



January 22, 2002

## **DIRECT FOCUS ANNOUNCES RECORD FOURTH QUARTER AND YEAR-END RESULTS**

### **Quarterly Sales Up 77% and Earnings Up 53% from Previous Year**

**Vancouver, WA?January 22, 2002--**Direct Focus, Inc. (Nasdaq: DFXI), a leading marketing company for fitness and healthy lifestyle products, today announced its results for the quarter and year ended December 31, 2001.

For the fourth quarter of 2001, Direct Focus reported net sales of \$125.3 million, an increase of 77% from \$70.6 million for the fourth quarter of 2000. eCommerce sales for the fourth quarter were \$18.7 million, up 36% from \$13.7 million for the same period of 2000. For 2001, the Company reported net sales of \$363.9 million, up 62% from \$223.9 million for 2000.

Commercial and retail sales represented 35% of total sales in the fourth quarter, up from 13% in the same period of 2000. The change in sales mix is the result of the acquisition of Schwinn Fitness.

Net income for the fourth quarter of 2001 was \$20.5 million or \$0.57 per diluted share, up 53% from \$13.5 million or \$0.37 per diluted share for the same period of 2000. Net income for 2001 was \$66.6 million, or \$1.85 per diluted share, up 60% from \$41.6 million or \$1.16 per diluted share for 2000.

The Company recently announced that it has entered into an agreement to acquire substantially all of the assets of StairMaster Sports/Medical, Inc. (?StairMaster?) for approximately \$25 million in cash. The sale is subject to bankruptcy court approval and, if approved, is expected to close during the first quarter of 2002. At the end of 2001, Direct Focus had cash and short-term investments of \$51.7 million.

?We are very pleased with the successful execution of our growth strategy in 2001,? said Brian Cook, chief executive officer. ? Despite the challenging business environment, we had record sales and earnings for the quarter and year. We added to our portfolio of powerful brand names and diversified our product lines with our acquisition of Schwinn Fitness. Throughout the year, our strategy of selling branded products through multiple sales channels proved to be a winning formula for strengthening our position as a worldwide leader in the fitness and healthy lifestyle markets.?

?In our direct business, we continue to see strong growth. We took advantage of favorable advertising costs and availability during the year to increase consumer awareness of our Bowflex and Nautilus Sleep System product lines. We strengthened our eCommerce sales platform, which is an integral component of the direct sales channel. We also introduced a new high-end Bowflex model towards the end of the year and began marketing nutritional supplements from Champion Nutrition for added product diversity.?

?The results for our commercial and retail business reflect both the vitality of our Schwinn Fitness business and the growing popularity of our new Nautilus commercial and retail products. We greatly expanded our market share when we acquired Schwinn Fitness, and we are extremely pleased with its successful integration into our Company. With our proposed acquisition of StairMaster, we expect to gain another strong fitness brand and offer an increasingly powerful combination of cardiovascular and strength training equipment.?

Direct Focus will host a conference call today to discuss its financial results at 2:00 PM Pacific (5:00 PM Eastern). A listen-only broadcast of the conference call will be available on the Company?s website ([www.directfocusinc.com](http://www.directfocusinc.com)) under ?Investor Relations? or by calling 800-633-8580 (Reservation No. 20214285). A 48-hour replay will be available by calling 800-633-8284 (Reservation No. 20214285). A replay will also be available through February 4, 2002 under ?Investor Relations? on the Company?s website.

About Direct Focus, Inc.

Direct Focus is a leading marketing company for fitness and healthy lifestyle products with direct, retail, and commercial sales channels worldwide. The Company currently markets its Bowflex line of home fitness equipment and Nautilus Sleep Systems directly to consumers, using an effective combination of television advertising, 800-call centers and websites. The Company sells its Nautilus and Schwinn consumer fitness products through retail athletic stores and its Nautilus and Schwinn commercial fitness equipment directly to health clubs and other institutions. The Company is headquartered in Vancouver, Washington. Direct Focus is located on the Web at [www.directfocusinc.com](http://www.directfocusinc.com).

###

This press release contains forward-looking statements relating to anticipated sales, revenue growth, and the development of

Direct Focus' products and services, including statements regarding its Nautilus and Schwinn businesses and the expected acquisition of the assets of StairMaster. Factors that could affect Direct Focus' actual results include its reliance on a limited product line, fluctuations in advertising rates, market acceptance of its existing and future products, growth management challenges including the growth resulting from the acquisition of the assets of Schwinn Fitness in September 2001 and the expected acquisition of the assets of StairMaster in the first quarter of 2002, its limited experience in marketing Nautilus Sleep Systems, a decline in consumer spending due to unfavorable economic conditions, government regulatory action, its ability to effectively identify and negotiate any future strategic acquisitions, its ability to integrate the Schwinn Fitness and StairMaster businesses and any other acquired businesses into its operations, unpredictable events and circumstances relating to international operations including its use of foreign manufacturers, and general economic conditions. A more detailed description of certain factors that could affect actual results include, but are not limited to, those discussed in Direct Focus' annual report on Form 10-K for the fiscal year ended December 31, 2000.

DIRECT FOCUS, INC. - CONSOLIDATED  
Statement of Operations

	3 Mos. Ended December 31,		12 Mos. Ended December 30,	
	2001	2000	2001	2000
	-----	-----	-----	-----
NET SALES	\$125,296,164	\$70,629,117	\$363,862,384	\$223,927,365
COST OF SALES	56,611,284	24,677,260	140,698,578	75,573,619
	-----	-----	-----	-----
Gross profit	68,684,880	45,951,857	223,163,806	148,353,746
	-----	-----	-----	-----
OPERATING EXPENSES				
Selling and marketing	28,946,566	22,239,255	99,813,812	73,509,675
General and administrative	5,231,576	2,562,823	15,573,667	8,804,446
Royalties	2,355,637	1,525,163	7,363,067	4,979,287
	-----	-----	-----	-----
Total operation expenses	36,533,779	26,327,241	122,750,546	87,293,408
	-----	-----	-----	-----
INCOME FROM OPERATIONS	32,151,101	19,624,616	100,413,260	61,060,338
	-----	-----	-----	-----
OTHER INCOME				
Interest income	545,431	1,222,409	4,024,095	3,631,993
other -net	163,798	178,278	380,623	347,175
	-----	-----	-----	-----
Total other income-net	709,229	1,400,687	4,404,718	3,979,168
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	32,860,330	21,025,303	104,817,978	65,039,506
INCOME TAX EXPENSE	12,330,580	7,568,298	38,235,314	23,413,412

	-----	-----	-----	-----
NET INCOME	\$20,529,750	\$13,457,005	\$66,582,664	\$41,626,094
	-----	-----	-----	-----
BASIC EARNINGS PER SHARE	\$0.59	\$0.38	\$1.89	\$1.18
DILUTED EARNINGS PER SHARE	\$0.57	\$0.37	\$1.85	\$1.16
Basic shares outstanding	34,928,647	35,310,897	35,183,632	35,287,604
Diluted shares outstanding	35,793,531	36,308,320	35,966,038	35,997,366

DIRECT FOCUS, INC.-CONSOLIDATED  
Balance Sheet

**December 31,    December 31,**  
**2001                    2000**

ASSETS

CURRENT ASSETS

Cash	\$35,638,944	\$77,181,064
Short Term investments	16,069,691	-
Trade receivables	24,858,295	4,941,286
Inventories	45,516,207	12,653,117
Prepaid expenses and other current assets	2,006,623	591,453
Notes receivable	2,671,838	-
deferred income taxes	1,425,190	950,363

Total Current assets	128,186,788	96,317,283
----------------------	-------------	------------

PROPERTY, PLANT AND EQUIPMENT	25,228,130	16,668,884
-------------------------------	------------	------------

OTHER ASSETS	40,489,574	4,140,277
--------------	------------	-----------

TOTAL ASSETS	\$193,904,492	\$117,126,444
--------------	---------------	---------------

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Trade payables	\$25,255,352	\$12,335,776
Accrued liabilities	10,888,442	5,344,225
Income taxes payable	4,792,170	2,542,967

Royalty payable to stockholders	1,885,186	1,481,886
Customer deposits	999,759	2,092,611
	-----	-----
Total current liabilities	43,820,909	23,797,465
	-----	-----
LONG-TERM DEFERRED INCOME TAXES	2,669,540	462,004
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock	4,900,241	16,812,476
Retained earnings	142,637,163	76,054,499
Accumulated other comprehensive loss	(123,361)	-
	-----	-----
Total stockholders' equity	147,414,043	92,866,975
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$193,904,492	\$117,126,444
	-----	-----