

CONNECT WITH NATURE

Q4 & Full Year 2020 Earnings Presentation
March 2021



SAFE HARBOR STATEMENTS



Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements regarding the Company's future business expectations, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to the Company's objectives, plans, strategies and financial results. All statements (other than statements of historical fact) that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, including the following: adverse impacts of the global COVID-19 pandemic; laws and regulations regarding direct selling may prohibit or restrict our ability to sell our products in some markets or require us to make changes to our business model in some markets; extensive government regulations to which the Company's products, business practices and manufacturing activities are subject; legal challenges to the Company's direct selling program or to the classification of its independent distributors; impact of anti-bribery laws, including the U.S. Foreign Corrupt Practices Act; the Company's ability to attract and retain independent distributors; the loss of one or more key independent distributors who have a significant sales network; the Company's joint venture for operations in China with Fosun Industrial Co., Ltd.; registration of products for sale in foreign markets, or difficulty or increased cost of importing products into foreign markets; cybersecurity threats and exposure to data loss; the storage, processing, and use of data, some of which contain personal information, are subject to complex and evolving privacy and data protection laws and regulations; reliance on information technology infrastructure; the effect of fluctuating foreign exchange rates; liabilities and obligations arising from improper activity by the Company's independent distributors; failure of the Company's independent distributors to comply with advertising laws; changes to the Company's independent distributor compensation plans; geopolitical issues and conflicts; negative consequences resulting from difficult economic conditions, including the availability of liquidity or the willingness of the Company's customers to purchase products; risks associated with the manufacturing of the Company's products; uncertainties relating to the application of transfer pricing, duties, value-added taxes, and other tax regulations, and changes thereto; changes in tax laws, treaties or regulations, or their interpretation; actions on trade relations by the U.S. and foreign governments; product liability claims; the sufficiency of trademarks and other intellectual property rights; and our cannabidiol (CBD) product line is subject to varying, rapidly changing laws, regulations, and rules.

These and other risks and uncertainties that could cause actual results to differ from predicted results are more fully detailed under the caption "Risk Factors" in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports filed on Form 10-Q.

All forward-looking statements speak only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this presentation. Except as is required by law, the Company expressly disclaims any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this presentation.

Non-GAAP Financial Measures

We have included information which has not been prepared in accordance with generally accepted accounting principles (GAAP), such as information concerning non-GAAP net income and Adjusted EBITDA. We utilize the non-GAAP measures of non-GAAP net income and Adjusted EBITDA in the evaluation of our operations and believe that these measures are useful indicators of our ability to fund our business. These non-GAAP financial measures should not be considered as an alternative to, or more meaningful than, U.S. GAAP net income (loss) as an indicator of our operating performance. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of Nature's Sunshine Products' performance in relation to other companies. We have included a reconciliation of Net Income to Adjusted EBITDA, the most comparable GAAP measure. We have also included a reconciliation of GAAP net income to Non-GAAP net income and Non-GAAP Adjusted EPS, in the appendix. We believe presenting the impact of foreign currency fluctuations is useful to investors because it allows a more meaningful comparison of net sales of our foreign operations from period to period. Net sales excluding the impact of foreign currency fluctuations should not be considered in isolation or as an alternative to net sales in U.S. dollar measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with U.S. GAAP.



FEEL THE POWER...



Nature's Sunshine changed the world ~50 years ago as the first company to put herbs into easy-to-take capsules



We sell 600+ products across seven different categories around the world



Sophisticated in-house R&D capabilities via owned **Hughes Center for Research & Innovation**



We manufacture most of our products in the U.S., **ensuring optimal quality and safety**



We are executing a brand pivot supported by important **consumer lifestyle changes**



2020 FINANCIAL HIGHLIGHTS

Q4 (y/y)

- Net sales up 11% to company record \$101.7M
- GAAP net income up 445% to \$6.7M (\$0.29 per diluted share)
- Adj. EBITDA¹ roughly flat due to strategic investments to accelerate future growth and pull-forward of certain expenses

2020 (y/y)

- Net sales up 6% to company record \$385.2M
- GAAP net income up >3x to \$23M (\$1.07 per diluted share)
- Adj. EBITDA¹ up 16% to \$36.2M

\$ in millions, except for margin and per share amounts

	Q4 2020	Q4 2019	▲
Net Sales	\$101.7	\$91.7	+11%
Gross Margin	74.0%	74.0%	–
SG&A	\$38.4	\$32.7	+18%
EBIT	\$2.2	\$3.9	(42)%
Net Income	\$6.7	\$1.2	+445%
Diluted EPS	\$0.29	\$0.05	+480%
Adj. EBITDA	\$7.5	\$7.6	(1)%

	2020	2019	▲
Net Sales	\$385.2	\$362.2	+6%
Gross Margin	73.7%	74.1%	(40) bps
SG&A	\$131.3	\$128.7	+2%
EBIT	\$21.5	\$16.1	+33%
Net Income	\$23.0	\$6.9	+231%
Diluted EPS	\$1.07	\$0.34	+215%
Adj. EBITDA	\$36.2	\$31.2	+16%

¹ See appendix for a reconciliation of non-GAAP terms.

STRONG BALANCE SHEET, HEALTHY CASH FLOW GENERATION



Balance Sheet & Cash Flow Highlights

- Net cash provided by operating activities of \$37.7M in 2020 vs. \$8.5M in 2019
- Capital expenditures totaled \$4.9M in 2020 vs. \$5.1M in 2019
- Free cash flow¹ of \$32.8M in 2020 up >8x vs. 2019
- Cash and cash equivalents were \$92.1M vs. \$53.6 at 12/31/19
- \$3.7M of debt at 12/31/20

Balance Sheet Highlights

	As of December 31,	
(\$ in millions)	2020	2019
Cash and Cash Equivalents	\$ 92.1	\$ 53.6
Receivables	7.4	7.3
Total Assets	249.5	213.1
Debt	3.7	0.0
Total Liabilities	92.3	83.6
Total Stockholders' Equity	157.2	129.4

¹ Free cash flow defined as net cash provided by operating activities less capital expenditures.

NET SALES BY OPERATING SEGMENT



	Net Sales by Operating Segment (Amounts in Thousands)				
	Q4 2020	Q4 2019	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 36,903	\$ 36,061	2.3 %	\$ 1,789	(2.6) %
Europe	23,590	17,211	37.1	349	35.0
North America	34,696	32,859	5.6	32	5.5
Latin America and Other	6,554	5,564	17.8	(167)	20.8
	<u>\$ 101,743</u>	<u>\$ 91,695</u>	11.0 %	<u>\$ 2,003</u>	8.8 %

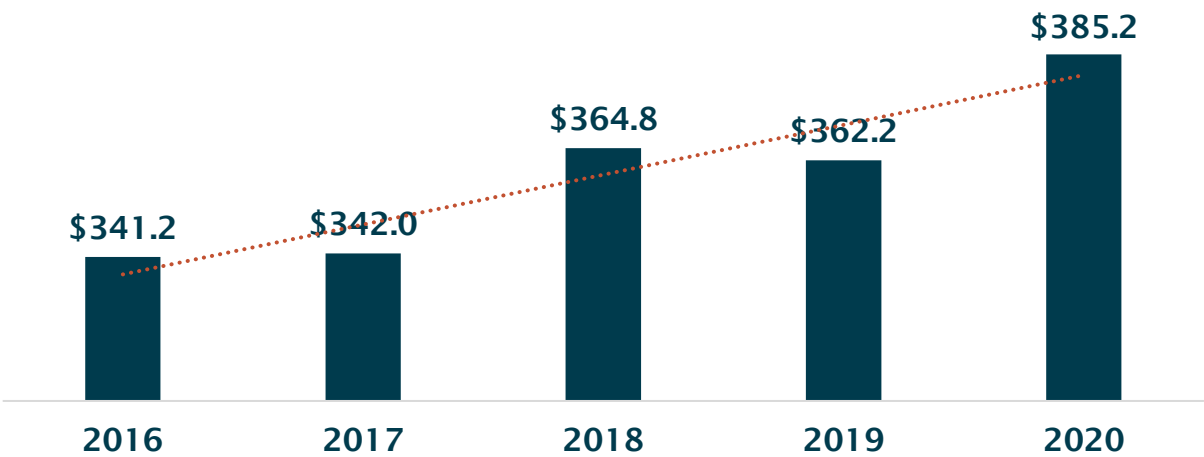
	Net Sales by Operating Segment (Amounts in Thousands)				
	Year Ended December 31, 2020	Year Ended December 31, 2019	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 138,717	\$ 138,536	0.1 %	\$ 19	0.1 %
Europe	77,688	62,523	24.3	156	24.0
North America	145,481	138,163	5.3	(105)	5.4
Latin America and Other	23,319	22,993	1.4	(839)	5.1
	<u>\$ 385,205</u>	<u>\$ 362,215</u>	6.3 %	<u>\$ (769)</u>	6.6 %



TRACK RECORD OF FINANCIAL GROWTH

Revenue

\$ in Millions

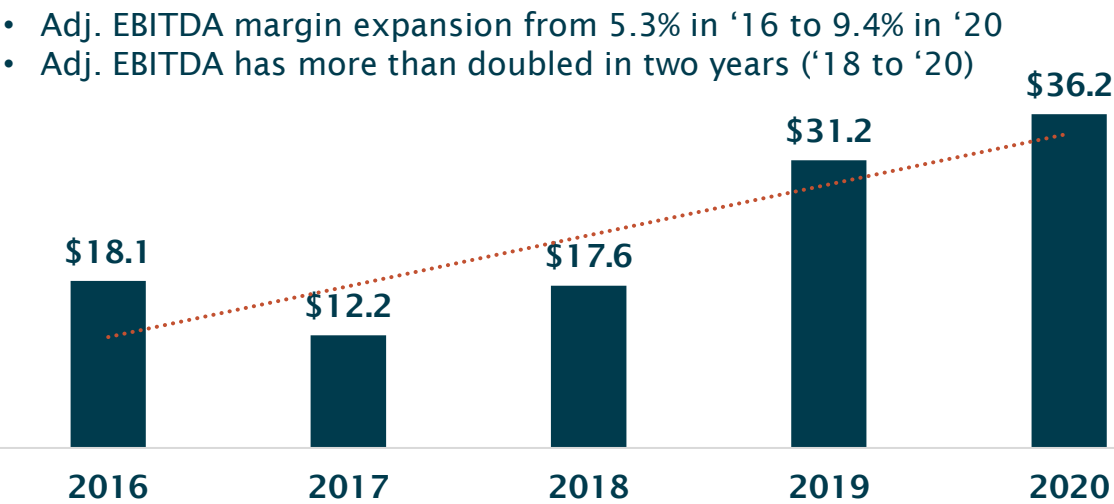


Revenue Accelerant Opportunities

- Increase productivity of managers & distributors
- New products, including qemp
- Stronger regional-focused sales teams
- International market growth (China, Eastern Europe)

Adj. EBITDA¹

\$ in Millions



Margin Drivers

- Drive surplus manufacturing efficiencies
- Improve manufacturing costs
- Continue SG&A cost efficiencies

¹ See appendix for a reconciliation of this non-GAAP term.
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OPERATIONAL EXECUTION IN 2020



Brand Power



Revitalized our brand with new packaging & advertising

Field Energy

SUBSCRIBE & THRIVE

\$22.95

SAVE 25%

~~\$30.60~~

- FREE Shipping (1 per month)
- FREE 1-Year Premium Membership
- One-click pause or cancel
- Choose your schedule and frequency
- Cancel anytime

Frequency ▼

Offered new suite of business tools, services & customer-focused rewards

Digital First

⚡

ENERGY

☾

SLEEP

☁

SEASONAL SUPPORT

😊

MOOD

Introduced new website functionality to move from transactional to personal relationships

Manufacturing Inc.



Secured USDA and ISO 9001 certifications, enhancing our industry-leading advantage

The Right Stuff



Streamlined global business processes to improve overall cost and efficiency

2021 PRIORITIES



OUR RESPONSE TO TODAY'S CONSUMER DEFINES OUR VISION



Vision

SHARE THE HEALING
POWER OF NATURE,
WITH EVERYONE.

How?



Offer specialty products, customization and personal service



Create lifestyle branding and storytelling

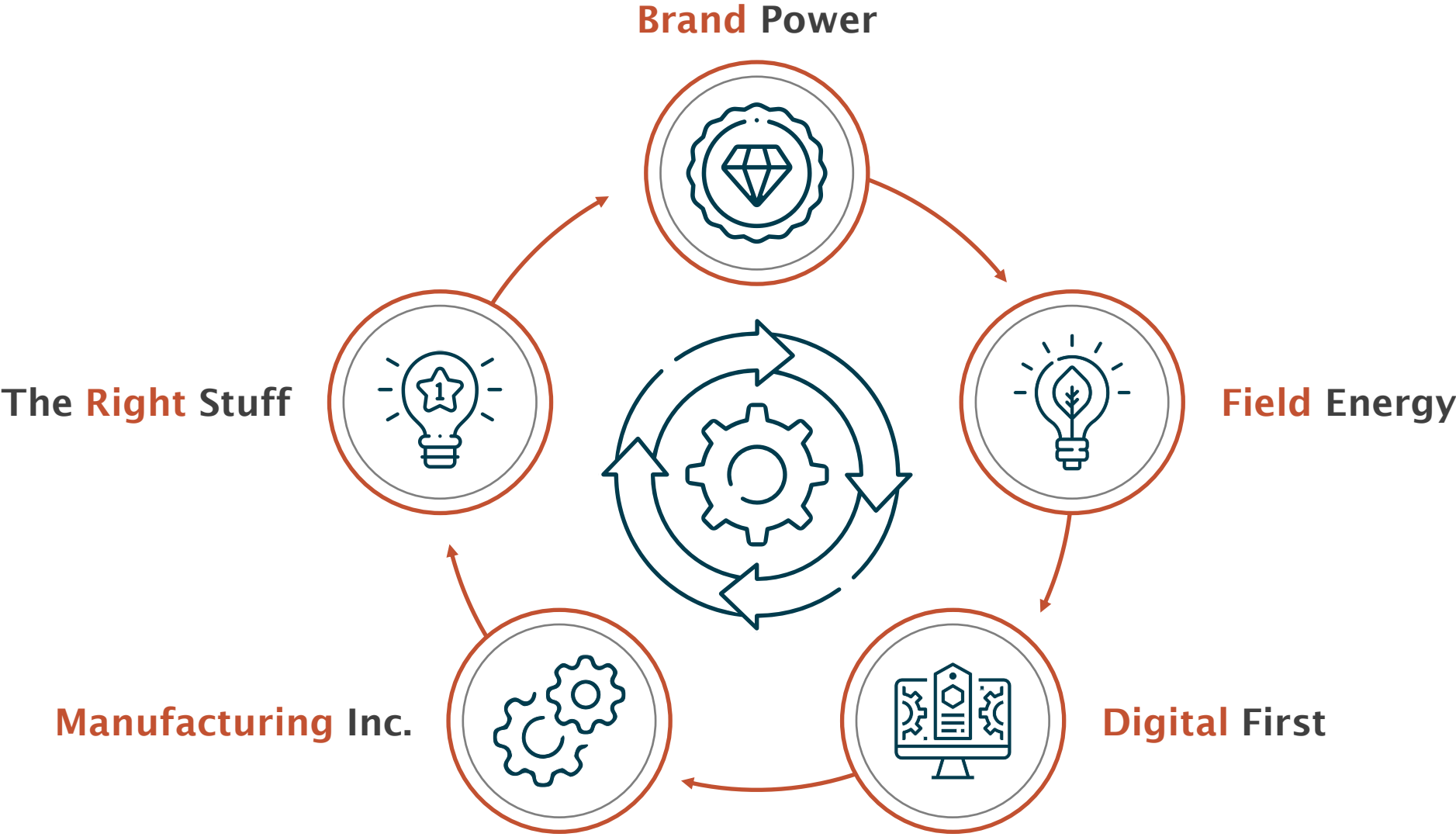


Leverage websites, e-commerce and digital marketing to drive customer loyalty



Deliver customized experiences to encourage trial and repeat purchases

OUR FIVE GLOBAL GROWTH STRATEGIES



CAPITAL ALLOCATION PLAN



**Significant cash flow
has enabled the
investment and growth
of the business to date**

**Well-positioned to
return a portion of this
cash to shareholders**

Capital Allocation Plan Launched March 10, 2021

Special cash dividend of \$1.00 per share payable on April 9, 2021 to shareholders of record as of March 29, 2021

\$15M share repurchase program

Ongoing investment in organic growth opportunities

Strategic M&A



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APPENDIX



ADJUSTED EBITDA RECONCILIATION



	RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA				
	2016	2017	2018	2019	2020
Net Income	\$ 675	\$(13,795)	\$ (1,202)	\$ 6,929	\$ 22,958
Adjustments:					
Depreciation an amortization	4,808	8,634	9,806	10,599	10,743
Share-based compensation expense	3,217	2,218	2,170	2,120	3,787
Other (income) loss, net*	773	(1,835)	2,151	483	(1,339)
Provision (benefit) for income taxes	8,591	17,017	4,402	8,713	(137)
Other adjustments (1)			252	2,375	173
Adjusted EBITDA	<u>\$ 18,064</u>	<u>\$ 12,239</u>	<u>\$ 17,579</u>	<u>\$ 31,219</u>	<u>\$ 36,185</u>
(1) Other Adjustments					
CEO transition			\$ 2,518		
Restructuring related expenses			1,525	2,375	808
Gain on sale of properties			(3,791)		
VAT Refund					(635)
Total adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252</u>	<u>\$ 2,375</u>	<u>\$ 173</u>

FREE CASH FLOW RECONCILIATION



	RECONCILIATION OF FREE CASH FLOW				
	2016	2017	2018	2019	2020
Operating Cash	\$ 3,417	\$ 10,524	\$ 21,833	\$ 8,545	\$ 37,659
Capital Expenditures	(11,028)	(5,501)	(4,834)	(5,104)	(4,905)
Free Cash Flow	<u>\$ (7,611)</u>	<u>\$ 5,023</u>	<u>\$ 16,999</u>	<u>\$ 3,441</u>	<u>\$ 32,754</u>
Sales of Land and PP&E		521	5,045		