

CONNECT WITH NATURE

Q4 & Full Year 2021 Earnings Presentation
March 8, 2022



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 700+ products across six different categories around the world



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



We manufacture most of our products, **ensuring optimal quality and safety**



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

2021 FINANCIAL HIGHLIGHTS



Q4 (y/y)

- Net sales up 16% to company record \$117.9M, marks sixth consecutive quarter of year-over-year revenue growth
- Operating income up 235% to \$7.5M (\$0.67 per diluted share)
- Adj. EBITDA¹ up 55% to \$11.6M

2021 (y/y)

- Net sales up 15% to company record \$444.1M
- Operating income up 61% to \$34.7M (\$1.42 per diluted share)
- Adj. EBITDA¹ up 37% to \$49.4M

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

	Q4 2021	Q4 2020	▲
Net Sales	\$117.9	\$101.7	+16%
Gross Margin	74.0%	74.0%	-
SG&A	\$45.4	\$38.4	+18%
Operating Income	\$7.5	\$2.2	+235%
Net Income	\$13.8	\$6.7	+108%
Diluted EPS	\$0.67	\$0.29	+131%
Adj. EBITDA	\$11.6	\$7.5	+55%

	2021	2020	▲
Net Sales	\$444.1	\$385.2	+15%
Gross Margin	74.0%	73.7%	+ 30 bps
SG&A	\$154.1	\$131.3	+17%
Operating Income	\$34.7	\$21.5	+61%
Net Income	\$30.2	\$23.0	+32%
Diluted EPS	\$1.42	\$1.07	+33%
Adj. EBITDA	\$49.4	\$36.2	+37%

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

STRONG BALANCE SHEET



Balance Sheet Summary

- Cash and cash equivalents were \$86.2M vs. \$92.1 at 12/31/20
- \$2.4M of debt at 12/31/21

	As of December 31,	
	2021	2020
<i>(\$ in millions)</i>		
Cash and Cash Equivalents	\$ 86.2	\$ 92.1
Receivables	8.9	7.4
Total Assets	258.9	249.5
Debt	2.4	3.7
Total Liabilities	97.5	92.3
Total Stockholders' Equity	161.4	157.2

NET SALES BY OPERATING SEGMENT



	Net Sales by Operating Segment (Amounts in Thousands)				
	Q4 2021	Q4 2020	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 49,152	\$ 36,903	33.2 %	\$ (1,081)	36.1 %
Europe	26,071	23,590	10.5	(247)	11.6
North America	36,874	34,696	6.3	102	6.0
Latin America and Other	<u>5,842</u>	<u>6,554</u>	(10.9)	<u>(40)</u>	(10.3)
	<u>\$ 117,939</u>	<u>\$ 101,743</u>	15.9 %	<u>\$ (1,266)</u>	17.2 %

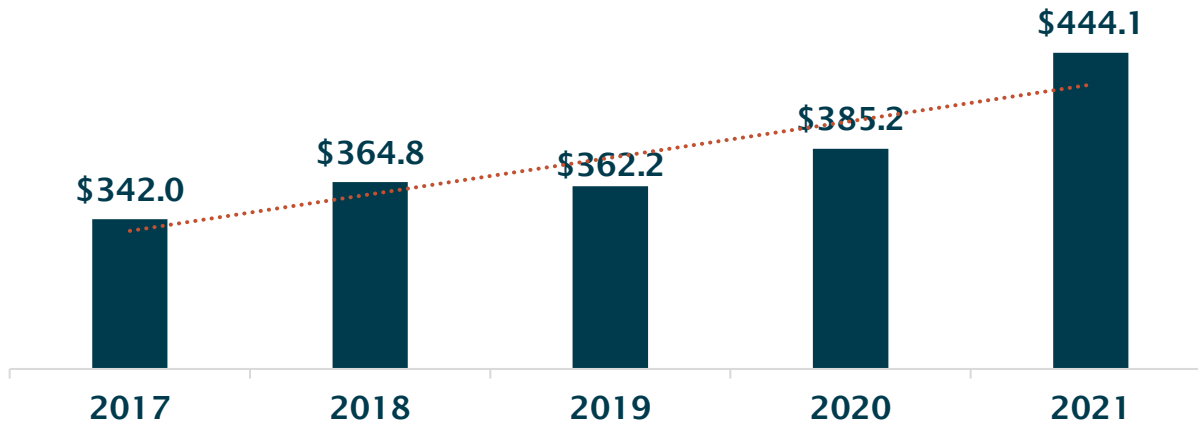
	Net Sales by Operating Segment (Amounts in Thousands)				
	Year Ended December 31, 2021	Year Ended December 31, 2020	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 176,860	\$ 138,717	27.5 %	\$ 4,328	24.4 %
Europe	91,539	77,688	17.8	1,232	16.2
North America	149,746	145,481	2.9	748	2.4
Latin America and Other	<u>25,939</u>	<u>23,319</u>	11.2	<u>258</u>	10.1
	<u>\$ 444,084</u>	<u>\$ 385,205</u>	15.3 %	<u>\$ 6,566</u>	13.6 %

HISTORICAL FINANCIAL PERFORMANCE



Revenue

\$ in Millions

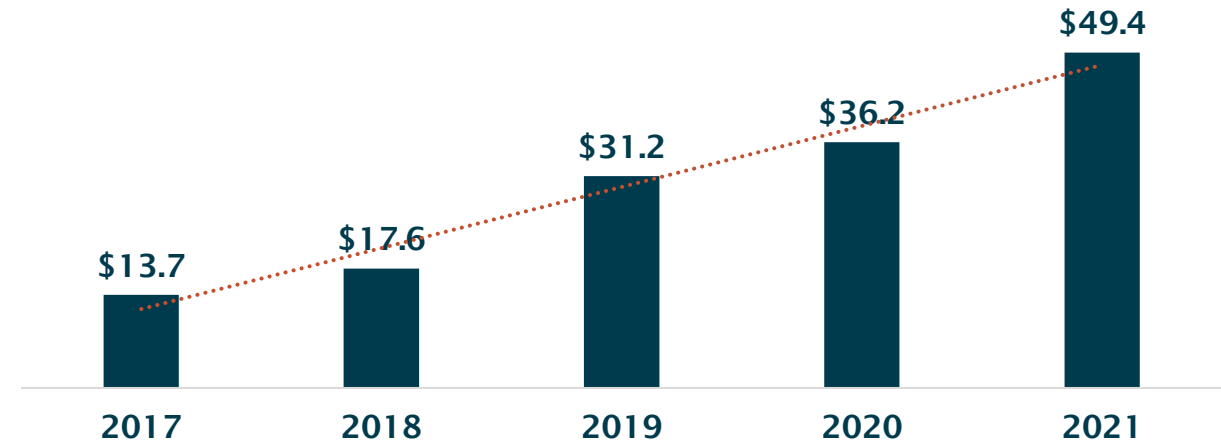


Revenue Accelerant Opportunities

- Stronger regional-focused sales teams
- International market growth (Asia, Europe & Latin America)
- Increased productivity of customers & distributors
- New products

Adj. EBITDA¹

\$ in Millions



Margin Drivers

- Improved volume incentive structure
- Continued SG&A cost efficiencies
- Net sales growth

¹ See appendix for a reconciliation of this non-GAAP term.

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

2022 PRIORITIES



OUR RESPONSE TO TODAY'S CONSUMER DEFINES OUR VISION



Vision

SHARE THE HEALING
POWER OF NATURE,
WITH EVERYONE.

How?



Offer specialty, time-tested products, proven by health practitioners



Create lifestyle branding and storytelling

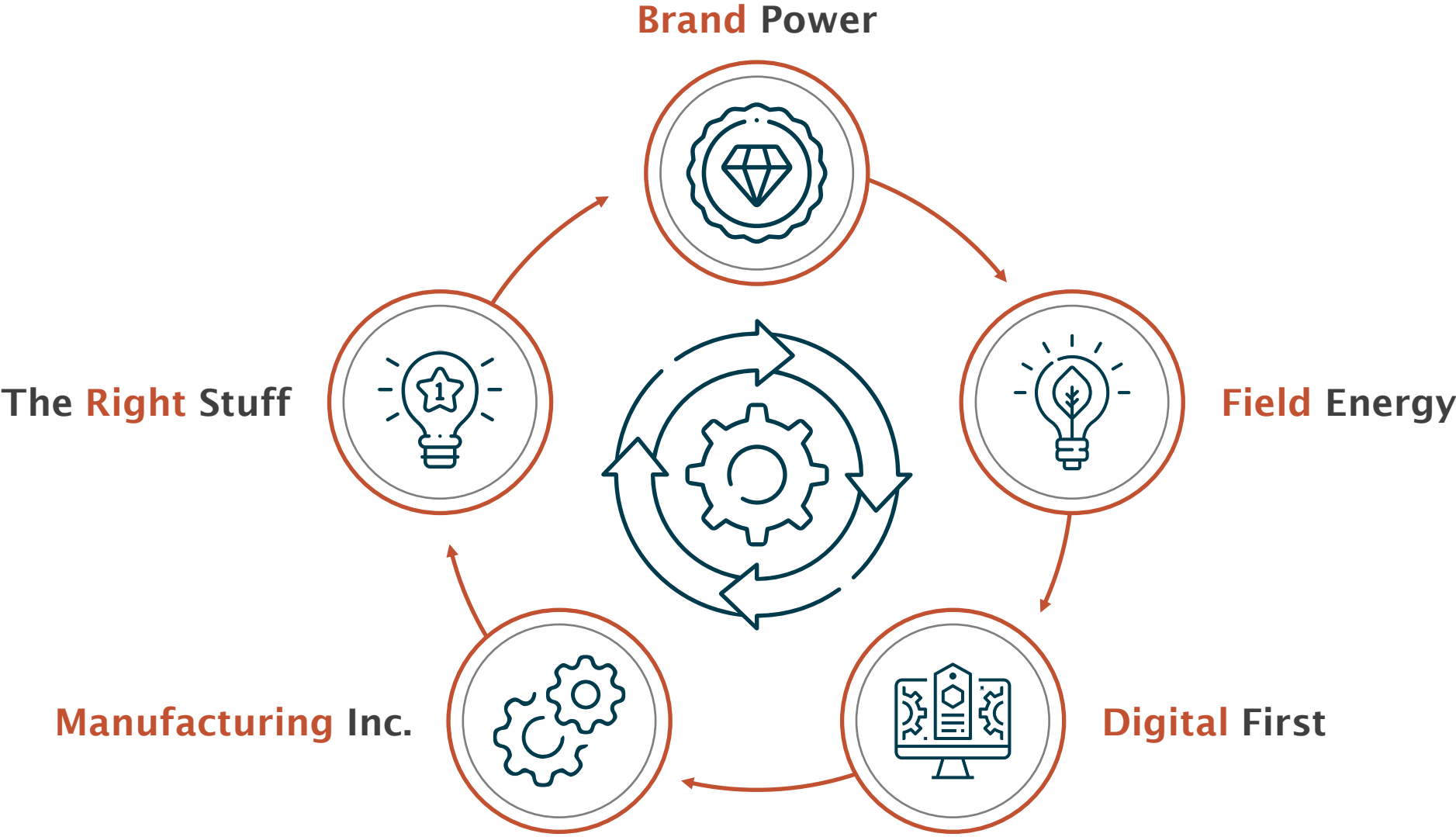


Leverage websites, e-commerce and digital marketing to drive customer loyalty



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

Special cash dividend of \$1.00 per share paid to shareholders in April 2021

\$15M share repurchase program launched March 10, 2021; program expanded March 8, 2022, authorizing additional \$30M

\$7.4M in shares repurchased*

Ongoing investment in organic growth opportunities

Strategic M&A

*For the year ended December 31, 2021, the Company repurchased 439,000 shares at a total cost of \$7.4 million or \$16.86 per share



CONTACT US

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APPENDIX



ADJUSTED EBITDA RECONCILIATION



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

	Three Months Ended December 31,	
	2021	2020
Net income	\$ 13,803	\$ 6,650
Adjustments:		
Depreciation and amortization	2,886	2,909
Share-based compensation expense	774	1,646
Other (income) loss, net*	558	(1,569)
Provision (benefit) for income taxes	(6,818)	(2,832)
Other adjustments (1)	369	676
Adjusted EBITDA	\$ 11,572	\$ 7,480
(1) Other adjustments		
Capital allocation and other expenses	\$ —	—
Restructuring and other related expenses	369	676
VAT refund	—	—
Total adjustments	\$ 369	\$ 676

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

ADJUSTED EBITDA RECONCILIATION



	RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA				
	2017	2018	2019	2020	2021
Net Income (loss)	\$ (13,817)	\$ (1,202)	\$ 6,929	\$ 22,958	\$ 30,207
Adjustments:					
Depreciation and amortization	8,634	9,806	10,599	10,743	11,162
Share-based compensation expense	2,218	2,170	2,120	3,787	3,731
Other (income) loss, net*	(1,835)	2,151	483	(1,339)	2,848
Provision (benefit) for income taxes	17,039	4,402	8,713	(137)	1,615
Other adjustments (1)	1,483	252	2,375	173	(143)
Adjusted EBITDA	<u>\$ 13,722</u>	<u>\$ 17,579</u>	<u>\$ 31,219</u>	<u>\$ 36,185</u>	<u>\$ 49,420</u>
(1) Other Adjustments					
Capital allocation and other unusual expenses	-	-	-	-	265
CEO transition	-	2,518	-	-	-
Restructuring related expenses	1,483	1,525	2,375	808	369
Gain on sale of properties	-	(3,791)	-	-	-
VAT Refund	-	-	-	(635)	(777)
Total adjustments	<u>\$ 1,483</u>	<u>\$ 252</u>	<u>\$ 2,375</u>	<u>\$ 173</u>	<u>\$ (143)</u>

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