

# CONNECT WITH NATURE

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Q1 2021 Earnings Presentation  
May 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**

# FIRST QUARTER 2021 FINANCIAL HIGHLIGHTS



## Q1 (y/y)

- Net sales up 7% to company record \$102.4M, marking the third consecutive quarter of record sales
- GAAP net income increased 38% to \$4.2M (\$0.20 per diluted share)
- EBIT increased to \$7.6M
- Adj. EBITDA<sup>1</sup> increased 20% to \$11.6M

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

	Q1 2021	Q1 2020	▲
Net Sales	\$102.4	\$95.9	+7%
Gross Margin	73.7%	74.3%	–
SG&A	\$33.6	\$31.1	+8%
EBIT	\$7.6	\$7.2	+7%
Net Income	\$4.2	\$3.0	+38%
Diluted EPS	\$0.20	\$0.15	+33%
Adj. EBITDA	\$11.6	\$9.7	20%

<sup>1</sup> See appendix for a reconciliation of non-GAAP terms.

# STRONG BALANCE SHEET



## Balance Sheet Highlights

- Cash and cash equivalents totaled \$91.3M
- \$3.3M of debt at 3/31/21 compared to \$3.7M at 12/31/20

	As of	
	March 31, 2021	December 31, 2020
<i>(\$ in millions)</i>		
Cash and Cash Equivalents	\$ 91.3	\$ 92.1
Receivables	9.9	7.4
Total Assets	245.8	249.5
Debt	3.3	3.7
Total Liabilities <sup>1</sup>	104.3	92.3
Total Stockholders' Equity	141.5	157.2

<sup>1</sup> Total Liabilities at March 31, 2021 includes \$19.9M in dividends payable on April 9, 2021

# NET SALES BY OPERATING SEGMENT



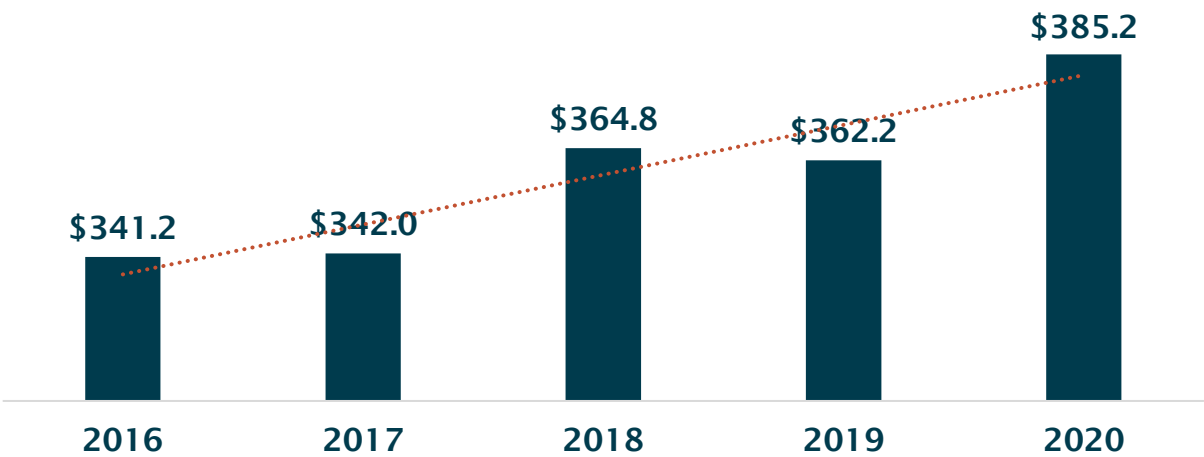
	Net Sales by Operating Segment (Amounts in Thousands)				
	Q1 2021	Q1 2020	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 35,755	\$ 30,958	15.5 %	\$ 1,973	9.1 %
Europe	22,200	20,627	7.6	621	4.6
North America	37,762	38,757	(2.6)	156	(3.0)
Latin America and Other	<u>6,704</u>	<u>5,584</u>	20.1	<u>(57)</u>	21.1
	<u>\$ 102,421</u>	<u>\$ 95,926</u>	6.8 %	<u>\$ 2,693</u>	4.0 %



# TRACK RECORD OF FINANCIAL GROWTH

## Revenue

\$ in Millions



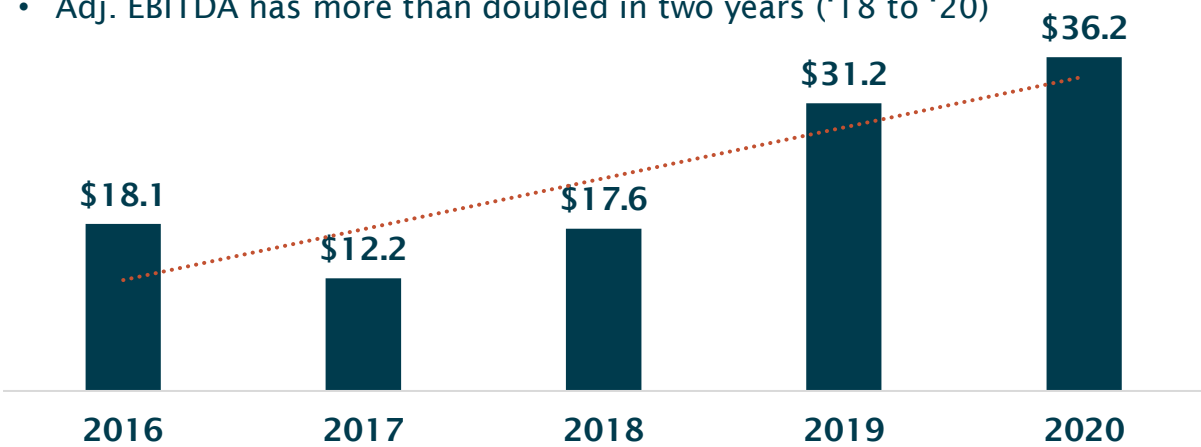
### Revenue Accelerant Opportunities

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

## Adj. EBITDA<sup>1</sup>

\$ in Millions

- Adj. EBITDA margin expansion from 5.3% in '16 to 9.4% in '20
- Adj. EBITDA has more than doubled in two years ('18 to '20)



### Margin Drivers

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

<sup>1</sup> See appendix for a reconciliation of this non-GAAP term.  
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# OUR OPERATIONAL EXECUTION



## 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

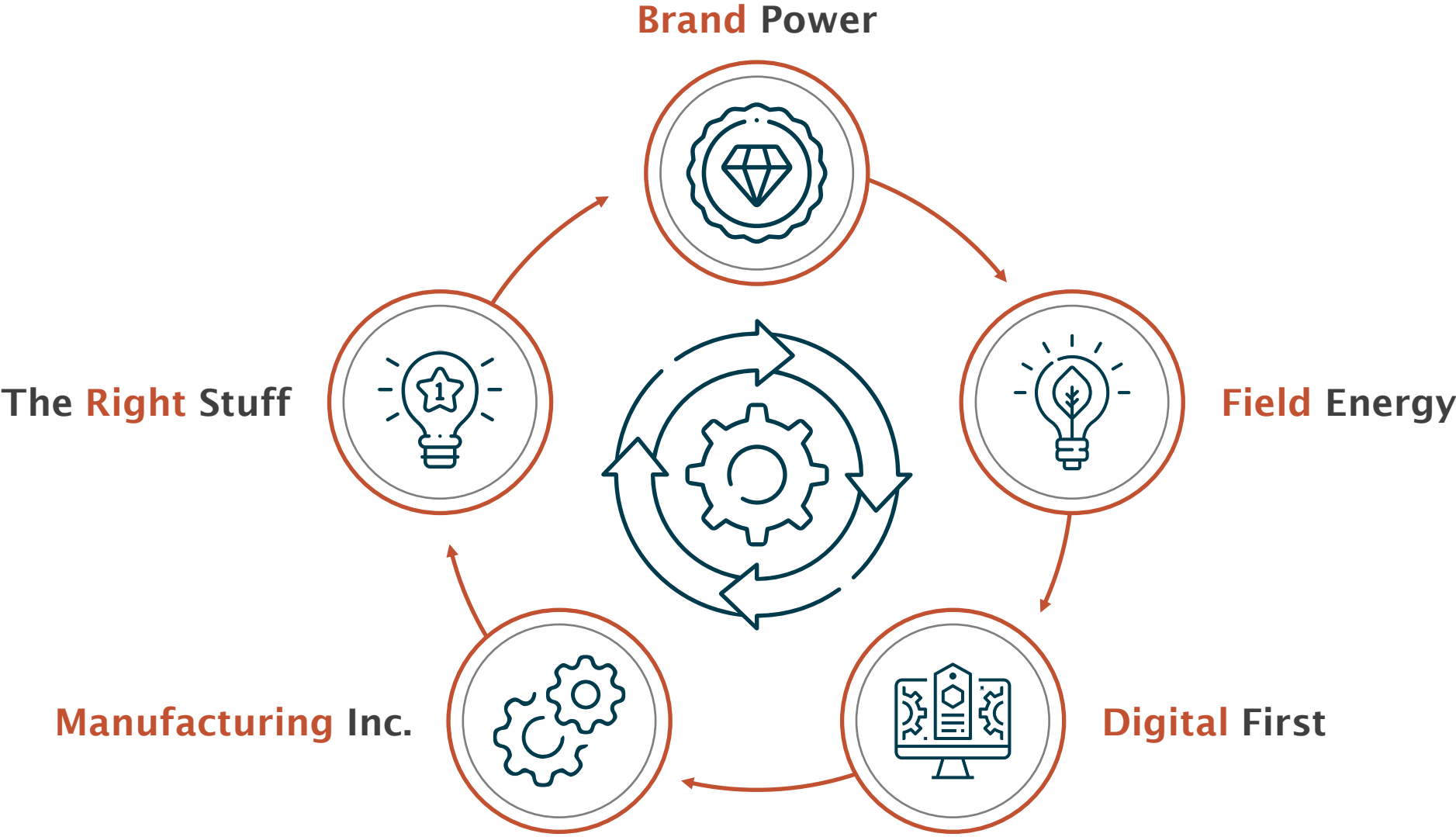


**Leverage** websites, e-commerce and digital marketing to drive customer loyalty



**Deliver customized experiences** to encourage trial and repeat purchases

# OUR FIVE GLOBAL GROWTH STRATEGIES



# CAPITAL ALLOCATION PLAN

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**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 paid to shareholders on April 9, 2021

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\$15M share repurchase program

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Ongoing investment in organic growth opportunities

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Strategic M&A





# CONTACT US

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# APPENDIX





# ADJUSTED EBITDA RECONCILIATION



RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA  
(Amounts in thousands)  
(Unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
Net income	\$ 4,152	\$ 3,006
Adjustments:		
Depreciation and amortization	2,736	2,602
Share-based compensation expense	1,005	394
Other loss, net*	1,933	2,410
Provision (benefit) for income taxes	1,550	1,746
Other adjustments (1)	175	(500)
Adjusted EBITDA	\$ 11,551	\$ 9,658
(1) Other adjustments		
Capital allocation and other unusual expenses	\$ 175	\$ —
VAT refund	—	(500)
Total adjustments	\$ 175	\$ (500)

\* Other loss, net is primarily comprised of foreign exchange losses, interest income, and interest expense.