

CONNECT WITH NATURE

Q4 & Full Year 2023 Earnings Presentation
March 12, 2024



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: 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 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 report. Throughout this presentation, we refer to Nature's Sunshine Products, Inc., together with our subsidiaries, as "we," "us," "our," "our Company" or "the Company."

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 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 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 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.

Q4 FINANCIAL SUMMARY



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

| | Q4 2023 | Q4 2022 | ▲ | Q4 (y/y) Commentary |
|--------------------------|---------|---------|---------|---|
| Net Sales | \$108.9 | \$102.7 | +6.0% | Strength in North America and Asia offset by weakness in Europe; up 5.6% on a constant currency basis |
| Gross Margin | 71.9% | 72.2% | -0.3% | Reflects inflationary pressures and changes in market mix |
| SG&A | \$39.9 | \$38.8 | +2.6% | Reflective of higher service fees in China operations, compensation, variable costs related to sales growth and investments to drive digital growth and strategic initiatives |
| Operating Income | \$5.7 | \$4.2 | +36.5% | Reflects the factors above |
| Net Income ¹ | \$9.0 | \$2.0 | +358.6% | Reflects higher sales and operating income improvement |
| Diluted EPS | \$0.46 | \$0.10 | +360.0% | Reflects the factors above |
| Adj. EBITDA ² | \$9.7 | \$8.0 | +21.1% | Reflects the factors above |

¹ Attributable to common shareholders

² See appendix for a reconciliation of non-GAAP terms

2023 FINANCIAL SUMMARY



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

| | 2023 | 2022 | ▲ | FY (y/y) Commentary |
|--------------------------|---------|----------|-----------|---|
| Net Sales | \$445.3 | \$421.9 | +5.5% | Strength in North America and Asia offset by weakness in Europe; up 7.3% on a constant currency basis |
| Gross Margin | 72.1% | 71.0% | +1.1% | Reflects improvements in market mix, price increases in various markets and contribution margin improvement initiatives, partially offset by higher inflation and unfavorable foreign currency exchange |
| SG&A | \$167.1 | \$153.1 | +9.1% | Reflective of higher service fees in China operations, compensation, variable costs related to sales growth and investments to drive digital growth and strategic initiatives |
| Operating Income | \$18.7 | \$16.3 | +15.3% | Reflects the factors above |
| Net Income ¹ | \$15.1 | \$(0.4) | +3,965.6% | Reflects higher sales and operating income improvement |
| Diluted EPS | \$0.77 | \$(0.02) | +3,950.0% | Reflects the factors above |
| Adj. EBITDA ² | \$40.4 | \$32.0 | +26.2% | Reflects the factors above |

¹ Attributable to common shareholders

² See appendix for a reconciliation of non-GAAP terms



STRONG BALANCE SHEET & CASH FLOW

Balance Sheet Highlights

- Cash and cash equivalents totaled \$82.4M
- \$0.0M of debt at 12/31/23 vs. \$1.2M at 12/31/22

Cash Flow Highlights

- Cash from operations totaled \$41.2M
- Capital expenditures totaled \$10.5M
- Free cash flow¹ totaled \$30.7M

| Balance Sheet Highlights | As of | |
|----------------------------|---------------|---------------|
| (\$ in millions) | Dec. 31, 2023 | Dec. 31, 2022 |
| Cash and Cash Equivalents | \$ 82.4 | \$ 60.0 |
| Receivables | 8.8 | 14.1 |
| Total Assets | 249.8 | 229.8 |
| Debt | 0.0 | 1.2 |
| Total Liabilities | 90.2 | 82.7 |
| Total Stockholders' Equity | 159.5 | 147.0 |

| Cash Flow Highlights | As of | |
|-----------------------------|---------------|---------------|
| (\$ in millions) | Dec. 31, 2023 | Dec. 31, 2022 |
| Cash from Operations | \$ 41.2 | \$ 0.7 |
| Capital Expenditures | 10.5 | 7.6 |
| Free Cash Flow ¹ | 30.7 | - 6.9 |

¹ Free cash flow defined as cash from operations less capital expenditures

NET SALES BY OPERATING SEGMENT



| | Net Sales by Operating Segment (Amounts in Thousands) | | | | |
|-------------------------|---|-------------------|----------|-----------------------------|-----------------------------------|
| | Q4 2023 | Q4 2022 | % Change | Impact of Currency Exchange | % Change Excl. Impact of Currency |
| Asia | \$ 47,813 | \$ 44,922 | 6.4% | \$ (421) | 7.4% |
| Europe | 19,691 | 20,787 | (5.3) | 613 | (8.2) |
| North America | 35,706 | 31,647 | 12.8 | (12) | 12.9 |
| Latin America and Other | 5,726 | 5,393 | 6.2 | 204 | 2.4 |
| | \$ <u>108,936</u> | \$ <u>102,749</u> | 6.0% | \$ 384 | 5.6% |

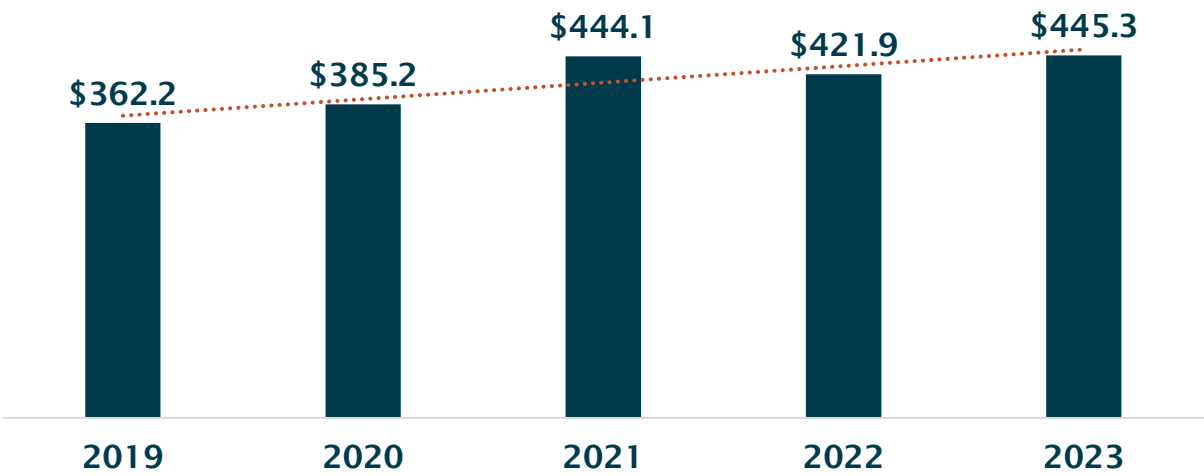
| | Net Sales by Operating Segment (Amounts in Thousands) | | | | |
|-------------------------|---|------------------------------|----------|-----------------------------|-----------------------------------|
| | Year Ended December 31, 2023 | Year Ended December 31, 2022 | % Change | Impact of Currency Exchange | % Change Excl. Impact of Currency |
| Asia | \$ 201,251 | \$ 186,292 | 8.0% | \$ (8,773) | 12.7% |
| Europe | 81,101 | 78,991 | 2.7 | 1,083 | 1.3 |
| North America | 139,804 | 133,214 | 4.9 | (397) | 5.2 |
| Latin America and Other | 23,164 | 23,413 | (1.1) | 575 | (3.5) |
| | \$ <u>445,320</u> | \$ <u>421,910</u> | 5.5% | \$ (7,512) | 7.3% |

HISTORICAL FINANCIAL PERFORMANCE



Revenue

\$ in Millions

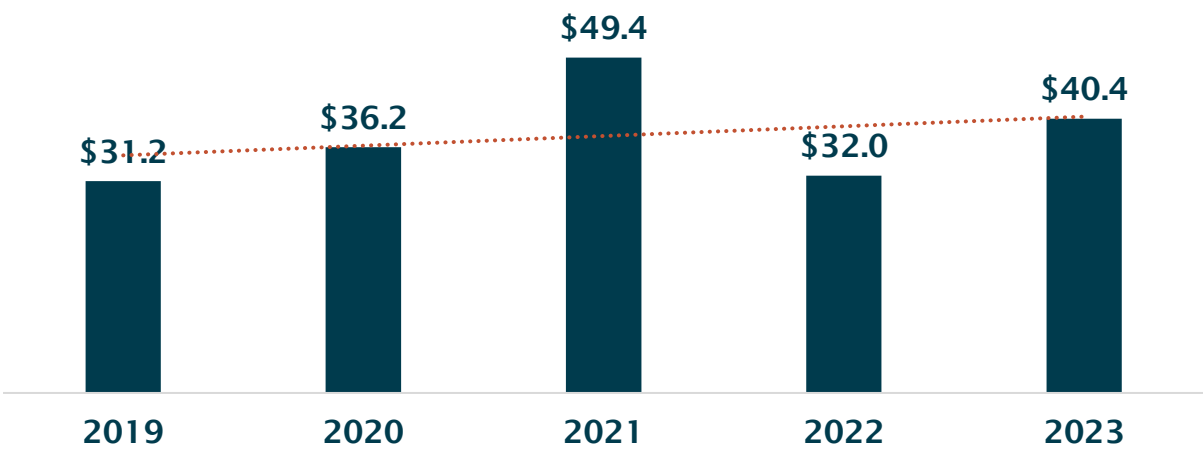


Revenue Accelerant Opportunities

- Expansion into Digital channels
- Stronger regional-focused sales teams
- International market growth
- New products

Adj. EBITDA¹

\$ in Millions



Margin Drivers

- Sales growth and raw material optimization
- Manufacturing efficiencies, removing waste
- Logistics and transportation efficiencies
- SG&A cost efficiencies

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

\$6.4M in shares repurchased at an average cost of \$15.09 per share in 2023 – \$17.6M remaining in share repurchase program as of December 31, 2023

Investment in process improvement and supply chain

Ongoing investment in organic growth opportunities

Strategic M&A



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APPENDIX



ADJUSTED EBITDA RECONCILIATION



| | Three Months Ended December 31, | |
|--------------------------------------|------------------------------------|-----------------|
| | 2023 | 2022 |
| Net income | \$ 9,344 | \$ 2,084 |
| Adjustments: | | |
| Depreciation and amortization | 3,053 | 2,913 |
| Share-based compensation expense | 1,103 | 967 |
| Other (income) loss, net* | (1,953) | (1,994) |
| Provision (benefit) for income taxes | (1,683) | 4,092 |
| Other adjustments (1) | (135) | (31) |
| Adjusted EBITDA | <u>\$ 9,729</u> | <u>\$ 8,031</u> |

*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 | | | | |
|---|---|-----------|-----------|----------|-----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Net Income (loss) | \$ 6,929 | \$ 22,958 | \$ 30,207 | \$ 550 | \$ 16,416 |
| Adjustments: | | | | | |
| Depreciation and amortization | 10,599 | 10,743 | 11,162 | 11,025 | 11,816 |
| Share-based compensation expense | 2,120 | 3,787 | 3,731 | 2,901 | 4,893 |
| Other (income) loss, net* | 483 | (1,339) | 2,848 | 1,043 | (1,453) |
| Provision (benefit) for income taxes | 8,713 | (137) | 1,615 | 14,665 | 3,786 |
| Other adjustments (1) | 2,375 | 173 | (143) | 1,846 | 4,963 |
| Adjusted EBITDA | \$ 31,219 | \$ 36,185 | \$ 49,420 | \$32,030 | \$ 40,421 |
| (1) Other Adjustments | | | | | |
| Inventory reserve related to Russia/Ukraine war** | - | - | - | 1,000 | - |
| Loss on sale of properties | - | - | - | 1,069 | - |
| Restructuring related expenses | 2,375 | 808 | 369 | 587 | - |
| Capital allocation and other unusual expenses | - | - | 265 | - | - |
| Charge related to Japan loss | - | - | - | - | 5,712 |
| VAT Refund | - | (635) | (777) | (810) | (749) |
| Total adjustments | \$ 2,375 | \$ 173 | \$ (143) | \$ 1,846 | \$ 4,963 |

*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.