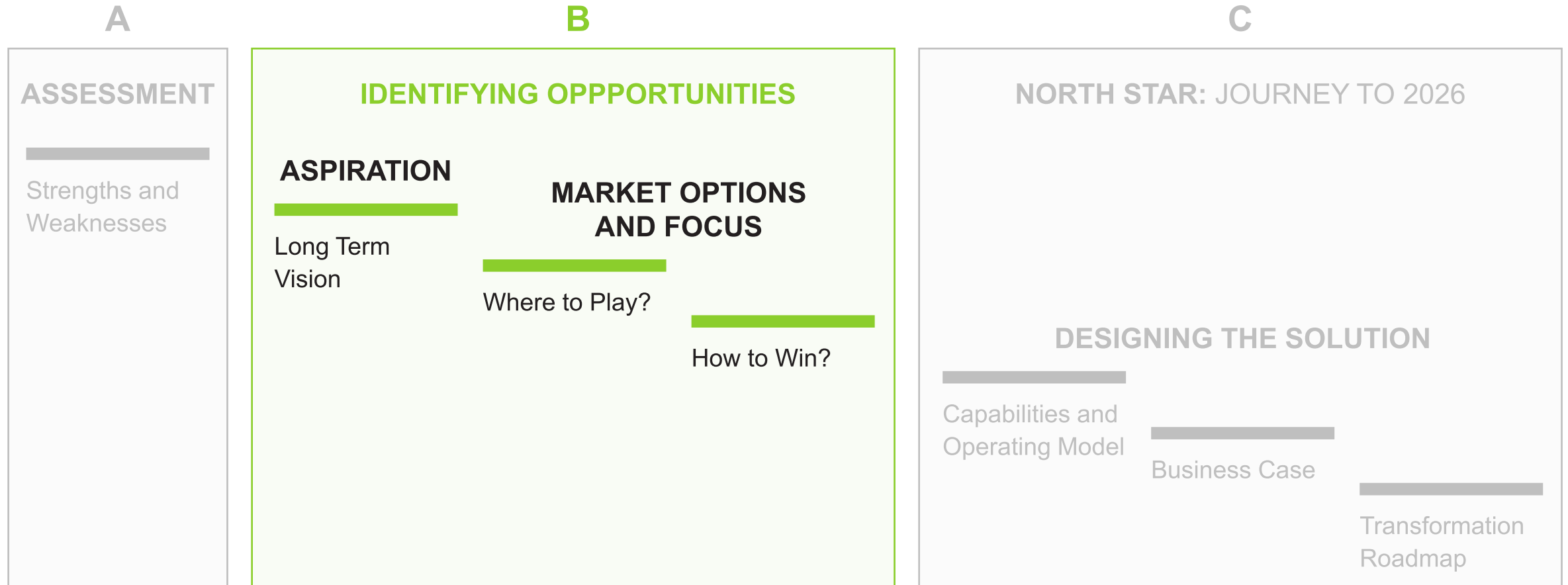


Key Actions Taken

- Replaced media agency; shifted to more digital vs traditional TV. Increasing role of earned and owned media
- Completed Attitudinal Segmentation; Becoming intimately familiar with target segments wants and needs
- Focus on product, price, and promotion
- Embraced new connected products and supported with integrated campaign
- Increased talent and capabilities in marketing, creative, and digital

Long Term Strategy Approach

Highly structured, data driven approach



Identify the Opportunities

Rigorous Process Rooted in Data and Insights

Data and insights driven

Customer segmentation
(attitudes, behaviors and motivations)

Market sizing
(addressable and adjacencies)

Market analysis by modality
(momentum and size)

Segmentations within modalities by price tiers
(value, mid-tier and premium)

Profit pools across various dimensions
(products, customers and geographies)

Crossed segment attractiveness vs. Nautilus strengths

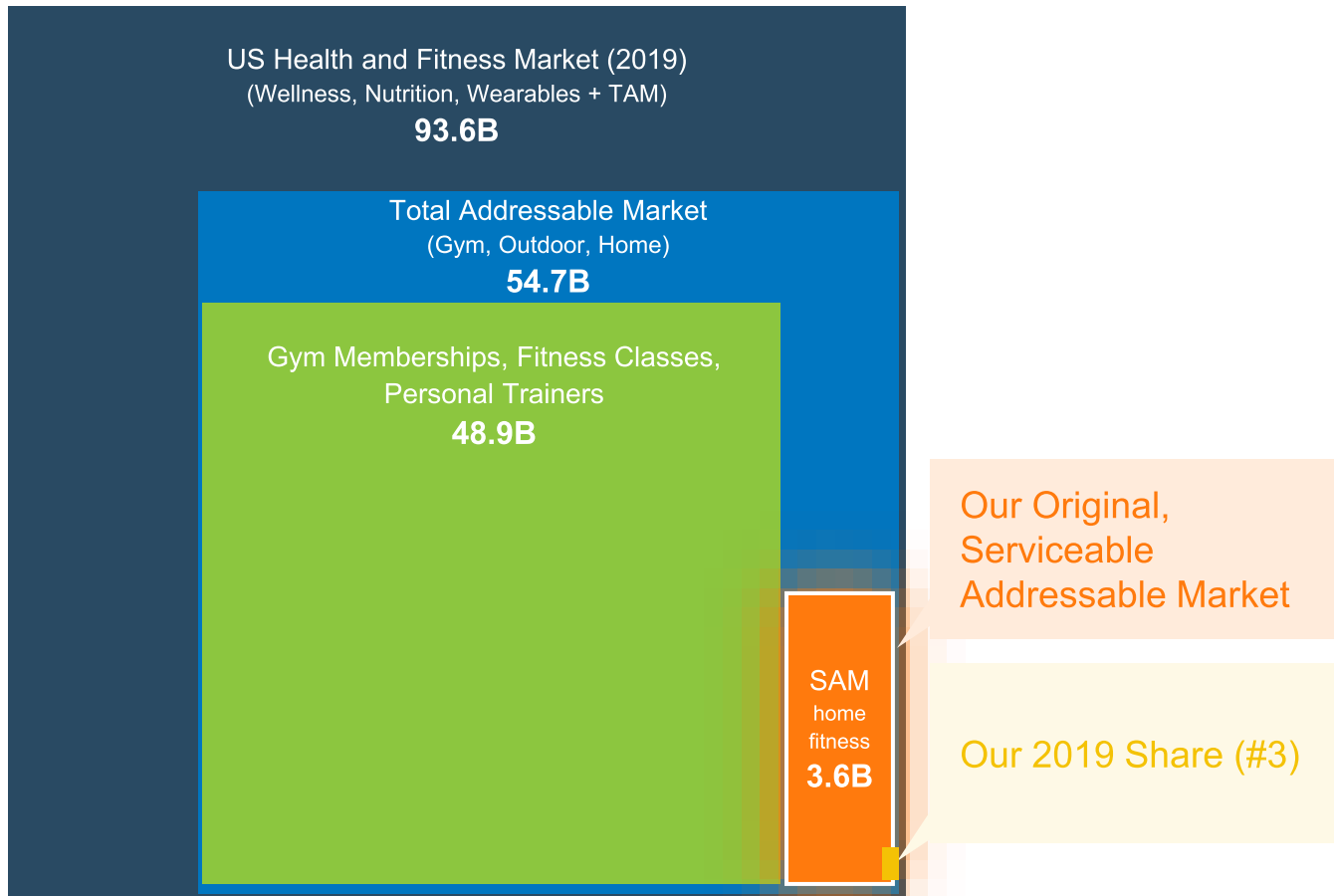


North Star

Where to play with confident bets



Our Addressable Market Has Grown



- 2019 SAM ~\$3.6B with projected 2.5%-3.0% CAGR
- NLS 3rd in share in a fragmented market
- Previously hard to access portions of the \$55B TAM have become more relevant to NLS due to changing consumer habits
- Key gym-goer sentiments have remained relatively unchanged since the summer:
 - ~25% of “gym goers” say they will NEVER return
 - Many who plan to return to the gym say they intend to balance the gym and home differently, that at-home will be an important component of their new normal

Conclusions:

1. Incredible growth in home fitness SAM as dollars shifted from gym memberships
2. New fitness needs and habits behind the at-home trend suggest long-lasting favorable change

Identify the Opportunities

COVID-19 Pandemic Has Accelerated Trends Already in Motion

Opportunity for the Industry



E-commerce



Food and grocery
delivery



Exercise
anywhere



Telemedicine



Remote work

The Home Gym is not an ephemeral COVID phenomenon.
It is a Secular Trend that is gaining momentum

Identify the Opportunities

Home Fitness Landscape is Complex and Fragmented

Fitness Apps

Connected Fitness

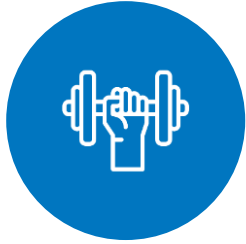
The image displays a collection of logos for various fitness and wellness brands, organized into four main categories:

- Fitness Apps:** STRAVA, BEACHBODY, DAILY BURN, NEOU, ZWIFT, PELOTON, myfitnesspal, Aaptiv, NordicTrack, FITSCOPE STUDIO, SWEAT, and STUDIO.
- Connected Fitness:** JAXJOX, ECHELON, MIRROR, TECHNOGYM, hydrow, BOWFLEX, TONAL, FIGHT CAMP, and TEMPO.
- Wearables:** G, fitbit, SAMSUNG, Apple, wahoo, GARMIN, OURA, moov, WHOOP, and POLAR.
- Wellness:** JENNY CRAIG, Medifast, BEACHBODY, HYPERICE, noom, and HEADSPACE (TREAT YOUR HEAD RIGHT).

Wearables

Wellness

Vision For Fitness-as-a-Service



Personalized workout plan



Adaptive workouts that evolve with each individual's progress



Workouts for every mood



Opportunities to connect with community



Rewards, motivation and gamification



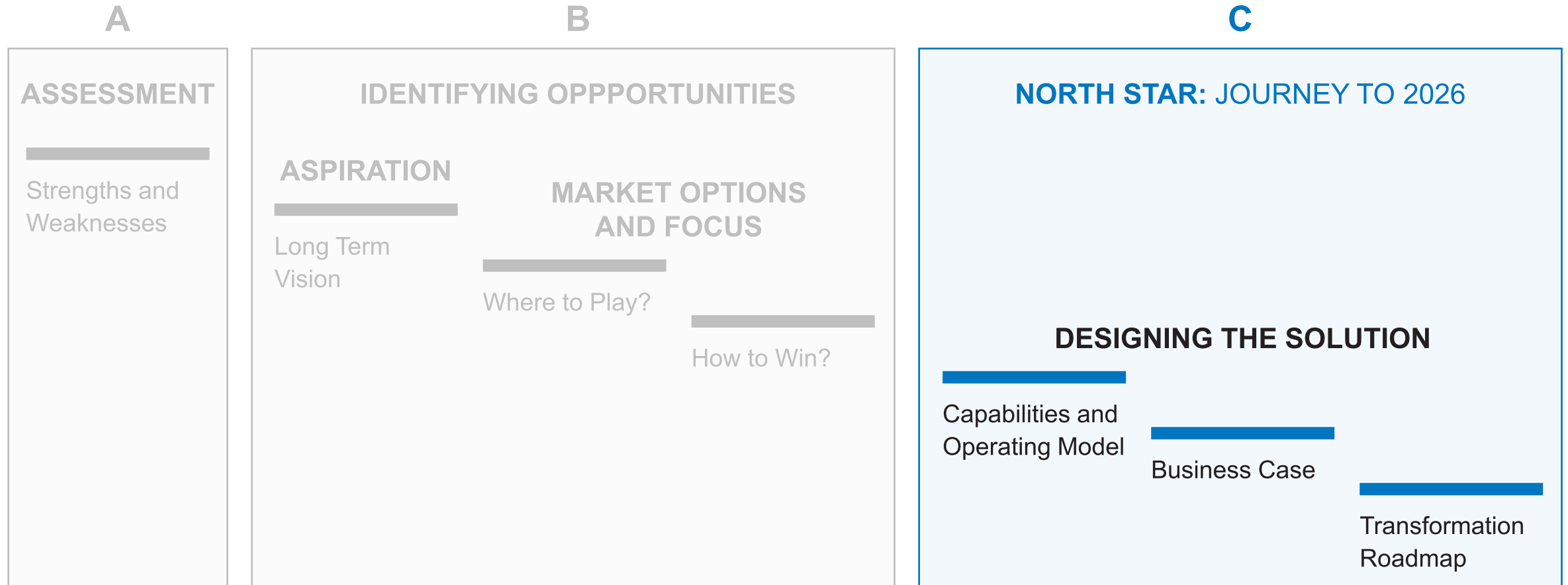
Customized nutrition and wellness plan



Connection with healthcare eco-system

Long Term Strategy Approach

Highly structured, data driven approach



North Star: 5 Strategic Pillars

Our Path to Digital Transformation



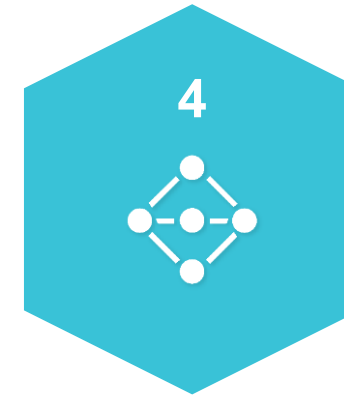
Adopt a **Consumer First** Mindset



Scale a **Differentiated Digital Offering**



Focus Investments on our **Core** Businesses



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



Build **Organizational Capabilities** to Win



Adopt a Consumer-First Mindset

FROM

- Product development led
- Focus on “Quick Results” Hero Products marketed to a segment that doesn’t like to exercise
- Five equipment brands (Bowflex, Schwinn, Nautilus, Octane, Universal) plus JRNY
- Outdated brand positioning
- “One and done” – minimal consumer touchpoints



TO

- Consumer insights led
- Balanced Portfolio of Strength and Cardio designed to meet needs and wants of new target segments
- Focused equipment brand portfolio (Bowflex, Schwinn) plus JRNY
- Digitally forward, more modern positioning
- With consumers every day to help them achieve their fitness goals



Bowflex: Moving the Brand Forward

YESTERDAY

Beginning their fitness JRNRY

Stage

Hard bodies

Aspiration

Weight Loss

Outcome

TODAY

Continuing their fitness JRNRY

Healthy bodies

Mental Health / Happiness



If I Can You Can



World-class cardio that challenges your best effort

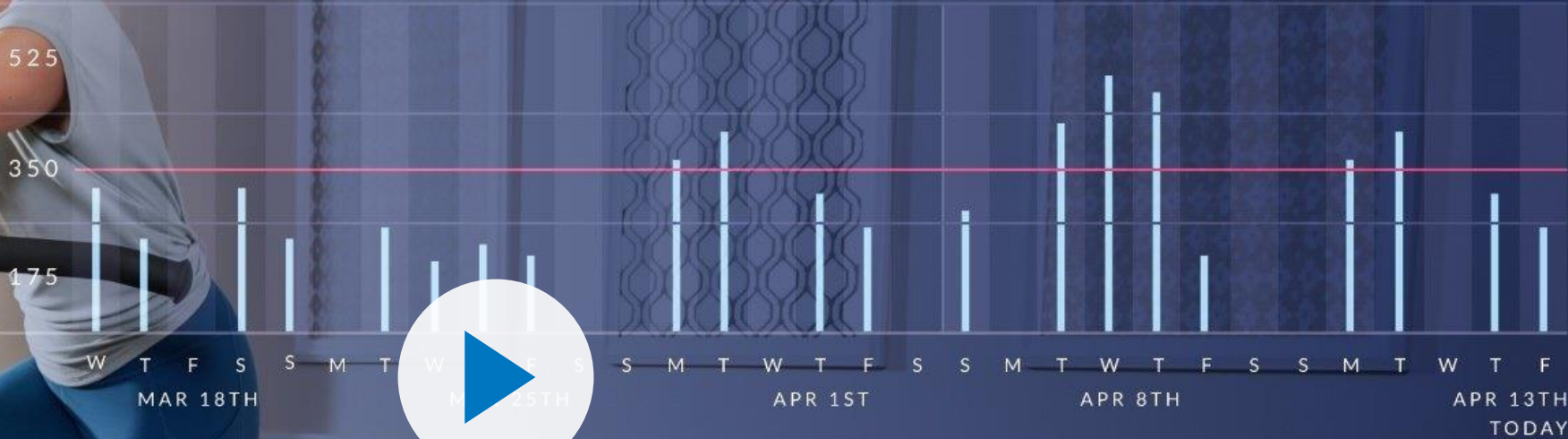


Calories Burned

Last Week 794

This Week 837

Your Average 307



Achievements

Time Goal
GOAL 12:00



Consistency Goal
GOAL 3/WK



Latest Awards



Three Days in a Row



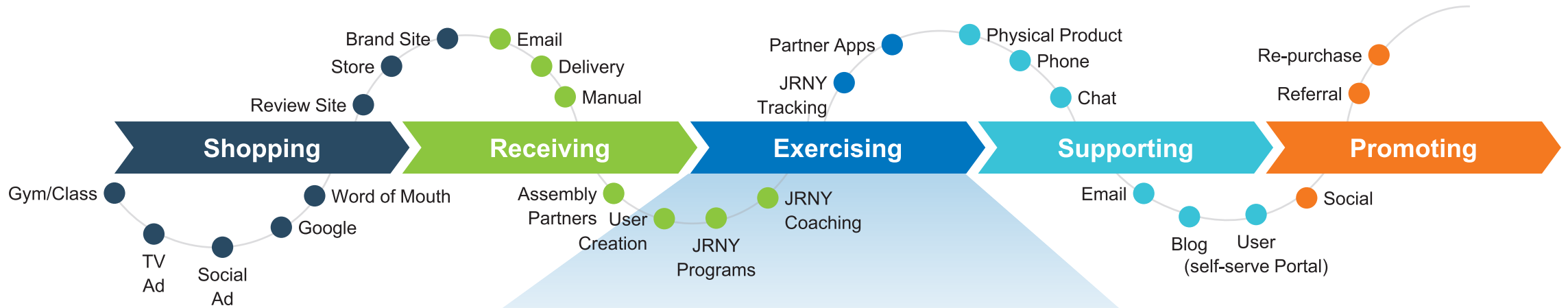
Most Calories Burned



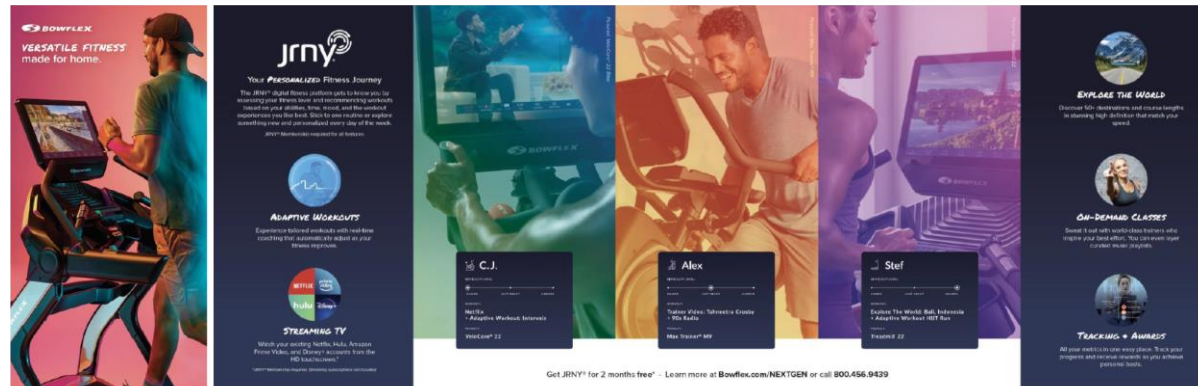


Adopt a Consumer-First Mindset

Support her through her shopping journey



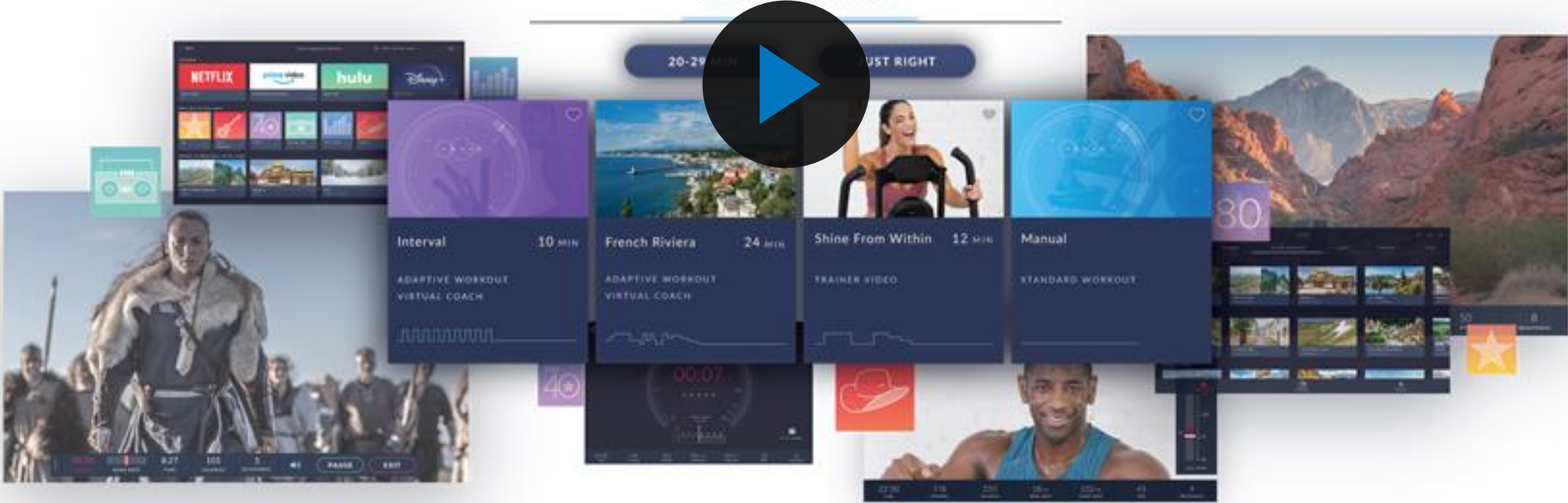
Support her through her fitness journey



Introducing JRNY



JUST FOR YOU





What is JRNY?

All-in-One Digital Fitness Platform for the Entire Family

Trainer-led Workouts

Shine From Within 25 MIN

TRAINER VIDEO

ENTERTAINMENT:

Entertainment

prime video Watch Amazon Prime Video

Disney+ Watch Disney+

NETFLIX Watch Netflix

Pop

Rock / Alternative

top 40

90s

Explore the World

Tibet & Guilin Compiation CHINA

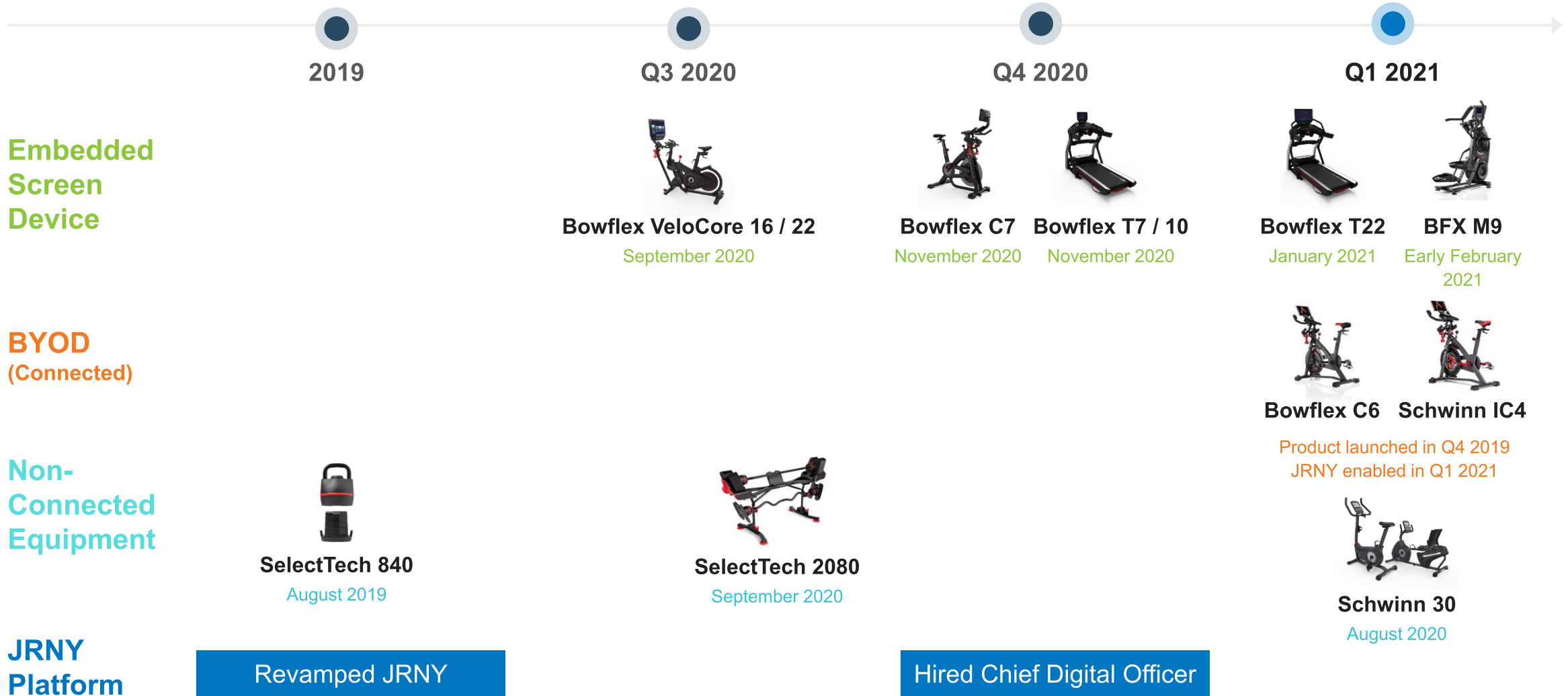
Shangri-La CHINA

Banff ALBERTA, CANADA

Supported by Adaptive Personalized Training



Path to a Full Suite of Embedded and Connected Products





Customer Feedback



"It sets out a training program just for you. Really like that it mixes up the workouts so you're not getting bored."

Malcolm P.
Google Play

★★★★★ **I actually WANT to get up and workout!**

Comments about Bowflex VeloCore Bike - 22"

I love the having so many options for my workouts. This bike is easy and fun to use. I have been researching and looking at bikes for quite some time and I finally decided on the Velocore, due to the ability to be stationary or moveable. I LOVE my options and am glad I made the choice I did! I was bummed that the 16" monitor is such a long wait time, and with my impatience I just order the 22" screen. Nothing negative about this bike so far! #sweepstakes

Submitted 19 days ago
By Nikki
From Nebraska
✓ Verified Buyer



"Each set is different. JRNY appears to be in sync with me; not me with it. The routines get more challenging at a level I can do. I am feeling stronger and more confident with each workout. Go Bowflex."

Google User
Google Play

★★★★★ **Fantastic Treadmill**

I have bought several treadmills in the past, and have usually given them away. My last treadmill was a reebok that after moving around the house and less than 50 hours on it the motherboard quit. Saw this Bowflex treadmill and purchased it. It was easy to assembly I put it together by myself without any problems this treadmill is very sturdy the platform is wide and long very very comfortable. All the controls are easy to use and understand, the JRNY workout app is great and easy to use I will be keeping my membership it makes training fun, and wanting to try a different workout with it. By far this is the best quality made treadmill I have ever owned

Submitted 14 days ago
By Old Guy52
From Corona Ca
✓ Verified Buyer

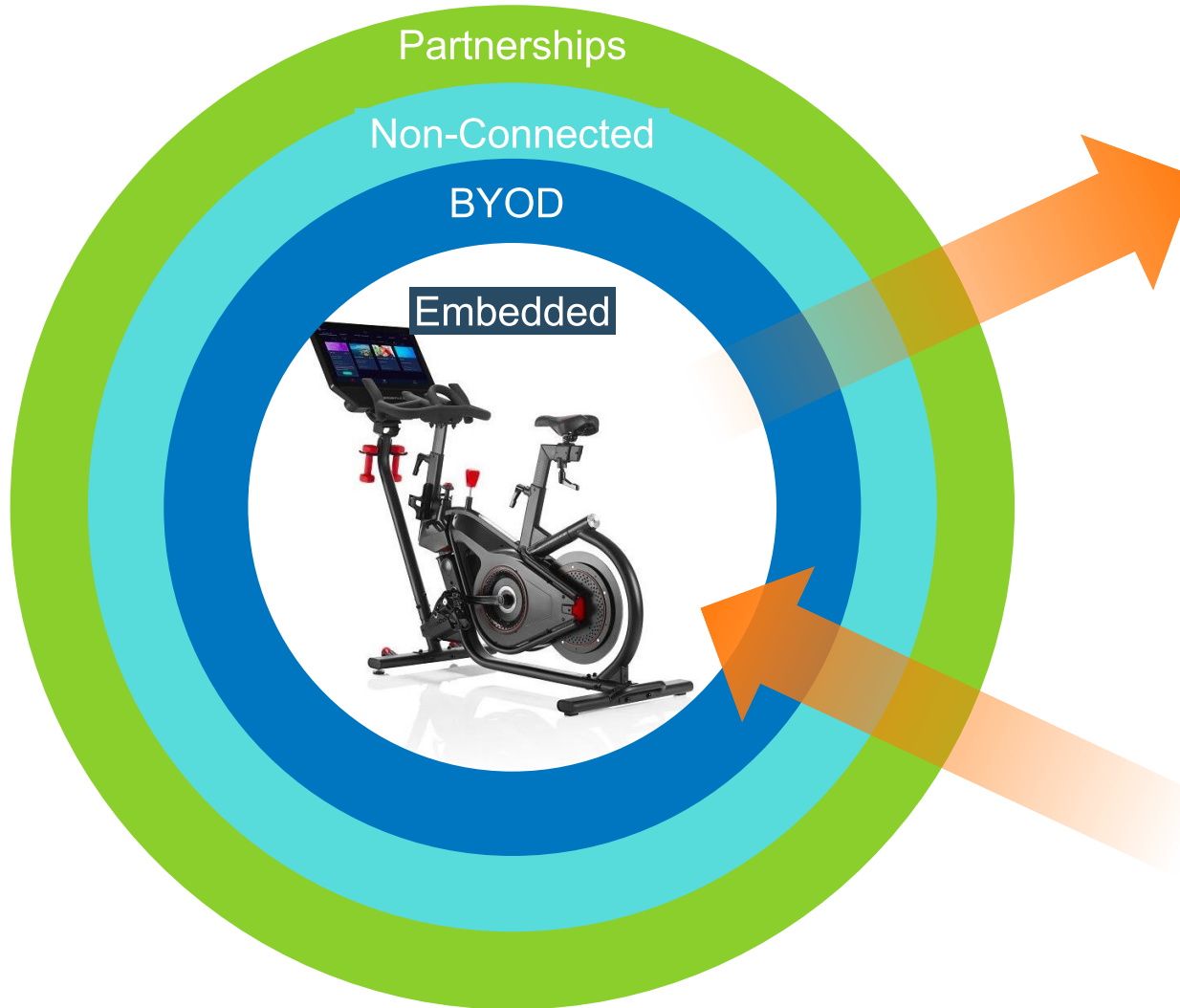


I've had this bike since 4th of February. I ride five days a week. This is huge for me to do 10 miles! I can feel myself getting stronger!! When I first started I could barely do 10 minutes! Love this bike!! I'll do another 10 miles this afternoon.

I think my favorite "I've got a little more to give" workout is the 12 minute Strength & Power Lean Coach. Super fun!!



Expansion of Digital Experience



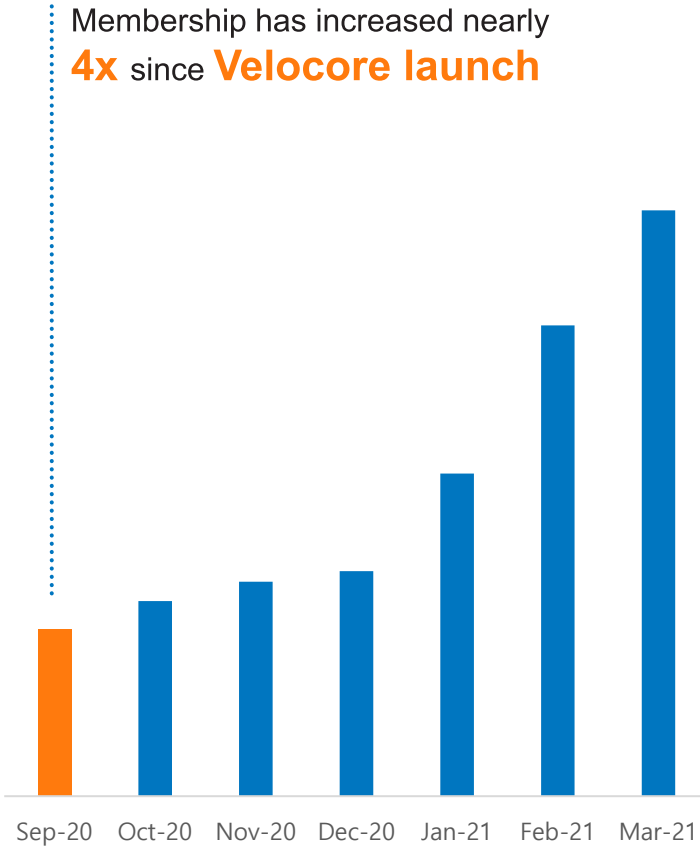
1 Focus on member Growth and community expansion

2 Expand user touch points and immerse into JRNY experience

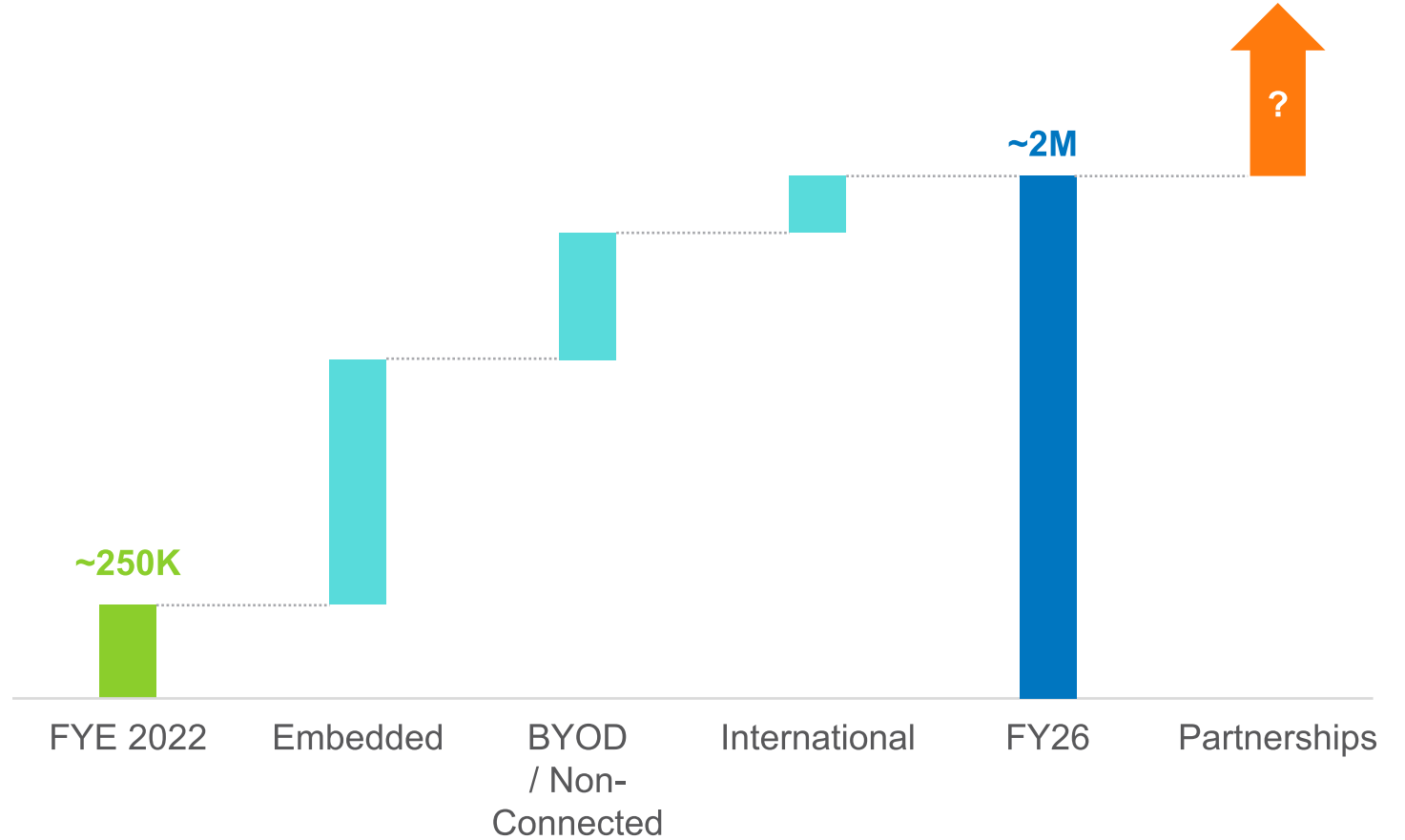


2026 JRNY Aspiration

Membership has increased nearly **4x** since **Velocore launch**

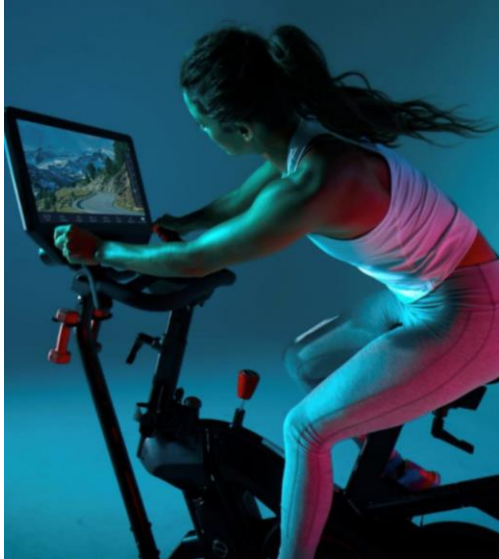


Target Figures For JRNY Members (one example of several paths available to get to ~2M)



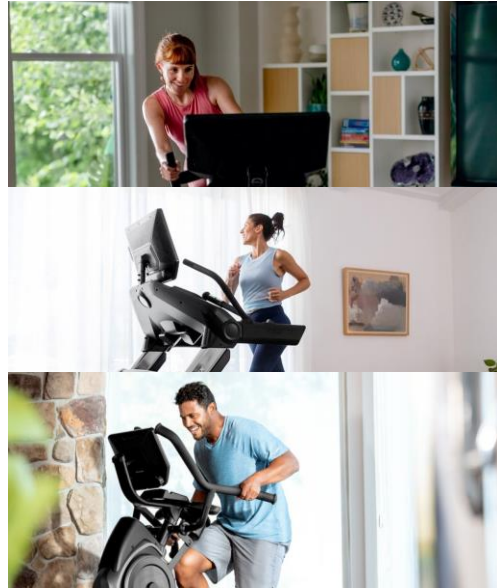


JRNY – What We Have Today



Differentiated Product

(Variety and Personalization)



Platform Across Modalities



Great Consumer Feedback



Ability to Scale



JRNY Investments Towards Fitness-as-a-Service



CONTENT



**SOFTWARE
CAPABILITIES**



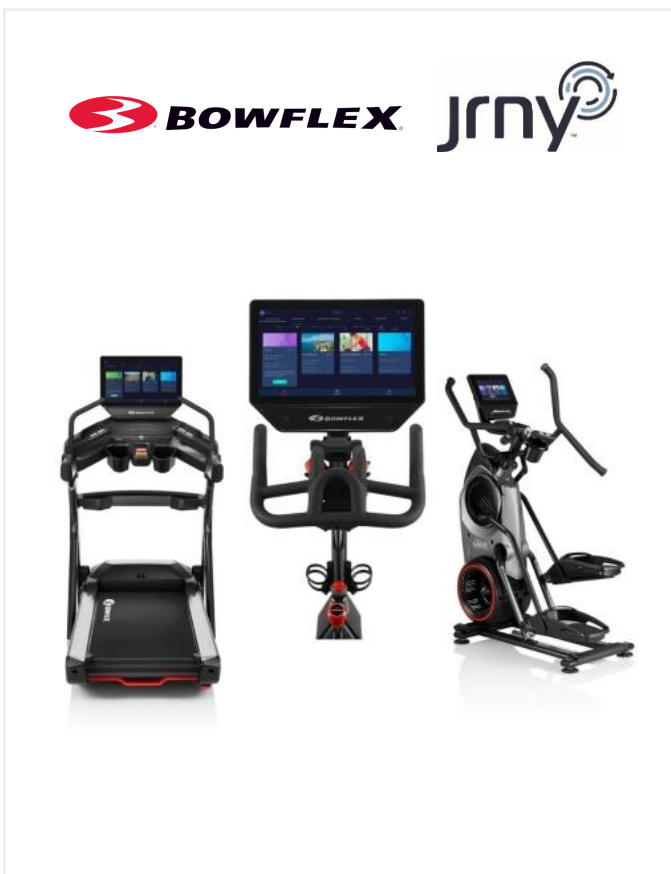
INFRASTRUCTURE



MARKETING



How We Will Market JRNY Today



Benefits that Customer gets

- Fitness assessment
- Ongoing individualized coaching
- Streaming / entertainment
- Voice coaching
- Adaptive workout
- Community

No longer is your first day with Bowflex or Schwinn your best day



Strong Belief in Our JRNy Plan



The JRNy Experience

- Already strong
- Continued investment based on feedback, usage and competitive offerings
- Enhances equipment value proposition: JRNy influences equipment purchases
- Like Bowflex & Schwinn, JRNy priced competitively – attainable for a broader set of consumers

JRNy Plan for ~2M Members Leverages Nautilus Ecosystem

- Vast majority of growth leveraging installed base of existing and future Bowflex & Schwinn products, product marketing and customer lists
- Growth has already begun – **4x increase in the last quarter** driven by our new connected fitness cardio products

Growth in Members From Three Principal Sources

1

Rapidly Growing Connected Installed Base

- Plan to sell hundreds of thousands of connected fitness units each year
- Expect attach rate near 100% & low churn
- JRNy leverages branded product marketing spend

2

Existing & Future BYOD and Non-Connected Products

- Backward compatibility for IC4 and C6 bikes (hundreds of thousands sold in the past 18 months)
- Millions of past and future non-connected installed base (e.g., SelectTech line)
- Expect lower attach rate and higher churn
- User growth based on proprietary customer lists

3

Partnerships Outside Our Ecosystem

- Win/Win partnerships add features, content and scale (e.g., gyms, wearables, other equipment providers)



Focus Investments on our Core Businesses

Be disciplined about adhering to the choices we made. **FEWER, BIGGER, BOLDER BETS**

FROM

TO

End Market	Home + Commercial	Home Equipment + Digital
Brands	Bowflex, Schwinn, Nautilus, Octane, Universal + JRNY	Bowflex, Schwinn (bikes only) + JRNY
Target Segments	Shot-gun Approach	Focus on 3 Target Segments; Halo to others
SKUs	All modalities and all price points; Every SKU equivalently valued	Core Cardio + Strength. Mid-tier to Premium. Rank SKUs by contribution and cut off the unproductive tail
Channel	Favor Direct over Retail	Omni-channel Meet the consumer where, when, and how she wants to shop
International	80+ Countries All equivalently valued	Bigger bets in larger countries with promising market potential Use distributor model to serve smaller geographies



Supply Chain as a Strategic Advantage

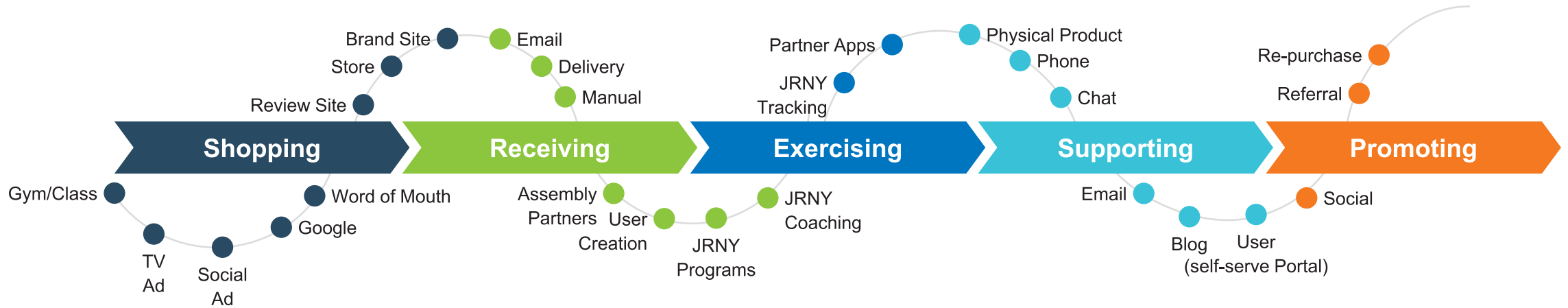
Big Goals

- Scalable supply chain that can support our long-term ambitions
- Short-term, continue to bring manufacturing capacity more in line with demand
- Over time, create geographic diversity in supply chain to decrease risk and increase speed to customer
- Use supply chain as an accelerator of our product development cycle
- Enhance supply chain for the digital side of the business
- Improve in-country distribution and logistics. Recent accomplishments: moved to new 3PL in the Netherlands. Evaluating a 3rd DC in the US
- Invest in technology – new warehouse management system recently launched, increased tools to manage supply chain upstream and downstream
- Improve the end-consumer experience – white glove delivery, assembly, haul away etc





Build Organizational Capabilities to Win



Old Nautilus CX

New Nautilus CX

Building a consumer obsessed organization



Our Values



We are **CONSUMER-OBSESSED**. We exist to serve consumer needs and wants, using data and our deep consumer knowledge to drive our decision making.



We stay **FOCUSED** on fewer, bigger, bolder bets and seek simplicity in all we do.



We are **AMBITIOUS INNOVATORS** who think big, seek to be the disruptors, and innovate differentiating experiences that make an important difference in our consumers' lives.



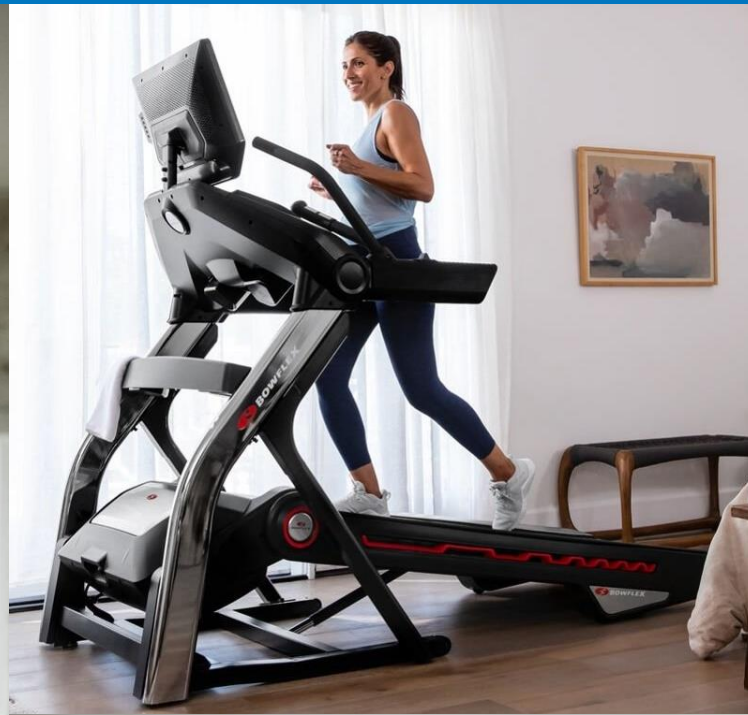
We are diligent **PROBLEM SOLVERS**, accountable to ourselves and our teams by taking responsibility, providing transparency, and adhering to the highest ethical standards



We **CARE DEEPLY** about our employees, partners, shareholders, and communities where we do business and go above and beyond to be inclusive and create a positive environment where everyone's contributions are valued.



We **WIN TOGETHER** by putting our team above self, pushing and supporting each other, and having fun as we work together as a team to accomplish our goals.



 **NAUTILUS** Inc

Mission



We empower healthier living through individualized connected fitness experiences.



Vision

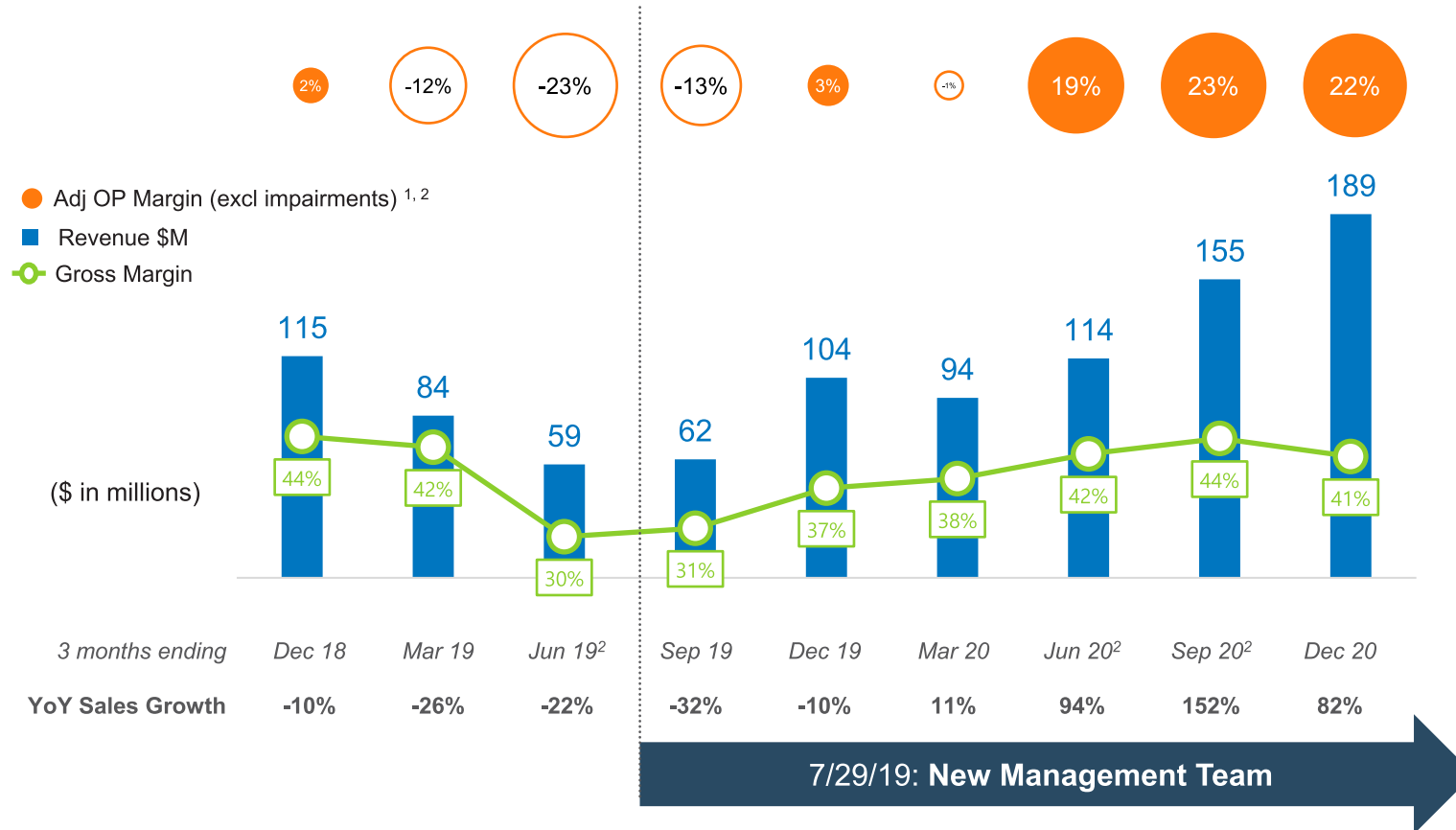


To build a healthier world,
one person at a time



New Management Team: 6 Quarters of Progress

Balance delivering short-term results with making progress on long-term priorities



Improved Financial Resources

- \$94M in cash + ST investments as of 12/31
- \$70M Credit Facility
- S-3

Optimized Operating Model

- Addressed Root Causes of Direct's decline
- Rationalized SKUs
- Reshaped Cost Structure
- Started working through tech backlog

Early North Star Wins

- Increased Supply Chain Capacity
- Sold Octane
- 4x more new customers in last 12 months
- Completed Attitudinal Segmentation
- Hired new leaders
- 7 new embedded screen machines powered by JRNY
- Strong attachment rates and 4x increase in member count

North Star: FYE 26 Financial Aspirations



~\$1B

Total Revenue



At Least
20%

of revenues from
subscription services



~2 Million

Members

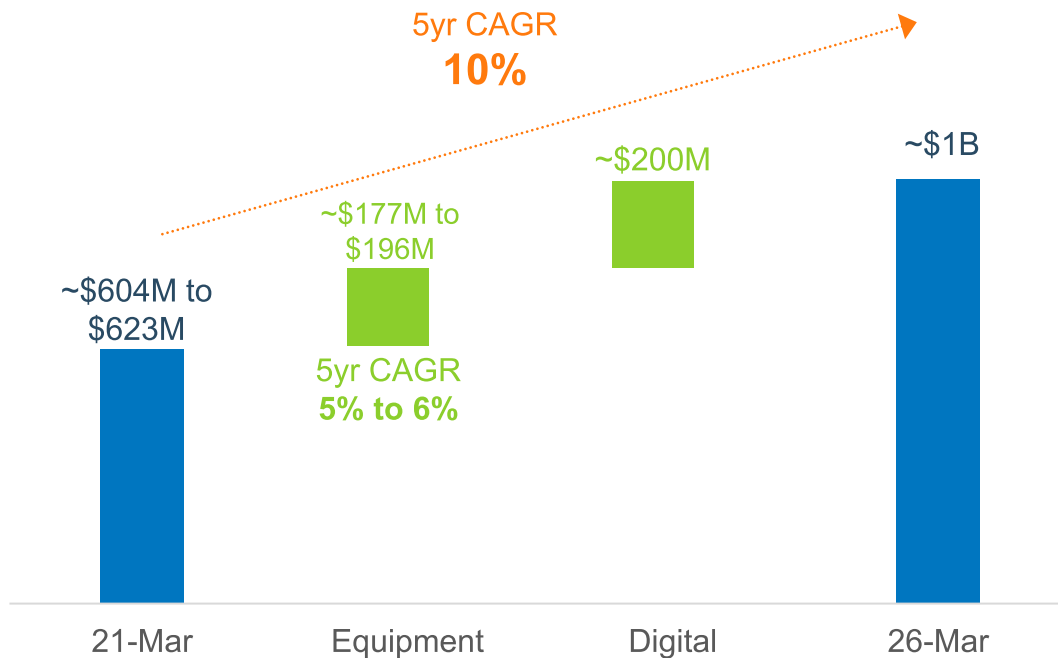


Sustainable
Annual
Operating Margins

At least 10%

Note: Fiscal Year 2022 begins on April 1, 2021. FYE 2026 is the 12-months ending 3/31/26

Revenue: Capture gym-goers by providing equipment and digital experiences that meet their wants and needs



Key assumptions and drivers of revenue growth 5-year CAGR of 10%

- 5% to 6% CAGR in equipment; may not be linear given environment
- Currently #3 in fragmented industry
- SAM expansion already in progress
- Structural changes in consumer at-home fitness habits

JRNY growth plan leverages Nautilus ecosystem

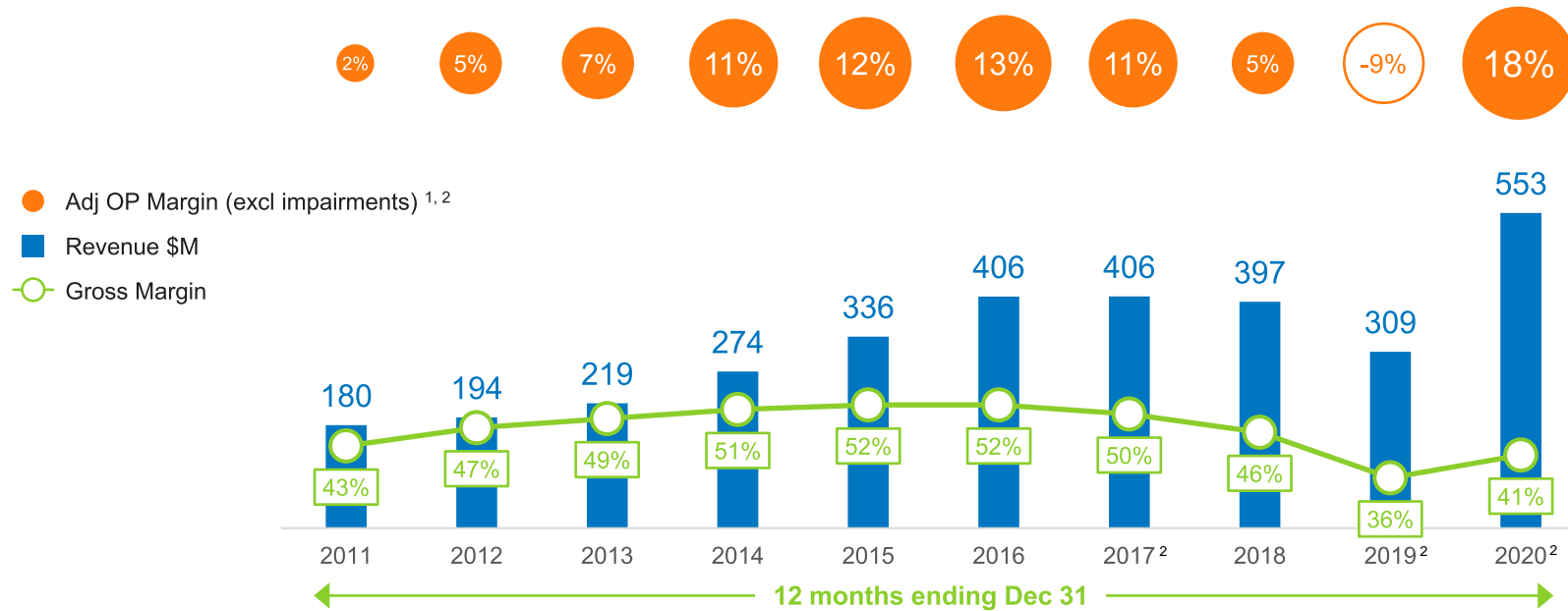
- Target existing and future equipment installed base
- Leverage equipment marketing to drive member growth
- Continue enhancing JRNY experience; investments in content
- Use partnerships as an accelerant
- Near-term milestone: 250k members by FYE22

Strong foundation

- Core company strengths: Brands, Products, Omni-channel
- New management team building a track record of delivering results
- Improved financial resources
- Optimized operating model
- Early North Star Wins

Historical Performance: Legacy Hardware Business

Cyclical business overly dependent on effectively advertising “hero products”



- Historically, the company experienced volatility primarily because of the weaknesses identified in the assessment stage of our long-range planning process
- FY ending Dec 2020 benefitted from a unique set of circumstances – high demand requiring minimal advertising spend

Sales Growth	7.1%	7.5%	12.8%	25.4%	22.3%	20.9%	0%	-2.3%	-22.0%	78.7%
Advertising	15.7%	15.9%	16.4%	15.5%	16.3%	14.7%	16.0%	16.4%	14.5%	6.2%

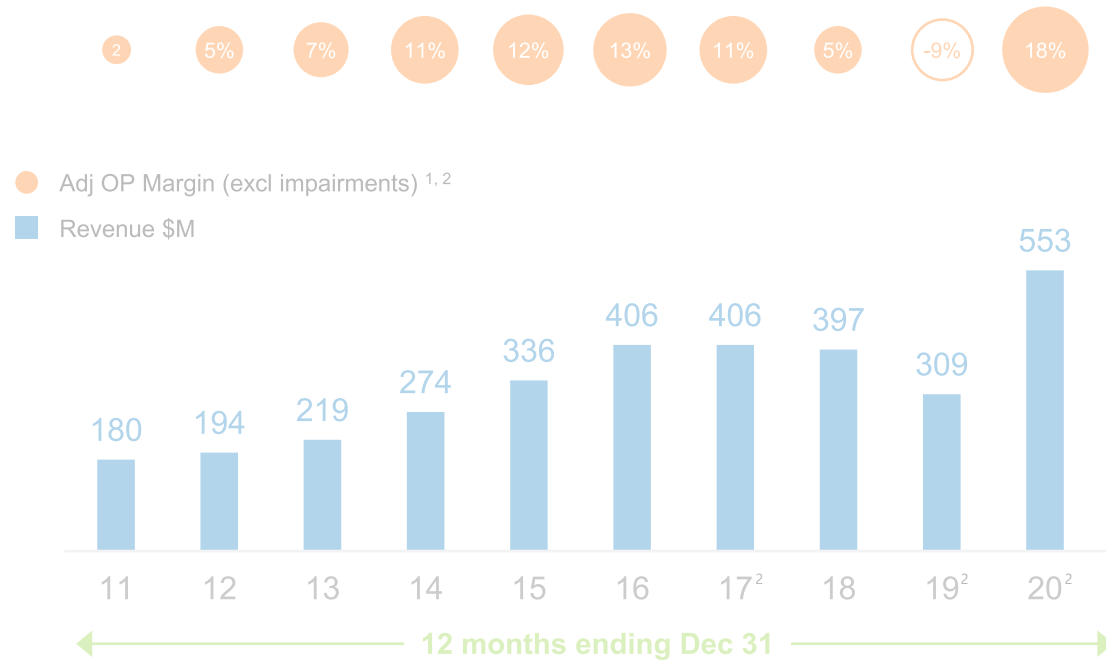
¹ Please see the appendix for a reconciliation of non-GAAP measures to GAAP

² Adjusted for 2017 impairment of goodwill and other intangibles (\$9M), 2019 impairment of goodwill and other intangibles (\$72M), and 2020 loss on disposal group (\$21M)

North Star creates a path to sustainable profitable growth

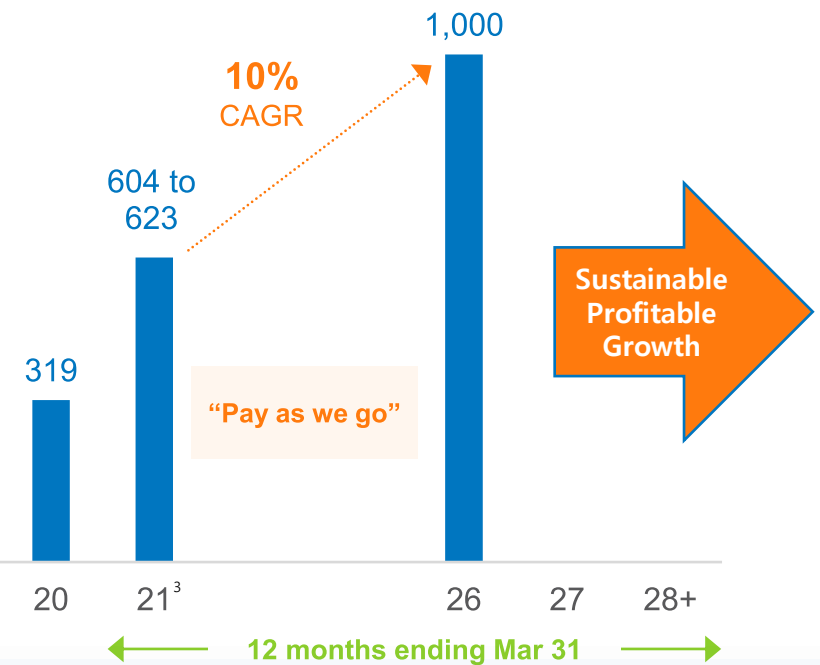
Legacy

Cyclical business overly dependent on effectively advertising “hero products”



Digitally Transformed

- **Revenue stabilized** with recurring digital revenue, broad product portfolio, and broad omnichannel distribution
- **At scale, subscriptions margins higher** than equipment
- Plan requires appropriate **investments** with a preference to “pay as we go” but with the long-term as our guide



¹ Please see the appendix for a reconciliation of non-GAAP measures to GAAP

² Adjusted for 2017 impairment of goodwill and other intangibles (\$9M), 2019 impairment of goodwill and other intangibles (\$72M), and 2020 loss on disposal group (\$21M)

³ 12-months ending March 2021 revenue reflects the guidance range provided for 3-months ending March 2021

North Star: Targeted Financials, Assumptions, and Investment Priorities

BY FYE 2026

~\$1B Total Revenue
(10% 5-year CAGR)

20% Of total revenue from digital subscriptions

~2M Members

Sustainable
Annual Operating Margins
At least 10%

North Star

Digital Transformation through



1 Adopt a **Consumer First** Mindset



2 Scale a **Differentiated Digital Offering**



3 **Focus** Investments on our **Core** Businesses



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



5 Build **Organizational Capabilities** to Win

Key Assumptions

- ☑ Continued SAM expansion
- ☑ Revenue and profit growth may not be linear
- ☑ Supply Chain will evolve to support revenue demand
- ☑ Hundreds of thousands of embedded screen products shipped annually
- ☑ Compelling value proposition for BYOD and non-connected
- ☑ 250k members by YE FY22
- ☑ At scale, JRNY gross margins are higher than equipment gross margins

Investment Priorities

- ① JRNY member experience and accelerating scale
- ② Marketing: transactional and branding
- ③ Innovation and technology
- ④ Product cost to accelerate JRNY member growth
- ⑤ People and capabilities
- ⑥ Partnerships and tuck-in acquisitions

Forward Looking Guidance Provided on February 22, 2021

For the Transition Period 1/1/2021 to 3/31/2021:

- We expect **net sales growth of 55% to 75%** versus the same period last year.
- Due to pressure from increased logistics costs, higher commodity prices, and continued foreign exchange headwinds, we expect **gross margins to be relatively flat** to the same period last year.
- We expect **operating expenses to be higher in dollars but achieve leverage** as these expenses are expected to be **lower as a percent of sales** than the same period last year, driven by increased marketing and investments in JRNY® and North Star.



North Star: Targeted Financials, Assumptions, and Investment Priorities

BY FYE 2026

~\$1B Total Revenue
(10% 5-year CAGR)

20% Of total revenue from digital subscriptions

~2M Members

Sustainable
Annual Operating Margins
At least 10%

North Star

Digital Transformation through



1 Adopt a **Consumer First** Mindset



2 Scale a **Differentiated Digital Offering**



3 **Focus** Investments on our **Core** Businesses



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



5 Build **Organizational Capabilities** to Win

Key Assumptions

- ☑ Continued SAM expansion
- ☑ Revenue and profit growth may not be linear
- ☑ Supply Chain will evolve to support revenue demand
- ☑ Hundreds of thousands of embedded screen products shipped annually
- ☑ Compelling value proposition for BYOD and non-connected
- ☑ 250k members by YE FY22
- ☑ At scale, JRNY gross margins are higher than equipment gross margins

Investment Priorities

- ① JRNY member experience and accelerating scale
- ② Marketing: transactional and branding
- ③ Innovation and technology
- ④ Product cost to accelerate JRNY member growth
- ⑤ People and capabilities
- ⑥ Partnerships and tuck-in acquisitions

North Star Early Wins – Points on the Board



Winning Products

Strong Choiceful Portfolio
7 new embedded connected devices



JRNY Improvements

Differentiated Digital Experience
Adapted to the top 3 Modalities
New CX across tablets, TV and phone
New Content



Early JRNY Scale Acceleration

1M+ workouts in 2020 through JRNY
4x member growth in the past quarter



Implemented Key Focusing Decisions

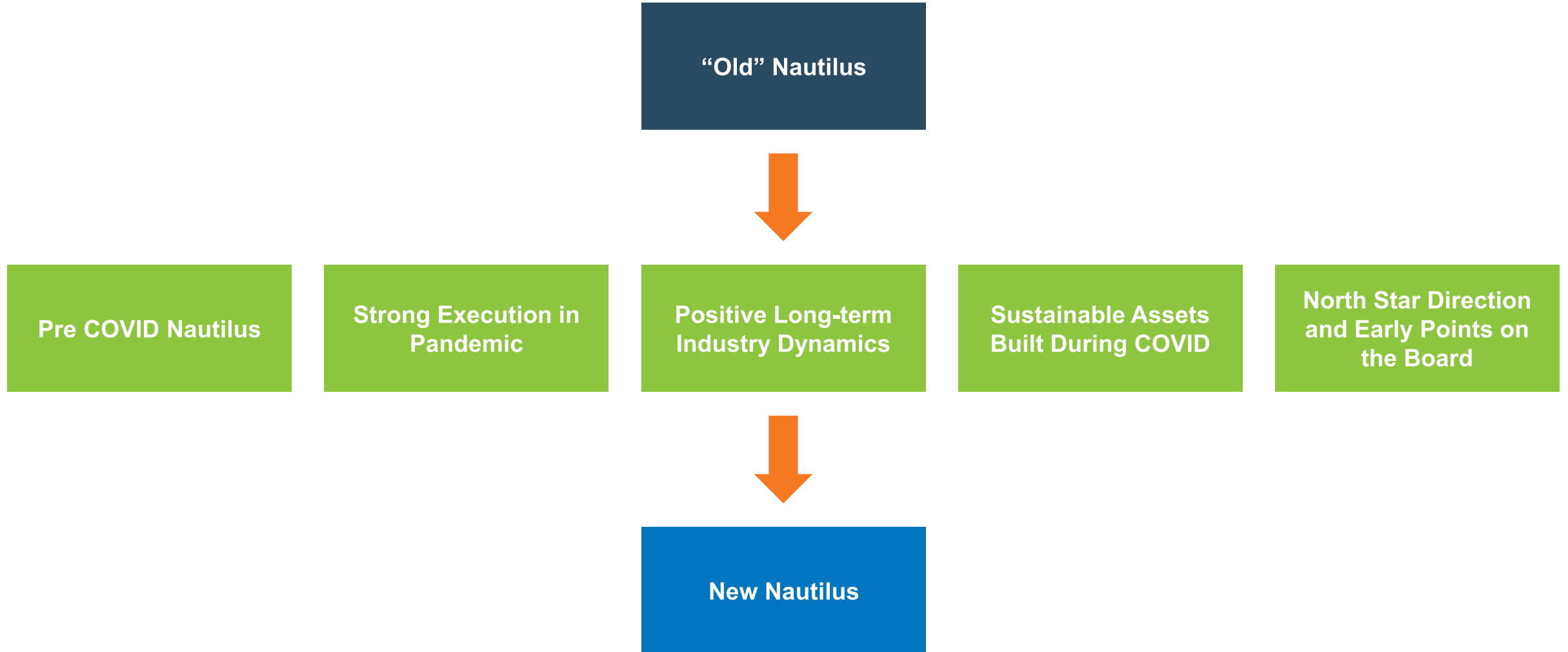
Sectors – Sold Octane
Products – SKU rationalization
Brands – A Defined Role for Each



Strengthened Organization

New Leaders
Enhanced Digital Capabilities
North Star Roll-out & Acceptance

Becoming the New Nautilus

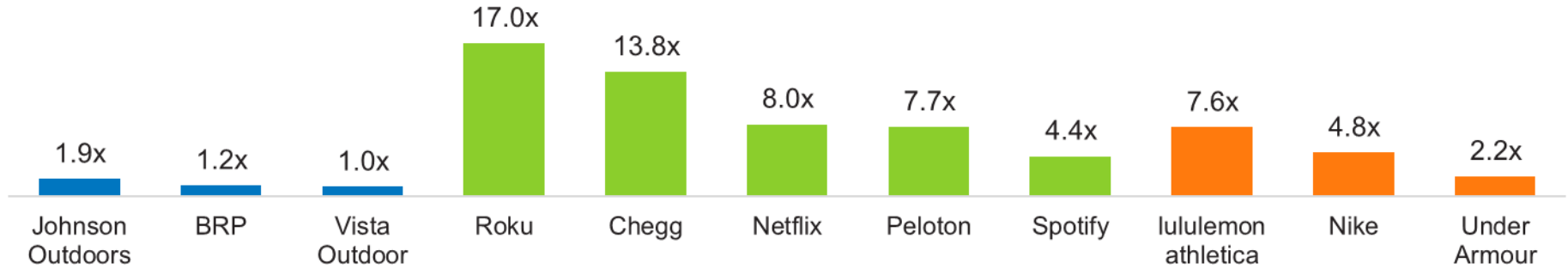


Framing the Opportunity

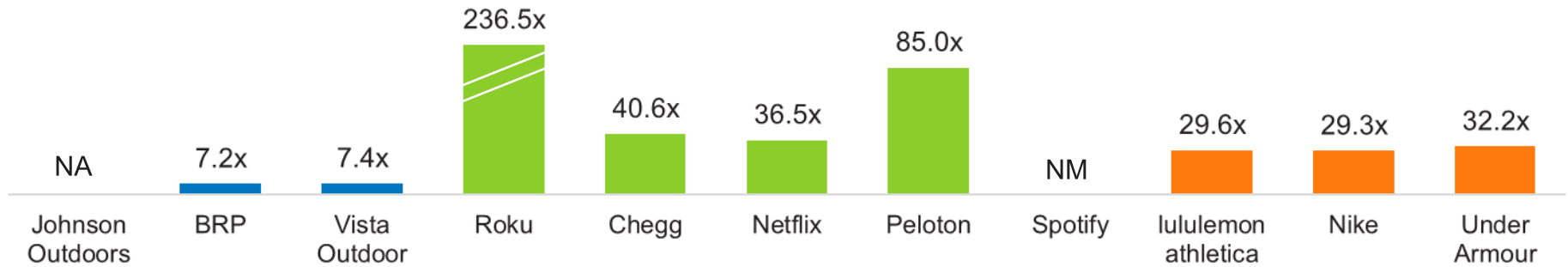
Revenue Growth
(CY2020-2021)

11% 13% 8% 44% 23% 20% 62% 17% 24% 13% 10%

Enterprise Value /
CY2021 Sales



Enterprise Value /
CY2021 EBITDA



Fitness / Sports Equipment

Consumer Digital Subscriptions

Leading Fitness Brands

Come Along for the JouRNeY

We are a growth story transforming into a connected fitness family of brands with recurring membership revenue

Attractive Industry Dynamics

Rapid SAM expansion and changing at-home fitness habits provide short and long-term market opportunity

Well-positioned for Growth

Strong brands, market position, product portfolio, and broad distribution, now with a connected fitness business model

Strong Momentum of "New" Nautilus

Strong financial results, balance sheet, new products and marketing, improving supply chain, and growth in customers & retail distribution

North Star Strategy

The right long-term direction, ambitious goals and strong early execution better position the New Nautilus for sustainable success

Long-term Value

A digitally-focused company with significant momentum and enhanced opportunity valued as a hardware company

10 Minute Break Before Q&A



Workout Complete!

REVEAL YOUR RESULTS - GAIN THE DISTANCE - SAT 04/12/20 - 10:47 AM

Awards

Total Time	20:00	Avg. Heart Rate	140	Avg. Speed	6.6
Total Distance	3.41	Avg. Incline	4		
Total Calories	289	Avg. Pace	6.3		

Workout Profile

FAVORITE THIS WORKOUT

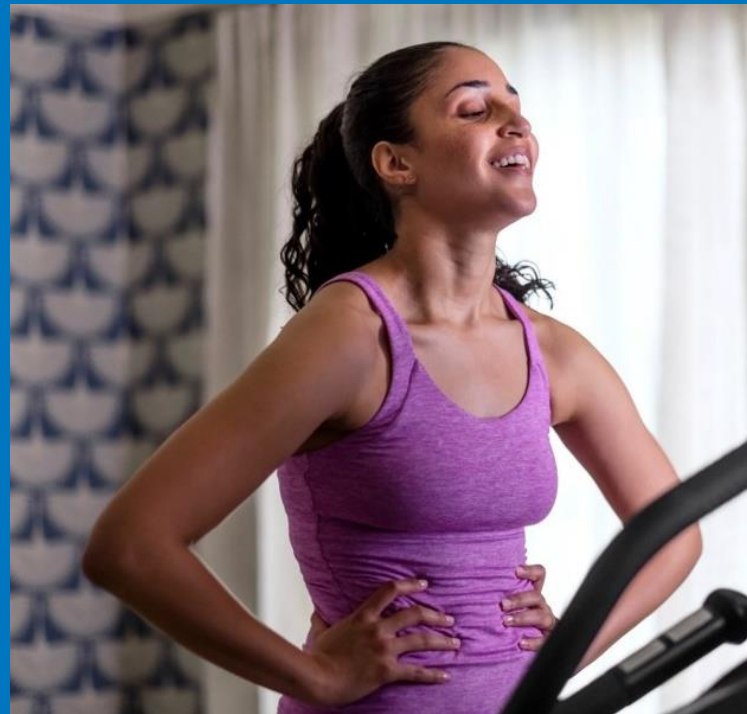
SHARE THIS WORKOUT



Vision



To build a healthier world,
one person at a time



Appendix

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Non-GAAP Presentation

In addition to disclosing its financial results determined in accordance with GAAP, Nautilus has presented in this presentation certain non-GAAP financial measures, which exclude the impact of certain items (as further described below) and provide supplemental information regarding operating performance. Nautilus presents non-GAAP financial measures as a complement to results provided in accordance with GAAP, and the non-GAAP financial measures should not be regarded as a substitute for GAAP. By disclosing these non-GAAP financial measures, management intends to provide investors with a supplemental comparison of operating results and trends for the periods presented. Management believes these measures are also useful to investors as such measures allow investors to evaluate performance using the same metrics that management uses to evaluate past performance and prospects for future performance. Nautilus strongly encourages you to review all its financial statements and publicly filed reports in their entirety and to not rely on any single financial measure.

Adjusted Results

In addition to disclosing the comparable GAAP results, Nautilus has presented its operating income on an adjusted basis. Adjusted operating income excludes non-cash charges related to the loss on the disposal group held-for-sale, goodwill and the Octane Fitness® trade name intangible asset impairment. We believe that the adjustment of these charges, which are inconsistent in amount and frequency, supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.

Adjusted Operating Income

The following tables present a reconciliation of operating income (loss), the most directly comparable GAAP measure, to Adjusted operating income (loss) (unaudited and in millions):

Three Months Ended

	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Net Sales	\$ 115.4	\$ 84.4	\$ 59.0	\$ 61.7	\$ 104.2	\$ 93.7	\$ 114.2	\$ 155.4	\$ 189.3
Operating income (loss)	\$ 2.7	\$ (10.2)	\$ (85.4)	\$ (8.3)	\$ 3.3	\$ (0.6)	\$ (7.1)	\$ 44.0	\$ 41.5
Loss (gain) on disposal group ⁽¹⁾	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 29.0	\$ (8.3)	\$ -
Goodwill and other intangible impairment charge ⁽²⁾	\$ -	\$ -	\$ 72.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted operating income (loss)	<u>\$ 2.7</u>	<u>\$ (10.2)</u>	<u>\$ (13.4)</u>	<u>\$ (8.3)</u>	<u>\$ 3.3</u>	<u>\$ (0.6)</u>	<u>\$ 21.9</u>	<u>\$ 35.7</u>	<u>\$ 41.5</u>
Operating Margin %	2%	-12%	-145%	-13%	3%	-1%	-6%	28%	22%
Adjusted Operating Margin %	2%	-12%	-23%	-13%	3%	-1%	19%	23%	22%

Twelve Months Ended

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Net Sales	\$ 180.4	\$ 193.9	\$ 218.8	\$ 274.4	\$ 335.8	\$ 406.0	\$ 406.2	\$ 396.8	\$ 309.3	\$ 552.6
Operating income (loss)	\$ 3.6	\$ 10.6	\$ 15.7	\$ 30.2	\$ 40.3	\$ 53.4	\$ 36.3	\$ 20.8	\$ (100.5)	\$ 77.8
Loss (gain) on disposal group ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.7
Goodwill and other intangible impairment charge ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.8	\$ -	\$ 72.0	\$ -
Adjusted operating income (loss)	<u>\$ 3.6</u>	<u>\$ 10.6</u>	<u>\$ 15.7</u>	<u>\$ 30.2</u>	<u>\$ 40.3</u>	<u>\$ 53.4</u>	<u>\$ 45.1</u>	<u>\$ 20.8</u>	<u>\$ (28.5)</u>	<u>\$ 98.5</u>
Operating Margin %	2%	5%	7%	11%	12%	13%	9%	5%	-33%	14%
Adjusted Operating Margin %	2%	5%	7%	11%	12%	13%	11%	5%	-9%	18%

⁽¹⁾ Loss (gain) on disposal group

In accordance with Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*, for a long-lived assets or disposal group classified as held-for-sale, a loss was recognized for the carrying amount that exceeded the fair market value of the long-lived assets less the cost to sell in June 2020, resulting in a \$29.0 million loss. During Q3 2020, the fair value less estimated costs was \$20.7 million, resulting in a \$8.3 million gain.

⁽²⁾ Goodwill and Other Intangible Impairment

In accordance with ASC 350, *Intangibles - Goodwill and Other*, Nautilus is required to test its goodwill and other indefinite-lived intangible assets for impairment annually or when a triggering event has occurred that would indicate that it is more likely than not that the fair value of the reporting units are less than the book value, including goodwill and intangibles. During the fourth quarter of 2017, we identified impairment indicators in our Octane Fitness brand name, resulting in an \$8.8 million non-cash impairment charge for 2017. In our assessment, a triggering event occurred during the second quarter of 2019 as a result of the decline in our stock price and overall market capitalization. Based on the assessment conducted, we estimated a \$72.0 million impairment.