

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report: March 18, 2021
(Date of earliest event reported)

NAUTILUS, INC.
(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation)

001-31321
(Commission File Number)

94-3002667
(I.R.S. Employer
Identification No.)

17750 S.E. 6th Way
Vancouver, Washington 98683
(Address of principal executive offices, including zip code)

(360) 859-2900
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	NLS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

NAUTILUS, INC.
FORM 8-K

Item 7.01 **Regulation FD Disclosure.**

As previously disclosed, on March 18, 2021, Nautilus, Inc (the “Company”) hosted its Virtual Investor Day accessible via webcast on the Investors section of Nautilus’ website beginning at 9:00 a.m. PT (12:00 p.m. ET). The archived Virtual Investor Day presentation and the subsequent Q&A session will be available to be replayed on the Investors section of Nautilus’ website at <http://www.nautilusinc.com> for 90 days. A copy of the slide presentation for the Company’s Virtual Investor Day is furnished and attached as Exhibit 99.1 to this Form 8-K and a copy of the press release the Company issued containing key highlights of the presentation is furnished and attached as Exhibit 99.2 to this Form 8-K. Forward-looking statements in these documents and the related webcast speak only as of the date they were made.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 7.01 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing or document.

Definitions and Financial Information

Non-GAAP Presentation

The webcast presentation contains materials relating to the Investor Day presentations, including definitions of certain metrics not determined in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and reconciliations of certain historic non-GAAP metrics to the most directly comparable GAAP measures. 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 investors 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.

Forward-Looking Statements

This report 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

Item 9.01 Financial Statements and Exhibits

The following exhibit is furnished herewith and this list is intended to constitute the exhibit index:

[99.1](#) Nautilus, Inc. Investor Day Presentation
[99.2](#) Press Release Outlining North Star Strategy, dated March 18, 2021.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NAUTILUS, INC.
(Registrant)

March 18, 2021
Date

By: /s/ Wayne M. Bolio
Wayne M. Bolio
SVP Law and General Counsel



Analyst Day

Investor Presentation

March 18, 2021



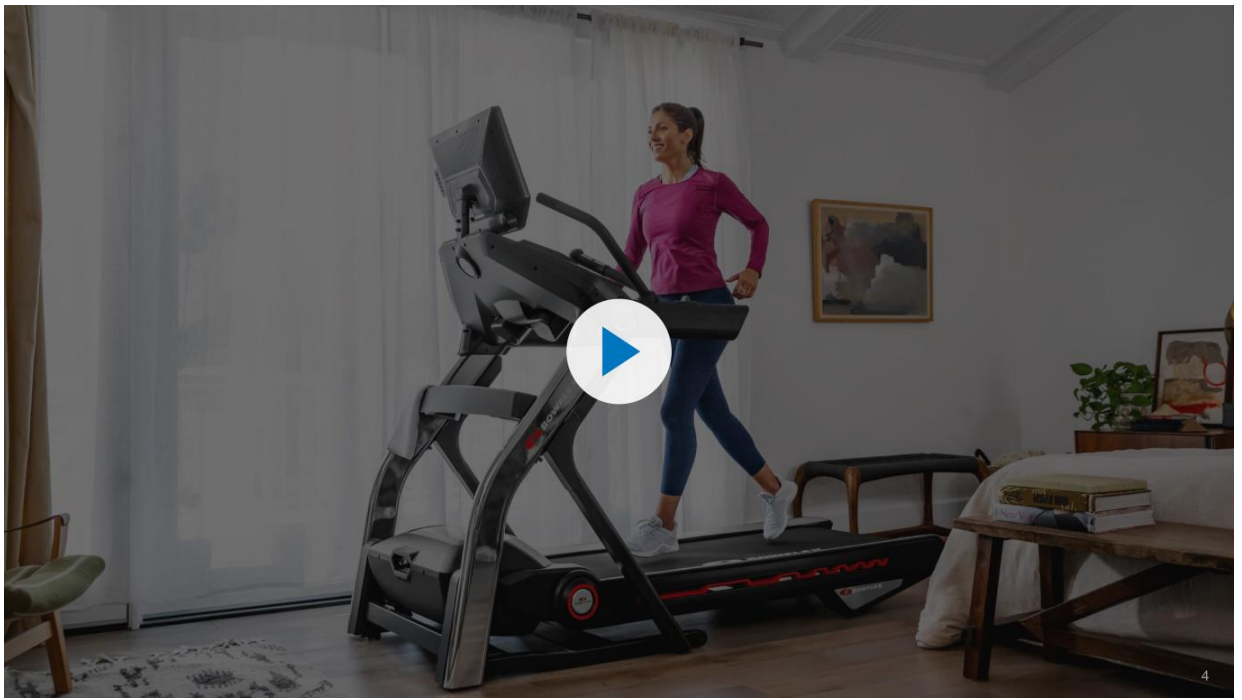
Safe Harbor Statement

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John Mills

Managing Director, ICR





North Star



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

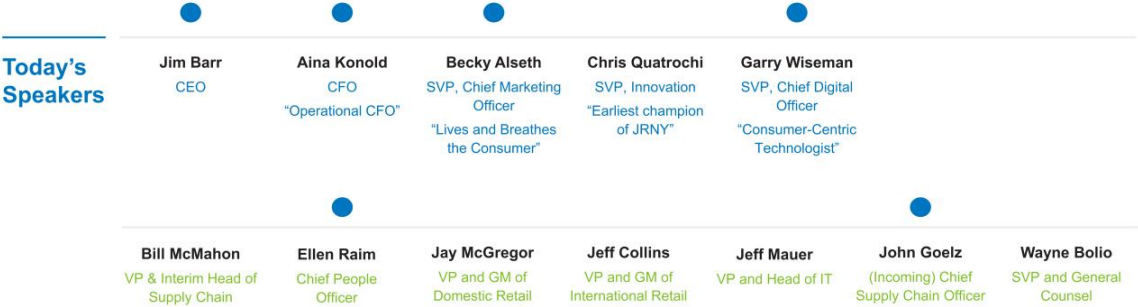
B

**Identifying the
Opportunities**


C

North Star:
Journey to 2026

Nautilus Senior Leadership Team



● New Members of Senior Leadership Team



Jim Barr, CEO, Nautilus, Inc.

Relevant Career Themes:

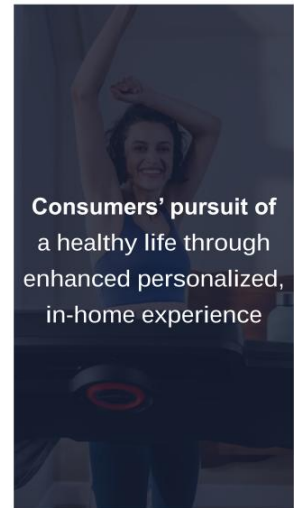
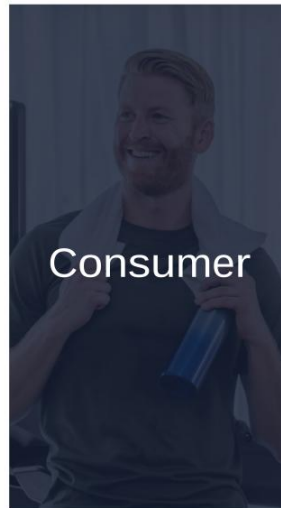
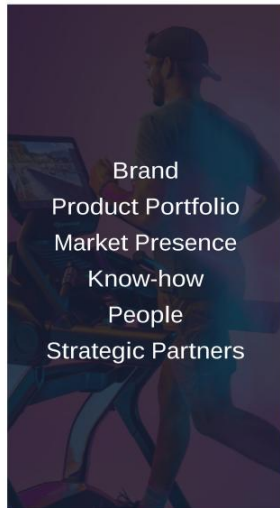
- 25 years in Digital, eCommerce, Omni-channel
- Digital Transformations Across Diverse Industries
- Multiple successes transforming and growing large scale digital and multichannel businesses
- Even Great Companies Sometimes Miss Something; The Key is the Path to Recovery

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

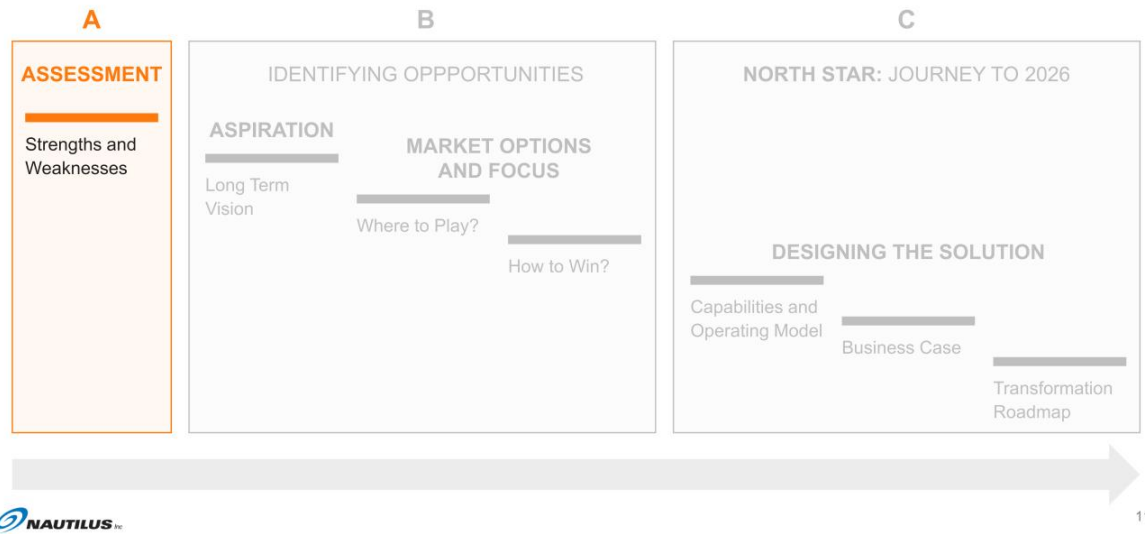
Playbook:

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



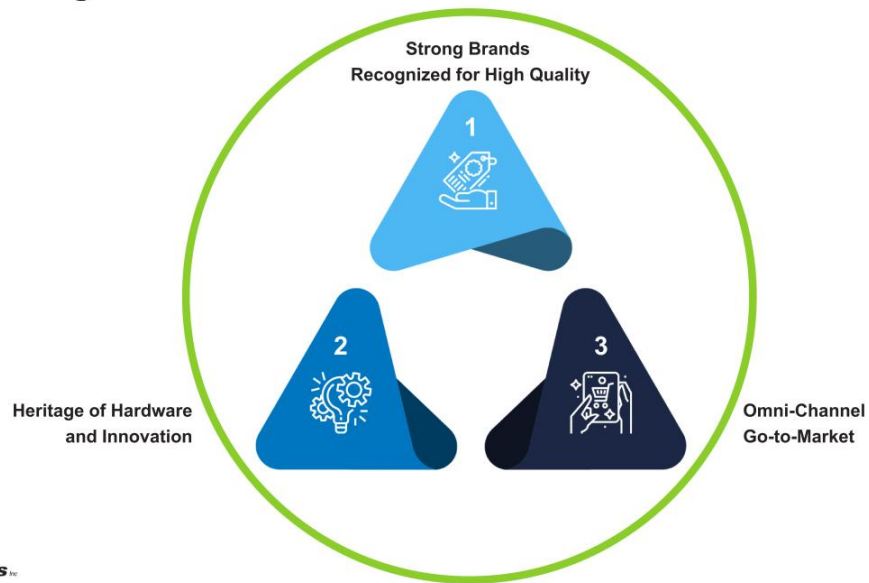
Long Term Strategy Approach

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



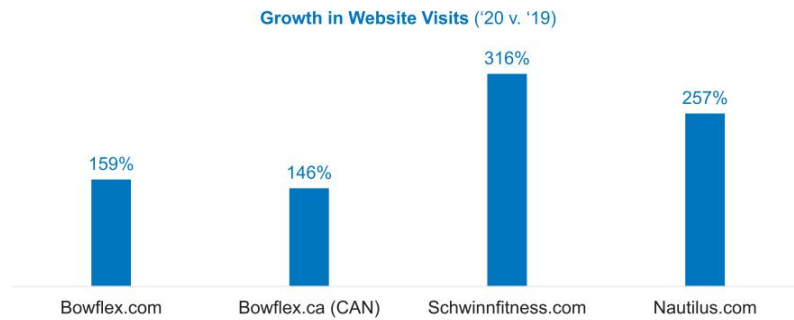
This treadmill works great for me
Comments about Nautilus T618 Treadmill

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



1 Our Strengths: Strong Brands



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

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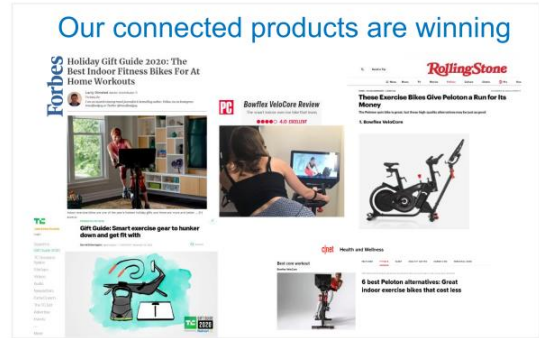
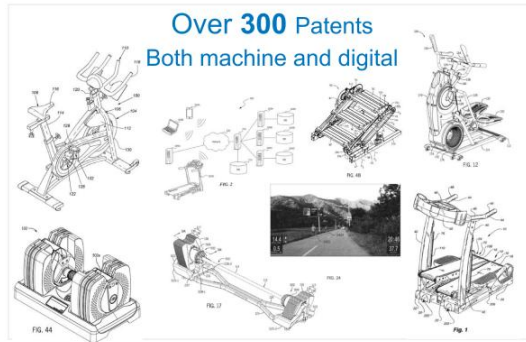


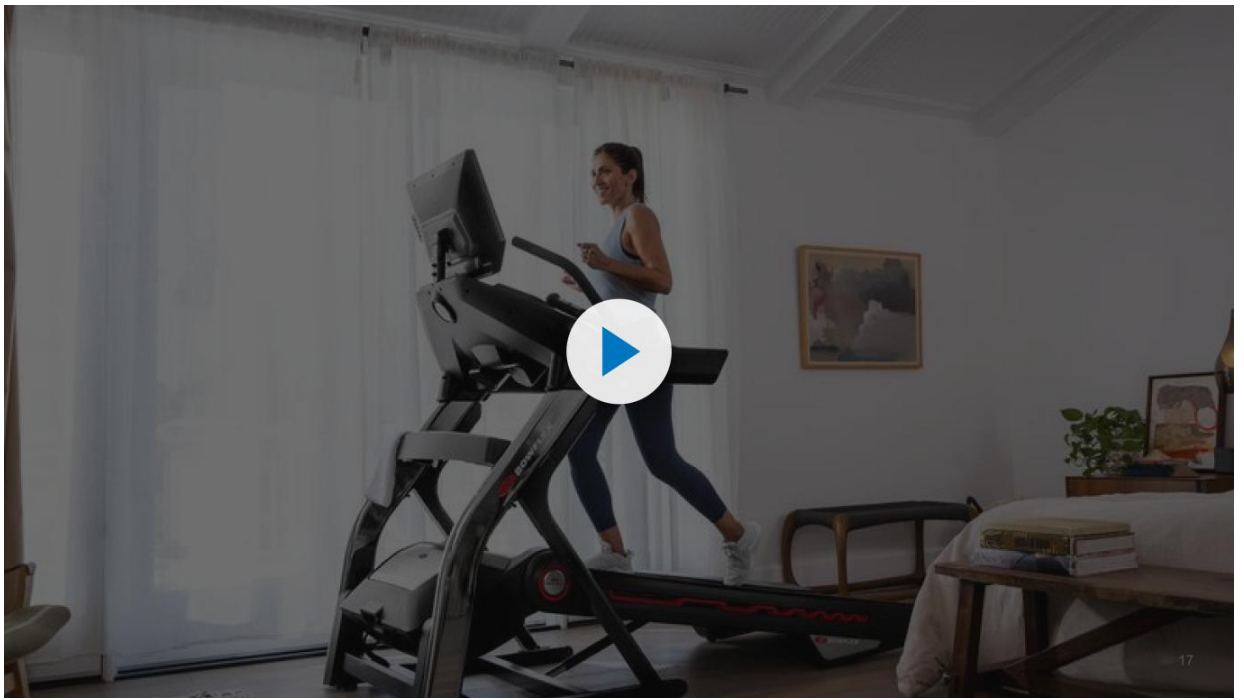
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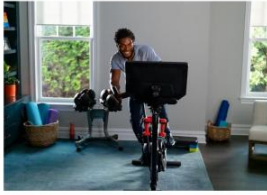


2 Our Strengths: Deep History of Innovation and Consumer Choice





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



Source: User generated content posted to Facebook and Instagram

3 Our Strengths: Omni-channel Capabilities

Online Direct
44%



Retail Presence
56%



3 Our Strengths: Omni-channel Capabilities

Established and growing retail presence a strategic advantage

Shop-in-shop



"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"

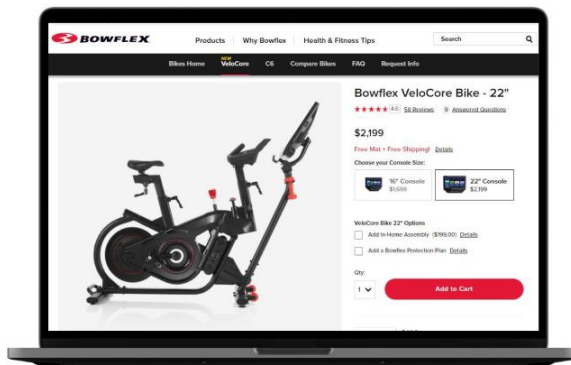
"NLS could expand offering into premium accessory categories given the brand recognition"

Select Retail Partners

In the US, Canada, and 80+ other countries

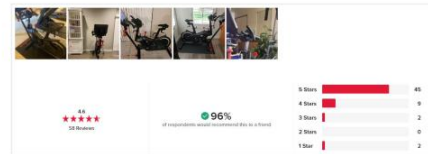


3 Our Strengths: Omni-channel Capabilities

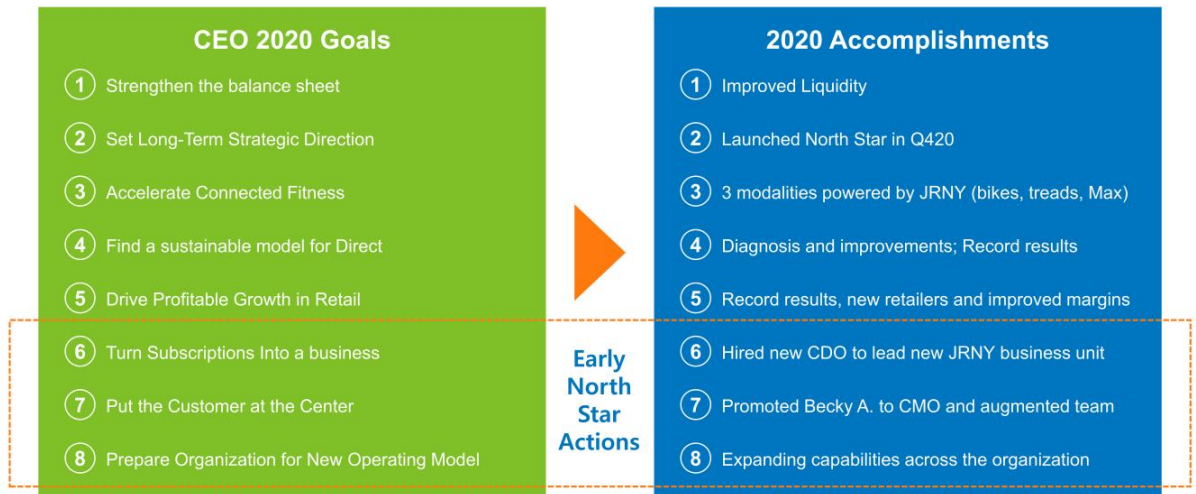


Made significant improvements in our websites this past year

- 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



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



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



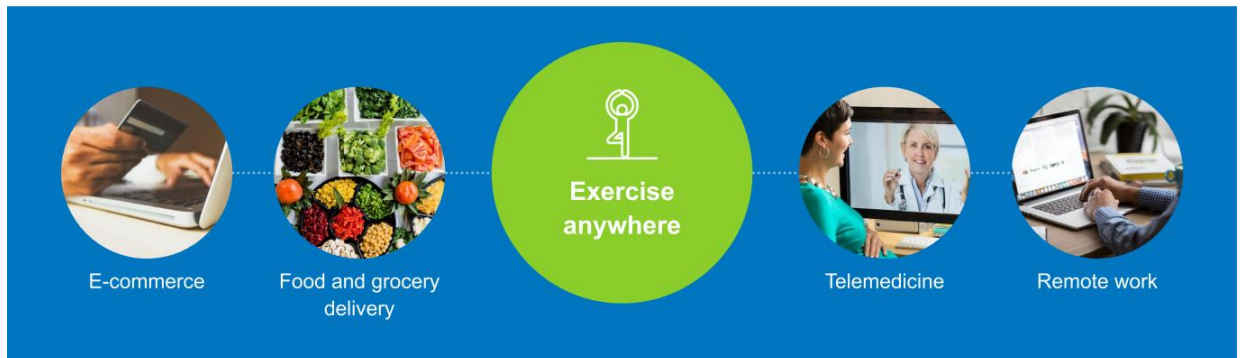
- 2019 SAM ~\$3.6B with projected 2.5%-3.0% CAGR
- NLS 3rd in share in a fragmented market
- Previously hard to access portions of the \$55B TAM have become more relevant to NLS due to changing consumer habits
- Key gym-goer sentiments have remained relatively unchanged since the summer:
 - ~25% of “gym 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

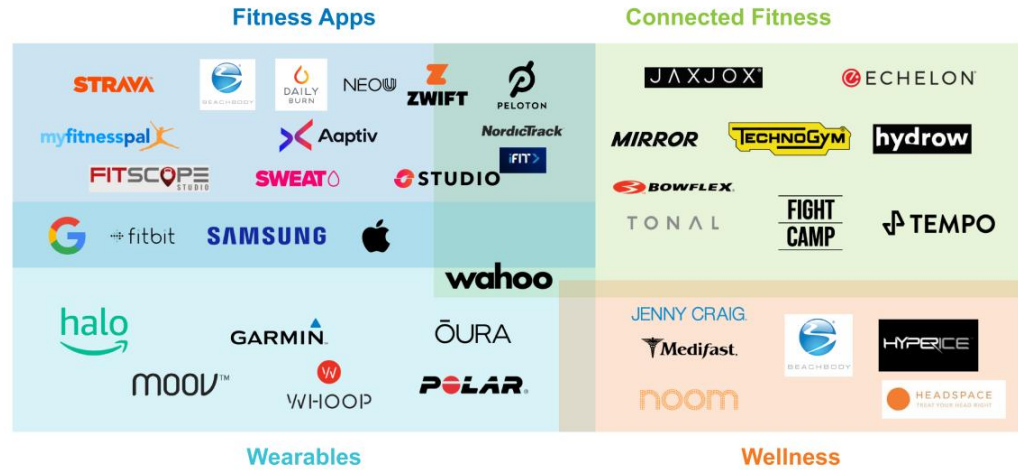
COVID-19 Pandemic Has Accelerated Trends Already in Motion

Opportunity for the Industry



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

Home Fitness Landscape is Complex and Fragmented



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



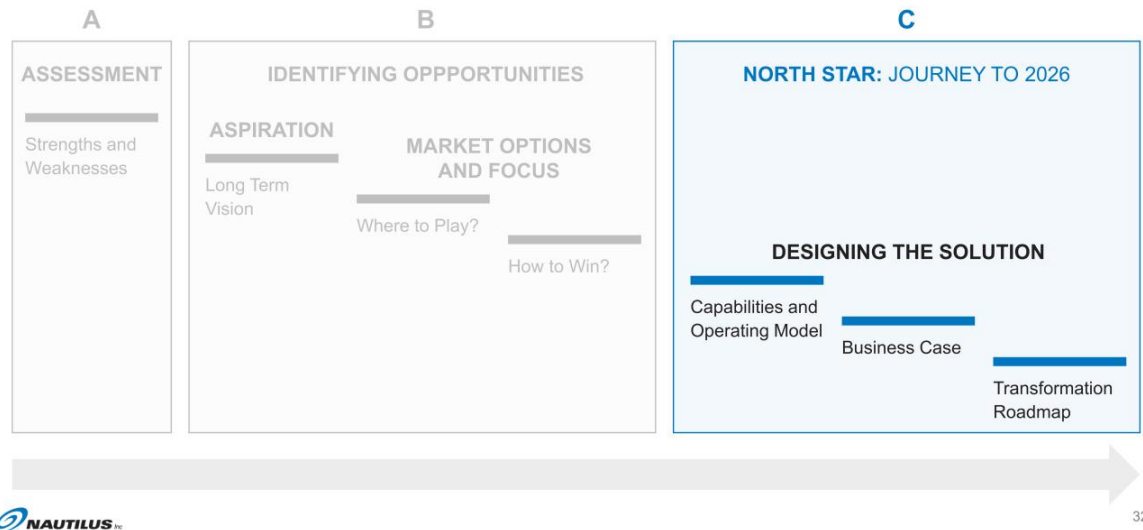
Customized nutrition and
wellness plan



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 JRNY
Hard bodies
Weight Loss

Stage
Aspiration
Outcome

TODAY

Continuing their fitness JRNY
Healthy bodies
Mental Health / Happiness

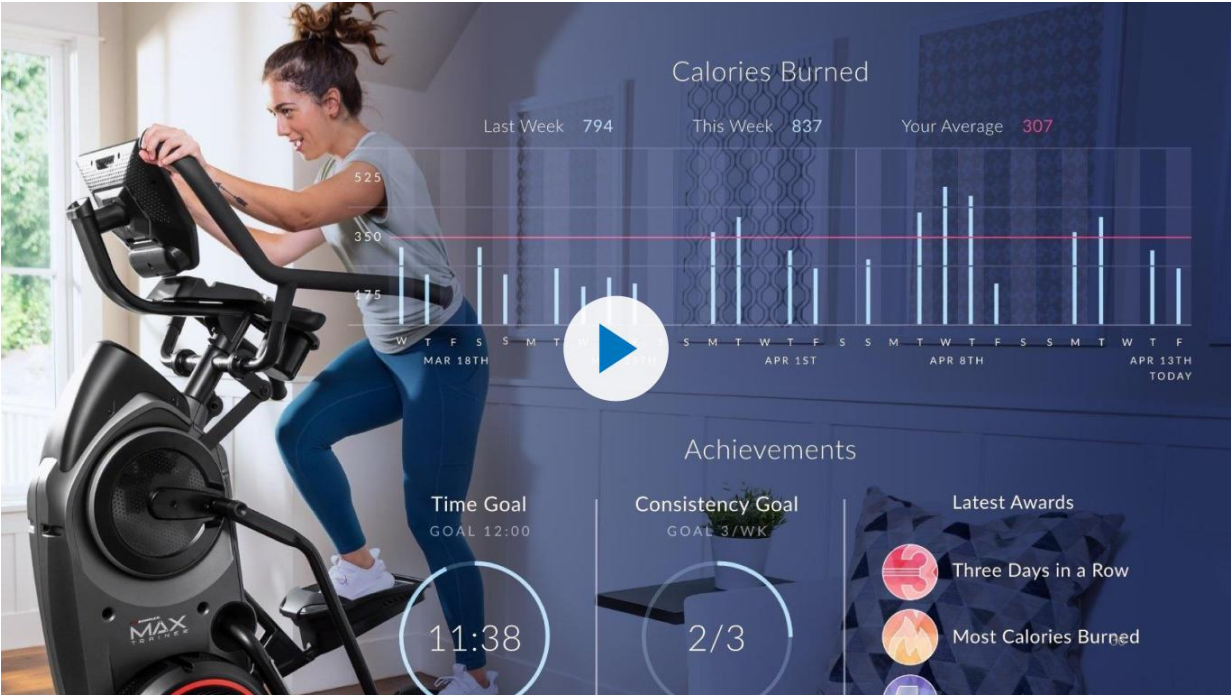


If I Can You Can



*World-class cardio that challenges
your best effort*

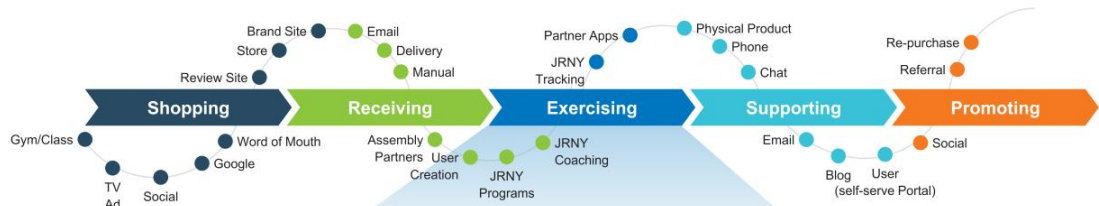




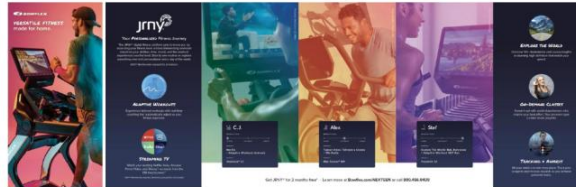


Adopt a Consumer-First Mindset

Support her through her shopping journey



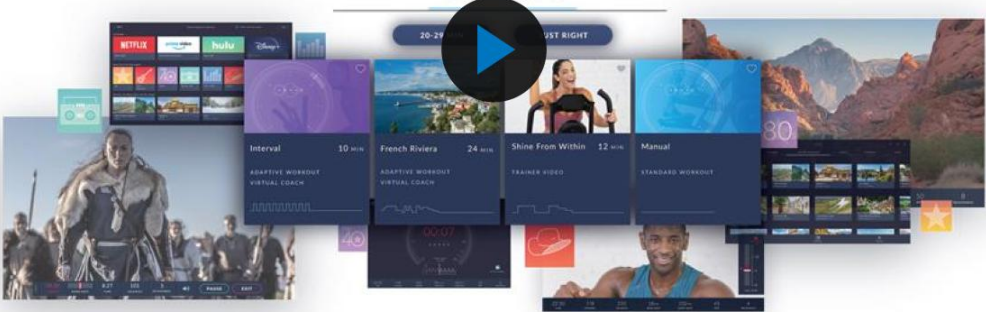
Support her through her fitness journey



Introducing JRNY



JUST FOR YOU

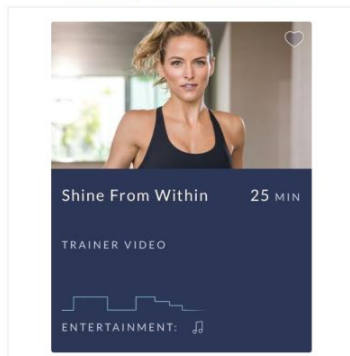




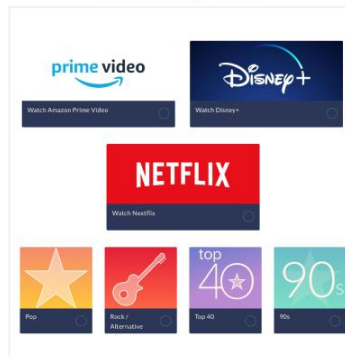
What is JRNY?

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

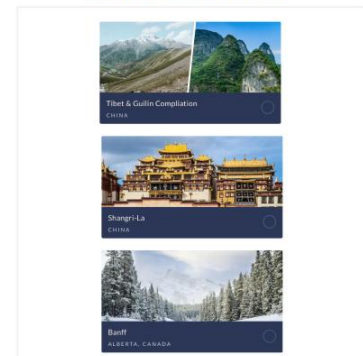
Trainer-led Workouts



Entertainment



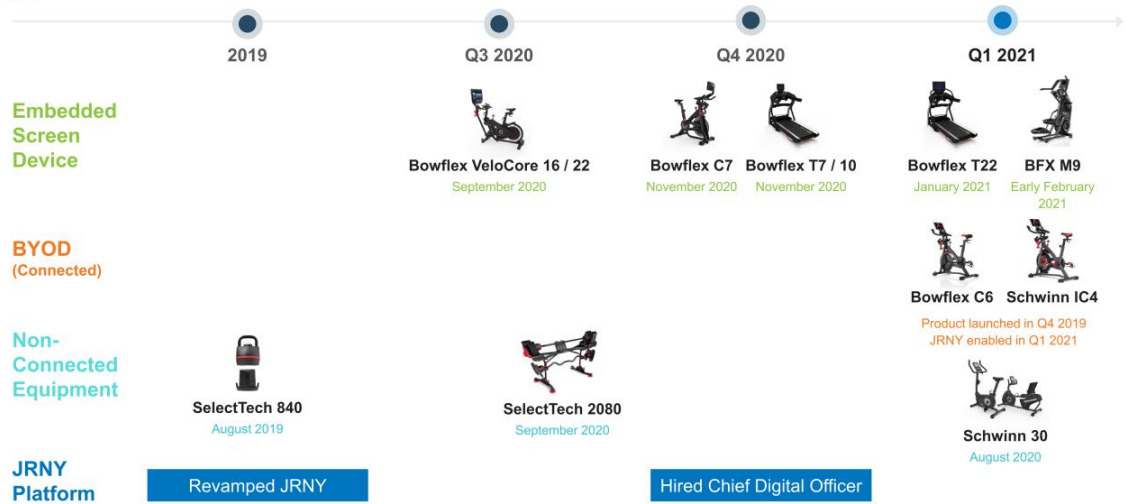
Explore the World



Supported by Adaptive Personalized Training



Path to a Full Suite of Embedded and Connected Products



Note: Prior to Q3 2020, embedded JRNY was only available on the Max Total, which was launched in late 2018



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 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

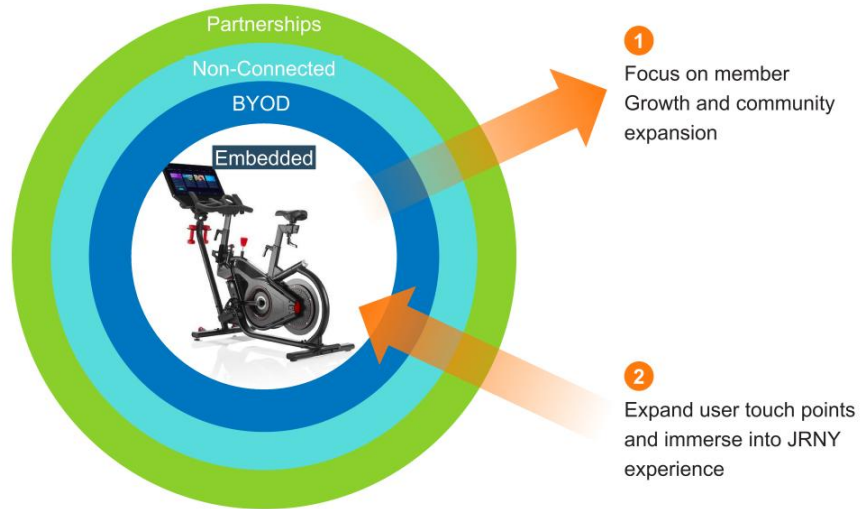


I've had this bike since 4th of February. I ride five days a week. This is huge for me to do 10 miles! I can feel myself getting stronger!! When I first started I could barely do 10 minutes! Love this bike!! I'll do another 10 miles this afternoon.

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

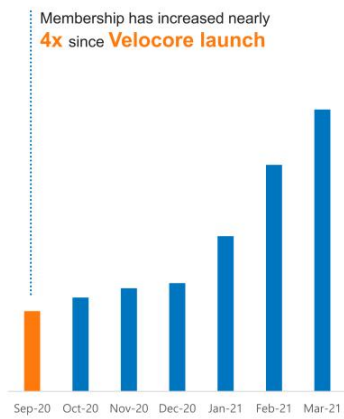


Expansion of Digital Experience

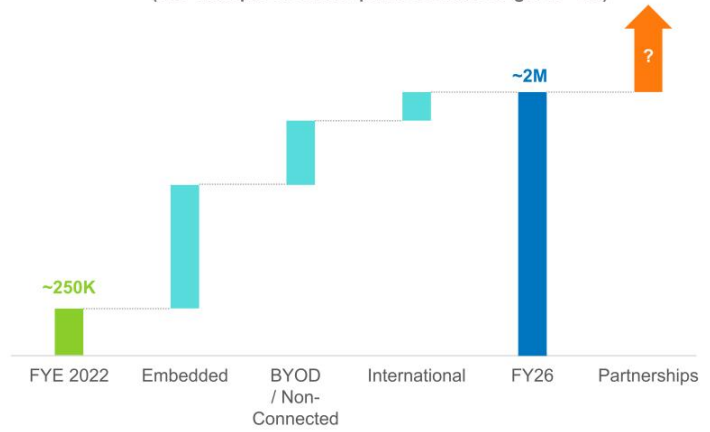




2026 JRNY Aspiration



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



CONTENT



SOFTWARE
CAPABILITIES



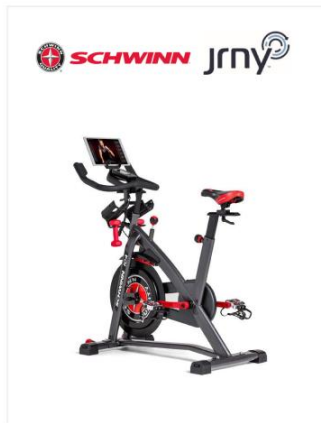
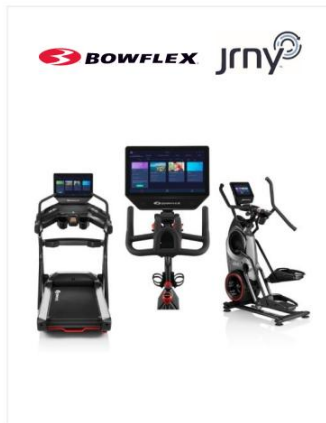
INFRASTRUCTURE



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

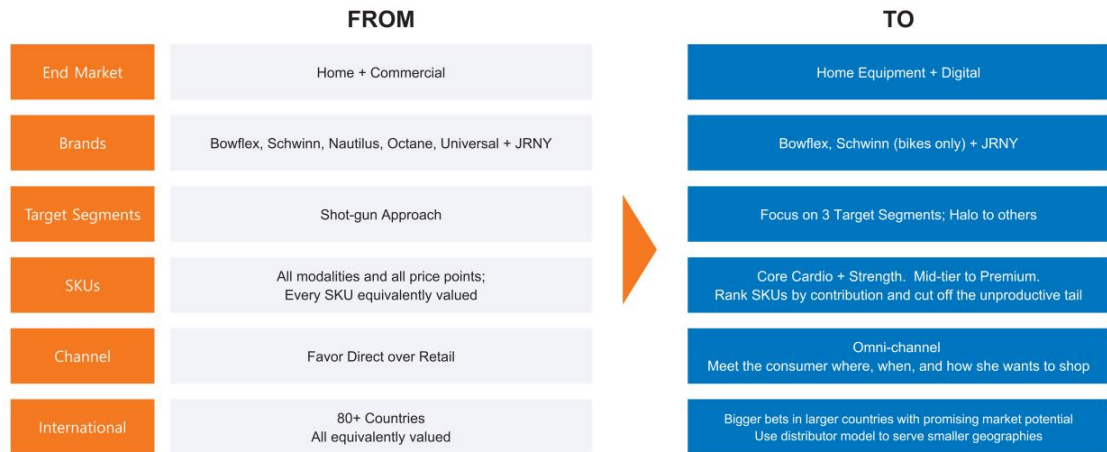
Partnerships Outside Our Ecosystem

- 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





Supply Chain as a Strategic Advantage

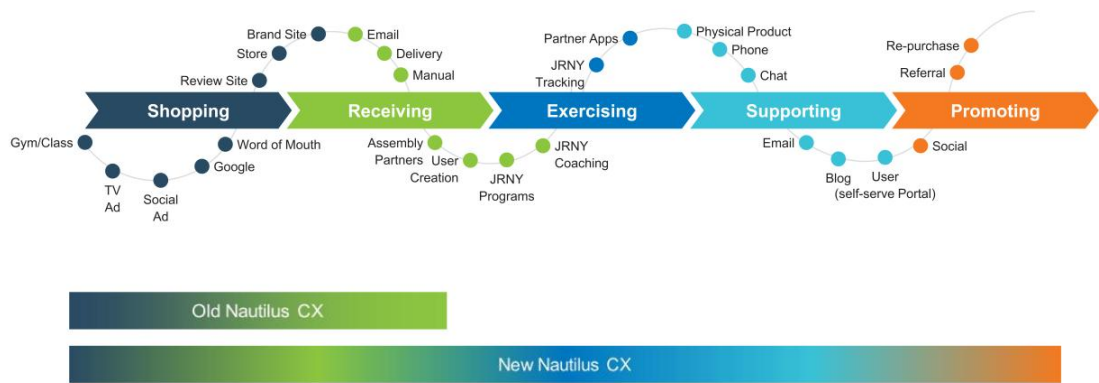
Big Goals

- 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



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.



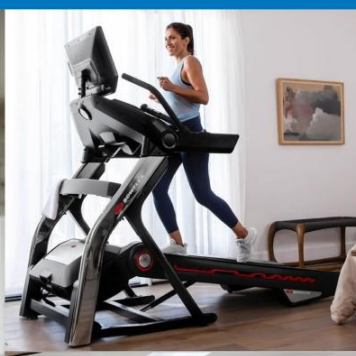
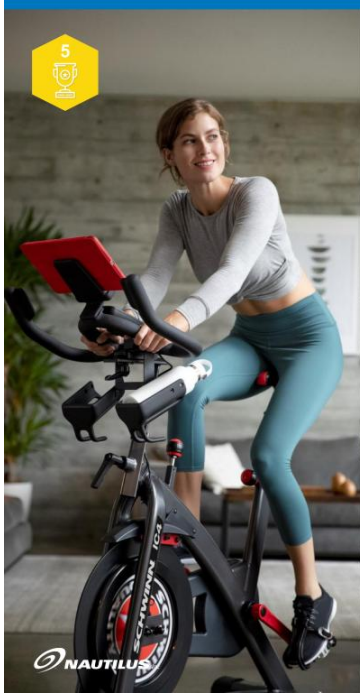
We are diligent **PROBLEM SOLVERS**, accountable to ourselves and our teams by taking responsibility, providing transparency, and adhering to the highest ethical standards



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.



Mission

“

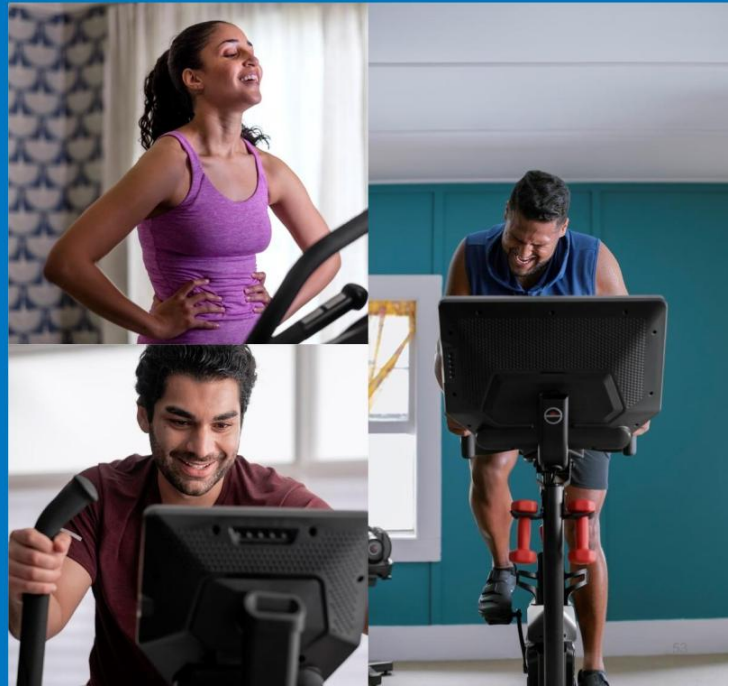
We empower healthier living through individualized connected fitness experiences.



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



¹ Please see the appendix for a reconciliation of non-GAAP measures to GAAP
² Adjusted for June 2019 impairment of goodwill and other intangibles (\$73M), June 2020 loss on disposal group (\$29M), Sept 2020 gain on disposal group \$8M.

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



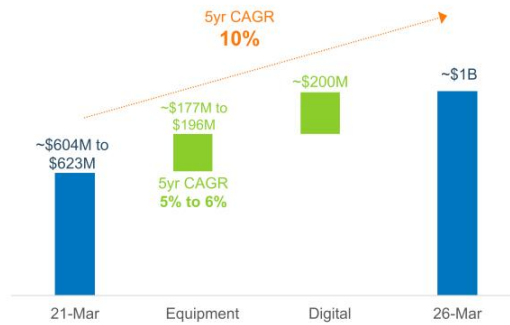
Sustainable
Annual
Operating Margins

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

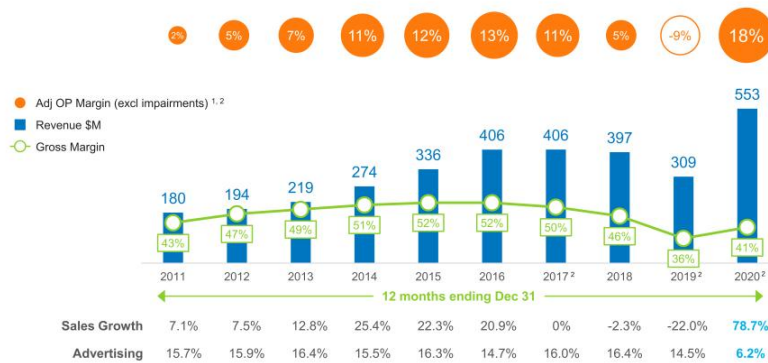
- Target existing and future equipment installed base
- Leverage equipment marketing to drive member growth
- Continue enhancing JRNY experience; investments in content
- Use partnerships as an accelerant
- Near-term milestone: 250k members by FYE22

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

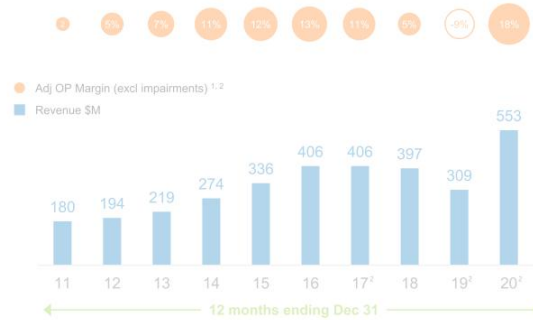


¹ Please see the appendix for a reconciliation of non-GAAP measures to GAAP
² Adjusted for 2017 impairment of goodwill and other intangibles (\$9M), 2019 impairment of goodwill and other intangibles (\$72M), and 2020 loss on disposal group (\$23M)

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



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



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



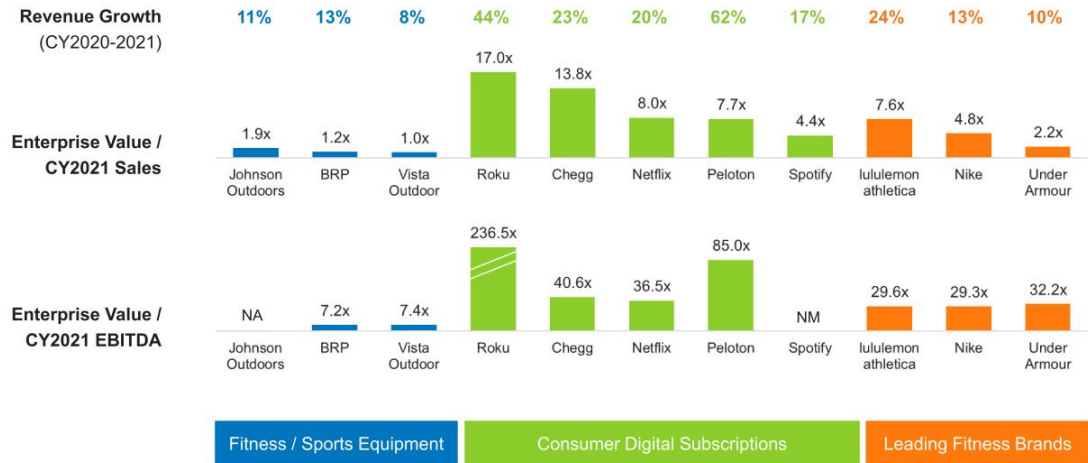
Strengthened Organization

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

Becoming the New Nautilus



Framing the Opportunity

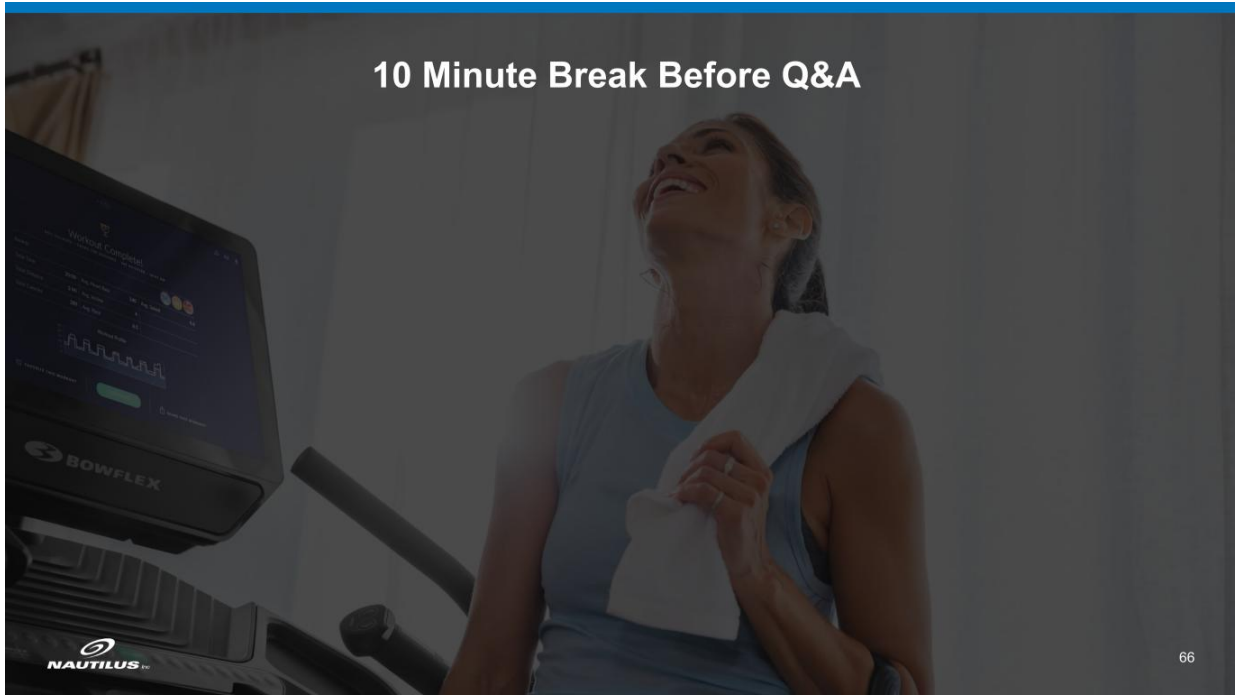


Come Along for the JouRNeY

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

Attractive Industry Dynamics	Well-positioned for Growth	Strong Momentum of "New" Nautilus	North Star Strategy	Long-term Value
Rapid SAM expansion and changing at-home fitness habits provide short and long-term market opportunity	Strong brands, market position, product portfolio, and broad distribution, now with a connected fitness business model	Strong financial results, balance sheet, new products and marketing, improving supply chain, and growth in customers & retail distribution	The right long-term direction, ambitious goals and strong early execution better position the New Nautilus for sustainable success	A digitally-focused company with significant momentum and enhanced opportunity valued as a hardware company

10 Minute Break Before Q&A

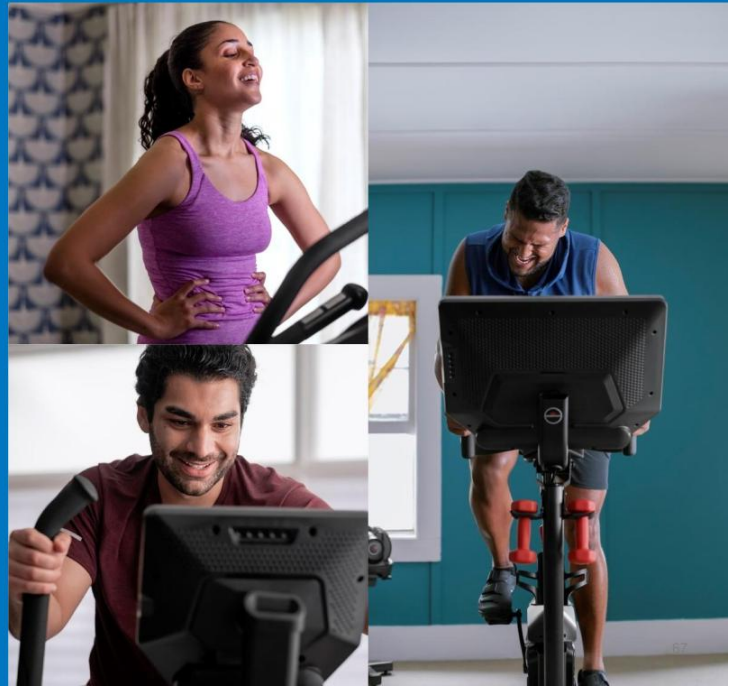




Vision



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)	\$ 2.7	\$ (10.2)	\$ (13.4)	\$ (8.3)	\$ 3.3	\$ (0.6)	\$ 21.9	\$ 35.7	\$ 41.5
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)	\$ 3.6	\$ 10.6	\$ 15.7	\$ 30.2	\$ 40.3	\$ 53.4	\$ 45.1	\$ 20.8	\$ (28.5)	\$ 98.5
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.





NAUTILUS, INC. INVESTOR DAY OUTLINES LONG-TERM STRATEGIC PLAN

Company Provides Financial Aspirations for Fiscal Year 2026 Including \$1 Billion in Revenue and Two Million Digital Members

VANCOUVER, WASHINGTON, March 18, 2021 - Nautilus, Inc. (NYSE: NLS) today hosted its Virtual Investor Day and unveiled the Company's long-term strategic plan, North Star: Journey to 2026, to unlock sustainable growth and digitally transform the Company. Jim Barr, Nautilus Chief Executive Officer, was joined by other members of the executive team to introduce the "new" Nautilus. The team discussed its view of the enhanced home fitness market opportunity, how Nautilus is well-positioned for continued growth, pointed to strong momentum which began even before the pandemic, and how the Company leveraged pandemic demand to not only grow but also create durable assets for the long-run. The day featured a detailed presentation of Nautilus' long-term vision and strategic direction and its ambitious long-term objectives.

"My goal since joining Nautilus over 18 months ago, was to leverage our many strengths to transform into a company that empowers healthier living through individualized connected fitness experiences. I am pleased to say, we are well down the path to transforming into the "new" digital Nautilus and our North Star strategy has us well positioned to dramatically expand all areas of our business in the coming years," said Jim Barr, Nautilus Inc. Chief Executive Officer. "The five key strategic pillars of North Star we outlined during our virtual investor day have us well positioned to achieve many aspirations including revenue of \$1 billion and two million digital members by the end of fiscal 2026."

Mr. Barr continued, "Today, we are not a one product driven company but a much more diversified revenue platform with a rapidly growing digital component enabling all consumers to rely on Nautilus for their entire fitness journey. We operate in a very dynamic industry with a profoundly expanded opportunity that includes changing consumer habits, technology preferences, and connectedness providing us a way to help our consumers on all aspects of their journey. The North Star strategy will ensure the "new" Nautilus will properly leverage our leading brands, products, innovation, distribution and digital assets to build a healthier world, one person at a time."

During the Investor Day, management highlighted the Company's **core strengths** to achieve its long-term aspirations:

Strong Brands

Nautilus has great brands with very **high consumer recognition**, resulting from many years of building great products and investing in them. The Company's brands stand for **high quality and good value**. Bowflex started the home fitness movement over 35 years ago and is one of the three leading brands in the at-home fitness category, trusted by over one million people. Bowflex has a strong foundation of quality and broad assortment, both strength where the brand has its roots, and cardio, with its award-winning

bikes, treadmills, and exclusive MAX high-intensity trainer. Schwinn has been around for 125-years and is the most respected name in upright and recumbent bikes, group indoor cycling, and other cycling-related exercise equipment.

Hardware and Innovation Heritage

The Company's brands and long-standing track record of innovation has allowed the Company to be a **leader in the home fitness market for 35 years**. Innovation is in the Company's DNA with **over 300 patents** and a **history of delivering high quality, award-winning modalities**. Nautilus has had success with products across all modalities of fitness and going forward every product launched will be connected to the Company's JRNY ecosystem. In today's environment of bringing the entire gym and personal trainer into one's home, Nautilus is uniquely positioned to offer the full experience.

Broad Distribution

Over many years, the Company has built an **incredible network of retail partners**, which, combined with its Direct-to-Consumer roots, gives Nautilus an omni-channel experience. The Company leverages an expanding stable of retail partnerships, both in brick and mortar stores and online, and augments these further with **international distributors**. In the US and Canada, the Company partners with some of the largest players in the industry, and internationally, partners with **over 40 distributors in 80+ countries**. Nautilus makes it easy for consumers to shop its brands, **offering choice in when, where and how they purchase**.

During the Investor Day, management outlined the **five strategic pillars** of the Company's North Star strategy:

Adopt a Consumer First Mindset

Nautilus has been successful in developing innovative, award-winning products and will leverage that strength in order to become consumer-obsessed in everything it does. Adopting a consumer first mindset means looking at how Nautilus helps its consumers across every aspect of their journey. The Company has restructured its product development approach to **gather consumer input at the very beginning of the process** and started testing its marketing messaging early in the development cycle to ensure its communications are **driving an emotional connection** with the consumer. The Company has **moved from traditional product management to category management**, whereby category managers own a portfolio and a P&L, find white spaces, and advocate for projects that drive customer success. Nautilus will focus its product portfolio in the mid and premium tiers of the category and **going forward the brand portfolio will be Bowflex, Schwinn and JRNY**. Bowflex is the Company's premium connected brand that offers a broad assortment of strength and cardio products; Schwinn is the specialty brand, singularly focused on mid-priced bikes; and JRNY is the ingredient brand that offers variety and makes both Bowflex and Schwinn better and stronger. Importantly, this refined brand portfolio allows Nautilus to invest appropriately to accelerate each brand's growth.

Scale a Differentiated Digital Offering

A strong JRNY Platform will enable the Company to **give its consumers the best, connected fitness experience**. Nautilus has an amazing combination to offer: **high quality, innovative physical equipment combined with a digital platform** that allows members to get a personalized workout that includes

coaching and entertainment at an incredible value. JRNY creates a **highly personalized fitness experience**, allowing end-users to both personalize the experience themselves by deciding how they want to work out and, through Artificial Intelligence, making sure that each workout is unique and pushes their fitness. **JRNY is a platform that crosses modalities** and makes life easier for members by bringing things together as they plan, execute and track towards their fitness goals. Today, there are two versions of JRNY: embedded screen equipment that features JRNY and the app which can be downloaded on iOS or Android phones or tablets, referred to as Bring Your Own Device (BYOD). The Company **plans to scale JRNY through its large current and future customer base and look for partnerships** to accelerate its growth.

Focus Investments on Core Businesses

Nautilus will be disciplined about investments across brands, sectors, consumer segments, products and geographies **making fewer, bigger and bolder bets**. In 2020, Nautilus made the decision to focus on Home Fitness and sold its commercially focused brand Octane Fitness. Nautilus has already discontinued the Universal brand and is in the process of evaluating next steps for the Nautilus brand. The Company plans to have **a more focused and deliberate portfolio**, where each product within each brand will have a clear identified reason for being, all centered on what the consumer wants. **Focused international growth will be a large growth opportunity** and the Company has identified which **countries it believes represent the best profit pools**. Nautilus intends to partner with leading retailers in those countries, in addition to exploring the idea of bringing its Direct-to-Consumer business to top markets where it already has a strong presence and brand awareness. International will not be meaningful in the first 5-year period of North Star, but the Company believes it will be **a strong driver of growth beyond 2026**.

Evolve Supply Chain to be Strategic Advantage

Nautilus will **transform its supply chain into a strategic advantage**. In 2020, this became mission-critical and the Company worked to increase capacity of up to five times the level it entered the year with. In the short term, the Company plans to **continue its progress to bring capacity more in line with the new levels of elevated demand**. In the long term, the Company will work to **create geographic diversity** to reduce its risk and transport times.

Build Organizational Capabilities to Win

The most important platform of Nautilus' strategic plan is **unleashing the power of its team**. The profound change in the Company's digital transformation must be carefully sequenced and managed and **requires existing skills be leveraged in new ways and requires new capabilities**. Nautilus has assembled a talented and diverse group of leaders, who have already delivered record revenue, cash flow and earnings in 2020 and are determined to win long-term. Every one of the Company's leaders is **passionate about people development** and the Company's **people are the foundation for North Star and are all pulling in this direction**.

As part of the Company's North Star strategy, management also provided the following **financial aspirations for 2026**:

2 million digital members

The Company has the opportunity to scale JRNY so that it gets the platform used by as many people as possible **though it's embedded screen products, BYOD products, and non-connected products**. Today, the Company attaches and activates JRNY to the embedded screen products at a high rate and

has a strong outlook for sales with hundreds of thousands forecast this year. In the past quarter alone, Nautilus has **seen a 4x increase in members since launching the VeloCore bike and connected treadmills**. On top of that, the Company has hundreds of thousands of BYOD products that have shipped in the last few years and is seeing great demand moving forward. Layer on top the millions of non-connected products out in the field. Nautilus sees a lot of **opportunity to grow the JRNY member base internationally** as it deploys JRNY products into existing and new markets. Additionally, the Company will **look to expand JRNY's presence through strategic partnerships** – wearables, SmartTVs, commercial gym operators, etc. - to help JRNY reach greater scale.

\$1 billion in total revenue by FYE 2026

There has been a **structural change in the fitness industry** as some portion of gym-goers have permanently shifted into home fitness and the Company is well-positioned to capitalize on the growth in its industry. Nautilus has built a strong foundation – combining the core strengths of the Company with new assets that the executive team has built over the last six quarters. Nautilus is planning on a **5-year CAGR of 10%** and on the equipment side of 6%. The Company **does not expect revenue growth to be linear on a quarterly basis**.

At least 20% of total revenue from digital subscriptions

The planned growth in digital revenue **leverages Nautilus ecosystem** and the Company has a short-term goal to **cross 250,000 members by the end of fiscal year 2022**.

At least 10% annual operating margins

Once North Star is fully executed, the Company will be a digitally forward company with an improved earnings profile and more prepared to deliver sustainable, profitable growth. A more **reliable revenue stream combined with higher gross margins will help create a path to sustainable operating margins** of at least 10%.

Nautilus operates in an attractive, dynamic industry with structural, long-term changes underway based on evolving consumer needs. The Company's brands, products, distribution and digital assets have it well positioned to grow within this industry. Nautilus has made excellent progress over the past six quarters and has transitioned from the old Nautilus, focused on inventing the next "hero" product, to the new Nautilus, focused on the consumer and creating a holistic, connected fitness experience. After an in-depth assessment of the Company's strengths and weaknesses, the management team implemented their North Star strategy to leverage those considerable strengths and make durable changes to usher the Company forward in its digital transformation. The North Star strategy has Nautilus moving in the right direction and early points on the board provides the Company confidence it can achieve its goals and financial aspirations.

The Investor Day presentation and an archived replay of the webcast are available on the Investors section of Nautilus' website at <http://www.nautilusinc.com>.

About Nautilus, Inc.

Headquartered in Vancouver, Washington, Nautilus, Inc. (NYSE: NLS) is a global technology driven fitness solutions company that believes everyone deserves a fit and healthy life. With a brand portfolio including Bowflex®, Nautilus®, Schwinn® and JRNY®. Nautilus, Inc. develops innovative products to support healthy

living through direct and retail channels. Nautilus, Inc. uses the investor relations page of its website (www.nautilusinc.com/investors) to make information available to its investors and the market.

Forward-Looking Statements

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.

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