

NATURAL HEALTH TRENDS CORP.

AUDIT COMMITTEE CHARTER

(Adopted May 20, 2019)

Purposes

The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Natural Health Trends Corp. (the “**Corporation**”) oversees (a) the accounting and financial reporting processes of the Corporation and (b) the audits of the financial statements of the Corporation. In that regard, the Committee assists the Board in monitoring (1) the integrity of the financial statements of the Corporation, (2) the independent auditor’s qualifications and independence, (3) the performance of the Corporation’s independent auditors, and (4) the compliance by the Corporation with legal and regulatory requirements.

Composition

Size. The size of the Committee shall be determined by the Board, but shall consist of no fewer than three members.

Qualifications.

1. **Independence.** Each Committee member shall meet the independence and experience criteria of (a) the listing requirements of The NASDAQ Stock Market LLC (“**NASDAQ**”), as such requirements are interpreted by the Board in its business judgment, and (b) Section 10A(m) of the Securities Exchange Act of 1934 (the “**Exchange Act**”) and Rule 10A-3 and any other applicable rules and regulations promulgated thereunder by the Securities and Exchange Commission (the “**SEC**”). Notwithstanding the foregoing, one member of the Board who: (x) does not meet NASDAQ independence criteria for membership on the Committee, (y) meets the independence criteria of Section 10A(m)(3) of the Exchange Act and the rules promulgated thereunder, and (z) is not a current officer or employee of the Corporation or a family member of such an officer or employee, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such member’s membership on the Committee is required in the best interests of the Corporation and its stockholders and the Board discloses, in the Corporation’s next annual proxy statement, the nature of the relationship of such member with the Corporation and the reasons for the determination of the Board, provided that such member may not serve longer than two years on the Committee and may not serve as the Committee Chair.

In addition, if a Committee member ceases to be independent for reasons outside the member’s reasonable control, the Committee member shall provide immediate notice to the Committee Chair, but his or her membership on the Committee may continue until the earlier of the Corporation’s next annual stockholders’ meeting or one year from the occurrence of the event that caused the failure to qualify as independent. If the Corporation is not already relying on this provision, and falls

out of compliance with the requirements regarding audit committee composition due to a single vacancy on the Committee, then the Corporation will have until the earlier of the next annual stockholders' meeting or one year from the occurrence of the event that caused the failure to comply with this requirement. The Corporation shall provide notice to NASDAQ immediately upon learning of the event or circumstance that caused the non-compliance, if it expects to rely on either of the provisions in this paragraph for a cure period.

2. Annual Certification. Each Committee member shall annually certify in writing that he or she is independent and shall immediately inform the Board in writing of any change in his or her status; provided, that if a member of the Committee is not independent pursuant to NASDAQ independence criteria as permitted by Section 1 above, such certification with respect to NASDAQ independence criteria shall not be required of such member.
3. Preparation of Financial Statements. No Committee member shall have participated in the preparation of the financial statements of the Corporation or any subsidiary of the Corporation at any time during the past three years.
4. Financial Expertise. Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement and cash flow statement.
5. Financial Expert. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Such member(s) shall further qualify as a "Financial Expert" as contemplated by the Exchange Act. The identity of such member(s) shall be disclosed in securities filings as required by the Exchange Act.
6. Service on Other Boards. No member of the Committee may serve simultaneously on the board of directors of more than two other public companies.

Appointment and Removal. The Board selects Committee members based on recommendations of the Nominating and Corporate Governance Committee. The Board will select a Committee Chair from among Committee members. For so long as he or she continuously meets the independence qualifications set forth above, each Committee member will serve at the pleasure of the Board for such term as the Board may determine or until such Committee member is no longer a Board member.

Duties and Responsibilities

The Committee is responsible for overseeing the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation on behalf of the Board. Management is responsible for the preparation, presentation and integrity of

the Corporation's financial statements and for the appropriateness of the accounting and reporting policies that are used by the Corporation.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Corporation's independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The independent auditor will report directly to the Committee.

In performing its responsibilities, the Committee shall have the following responsibilities and authority:

Relationship with Independent Auditors.

1. Retain the Independent Auditors. The Committee has the sole authority to (a) retain and terminate the Corporation's independent auditors, (b) approve all audit engagement fees, terms and services, and (c) approve any non-audit engagements with the Corporation's independent auditors. The Committee is to exercise this authority in a manner consistent with Section 10A of the Exchange Act and the rules and listing requirements promulgated thereunder by the SEC and NASDAQ. The Committee Chair, or any other Committee member designated by the Committee Chair, has the authority to grant interim pre-approvals of non-audit engagements required by Section 10A; provided, however, that if the Committee Chair, or his or her designee, pre-approves services pursuant to this authority, then the Committee Chair, or his or her designee, shall present the details of such pre-approval, including but not limited to cost estimates and a detailed description of the pre-approved services, to the full Committee at the next scheduled meeting of the Committee. The Committee may ratify, amend or revoke any pre-approval of services granted by the Committee Chair, or his or her designee, pursuant to the authority delegated under this Charter; provided, that any amendment or revocation by the Committee will not affect the validity of the interim approval.
2. Review and Discuss the Independence of the Auditors. In connection with the retention of the Corporation's independent auditors, the Committee is to, at least annually, review and discuss the information provided by management and the auditors relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the auditors. The Committee is responsible for (a) ensuring that the independent auditors submit at least annually to the Committee a formal written statement delineating all relationships between the auditors and the Corporation consistent with applicable requirements of the Public Company Accounting Oversight Board or other regulatory body, (b) actively engaging in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors, and (c) taking, or recommending that the Board take, appropriate action to oversee the independence of the auditors. In connection with the Committee's evaluation of the auditors' independence, the Committee shall also review and evaluate the lead

partner of the independent auditors and take such steps as may be required by law with respect to the identification and regular rotation of the audit partners serving on the Corporation's audit engagement team. The Committee shall also review in advance the Corporation's hiring of employees or former employees of the independent auditor.

3. Review and Discuss the Audit Plan. The Committee is to review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of its staffing.
4. Review and Discuss Conduct of the Audit. The Committee is to review and discuss with the independent auditors the matters required to be discussed by requirements of the Public Company Accounting Oversight Board or other regulatory body, relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including (a) any restriction on audit scope or on access to requested information, (b) any disagreements with management, and (c) significant issues discussed with the independent auditors' national office. The Committee is to decide all unresolved disagreements between management and the independent auditors regarding financial reporting.

Finance Reporting and Internal Control.

5. Review and Discuss Financial Statements and Disclosures. The Committee is to review and discuss with appropriate officers of the Corporation and the independent auditors the annual audited and quarterly financial statements of the Corporation, including (a) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (b) the disclosures regarding internal controls and other matters required by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.
6. Review and Discuss the Audit Results. The Committee is to review and discuss with the independent auditors (a) the report of their annual audit, or proposed report of their annual audit, (b) the accompanying management letter, if any, (c) the reports of their reviews of the Corporation's interim financial statements conducted in accordance with Statement on Auditing Standards No. 100, and (d) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake. The foregoing shall include the reports required by Section 10A(k) of the Exchange Act and any rules promulgated thereunder by the SEC and, as appropriate, a review of (x) major issues regarding (i) accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and (ii) the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies, (y) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP

methods on the financial statements, and (z) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation. The Committee shall also recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.

7. Obtain Assurances under Section 10A(b) of the Exchange Act. The Committee is to obtain assurance from the independent auditors that in the course of conducting the audit, there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Committee under Section 10A(b) of the Exchange Act.
8. Review and Discuss Earnings Press Releases. The Committee is to review and discuss with appropriate officers of the Corporation earnings and other financial press releases (including any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies (which review may occur after issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).
9. Review and Discuss the Systems of Internal Accounting Controls. The Committee is to review and discuss with the independent auditors, and if and to the extent deemed appropriate by the Committee Chair, members of its staff, the adequacy of the Corporation's internal accounting controls, the Corporation's financial, auditing and accounting organizations and personnel, and the Corporation's policies and compliance procedures with respect to business practices, which shall include (a) the disclosures regarding internal controls and matters required by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC, and (b) as applicable, a review with the independent auditors of their opinion on the effectiveness of management's assessment of internal controls over financial reporting.
10. Review and Discuss the Recommendations of Independent Auditors. The Committee is to review and discuss with management recommendations made by the independent auditors, as well as such other matters, if any, as such persons or other officers of the Corporation may desire to bring to the attention of the Committee.

Legal, Regulatory and Ethical Matters.

11. Discuss Risk Management Policies. The Committee is to discuss guidelines and policies with respect to risk assessment and risk management to assess and manage the Corporation's exposure to risk. The Committee should discuss with appropriate officers of the Corporation the major financial risk exposures of the Corporation and the steps management has taken to monitor and control these exposures.

12. Review of Related Party Transactions. The Committee shall review and provide oversight of insider, affiliated and related party transactions for potential conflict of interest situations.
13. Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies. The Committee is to establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
14. Discuss Matters Regarding Financial Statements or Compliance Policies. The Committee should discuss with the Corporation's legal counsel legal matters that may have a material impact on the financial statements or the Corporation's compliance policies.
15. Review of Other Matters and Investigation Powers. The Committee should review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Corporation as the Committee may, in its own discretion, deem desirable in connection with the review functions described above. The Audit Committee shall have the right to initiate any investigation it deems appropriate into the business of the Corporation, including, but not limited to, actions by the officers of the Corporation.

Operational Matters and Reports.

16. Maintain Flexibility. The Committee, in carrying out its responsibilities, policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.
17. Make Board Reports. The Committee should report its activities regularly to the Board in such manner and at such times as the Committee and the Board deem appropriate, but in no event less than once a year. Such report shall include a review of any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, and the performance and independence of the Corporation's independent auditors. In conducting its duties, the Committee shall inform the Board on an ongoing basis of any material suspected errors in the work of the independent auditor, or in the Corporation's maintenance of accounting records. The Committee shall also inform the Board on an ongoing basis if, in conducting its duties, the Committee finds that the Corporation has insufficient liquidity to operate the business successfully.
18. Meetings. The Committee shall meet in person or telephonically at least four (4) times a year, or more often if the circumstances so require. The Committee Chair shall, in consultation with the other members of the Committee, the Corporation's

independent auditors and the appropriate officers of the Corporation, be responsible for calling meetings of the Committee, establishing agenda therefor and supervising the conduct thereof. The Committee may request any officer or employee of the Corporation or the Corporation's legal counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

19. Private Sessions. The Committee shall meet with the Corporation's management and the independent auditors periodically in separate private sessions to discuss any matter that the Committee, management, the independent auditors or such other persons believe should be discussed privately.
20. Audit Committee Report. The Committee will prepare, with the assistance of management, the independent auditors and legal counsel, the Audit Committee Report to be included in the Corporation's annual proxy statement.
21. Annual Review. At least annually, the Committee will (a) review the adequacy of this Charter and recommend any changes to the Board, and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Committee for the upcoming year. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities as required by law. In fulfilling its duties and responsibilities, the Committee shall be given full access to the Corporation's internal audit group, if one exists, the Board, corporate executives and independent auditors and shall have the authority to obtain advice and assistance from outside legal, accounting, financial, or other advisors as necessary to review the accuracy of public disclosures related to issues, including, without limitation, operations, enterprise risks, and compliance matters, that may have a material impact on the Corporation's operational performance, financial health, stability, or liquidity, or any other matter required to be disclosed under state and federal securities laws and regulations. The Committee may also, to the extent it deems necessary or appropriate, meet with the Corporation's investment bankers or financial analysts who follow the Corporation.

All employees of the Corporation shall be required to cooperate with Committee investigations. Any failure to cooperate shall be grounds for discipline by the Board, including, but not limited to, termination, in the sole discretion of the Board. This applies to all employees of the Corporation, including, but not limited to, the Chief Executive Officer, Chief Financial Officer, and the Chairman of the Board

The Corporation will provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to any independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (b) compensation to independent counsel or any other advisors engaged by the

Committee and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.