

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 5, 2021



NATURE'S SUNSHINE PRODUCTS, INC.

(Exact name of registrant specified in its charter)

Utah  
(State or other jurisdiction of  
incorporation)

001-34483  
(Commission File Number)

87-0327982  
(I.R.S. Employer Identification No.)

2901 West Bluegrass Blvd., Suite 100  
Lehi, Utah 84043  
(Address of principal executive offices and zip code)

Registrant's telephone, including area code: (801) 341-7900

N/A  
(Former name and former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

| Title of each Class        | Trading Symbol | Name of each exchange on which registered |
|----------------------------|----------------|---|
| Common Stock, no par value | NATR           | Nasdaq Capital Market                     |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Item 2.02 Results of Operations and Financial Condition.

On May 6, 2021, Nature's Sunshine Products, Inc. (the "Company") issued a press release announcing financial results for the first quarter ended March 31, 2021. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02 and the exhibit hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such filing.

The press release furnished herewith makes reference to non-GAAP financial information, which the Company's management believes assists management and investors in evaluating and comparing period-to-period results in a more meaningful and consistent manner. A reconciliation of GAAP to non-GAAP results is provided in the press release.

## Item 5.07 Submission of Matters to a Vote of Security Holders

Nature's Sunshine Products, Inc. (the "Company") held its 2021 Annual Meeting of Shareholders on May 5, 2021 (the "Meeting"). The proposals voted upon at the Meeting and the final results of the shareholder vote on each proposal are set forth below. Each of the proposals is described in greater detail in the Company's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on March 19, 2021 (the "Proxy Statement").

(1) Election of Directors. The Company's shareholders elected all persons nominated for election as directors as set forth in the Proxy Statement to serve until the next Annual Meeting of Shareholders. The following table sets forth the vote of the shareholders at the Meeting with respect to the election of directors:

| <b>Nominee</b>        | <b>For</b> | <b>Withheld</b> | <b>Broker Non-Vote</b> |
|-----------------------|------------|-----------------|------------------------|
| Robert B. Mercer      | 11,036,329 | 79,408          | 1,491,754              |
| Terrence O. Moorehead | 11,104,744 | 10,993          | 1,491,754              |
| Richard D. Moss       | 11,106,734 | 9,003           | 1,491,754              |
| Mary Beth Springer    | 11,094,338 | 21,399          | 1,491,754              |
| Robert D. Straus      | 11,070,779 | 44,958          | 1,491,754              |
| J. Christopher Teets  | 11,020,858 | 94,879          | 1,491,754              |
| Heidi Wissmiller      | 11,103,588 | 12,149          | 1,491,754              |
| Lily Zou              | 11,086,618 | 29,119          | 1,491,754              |

(2) Advisory Resolution on Executive Officer Compensation. The Company's shareholders, on an advisory basis, voted to approve an advisory resolution of the compensation of the Company's named executive officers as follows:

| <b>For</b> | <b>Against</b> | <b>Abstain</b> | <b>Broker Non-Votes</b> |
|------------|----------------|----------------|-------------------------|
| 11,053,333 | 56,644         | 5,760          | 1,491,754               |

(3) Approval of the Amended and Restated 2012 Stock Incentive Plan. The Company's shareholders voted to approve the Amended and Restated 2012 Stock Incentive Plan as follows:

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| <b>For</b> | <b>Against</b> | <b>Abstain</b> | <b>Broker Non-Votes</b> |
|------------|----------------|----------------|-------------------------|
| 7,050,366  | 4,059,505      | 5,866          | 1,491,754               |

(4) Ratification of appointment of independent registered public accounting firm. The Company's shareholders voted upon and ratified the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for the year ending December 31, 2021. The following table sets forth the vote of the shareholders at the Meeting with respect to the appointment of Deloitte & Touche LLP:

| <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|------------|----------------|----------------|
| 12,485,860 | 120,628        | 1,003          |

There were no broker non-votes in the ratification of appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for the year ending December 31, 2021.

### **Item 9.01 Financial Statements and Exhibits**

| <b>Item No.</b> | <b>Exhibit</b>   |
|-----------------|--|
| 99.1            | <u>Press release issued by the Company, dated May 6, 2021.</u> |

### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**NATURE'S SUNSHINE PRODUCTS, INC.**

Dated: May 6, 2021

By: /s/ Nathan G. Brower  
Nathan G. Brower, Executive Vice President, General Counsel and Secretary



## Nature's Sunshine Reports Record First Quarter 2021 Results

*- Net Sales Increase 7% to \$102.4 Million, Marking Third Consecutive Quarter of Record Net Sales -*

**LEHI, Utah – May 6, 2021** –Nature’s Sunshine Products, Inc. (Nasdaq: NATR) (Nature’s Sunshine), a leading natural health and wellness company of high-quality herbal and nutritional products, reported financial results for the first quarter ended March 31, 2021.

### First Quarter 2021 Financial Highlights vs. Same Year-Ago Quarter

- Net sales increased 7% to a record \$102.4 million compared to \$95.9 million.
- GAAP net income increased significantly to \$4.2 million, or \$0.20 per diluted share, compared to \$3.0 million, or \$0.15 per diluted share.
- Non-GAAP net income per diluted share was \$0.21, compared to an adjusted net income per share of \$0.12.
- Adjusted EBITDA increased 20% to \$11.6 million compared to \$9.7 million.

### Management Commentary

“We are pleased to announce that the first quarter of 2021 delivered the largest sales in the 49-year history of the company,” said Terrence Moorehead, CEO of Nature’s Sunshine. “In fact, this marked the third consecutive quarter of net sales over \$100 million, which demonstrates the strength of our global strategy and our ability to effectively drive transformation. Growth was especially strong in our Asian and Latin America markets, and we saw solid performance in Europe with continued progress in North America despite a tough comparable that reflected stockpiling we saw at the start of the pandemic last March.

“We remained committed to our five global growth strategies, and in the first quarter we continued to make progress on all fronts, with strong customer growth across all markets. In particular, the global response to our new branding has been tremendous with early feedback reinforcing our initial findings that it not only energizes existing customers, but it’s also more attractive to new customers. What’s more, our “Subscribe and Thrive” auto-ship program continues to gain traction among new and existing customers, now accounting for over a quarter of our sales in the U.S.

“For 2021, we are optimistic our momentum will continue as we launch the next phase of our customer-driven strategy. We believe we are well positioned to intensify our efforts and move forward with confidence. As the market remains dynamic, I reaffirm my confidence in the strong operational and financial foundation that our team has built.”



## First Quarter 2021 Financial Results

| Net Sales by Operating Segment (Amounts in Thousands) |                                      |                                      |                   |                                   |   |  |
|---|--------------------------------------|--------------------------------------|-------------------|-----------------------------------|---|--|
|   | Three Months Ended<br>March 31, 2021 | Three Months Ended<br>March 31, 2020 | Percent<br>Change | Impact of<br>Currency<br>Exchange | Percent<br>Change<br>Excluding<br>Impact of<br>Currency |  |
| Asia  | \$ 35,755                            | \$ 30,958                            | 15.5 %            | \$ 1,973                          | 9.1 %   |  |
| Europe  | 22,200                               | 20,627                               | 7.6               | 621                               | 4.6   |  |
| North America   | 37,762                               | 38,757                               | (2.6)             | 156                               | (3.0)   |  |
| Latin America and Other                               | 6,704                                | 5,584                                | 20.1              | (57)                              | 21.1  |  |
|   | <u>\$ 102,421</u>                    | <u>\$ 95,926</u>                     | 6.8 %             | <u>\$ 2,693</u>                   | 4.0 %   |  |

Net sales in the first quarter of 2021 increased 7% to a record \$102.4 million compared to \$95.9 million in the year-ago quarter. The increase was due to the continued execution of business transformation initiatives, new product development, and the easing of COVID-19-related restrictions in certain key markets. Excluding foreign exchange rates, net sales in the first quarter of 2021 increased 4% compared to the year-ago quarter.

Gross margin in the first quarter was 73.7% compared to 74.3% in the year-ago quarter. The decrease in gross margin is a combination of changes in market mix, material cost increase, and changes in inventory reserves, among other factors.

Volume incentives as a percentage of net sales decreased 100 basis points to 33.4% compared to 34.4% in the year-ago quarter. The decrease in volume incentives is due to changes in market mix and growth in NSP China. The decrease also reflects expected cost savings from the September 2020 launch of our new consultant sales and compensation plan in North America and LATAM.

Selling, general and administrative expenses in the first quarter were \$33.6 million compared to \$31.1 million in the year-ago quarter. The increase was primarily attributable to higher costs associated with the implementation of business transformation initiatives as well as growth in markets with higher variable costs. As a percentage of net sales, SG&A was 32.8% in the first quarter of 2021 compared to 32.4% in the year-ago quarter. Excluding the impact of current year capital allocation related expenses and prior year refunds, SG&A expenses as a percentage of net sales were 32.6% in the first quarter of 2021 compared 32.9% in the year-ago quarter.

Operating income in the first quarter of 2021 improved to \$7.6 million, or 7.5% of net sales, compared to \$7.2 million, or 7.5% of net sales, in the year-ago quarter. Excluding the impact of current year capital allocation related expenses and prior year refunds, operating income increased 17% to \$7.8 million, or 7.6% of net sales, compared to \$6.7 million, or 6.9% of net sales, in the year-ago quarter.

Other loss, net, in the first quarter of 2021 decreased to \$1.9 million compared to \$2.4 million in the year-ago quarter. Other loss, net, primarily consisted of foreign exchange losses as a result of net changes in foreign currencies primarily in Asia, Europe and Latin America. The provision for income taxes was \$1.6 million in the first quarter of 2021 compared to \$1.7 million for the year-ago quarter.

GAAP net income attributable to common shareholders increased to \$4.0 million, or \$0.20 per diluted common share, compared to \$3.0 million, or \$0.15 per diluted common share, in the first quarter of 2020. Net income attributable to NSP China increased to \$0.7 million, or \$0.03 per diluted common share, for the first quarter of 2021, compared to \$0.2 million, or \$0.01 per diluted common share, for the year-ago quarter.

Non-GAAP net income attributable to common shareholders increased to \$4.1 million, or \$0.21 per diluted common share, compared to \$2.5 million, or \$0.12 per diluted common share in the year-ago quarter. Non-GAAP net income, which is a non-GAAP financial measure, is defined here as net income from continuing operations before less-frequent items including, among other things, capital allocation initiatives and large tax



refunds. A reconciliation of non-GAAP net income to GAAP net income is provided in the attached financial tables.

Adjusted EBITDA increased 20% to \$11.6 million in the first quarter compared to \$9.7 million in the year-ago quarter. This increase was driven primarily by the aforementioned increase in net sales. 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 financial tables herein.

#### **Balance Sheet and Cash Flow**

Net cash provided by operating activities was \$2.7 million for the three months ended March 31, 2021, compared to \$13.5 million provided in the prior year period. Capital expenditures during the three months ended March 31, 2021 totaled \$1.0 million compared to \$1.2 million in the comparable period of 2020. As of March 31, 2021, the Company had cash and cash equivalents of \$91.3 million and \$3.3 million of debt. On March 10, 2021, the Company announced a \$1 per share special dividend payable on April 9, 2021 to shareholders of record as of March 29, 2021.

#### **Conference Call**

The Company will hold a conference call today at 5:00 p.m. Eastern time to discuss its first quarter 2021 results.

Date: Thursday, May 6, 2021  
Time: 5:00 p.m. Eastern time (3:00 p.m. Mountain time)  
Toll-free dial-in number: 1-888-394-8218  
International dial-in number: 1-323-701-0225  
Conference ID: 8741061

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 Investor Relations at 1-949-574-3860.

The conference call will be broadcast live and available for replay <http://public.viavid.com/player/index.php?id=144440> and via the Events section of the Nature's Sunshine website <https://ir.naturessunshine.com/news-events>.

A replay of the conference call will be available after 8:00 p.m. Eastern time on the same day through May 20, 2021.

Toll-free replay number: 1-844-512-2921  
International replay number: 1-412-317-6671  
Replay ID: 8741061

#### **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](http://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 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:

- 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;
- 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;
- liabilities and obligations arising from improper activity by the Company's independent consultants;
- product liability claims;
- our cannabidiol (CBD) product line is subject to varying, rapidly changing laws, regulations, and rules;
- actions on trade relations by the U.S. and foreign governments;
- 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;
- 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;
- we may be adversely affected by the ongoing coronavirus pandemic;
- 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;
- 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;
- 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 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.

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 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 financial tables herein.

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.

#### **Investor Relations:**

Gateway Investor Relations  
Cody Slach  
1-949-574-3860  
[NATR@gatewayir.com](mailto:NATR@gatewayir.com)





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

|  | Three Months Ended<br>March 31, |           |
|--|---------------------------------|-----------|
|  | 2021                            | 2020      |
| Net sales  | \$ 102,421                      | \$ 95,926 |
| Cost of sales  | 26,979                          | 24,681    |
| Gross profit   | 75,442                          | 71,245    |
| Operating expenses:  |                                 |           |
| Volume incentives  | 34,255                          | 33,018    |
| Selling, general and administrative                            | 33,552                          | 31,065    |
| Operating income   | 7,635                           | 7,162     |
| Other loss, net  | (1,933)                         | (2,410)   |
| Income before provision for income taxes                       | 5,702                           | 4,752     |
| Provision for income taxes                                     | 1,550                           | 1,746     |
| Net income   | 4,152                           | 3,006     |
| Net income attributable to noncontrolling interests            | 136                             | 44        |
| Net income attributable to common shareholders                 | \$ 4,016                        | \$ 2,962  |
| Basic and diluted net income per common share:                 |                                 |           |
| Basic earnings per share attributable to common shareholders   | \$ 0.20                         | \$ 0.15   |
| Diluted earnings per share attributable to common shareholders | \$ 0.20                         | \$ 0.15   |
| Weighted average basic common shares outstanding               | 19,794                          | 19,453    |
| Weighted average diluted common shares outstanding             | 20,236                          | 19,589    |
| Dividends declared per common share                            | \$ 1.00                         | \$ —      |



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

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 91,253         | \$ 92,069            |
| Accounts receivable, net of allowance for doubtful accounts of \$451 and \$454, respectively                        | 9,858             | 7,375                |
| Inventories   | 46,510            | 47,683               |
| Prepaid expenses and other  | 7,178             | 6,938                |
| Total current assets  | <u>154,799</u>    | <u>154,065</u>       |
| Property, plant and equipment, net  | 52,552            | 54,355               |
| Operating lease right-of-use assets   | 18,884            | 20,210               |
| Investment securities - trading   | 971               | 989                  |
| Deferred income tax assets  | 7,915             | 8,693                |
| Other assets  | 10,710            | 11,186               |
| Total assets  | <u>\$ 245,831</u> | <u>\$ 249,498</u>    |
| <b>Liabilities and Shareholders' Equity</b>   |                   |                      |
| Current liabilities:  |                   |                      |
| Accounts payable  | \$ 6,939          | \$ 6,486             |
| Accrued volume incentives and service fees  | 20,808            | 19,481               |
| Accrued liabilities   | 25,104            | 31,710               |
| Accrued dividends payable   | 19,858            | —                    |
| Deferred revenue  | 1,673             | 2,092                |
| Related party notes payable   | 1,221             | 1,200                |
| Income taxes payable  | 1,678             | 2,387                |
| Current portion of operating lease liabilities  | 4,629             | 4,992                |
| Current portion of note payable   | 1,216             | 1,306                |
| Total current liabilities   | <u>83,126</u>     | <u>69,654</u>        |
| Liability related to unrecognized tax benefits  | 82                | 92                   |
| Long-term portion of operating lease liabilities  | 15,577            | 16,412               |
| Long-term note payable  | 2,110             | 2,418                |
| Deferred compensation payable   | 971               | 989                  |
| Deferred income tax liabilities   | 1,241             | 1,391                |
| Other liabilities   | 1,226             | 1,308                |
| Total liabilities   | <u>104,333</u>    | <u>92,264</u>        |
| Shareholders' equity:   |                   |                      |
| Common stock, no par value, 50,000 shares authorized, 19,915 and 19,697 shares issued and outstanding, respectively | 139,402           | 139,311              |
| Retained earnings   | 10,188            | 26,030               |
| Noncontrolling interest   | 1,984             | 1,848                |
| Accumulated other comprehensive loss  | (10,076)          | (9,955)              |
| Total shareholders' equity  | <u>141,498</u>    | <u>157,234</u>       |
| Total liabilities and shareholders' equity  | <u>\$ 245,831</u> | <u>\$ 249,498</u>    |



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

|   | Three Months Ended<br>March 31, |                  |
|---|---------------------------------|------------------|
|   | 2021                            | 2020             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                                 |                  |
| Net income  | \$ 4,152                        | \$ 3,006         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |                  |
| Provision for doubtful accounts   | —                               | 17               |
| Depreciation and amortization   | 2,736                           | 2,602            |
| Non-cash lease expense  | 1,311                           | 1,270            |
| Share-based compensation expense  | 1,005                           | 394              |
| Tax benefit from the exercise of stock options                                    | —                               | 159              |
| Loss on sale of property, plant and equipment                                     | —                               | 6                |
| Deferred income taxes   | 561                             | 249              |
| Purchase of trading investment securities   | (16)                            | (11)             |
| Proceeds from sale of trading investment securities                               | 175                             | 73               |
| Realized and unrealized (gains) losses on investments                             | (16)                            | 96               |
| Foreign exchange losses   | 1,529                           | 2,400            |
| Changes in assets and liabilities:  |                                 |                  |
| Accounts receivable   | (2,689)                         | 1,318            |
| Inventories   | 536                             | 234              |
| Prepaid expenses and other current assets   | (272)                           | 165              |
| Other assets  | 24                              | 31               |
| Accounts payable  | 598                             | 704              |
| Accrued volume incentives and service fees  | 1,644                           | 4,356            |
| Accrued liabilities   | (6,248)                         | (2,206)          |
| Deferred revenue  | (394)                           | 406              |
| Lease liabilities   | (1,170)                         | (1,187)          |
| Income taxes payable  | (699)                           | (335)            |
| Liability related to unrecognized tax positions                                   | (10)                            | (73)             |
| Deferred compensation payable   | (22)                            | (158)            |
| Net cash provided by operating activities   | <u>2,735</u>                    | <u>13,516</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                                 |                  |
| Purchases of property, plant and equipment  | (983)                           | (1,209)          |
| Net cash used in investing activities   | <u>(983)</u>                    | <u>(1,209)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                                 |                  |
| Principal payments of long-term debt  | (397)                           | —                |
| Payments related to tax withholding for net-share settled equity awards           | (914)                           | —                |
| Tax benefit from exercise of stock options  | —                               | (159)            |
| Net cash used in financing activities   | <u>(1,311)</u>                  | <u>(159)</u>     |
| Effect of exchange rates on cash and cash equivalents                             | <u>(1,257)</u>                  | <u>(1,632)</u>   |
| Net increase (decrease) in cash and cash equivalents                              | <u>(816)</u>                    | <u>10,516</u>    |
| Cash and cash equivalents at the beginning of the period                          | <u>92,069</u>                   | <u>53,629</u>    |
| Cash and cash equivalents at the end of the period                                | <u>\$ 91,253</u>                | <u>\$ 64,145</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                          |                                 |                  |
| Cash paid for income taxes, net of refunds  | \$ 2,026                        | \$ 1,224         |
| Cash paid for interest  | 50                              | 3                |



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

|                                     | Three Months Ended<br>March 31, |                 |
|-------------------------------------|---------------------------------|-----------------|
|                                     | 2021                            | 2020            |
| Net income                          | \$ 4,152                        | \$ 3,006        |
| Adjustments:                        |                                 |                 |
| Depreciation and amortization       | 2,736                           | 2,602           |
| Share-based compensation expense    | 1,005                           | 394             |
| Other loss, net*                    | 1,933                           | 2,410           |
| Provision for income taxes          | 1,550                           | 1,746           |
| Other adjustments (1)               | 175                             | (500)           |
| Adjusted EBITDA                     | <u>\$ 11,551</u>                | <u>\$ 9,658</u> |
| (1) Other adjustments               |                                 |                 |
| Capital allocation & other expenses | \$ 175                          | \$ —            |
| VAT refund                          | —                               | (500)           |
| Total adjustments                   | <u>\$ 175</u>                   | <u>\$ (500)</u> |

\* Other 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<br>March 31, |                 |
|---|---------------------------------|-----------------|
|   | 2021                            | 2020            |
| Net income  | \$ 4,152                        | \$ 3,006        |
| Adjustments:  |                                 |                 |
| Capital allocation and other unusual expenses           | 175                             | —               |
| VAT refund  | —                               | (500)           |
| Tax impact of adjustments                               | (52)                            | —               |
| Total adjustments                                       | 123                             | (500)           |
| Non-GAAP net income                                     | <u>\$ 4,275</u>                 | <u>\$ 2,506</u> |
| Reported income attributable to common shareholders     | \$ 4,016                        | \$ 2,962        |
| Total adjustments                                       | 123                             | (500)           |
| Non-GAAP net income attributable to common shareholders | <u>\$ 4,139</u>                 | <u>\$ 2,462</u> |
| Basic income per share, as reported                     | \$ 0.20                         | \$ 0.15         |
| Total adjustments, net of tax                           | 0.01                            | (0.03)          |
| Basic income per share, as adjusted                     | <u>\$ 0.21</u>                  | <u>\$ 0.12</u>  |
| Diluted income per share, as reported                   | \$ 0.20                         | \$ 0.15         |
| Total adjustments, net of tax                           | 0.01                            | (0.03)          |
| Diluted income per share, as adjusted                   | <u>\$ 0.21</u>                  | <u>\$ 0.12</u>  |