

November 7, 2024



Nature's Sunshine Reports Third Quarter 2024 Results

LEHI, Utah, Nov. 07, 2024 (GLOBE NEWSWIRE) -- Nature's Sunshine Products, Inc. (Nasdaq: NATR) ("Nature's Sunshine"), a leading natural health and wellness company offering high-quality herbal and nutritional products, reported financial results for the third quarter ended September 30, 2024.

Third Quarter 2024 Financial Summary vs. Same Year-Ago Quarter

- Net sales were up 3% to \$114.6 million compared to \$111.2 million (up 4% in constant currency).
- GAAP net income attributable to common shareholders was \$4.3 million, or \$0.23 per diluted common share, compared to \$2.8 million, or \$0.15 per diluted common share.
- Adjusted EBITDA was up 5% to \$10.7 million compared to \$10.3 million.

Management Commentary

"The third quarter delivered the highest sales volume this year, with \$114.6 million in sales, up 4% versus prior year on a local currency basis. The strong performance was driven by robust customer growth in Japan and Taiwan, continued progress in Korea, and strong execution and customer activation in Central Europe." said Terrence Moorehead, CEO of Nature's Sunshine. "The positive momentum was somewhat offset by the macroeconomic headwinds in China."

"We are excited about the actions we've taken to advance our strategic agenda and remain confident that our approach will allow us to attract and retain more customers, drive profitable growth, and build shareholder value."

Third Quarter 2024 Financial Results

Net Sales by Operating Segment(Amounts in Thousands)					
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency
Asia	\$ 55,293	\$ 52,218	5.9%	\$ (1,418)	8.6%
Europe	19,615	18,769	4.5	302	2.9
North America	33,631	34,792	(3.3)	(46)	(3.2)
Latin America and Other	6,076	5,423	12.0	(136)	14.5
	<u>\$ 114,615</u>	<u>\$ 111,202</u>	<u>3.1%</u>	<u>\$ (1,298)</u>	<u>4.2%</u>

Net sales in the third quarter increased 3% to \$114.6 million compared to \$111.2 million in the same year-ago quarter. Excluding the impact from foreign exchange rates, net sales in the third quarter of 2024 increased 4% compared to the year-ago quarter.

Gross profit margin in the third quarter decreased to 71.3% compared to 73.1% in the year-ago quarter. The decrease was driven by higher inflation and unfavorable foreign exchange which offset our savings initiatives.

Volume incentives as a percentage of net sales were 31.0% compared to 30.7% in the year-ago quarter. The increase was primarily due to the timing of promotional incentives and changes in market mix.

Selling, general and administrative expenses ("SG&A") in the third quarter were \$41.0 million compared to \$41.3 million in the year-ago quarter. The decrease was primarily related to the streamlining of our global expenses and reduced service fees due to China's lower net sales. As a percentage of net sales, SG&A expenses were 35.7% for the third quarter of 2024 compared to 37.1% in the year-ago quarter.

Operating income in the third quarter decreased to \$5.3 million, or 4.6% of net sales, compared to \$5.8 million, or 5.2% of net sales, in the year-ago quarter.

Other income, net, in the third quarter of 2024 was \$2.6 million compared to a loss of \$0.9 million in the third quarter of 2023. Other income, net, primarily consisted of foreign exchange gains in Asia, partially offset by foreign exchange losses in Latin America, that resulted from net changes in foreign currencies. The provision for income taxes was \$3.3 million in the third quarter of 2024 compared to \$1.8 million for the year-ago quarter.

GAAP net income attributable to common shareholders increased to \$4.3 million, or \$0.23 per diluted common share, compared to \$2.8 million, or \$0.15 per diluted common share, in the third quarter of 2023. Net income attributable to NSP China decreased to \$1.5 million, or \$0.08 per diluted common share, for the third quarter of 2024, compared to \$1.6 million, or \$0.08 per diluted common share, for the third quarter of 2023.

Adjusted EBITDA in the third quarter increased 5% to \$10.7 million compared to \$10.3 million in the prior year quarter. The increase was driven primarily by the aforementioned increase in net sales partially offset by the reduction in gross profit margin. Adjusted EBITDA, which is a non-GAAP financial measure, is defined here as net income from continuing operations before taxes, depreciation, amortization, and other income (loss) adjusted to exclude share-based compensation expense and certain noted adjustments. A reconciliation of net income to adjusted EBITDA is provided in the attached financial tables.

Balance Sheet and Cash Flow

Net cash provided by operating activities was \$13.1 million for the nine months ended September 30, 2024, compared to \$31.6 million in the prior year period. Capital expenditures during the nine months ended September 30, 2024, totaled \$8.8 million compared to \$9.2 million in the comparable period of 2023. During the nine months ended September 30, 2024, the Company repurchased 509,000 shares at a total cost of \$8.4 million or \$16.56 per share. As of September 30, 2024, the Company had cash and cash equivalents of \$78.7 million and zero debt.

Outlook

Nature's Sunshine now expects full year 2024 net sales to range between \$443 - \$448

million (\$436 - \$445 million prior) and adjusted EBITDA to range between \$40 - \$42 million (\$39 - \$42 million prior).

Conference Call

The Company will hold a conference call today at 5:00 p.m. Eastern time to discuss its third quarter of 2024 results.

Date: Thursday, November 7, 2024

Time: 5:00 p.m. Eastern time (3:00 p.m. Mountain time)

Toll-free dial-in number: 1-800-717-1738

International dial-in number: 1-646-307-1865

Conference ID: 03533

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Group at 1-949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the Events section of the Nature's Sunshine website [here](#).

A replay of the conference call will be available after 8:00 p.m. Eastern time on the same day through November 21, 2024.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay ID: 1103533

About Nature's Sunshine Products

Nature's Sunshine Products (Nasdaq: NATR), a leading natural health and wellness company, markets and distributes nutritional and personal care products in more than 40 countries. Nature's Sunshine manufactures most of its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety, and efficacy on the market today. Additional information about the company can be obtained at its website, www.naturessunshine.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release 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 improvements 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:

- extensive government regulations to which the Company's products, business practices and manufacturing activities are subject;
- registration of products for sale in foreign markets, or difficulty or increased cost of importing products into foreign markets;
- legal challenges to the Company's direct selling program or to the classification of its independent consultants;
- 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;
- liabilities and obligations arising from improper activity by the Company's independent consultants;
- product liability claims;
- impact of anti-bribery laws, including the U.S. Foreign Corrupt Practices Act;
- the Company's ability to attract and retain independent consultants;
- the loss of one or more key independent consultants who have a significant sales network;
- potential for increased liability and compliance costs relating to the Company's joint venture for operations in China with Fosun Industrial Co., Ltd.;
- the effect of fluctuating foreign exchange rates;
- failure of the Company's independent consultants to comply with advertising laws;
- changes to the Company's independent consultants' 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;
- supply chain disruptions, manufacturing interruptions or delays, or the failure to accurately forecast customer demand;
- failure to timely and effectively obtain shipments of products from our manufacturers and deliver products to our independent consultants and customers;
- world-wide slowdowns and delays related to supply chain, ingredient shortages and logistical challenges;
- 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;
- failure to maintain an effective system of internal controls over financial reporting;
- 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; and
- the sufficiency of trademarks and other intellectual property rights.

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 press release and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this press release. 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 press release.

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, adjusted EBITDA and net sales excluding the impact of foreign currency exchange fluctuations.

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, the most comparable GAAP measure, to adjusted EBITDA. We have also included a reconciliation of GAAP net income to non-GAAP net income and non-GAAP adjusted EPS, in the attached financial tables.

Net sales in local currency removes, from net sales in U.S. dollars, the impact of changes in exchange rates between the U.S. dollar and the functional currencies of our foreign subsidiaries. This is accomplished by translating the current period's net sales into U.S. dollars using the same foreign currency exchange rates that were used to translate the net sales for the previous comparable period.

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.

With respect to our adjusted EBITDA outlook for the full year 2024, a quantitative reconciliation to the corresponding GAAP information cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted, including but not limited to warrant liabilities and stock based compensation. For the same reasons, we are unable to assess the probable significance of the unavailable information, which could have a material impact on our future GAAP financial results.

Investor Relations:

Gateway Group, Inc.
Cody Slach
1-949-574-3860
NATR@gateway-grp.com

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share information)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 114,615	\$ 111,202	\$ 336,159	\$ 336,384
Cost of sales	32,856	29,964	96,535	93,580
Gross profit	81,759	81,238	239,624	242,804
Operating expenses:				
Volume incentives	35,521	34,118	103,784	102,560
Selling, general and administrative	40,954	41,288	120,295	127,203
Operating income	5,284	5,832	15,545	13,041
Other income (loss), net	2,615	(927)	1,432	(500)
Income before provision for income taxes	7,899	4,905	16,977	12,541
Provision for income taxes	3,253	1,763	8,353	5,469
Net income	4,646	3,142	8,624	7,072
Net income attributable to noncontrolling interests	299	310	607	958
Net income attributable to common shareholders	\$ 4,347	\$ 2,832	\$ 8,017	\$ 6,114
Basic and diluted net income per common share:				
Basic earnings per share attributable to common shareholders	\$ 0.23	\$ 0.15	\$ 0.43	\$ 0.32
Diluted earnings per share attributable to common shareholders	\$ 0.23	\$ 0.15	\$ 0.42	\$ 0.31
Weighted average basic common shares outstanding	18,512	19,133	18,661	19,093
Weighted average diluted common shares outstanding	18,890	19,492	19,115	19,450

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)
(Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,704	\$ 82,373
Accounts receivable, net of allowance for doubtful accounts of \$86 and \$142, respectively	11,396	8,827
Inventories	62,298	66,895
Prepaid expenses and other	11,131	7,722
Total current assets	<u>163,529</u>	<u>165,817</u>
Property, plant and equipment, net	41,994	45,000
Operating lease right-of-use assets	13,815	13,361
Investment securities - trading	892	747
Deferred income tax assets	14,941	15,064
Other assets	10,162	9,784
Total assets	<u>\$ 245,333</u>	<u>\$ 249,773</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 8,875	\$ 7,910
Accrued volume incentives and service fees	21,958	22,922
Accrued liabilities	24,011	33,162
Deferred revenue	1,747	1,794
Income taxes payable	6,522	6,418
Current portion of operating lease liabilities	4,037	4,547
Total current liabilities	<u>67,150</u>	<u>76,753</u>
Liability related to unrecognized tax benefits	651	312
Long-term portion of operating lease liabilities	11,237	10,376
Deferred compensation payable	892	747
Deferred income tax liabilities	1,346	1,401
Other liabilities	1,440	644
Total liabilities	<u>82,716</u>	<u>90,233</u>
Shareholders' equity:		
Common stock, no par value, 50,000 shares authorized, 18,498 and 18,875 shares issued and outstanding, respectively	113,946	119,694
Retained earnings	57,728	49,711
Noncontrolling interest	6,089	5,482
Accumulated other comprehensive loss	(15,146)	(15,347)
Total shareholders' equity	<u>162,617</u>	<u>159,540</u>
Total liabilities and shareholders' equity	<u>\$ 245,333</u>	<u>\$ 249,773</u>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 8,624	\$ 7,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	—	45
Depreciation and amortization	10,195	8,763
Non-cash lease expense	4,386	3,290
Share-based compensation expense	3,580	3,790
Loss on sale of property, plant and equipment	1,330	—
Deferred income taxes	26	(2,986)
Purchase of trading investment securities	(126)	—
Proceeds from sale of trading investment securities	95	76
Realized and unrealized gains on investments	(113)	(66)
Foreign exchange losses (gains)	(1,111)	687
Changes in assets and liabilities:		
Accounts receivable	(2,563)	3,955
Inventories	4,392	423
Prepaid expenses and other current assets	(3,588)	(1,091)
Other assets	(444)	733
Accounts payable	838	917
Accrued volume incentives and service fees	(876)	2,102
Accrued liabilities	(7,759)	7,416
Deferred revenue	(46)	(877)
Lease liabilities	(4,492)	(3,414)
Income taxes payable	180	803
Liability related to unrecognized tax benefits	442	—
Deferred compensation payable	144	(10)
Net cash provided by operating activities	13,114	31,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(8,776)	(9,230)
Net cash used in investing activities	(8,776)	(9,230)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of long-term debt	—	(958)
Proceeds from revolving credit facility	40,172	13,503
Principal payments of revolving credit facility	(40,172)	(13,503)
Payments related to tax withholding for net-share settled equity awards	(893)	(179)
Repurchase of common stock	(8,436)	(2,228)
Net cash used in financing activities	(9,329)	(3,365)
Effect of exchange rates on cash and cash equivalents	1,322	(3,029)
Net increase (decrease) in cash and cash equivalents	(3,669)	16,004
Cash and cash equivalents at the beginning of the period	82,373	60,032
Cash and cash equivalents at the end of the period	\$ 78,704	\$ 76,036
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes, net of refunds	\$ 9,782	\$ 7,460
Cash paid for interest	141	124

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA
(Amounts in thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 4,646	\$ 3,142	\$ 8,624	\$ 7,072
Adjustments:				
Depreciation and amortization	3,536	3,125	10,195	8,763
Share-based compensation expense	950	1,295	3,580	3,790
Other (income) loss, net*	(2,615)	927	(1,432)	500
Provision for income taxes	3,253	1,763	8,353	5,469
Other adjustments (1)	957	—	957	5,098
Adjusted EBITDA	<u>\$ 10,727</u>	<u>\$ 10,252</u>	<u>\$ 30,277</u>	<u>\$ 30,692</u>

(1) Other adjustments				
Loss on sale of property and equipment	\$ 1,330	\$ —	\$ 1,330	\$ —
Restructuring and other related expenses	619	—	619	—
Charge related to Japan loss	\$ —	\$ —	\$ —	\$ 5,847
VAT refunds	(992)	—	(992)	(749)
Total adjustments	<u>\$ 957</u>	<u>\$ —</u>	<u>\$ 957</u>	<u>\$ 5,098</u>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO
NON-GAAP NET INCOME and NON-GAAP ADJUSTED EPS
(Amounts in thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 4,646	\$ 3,142	\$ 8,624	\$ 7,072
Adjustments:				
Loss on sale of property and equipment	1,330	—	1,330	—
Restructuring and other related expenses	619	—	619	—
Charge related to Japan loss	—	—	—	5,847
VAT Refund	(992)	—	(992)	(749)
Tax impact of adjustments	(155)	—	(155)	(1,462)
Total adjustments	802	—	802	3,636
Non-GAAP net income	\$ 5,448	\$ 3,142	\$ 9,426	\$ 10,708
Reported income attributable to common shareholders	\$ 4,347	\$ 2,832	\$ 8,017	\$ 6,114
Total adjustments	802	—	802	3,636
Non-GAAP net income attributable to common shareholders	\$ 5,149	\$ 2,832	\$ 8,819	\$ 9,750
Basic income per share, as reported	\$ 0.23	\$ 0.15	\$ 0.43	\$ 0.32
Total adjustments, net of tax	0.04	—	0.04	0.19
Basic income per share, as adjusted	\$ 0.27	\$ 0.15	\$ 0.47	\$ 0.51
Diluted income per share, as reported	\$ 0.23	\$ 0.15	\$ 0.42	\$ 0.31
Total adjustments, net of tax	0.04	—	0.04	0.19
Diluted income per share, as adjusted	\$ 0.27	\$ 0.15	\$ 0.46	\$ 0.50



Source: Nature's Sunshine Products, Inc.