

CONNECT WITH NATURE

Q3 2023 Earnings Presentation
November 7, 2023



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 our objectives, plans, strategies and financial results, including expected improvement in gross profit and gross margin. All statements (other than statements of historical fact) that address activities, events or developments that we intend, expect, project, believe or anticipate 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 in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we 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.



CONNECT WITH NATURE...



Global natural health and wellness company operating in 40 markets



Robust product portfolio of 800+ products across six different categories



Fully integrated model – in-house R&D, procurement, testing and manufacturing capabilities ensure the highest product quality and sustainability



Advanced digital tools and selling techniques, and a passionate, well-trained international salesforce



Tremendous growth opportunities in digital channels

Q3 FINANCIAL SUMMARY



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

	Q3 2023	Q3 2022	▲	Q3 (y/y) Commentary
Net Sales	\$111.2	\$104.5	+6.4%	Growth across Asia and North America offset by impact of currency exchange; up 7.1% on a constant currency basis.
Gross Margin	73.1%	71.6%	+1.5%	Reflects improvements in market mix and price increases in various markets, early progress on cost saving plan, partially offset by lower costs for material, production, transportation and distribution and unfavorable foreign currency exchange in Q3 2023.
SG&A	\$41.3	\$36.8	+12.2%	Driven by increased service fees in China, increased variable costs related to sales growth and investments to drive digital growth and strategic initiatives.
Operating Income	\$5.8	\$5.0	+16.4%	Reflects the factors above.
Net Income ¹	\$2.8	\$0.1	+\$2.7	Reflects the Net sales & Gross margin factors detailed above.
Diluted EPS	\$0.15	\$0.00	+\$0.15	Reflects the factors above.
Adj. EBITDA ²	\$10.3	\$6.8	+50.0%	Reflects the factors above.

¹ Attributable to common shareholders

² See appendix for a reconciliation of non-GAAP terms.

STRONG BALANCE SHEET



Balance Sheet Highlights

- Cash and cash equivalents totaled \$76.0M
- \$0.2M of debt at 9/30/23 vs. \$1.2M at 12/31/22

	As of	
	Sep. 30, 2023	Dec. 31, 2022
<i>(\$ in millions)</i>		
Cash and Cash Equivalents	\$ 76.0	\$ 60.0
Receivables	9.5	14.1
Total Assets	239.9	229.8
Debt	0.2	1.2
Total Liabilities	87.9	82.7
Total Stockholders' Equity	152.0	147.0

NET SALES BY OPERATING SEGMENT



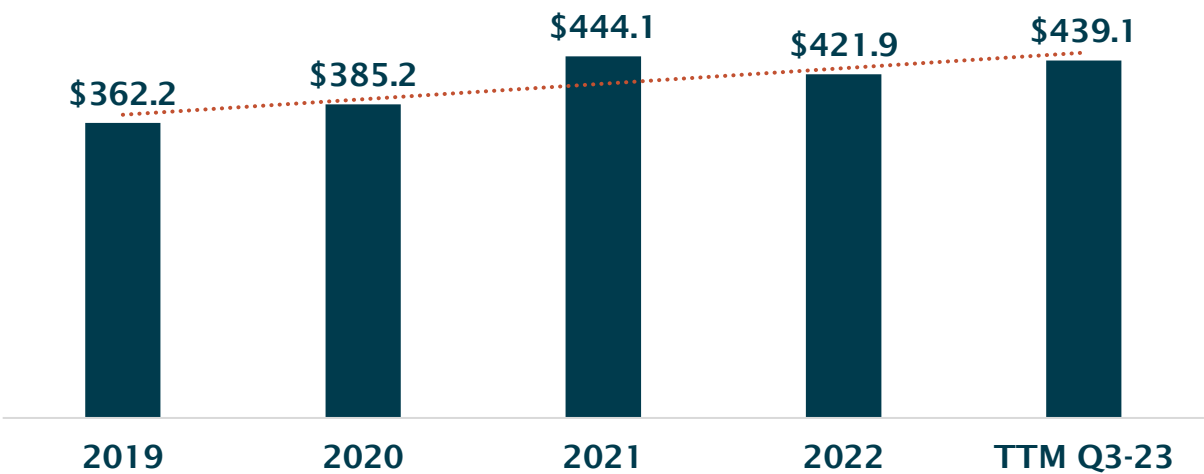
	Net Sales by Operating Segment (Amounts in Thousands)				
	Q3 2023	Q3 2022	% Change	Impact of Currency Exchange	% Change Excl. Impact of Currency
Asia	\$ 52,218	\$ 47,878	9.1%	\$ (1,578)	12.4%
Europe	18,769	19,328	(2.9)	692	(6.5)
North America	34,792	31,504	10.4	(71)	10.7
Latin America and Other	5,423	5,796	(6.4)	237	(10.5)
	<u>\$ 111,202</u>	<u>\$ 104,506</u>	6.4%	<u>\$ (720)</u>	7.1%



HISTORICAL FINANCIAL PERFORMANCE

Revenue

\$ in Millions

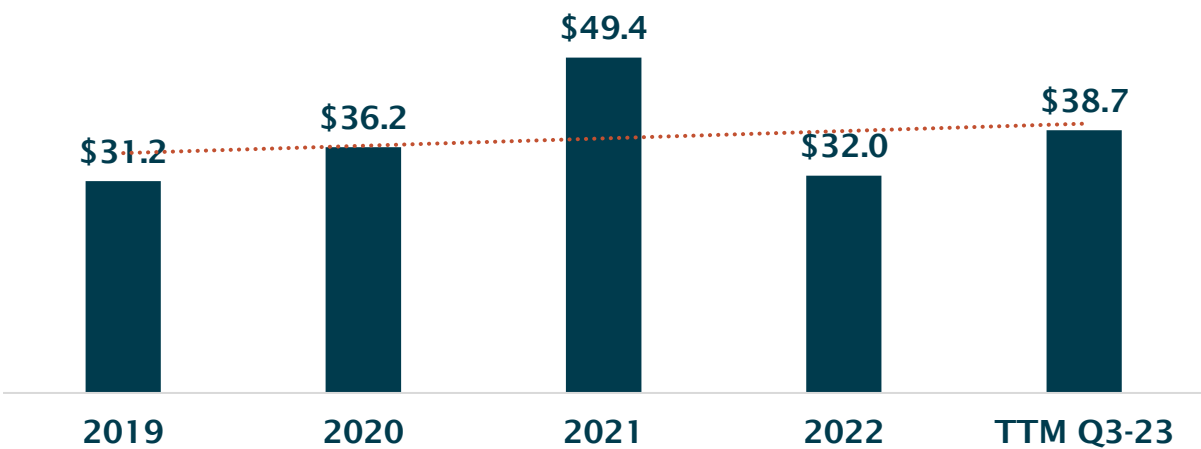


Revenue Accelerant Opportunities

- Digital growth in North America
- International market growth (Taiwan and Japan)
- Increased productivity of customers & distributors
- New products

Adj. EBITDA¹

\$ in Millions



Margin Drivers

- Raw material optimization
- Drive manufacturing efficiencies, removing waste
- Logistics and transportation efficiencies
- SG&A cost efficiencies

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

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

\$2.2M in shares repurchased at an average cost of \$12.35 per share in the first nine months of 2023 – \$21.8M remaining in share repurchase program as of September 30, 2023

Investment in process improvement and supply chain

Ongoing investment in organic growth opportunities

Strategic M&A



CONTACT US

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APPENDIX



ADJUSTED EBITDA RECONCILIATION



	Three Months Ended June 30,	
	2023	2022
Net income (loss)	\$ 3,142	\$ 200
Adjustments:		
Depreciation and amortization	3,125	2,661
Share-based compensation expense	1,295	593
Other (income) loss, net*	927	2,281
Provision for income taxes	1,763	2,531
Other adjustments	—	(1,430)
Adjusted EBITDA	<u>\$ 10,252</u>	<u>\$ 6,836</u>

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

ADJUSTED EBITDA RECONCILIATION



Adjustments:

Depreciation and amortization	10,599	10,743	11,162	11,025	11,676
Share-based compensation expense	2,120	3,787	3,731	2,901	4,757
Other (income) loss, net*	483	(1,339)	2,848	1,043	(1,494)
Provision (benefit) for income taxes	8,713	(137)	1,615	14,665	9,561
Other adjustments (1)	2,375	173	(143)	1,846	5,067
Adjusted EBITDA	<u>\$ 31,219</u>	<u>\$ 36,185</u>	<u>\$ 49,420</u>	<u>\$ 32,030</u>	<u>\$ 38,723</u>

(1) Other Adjustments

Capital allocation and other unusual expenses	-	-	265	-	-
Inventory reserve related to Russia/Ukraine war**	-	-	-	1,000	(1,300)
Charge related to Japan loss	-	-	-	-	5,847
Restructuring related expenses	2,375	808	369	587	200
Loss on sale of properties	-	-	-	1,069	1,069
VAT Refund	-	(635)	(777)	(810)	(749)
Total adjustments	<u>\$ 2,375</u>	<u>\$ 173</u>	<u>\$ (143)</u>	<u>\$ 1,846</u>	<u>\$ 5,067</u>

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

**As a result of the conflict between Russia and Ukraine, the Company has recorded a non-cash reserve above and beyond usual operating levels based on its estimates of actual future inventory consumption and operating results.