

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission File Number: 001-34483



NATURE'S SUNSHINE PRODUCTS, INC.

(Exact name of Registrant as specified in its charter)

Utah

87-0327982

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

2901 Bluegrass Boulevard , Suite 100
Lehi , Utah 84043

(Address of principal executive offices and zip code)

(801) 341-7900

(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	NATR	Nasdaq Capital Market

Indicate by check mark whether the registrant; (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and an "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No .

The number of shares of Common Stock, no par value, outstanding on October 25, 2024, was 18,475,569 shares.

**NATURE'S SUNSHINE PRODUCTS, INC.
FORM 10-Q**

For the Quarter Ended September 30, 2024

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated herein by reference in this report may be deemed to be "forward-looking statements" within the meaning 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. For example, information appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements are more fully described in this report, including the risks set forth under "Risk Factors" in Item 1A, and in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, but include 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.

All forward-looking statements speak only as of the date of this report and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this report. Except as is required by law, we expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this report. Throughout this report, we refer to Nature's Sunshine Products, Inc., together with our subsidiaries, as "we," "us," "our," "our Company" or "the Company."

PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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>
Commitments and contingencies		
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>

See accompanying notes to condensed consolidated financial statements.

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,	
	2024	2023
Net sales	\$ 114,615	\$ 111,202
Cost of sales	32,856	29,964
Gross profit	81,759	81,238
 Operating expenses:		
Volume incentives	35,521	34,118
Selling, general and administrative	40,954	41,288
Operating income	5,284	5,832
Other income (loss), net	2,615	(927)
Income before provision for income taxes	7,899	4,905
Provision for income taxes	3,253	1,763
Net income	4,646	3,142
Net income attributable to noncontrolling interests	299	310
Net income attributable to common shareholders	\$ 4,347	\$ 2,832
 Basic and diluted net income per common share:		
Basic earnings per share attributable to common shareholders	\$ 0.23	\$ 0.15
Diluted earnings per share attributable to common shareholders	\$ 0.23	\$ 0.15
Weighted average basic common shares outstanding	18,512	19,133
Weighted average diluted common shares outstanding	18,890	19,492

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	2023
Net sales	\$ 336,159	\$ 336,384
Cost of sales	96,535	93,580
Gross profit	239,624	242,804
Operating expenses:		
Volume incentives	103,784	102,560
Selling, general and administrative	120,295	127,203
Operating income	15,545	13,041
Other income (loss), net	1,432	(500)
Income before provision for income taxes	16,977	12,541
Provision for income taxes	8,353	5,469
Net income	8,624	7,072
Net income attributable to noncontrolling interests	607	958
Net income attributable to common shareholders	\$ 8,017	\$ 6,114
Basic and diluted net income per common share:		
Basic earnings per share attributable to common shareholders	\$ 0.43	\$ 0.32
Diluted earnings per share attributable to common shareholders	\$ 0.42	\$ 0.31
Weighted average basic common shares outstanding	18,661	19,093
Weighted average diluted common shares outstanding	19,115	19,450

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,	
	2024	2023
Net income	\$ 4,646	\$ 3,142
Foreign currency translation gain (loss) (net of tax)	1,639	(593)
Total comprehensive income	\$ 6,285	\$ 2,549

	Nine Months Ended September 30,	
	2024	2023
Net income	\$ 8,624	\$ 7,072
Foreign currency translation gain (loss) (net of tax)	201	(3,491)
Total comprehensive income	\$ 8,825	\$ 3,581

See accompanying notes to condensed consolidated financial statements.

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NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands)
(Unaudited)

	Common Stock		Accumulated Other Comprehensive Loss				Total
	Shares	Amount	Retained Earnings	Noncontrolling Interest	Loss		
Balance at December 31, 2023	18,875	\$ 119,694	\$ 49,711	\$ 5,482	\$ (15,347)		\$ 159,540
Share-based compensation expense	—	1,369	—	—	—		1,369
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	16	(152)	—	—	—		(152)
Repurchase of common stock	(105)	(1,848)	—	—	—		(1,848)
Net income	—	—	2,321	169	—		2,490
Other comprehensive loss	—	—	—	—	(1,692)		(1,692)
Balance at March 31, 2024	18,786	\$ 119,063	\$ 52,032	\$ 5,651	\$ (17,039)		\$ 159,707
Share-based compensation expense	—	1,261	—	—	—		1,261
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	70	(434)	—	—	—		(434)
Repurchase of common stock	(348)	(5,876)	—	—	—		(5,876)
Net income	—	—	1,349	139	—		1,488
Other comprehensive income	—	—	—	—	254		254
Balance at June 30, 2024	18,508	\$ 114,014	\$ 53,381	\$ 5,790	\$ (16,785)		\$ 156,400
Share-based compensation expense	—	950	—	—	—		950
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	46	(307)	—	—	—		(307)
Repurchase of common stock	(56)	(711)	—	—	—		(711)
Net income	—	—	4,347	299	—		4,646
Other comprehensive income	—	—	—	—	1,639		1,639
Balance at September 30, 2024	18,498	\$ 113,946	\$ 57,728	\$ 6,089	\$ (15,146)		\$ 162,617

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	Common Stock			Accumulated Other Comprehensive Loss		
	Shares	Amount	Retained Earnings	Noncontrolling Interest	Comprehensive Loss	Total
Balance at December 31, 2022	19,093	\$ 121,583	\$ 34,635	\$ 4,142	\$ (13,313)	\$ 147,047
Share-based compensation expense	—	1,058	—	—	—	1,058
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	42	(165)	—	—	—	(165)
Repurchase of common stock	(90)	(823)	—	—	—	(823)
Net income	—	—	860	393	—	1,253
Other comprehensive loss	—	—	—	—	(1,653)	(1,653)
Balance at March 31, 2023	19,045	\$ 121,653	\$ 35,495	\$ 4,535	\$ (14,966)	\$ 146,717
Share-based compensation expense	—	1,437	—	—	—	1,437
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	62	(91)	—	—	—	(91)
Repurchase of common stock	(9)	(97)	—	—	—	(97)
Net income	—	—	2,422	255	—	2,677
Other comprehensive loss	—	—	—	—	(1,245)	(1,245)
Balance at June 30, 2023	19,098	\$ 122,902	\$ 37,917	\$ 4,790	\$ (16,211)	\$ 149,398
Share-based compensation expense	—	1,295	—	—	—	1,295
Shares issued from the exercise of stock options and vesting of restricted stock units, net of shares exchanged for withholding tax	80	77	—	—	—	77
Repurchase of common stock	(81)	(1,308)	—	—	—	(1,308)
Net income	—	—	2,832	310	—	3,142
Other comprehensive loss	—	—	—	—	(593)	(593)
Balance at September 30, 2023	19,097	\$ 122,966	\$ 40,749	\$ 5,100	\$ (16,804)	\$ 152,011

See accompanying notes to condensed consolidated financial statements.

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	<u>13,114</u>	<u>31,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(8,776)	(9,230)
Net cash used in investing activities	<u>(8,776)</u>	<u>(9,230)</u>
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	<u>(9,329)</u>	<u>(3,365)</u>
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	<u>\$ 78,704</u>	<u>\$ 76,036</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes, net of refunds	\$ 9,782	\$ 7,460
Cash paid for interest	141	124

See accompanying notes to condensed consolidated financial statements.

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(*Unaudited*)

(1) Basis of Presentation

We are a natural health and wellness company primarily engaged in the manufacture and sale of nutritional and personal care products. We are a Utah corporation with our principal place of business in Lehi, Utah, and sell our products directly to customers and to a sales force of independent consultants who use the products themselves or resell them to consumers.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals), considered necessary for a fair presentation of our financial information as of September 30, 2024, and for the three and nine-month periods ended September 30, 2024 and 2023. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2024.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities, in these financial statements and accompanying notes. Actual results could differ from these estimates and those differences could have a material effect on our financial position and results of operations.

The significant accounting estimates inherent in the preparation of our financial statements include estimates associated with our determination of liabilities related to independent consultant incentives, the determination of income tax assets and liabilities, certain other non-income tax and value-added tax contingencies, and legal contingencies. In addition, significant estimates form the basis for allowances with respect to inventory valuations. Various assumptions and other factors enter into the determination of these significant estimates. The process of determining significant estimates takes into account historical experience and current and expected economic conditions.

Noncontrolling Interests

Noncontrolling interests changed as a result of the net income attributable to noncontrolling interests of \$ 0.3 million and \$ 0.6 million for the three and nine months ended September 30, 2024, respectively. Net income attributable to the noncontrolling interests was \$ 0.3 million and \$ 1.0 million for the three and nine months ended September 30, 2023, respectively. As of September 30, 2024 and December 31, 2023, noncontrolling interests were \$ 6.1 million and \$ 5.5 million, respectively.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU provides additional guidance on the improved reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. In addition, the amendments improve interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The amendments in this update were effective as of December 15, 2023. The adoption of this ASU did not have a significant impact on our Consolidated Financial Statements.

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In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU provides additional guidance on the disclosure of income taxes on an annual basis and requires all public business entities to disclose specific categories in the rate reconciliation, provide additional information on reconciling items, additional information about income taxes paid, and additional information about income tax expense from continuing operation. The amendments in this update are effective as of December 15, 2024. The adoption of this ASU is not expected to have a significant impact on our Consolidated Financial Statements.

(2) Inventories

The composition of inventories is as follows (dollar amounts in thousands):

	September 30, 2024	December 31, 2023
Raw materials	\$ 17,635	\$ 18,301
Work in progress	1,187	1,218
Finished goods	43,476	47,376
Total inventories	<u><u>\$ 62,298</u></u>	<u><u>\$ 66,895</u></u>

(3) Investment Securities - Trading

Our trading securities portfolio totaled \$ 0.9 million at September 30, 2024, and \$ 0.7 million at December 31, 2023, and generated gains of \$ 41,000 and losses of \$ 26,000 for the three months ended September 30, 2024 and 2023, respectively, and gains of \$ 0.1 million and \$ 0.1 million for the nine months ended September 30, 2024 and 2023, respectively.

(4) Revolving Credit Facility and Other Obligations

On July 11, 2017, we entered into a revolving credit agreement with Bank of America, N.A., with a borrowing limit of \$ 25.0 million (the "Credit Agreement"). On June 23, 2022, the Credit Agreement was amended to extend the term to mature on July 1, 2027. On September 11, 2024, the Credit Agreement was amended to modify the calculation of interest. Interest under the amended Credit Agreement is the greater of SOFR Daily Floating Rate or the Index Floor, plus 1.50 percent (6.45 percent as of September 30, 2024), and an annual commitment fee of 0.25 percent on the unused portion of the commitment. At September 30, 2024 and December 31, 2023, there was no outstanding balance under the Credit Agreement.

The Credit Agreement contains customary financial covenants, including financial covenants relating to our solvency and leverage. In addition, the Credit Agreement restricts certain capital expenditures, lease expenditures, other indebtedness, liens on assets, guarantees, loans and advances, dividends, mergers, consolidations and transfers of assets except as permitted in the Credit Agreement. The Credit Agreement is collateralized by our manufacturing facility, accounts receivable, inventories and other assets. As of September 30, 2024, we were in compliance with the debt covenants set forth in the Credit Agreement.

(5) Net Income Per Share

Basic net income per common share ("Basic EPS"), is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share ("Diluted EPS") reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted into common stock. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net income per common share.

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Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for the three and nine months ended September 30, 2024 and 2023 (dollar and share amounts in thousands, except for per share information):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income attributable to common shareholders	4,347	2,832	8,017	6,114
Basic weighted average shares outstanding	18,512	19,133	18,661	19,093
Basic earnings per share attributable to common shareholders	0.23	0.15	0.43	0.32
Diluted shares outstanding:				
Basic weighted-average shares outstanding	18,512	19,133	18,661	19,093
Stock-based awards	378	359	454	357
Diluted weighted-average shares outstanding	18,890	19,492	19,115	19,450
Diluted earnings per share attributable to common shareholders	0.23	0.15	0.42	0.31
Dilutive shares excluded from diluted-per-share amounts:				
Share-based awards	754	735	754	735
Anti-dilutive shares excluded from diluted-per-share amounts:				
Share-based awards	—	25	—	50

Potentially dilutive shares excluded from diluted-per-share amounts include performance-based restricted stock units, for which certain metrics have not been achieved. Potentially anti-dilutive shares excluded from diluted-per-share amounts include both non-qualified stock options and unearned performance-based options to purchase shares of common stock with exercise prices greater than the weighted-average share price during the period and shares that would be anti-dilutive to the computation of diluted net income per share for each of the periods presented.

(6) Capital Transactions

Dividends

The declaration of future dividends is subject to the discretion of our Board of Directors and will depend upon numerous factors, including earnings, financial condition, restrictions imposed by any indebtedness that may be outstanding, cash requirements, future prospects and other factors deemed relevant by our Board of Directors.

Share Repurchase Program

On March 10, 2021, we announced a \$ 15.0 million common share repurchase program. On March 8, 2022, we announced an amendment to the share repurchase program allowing the repurchase of an additional \$ 30.0 million in common shares. The repurchases may be made from time to time as market conditions warrant and are subject to regulatory considerations. For the nine months ended September 30, 2024 and 2023, we repurchased 509,000 and 180,000 shares of our common stock for \$ 8.4 million and \$ 2.2 million, respectively. At September 30, 2024, the remaining balance available for repurchases under the program was \$ 9.2 million.

Share-Based Compensation

On August 1, 2012, our shareholders adopted and approved the Nature's Sunshine Products, Inc. 2012 Stock Incentive Plan ("2012 Incentive Plan"). The 2012 Incentive Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, performance awards, stock awards and other stock-based awards. The Compensation Committee of the Board of Directors has authority and discretion to determine the type of award, as well as the amount, terms and conditions of each award under the 2012 Incentive Plan, subject to the limitations of the 2012 Incentive Plan. A total of 1,500,000 shares of our common stock were originally authorized for the granting of awards under the 2012 Incentive Plan. In 2015, our shareholders approved an amendment to the 2012 Incentive Plan, to increase the number of shares of common stock reserved for issuance by 1,500,000 shares. On May 5, 2021, our shareholders approved the Amended and Restated 2012 Stock Incentive Plan, which among other amendments, increased the number of shares of common stock reserved for issuance by 2,000,000 shares and extended the term of the 2012 Incentive Plan to March 3, 2026. The number of shares available for awards, as well as the terms of outstanding awards, are subject to adjustment as provided in the Amended and Restated 2012 Incentive Plan for stock splits, stock dividends, recapitalizations and other similar events.

Stock Options

Our outstanding stock options include time-based stock options, which vest over differing periods of time ranging from the date of issuance to up to 48 months from the option grant date, and performance-based stock options, which have already vested upon achieving operating income margins of six, eight and ten percent as reported in four of five consecutive quarters over the term of the options.

Stock option activity for the nine-month period ended September 30, 2024, is as follows (amounts in thousands, except per share information):

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Grant Date Fair Value
Options outstanding at December 31, 2023	75	\$ 11.25	\$ 3.85
Granted	—	—	—
Forfeited or canceled	—	—	—
Exercised	—	—	—
Options outstanding at September 30, 2024	75	\$ 11.25	\$ 3.85

There was no share-based compensation expense for the three- and nine-month periods ended September 30, 2024 and 2023. As of September 30, 2024 and December 31, 2023, there was no unrecognized share-based compensation expense related to the grants described above.

At September 30, 2024, the aggregate intrinsic value of outstanding and exercisable stock options to purchase 75,000 shares of common stock was \$ 0.2 million. At December 31, 2023, the aggregate intrinsic value of outstanding and exercisable options to purchase 75,000 shares of common stock was \$ 0.5 million.

For the nine months ended September 30, 2024, no shares of common stock were issued upon the exercise of stock options. For the nine months ended September 30, 2023, we issued 27,000 shares of common stock upon the exercise of stock options at an average exercise price of \$ 13.88 per share. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2023, was \$ 0.1 million and the Company recognized \$ 0.1 million of tax benefits from the exercise of stock options.

As of September 30, 2024 and December 31, 2023, we did not have any unvested stock options outstanding.

Restricted Stock Units

Our outstanding restricted stock units ("RSUs"), include time-based RSUs, which vest over differing periods of time ranging from 12 months to up to 36 months from the RSU grant date, as well as performance-based RSUs, which vest upon achieving targets relating to adjusted EBITDA growth, and/or stock price levels. RSUs granted to members of the Board of Directors contain a restriction period in which the shares are not issued until two years after vesting. At September 30, 2024 and December 31, 2023, there were 110,000 and 100,000 vested RSUs, respectively, granted to the Board of Directors with an accompanying restriction period.

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Restricted stock unit activity for the nine-month period ended September 30, 2024, is as follows (amounts in thousands, except per share information):

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted Stock Units outstanding at December 31, 2023	1,342	\$ 11.21
Granted	390	17.09
Forfeited	(197)	14.19
Issued	(196)	12.42
Restricted Stock Units outstanding at September 30, 2024	<u>1,339</u>	<u>12.31</u>

During the nine-month period ended September 30, 2024, we granted 390,000 RSUs under the 2012 Incentive Plan to the Board of Directors, executive officers and other employees, which were comprised of time-based RSUs, and adjusted EBITDA performance-based RSUs. The time-based RSUs were issued with a weighted-average grant date fair value of \$ 16.96 per share and vest in 12 monthly installments over a one-year period from the grant date or in annual installments over a three-year period from the grant date. The adjusted EBITDA performance-based RSUs were issued with a weighted-average grant date fair value of \$ 17.25 per share and vest upon achieving adjusted EBITDA targets and maintaining those targets over a four-quarter period from the grant date.

Share-based compensation expense related to time-based RSUs for the three-month periods ended September 30, 2024 and 2023, was approximately \$ 0.7 million and \$ 1.0 million, respectively. Share-based compensation expense related to time-based RSUs for the nine-month periods ended September 30, 2024 and 2023, was approximately \$ 2.6 million and \$ 2.9 million, respectively. As of September 30, 2024 and December 31, 2023, the unrecognized share-based compensation expense related to the grants described above, excluding incentive awards discussed below, was \$ 3.2 million and \$ 3.5 million, respectively. The remaining compensation expense is expected to be recognized over the weighted average period of approximately 0.8 years.

Share-based compensation expense related to performance-based RSUs for the three-month periods ended September 30, 2024 and 2023, was \$ 0.3 million and \$ 0.3 million, respectively. Share-based compensation expense related to performance-based RSUs for the nine-month periods ended September 30, 2024 and 2023, was \$ 0.9 million and \$ 0.9 million, respectively. Should we attain all the metrics related to performance-based RSU grants, we would recognize up to \$ 7.5 million of potential share-based compensation expense. We currently expect to recognize an additional \$ 2.7 million of that potential share-based compensation expense.

The number of shares issued upon vesting of RSUs granted pursuant to our share-based compensation plans is net of the minimum statutory withholding requirements that we pay on behalf of our employees, which was 63,000 and 48,000 shares for the nine-month periods ended September 30, 2024 and 2023, respectively. Although shares withheld are not issued, they are treated as common share repurchases for accounting purposes, as they reduce the number of shares that would have been issued upon vesting. These shares do not count against the authorized capacity under the repurchase program described above.

(7) Segment Information

We have four business segments (Asia, Europe, North America, and Latin America and Other) based primarily upon the geographic region where each segment operates, as well as the internal organization of our officers and their responsibilities. The geographic segments operate under the Nature's Sunshine Products and Synergy WorldWide® brands. The Latin America and Other segment includes our wholesale business in which we sell products to various locally-managed entities independent of the Company that we have granted distribution rights for in the relevant market.

Net sales for each segment have been reduced by intercompany sales as they are not included in the measure of segment profit or loss reviewed by the chief executive officer. We evaluate performance based on contribution margin by segment before consideration of certain inter-segment transfers and expenses.

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Reportable business segment information is as follows (dollar amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales:				
Asia	\$ 55,293	\$ 52,218	\$ 151,497	\$ 153,438
Europe	19,615	18,769	63,513	61,410
North America	33,631	34,792	103,719	104,098
Latin America and Other	6,076	5,423	17,430	17,438
Total net sales	114,615	111,202	336,159	336,384
Contribution margin (1):				
Asia	25,103	24,861	70,316	73,711
Europe	6,286	5,993	20,786	18,659
North America	12,203	14,222	38,103	40,985
Latin America and Other	2,646	2,044	6,635	6,889
Total contribution margin	46,238	47,120	135,840	140,244
Selling, general and administrative expenses (2)				
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

(1) Contribution margin consists of net sales less cost of sales and volume incentives expense.

(2) Service fees in China totaled \$ 3.5 million and \$ 10.4 million for the three and nine-month periods ended September 30, 2024, respectively, compared to \$ 4.0 million and \$ 12.9 million for the three and nine-month periods ended September 30, 2023. These service fees are included in selling, general and administrative expenses.

From an individual country/region perspective, the United States, Taiwan and South Korea comprise 10 percent or more of consolidated net sales for the three and nine-month periods ended September 30, 2024 and 2023, as follows (dollar amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales:				
United States	\$ 30,973	\$ 32,240	\$ 95,609	\$ 96,314
Taiwan	18,389	15,598	50,489	45,814
South Korea	13,894	13,921	38,964	38,993
Other	51,359	49,443	151,097	155,263
	114,615	111,202	336,159	336,384
	\$	\$	\$	\$

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Net sales generated by each of our product lines is set forth below (dollar amounts in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024		2023	2024		2023
	General health	Immune	Cardiovascular	Digestive	Personal care	Weight management
Asia						
General health	\$ 22,572	\$ 16,937	\$ 57,697	\$ 48,859		
Immune	2,504	1,964	6,437	3,738		
Cardiovascular	14,556	14,963	42,155	44,698		
Digestive	10,905	9,186	27,201	30,172		
Personal care	1,175	1,376	3,511	4,159		
Weight management	3,581	7,792	14,496	21,812		
	55,293	52,218	151,497	153,438		
Europe						
General health	\$ 9,194	\$ 8,034	\$ 28,530	\$ 25,823		
Immune	1,685	1,563	6,223	5,988		
Cardiovascular	2,997	2,264	7,712	7,085		
Digestive	3,675	5,087	15,535	17,156		
Personal care	765	1,348	3,178	3,779		
Weight management	1,299	473	2,335	1,579		
	19,615	18,769	63,513	61,410		
North America						
General health	\$ 15,259	\$ 16,334	\$ 46,698	\$ 47,725		
Immune	3,690	3,641	11,675	11,693		
Cardiovascular	3,630	3,634	11,371	10,983		
Digestive	8,583	8,577	26,306	26,069		
Personal care	1,512	1,720	4,665	4,818		
Weight management	957	886	3,004	2,810		
	33,631	34,792	103,719	104,098		
Latin America and Other						
General health	\$ 1,753	\$ 1,480	\$ 4,887	\$ 4,717		
Immune	589	611	1,906	2,023		
Cardiovascular	448	392	1,331	1,291		
Digestive	2,846	2,560	8,083	8,030		
Personal care	309	284	854	976		
Weight management	131	96	369	401		
	6,076	5,423	17,430	17,438		
	\$ 114,615	\$ 111,202	\$ 336,159	\$ 336,384		

From an individual country perspective, only the United States comprised 10 percent or more of consolidated property, plant and equipment as follows (dollar amounts in thousands):

	September 30,		December 31,
	2024	2023	2023
Property, plant and equipment:			
United States	\$ 36,723	\$ 41,239	
Other	5,271	3,761	
Total property, plant and equipment, net	\$ 41,994	\$ 45,000	

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Total assets per segment is set forth below (dollar amounts in thousands):

	September 30, 2024	December 31, 2023
Assets:		
Asia	\$ 110,881	\$ 105,636
Europe	19,790	20,920
North America	108,298	116,052
Latin America and Other	6,364	7,165
Total assets	\$ 245,333	\$ 249,773

(8) Income Taxes

For the three months ended September 30, 2024 and 2023, our provision for income taxes, as a percentage of income before income taxes was 41.2 percent and 35.9 percent, respectively, compared with a U.S. federal statutory rate of 21.0 percent. For the nine months ended September 30, 2024 and 2023, our provision for income taxes, as a percentage of income before income taxes was 49.2 percent and 43.6 percent, respectively, compared with a U.S. federal statutory rate of 21.0 percent.

The difference between the effective tax rate and the U.S. federal statutory tax rate for the three and nine months ended September 30, 2024, was primarily attributed to operations in foreign countries which are treated as a branch for US tax purposes and current year foreign losses that presently do not provide future tax benefit, partially offset by foreign tax credits.

The difference between the effective tax rate and the U.S. federal statutory tax rate for the three and nine months ended September 30, 2023, was primarily attributed to adjustments relating to operations in foreign countries which are treated as a branch for US tax purposes as well as recording a valuation allowance against deferred tax assets which are expected to expire before utilization.

The difference between the effective tax rate for the three and nine months ended September 30, 2024, compared to September 30, 2023, was primarily caused by a decrease in the utilization of foreign tax credits in the current period.

Our U.S. federal income tax returns for 2020 through 2022 are open to examination for federal tax purposes. We have several foreign tax jurisdictions with open tax years from 2018 through 2023.

As of September 30, 2024 and December 31, 2023, we had accrued \$ 0.7 million and \$ 0.3 million, respectively, related to unrecognized tax positions net of offsetting tax attributes.

Interim income taxes are based on an estimated annualized effective tax rate applied to the respective quarterly periods, adjusted for discrete tax items in the period in which they occur. Although we believe our tax estimates are reasonable, we can make no assurance that the final tax outcome of these matters will not be different from that which we have reflected in our historical income tax provisions and accruals. Such differences could have a material impact on our income tax provision and operating results in the period in which we make such a determination.

(9) Commitments and Contingencies

Legal Proceedings

We are a party to various legal proceedings and disputes in the United States and foreign jurisdictions. As of September 30, 2024 and December 31, 2023, accrued liabilities were \$ 0.6 million and \$ 0.5 million, respectively, related to the estimated outcome of these proceedings. In addition, we are a party to other litigation where there is a reasonable possibility that a loss may be incurred, but either the losses are not considered to be probable or we cannot at this time estimate the loss, if any; therefore, no provision for losses has been provided. We believe future payments related to these matters could range from \$ 0 to approximately \$ 0.3 million.

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Management cannot predict the ultimate outcome of these matters, individually or in the aggregate, or their resulting effect on our business, financial position, results of operations or cash flows as litigation and related matters are subject to inherent uncertainties, and unfavorable rulings could occur. Were an unfavorable outcome to occur, there exists the possibility of a material adverse impact on our business, financial position, results of operations, or cash flows for the period in which the ruling occurs and/or future periods. We maintain product liability, general liability and excess liability insurance coverage. However, insurance may not continue to be available at an acceptable cost to us, such coverage may not be sufficient to cover one or more large claims, or the insurers may successfully disclaim coverage as to a pending or future claim.

Non-Income Tax Contingencies

We have reserved for certain state sales and use tax and foreign non-income tax contingencies based on the likelihood of an obligation in accordance with accounting guidance for probable loss contingencies. Loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. We provide provisions for potential payments of tax to various tax authorities for contingencies related to non-income tax matters, including value-added taxes and sales tax. We provide provisions for U.S. state sales taxes in each of the states where we have nexus. As of September 30, 2024 and December 31, 2023, accrued liabilities were \$ 0.2 million and \$ 0.2 million, respectively, related to non-income tax contingencies. While we believe that the assumptions and estimates used to determine contingent liabilities are reasonable, the ultimate outcome of these matters cannot presently be determined. We believe future payments related to these matters could range from \$ 0 to approximately \$ 3.4 million.

(10) Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values of each financial instrument. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table presents our hierarchy for our assets, measured at fair value on a recurring basis, as of September 30, 2024 (dollar amounts in thousands):

	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investment securities - trading	\$ 892	\$ —	\$ —	\$ 892
Total assets measured at fair value on a recurring basis	\$ 892	\$ —	\$ —	\$ 892

The following table presents our hierarchy for our assets, measured at fair value on a recurring basis, as of December 31, 2023 (dollar amounts in thousands):

	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investment securities - trading	\$ 747	\$ —	\$ —	\$ 747
Total assets measured at fair value on a recurring basis	\$ 747	\$ —	\$ —	\$ 747

Investment securities - trading — Our trading portfolio consists of various marketable securities that are valued using quoted prices in active markets.

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For the nine months ended September 30, 2024 and for the year ended December 31, 2023, there were no fair value measurements using significant other observable inputs (Level 2) or significant unobservable inputs (Level 3).

The carrying amounts reflected on the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. The carrying value of our debt approximates fair value due to its recent acquisition and short maturity. During the nine months ended September 30, 2024 and 2023, we did not have any re-measurements of non-financial assets at fair value on a nonrecurring basis subsequent to their initial recognition.

(11) Revenue Recognition

Revenue Recognition

Net sales include sales of products and shipping and handling charges, net of estimates for product returns and any related sales incentives or rebates based upon historical information and current trends. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. We recognize revenue by transferring the promised products to the customer, with revenue recognized at shipping point, the point in time the customer obtains control of the products. The majority of our contracts have a single performance obligation and are short term in nature. Contracts with multiple performance obligations are insignificant. Sales taxes and value-added taxes in the United States and foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. Amounts received for unshipped merchandise are recorded as deferred revenue. Amounts for membership fees are deferred and amortized as revenue over the life of the membership, primarily one year.

A reserve for product returns is recorded based upon historical experience and current trends. We allow independent consultants to return the unused portion of products within ninety days of purchase if they are not satisfied with the product. In some of our markets, the requirements to return products are more restrictive.

Amounts billed to customers for shipping and handling are reported as a component of net sales.

Volume incentives and other sales incentives or rebates are a significant part of our direct sales marketing program and represent commission payments made to independent consultants. These payments are designed to provide incentives for reaching higher sales levels. The amount of volume incentive expense recognized is determined based upon the amount of qualifying purchases in a given month and recorded as volume incentive expense. Payments to independent consultants for sales incentives or rebates related to their own purchases are recorded as a reduction of revenue. Some payments for sales incentives are processed daily; while others, including rebates, are calculated monthly based upon qualifying sales.

Disaggregation of Revenue

Our products are grouped into six principal categories: general health, immune, cardiovascular, digestive, personal care and weight management. We have four business segments that are based primarily upon the geographic region where each segment operates. Each of the geographic segments operate under the Nature's Sunshine Products and Synergy WorldWide® brands. See Note 7, Segment Information, for further information on our reportable segments and presentation of disaggregated revenue by reportable segment and product category.

Practical Expedients and Exemptions

We have made the accounting policy election to treat shipping and handling as a fulfillment activity rather than a promised service under Topic 606.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in this report, as well as the consolidated financial statements, the notes thereto, and management's discussion and analysis included in our Annual Report on Form 10-K for the year ended December 31, 2023, and our other reports filed since the date of such Form 10-K.

OVERVIEW

We are a natural health and wellness company primarily engaged in the manufacture and sale of nutritional and personal care products. We are a Utah corporation with our principal place of business in Lehi, Utah, and sell our products directly to customers and to a sales force of independent consultants who resell our products to consumers.

Our independent consultants market and sell our products to customers and sponsor other independent consultants who also market our products to customers. Because a significant amount of revenue is generated through the sales of our independent consultants, our revenue can be impacted by the number and productivity of our independent consultants. We seek to motivate and provide incentives to our independent consultants by offering high quality products, product support, training seminars, and financial incentives, among other considerations.

Eastern Europe

On February 24, 2022, Russian forces launched significant military action against Ukraine. There continues to be sustained conflict and disruption in the region, which is expected to endure for the foreseeable future. Our consultants in our Russia and Other market, a market within our Europe business segment that includes Russia, Ukraine, Belarus and other Common Independent States in the region, continue to operate their independent businesses, albeit at a reduced level than prior to the start of the conflict. We expect that this will continue to impact our business for the foreseeable future. We will continue monitoring the social, political, regulatory and economic environment in Ukraine and Russia, and will consider further actions as appropriate.

Net sales related to Eastern Europe for the three and nine months ended September 30, 2024 were \$12.2 million and \$41.1 million, respectively, compared to \$12.1 million and \$41.3 million for the same periods in 2023. Operating income related to Eastern Europe for the three and nine months ended September 30, 2024 was \$0.5 million and \$2.8 million, respectively, compared to \$0.8 million and \$1.6 million for the same periods in 2023. As of September 30, 2024, Eastern Europe had assets of \$8.4 million net of working capital reserves related to inventories.

More broadly, there could be additional negative impacts to our net sales, earnings and cash flows should the situation escalate beyond its current scope, including, among other potential impacts, economic recessions in certain neighboring countries or globally due to inflationary pressures and supply chain cost increases or the geographic proximity of the war relative to the rest of Europe.

Inflation

Like many other companies, we are facing significant inflationary pressures in the global economy. Our operations have been, and may continue to be, adversely impacted by inflation, primarily from higher costs of raw materials, labor, production, distribution and transportation costs.

Third Quarter Performance

In the third quarter of 2024, we experienced an increase in our consolidated net sales of 3.1 percent (or 4.2 percent in local currencies) compared to the same period in 2023. Asia net sales increased approximately 5.9 percent (or 8.6 percent in local currencies) compared to the same period in 2023. Europe net sales increased approximately 4.5 percent (or 2.9 percent in local currencies) compared to the same period in 2023. North America net sales decreased approximately 3.3 percent (or 3.2 percent in local currencies) compared to the same period in 2023. Latin America and Other net sales increased approximately 12.0 percent (or 14.5 percent in local currencies) compared to the same period in 2023. The strengthening of the U.S. dollar versus the local currencies, primarily in our Asian markets, resulted in an approximate 1.1 percent, or \$1.3 million, decrease of our net sales during the quarter.

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Cost of sales increased \$2.9 million during the three months ended September 30, 2024, compared to the same period in 2023, and as a percentage of net sales were 28.7 percent and 26.9 percent for the three months ended September 30, 2024 and 2023, respectively. The increase in cost of sales percentage is primarily due to higher inflation and unfavorable foreign exchange which offset our savings initiatives.

In absolute terms, selling, general and administrative expenses decreased \$0.3 million during the three months ended September 30, 2024, compared to the same period in 2023, and as a percentage of net sales were 35.7 percent and 37.1 percent for the three months ended September 30, 2024 and 2023, respectively. The decrease was primarily related to the streamlining of our global overhead expenses and reduced service fees due to China's lower net sales.

As an international business, we have significant sales and costs denominated in currencies other than the U.S. Dollar. We expect foreign markets with functional currencies other than the U.S. Dollar will continue to represent a substantial portion of our overall sales and related operating expenses. Accordingly, changes in foreign currency exchange rates could materially affect sales and costs or the comparability of sales and costs from period to period as a result of translating foreign markets' financial statements into our reporting currency.

RESULTS OF OPERATIONS

The following table summarizes our unaudited consolidated operating results from continuing operations in U.S. dollars and as a percentage of net sales for the three months ended September 30, 2024 and 2023 (dollar amounts in thousands):

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		Change	
	Total dollars	Percent of net sales	Total dollars	Percent of net sales	Total dollars	Percentage
Net sales	\$ 114,615	100.0 %	\$ 111,202	100.0 %	\$ 3,413	3.1 %
Cost of sales	32,856	28.7	29,964	26.9	2,892	9.7
Gross profit	81,759	71.3	81,238	73.1	521	0.6
Volume incentives	35,521	31.0	34,118	30.7	1,403	4.1
SG&A expenses	40,954	35.7	41,288	37.1	(334)	(0.8)
Operating income	5,284	4.6	5,832	5.2	(548)	(9.4)
Other income (loss), net	2,615	2.3	(927)	(0.8)	3,542	382.1
Income before income taxes	7,899	6.9	4,905	4.4	2,994	61.0
Provision for income taxes	3,253	2.8	1,763	1.6	1,490	84.5
Net income	\$ 4,646	4.1 %	\$ 3,142	2.8 %	\$ 1,504	47.9 %

The following table summarizes our unaudited consolidated operating results from continuing operations in U.S. dollars and as a percentage of net sales for the nine months ended September 30, 2024 and 2023 (dollar amounts in thousands):

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Change	
	Total dollars	Percent of net sales	Total dollars	Percent of net sales	Total dollars	Percentage
Net sales	\$ 336,159	100.0 %	\$ 336,384	100.0 %	\$ (225)	(0.1) %
Cost of sales	96,535	28.7	93,580	27.8	2,955	3.2
Gross profit	239,624	71.3	242,804	72.2	(3,180)	(1.3)
Volume incentives	103,784	30.9	102,560	30.5	1,224	1.2
SG&A expenses	120,295	35.8	127,203	37.8	(6,908)	(5.4)
Operating income	15,545	4.6	13,041	3.9	2,504	19.2
Other income (loss), net	1,432	0.4	(500)	(0.1)	1,932	386.4
Income before income taxes	16,977	5.1	12,541	3.7	4,436	35.4
Provision for income taxes	8,353	2.5	5,469	1.6	2,884	52.7
Net income	\$ 8,624	2.6 %	\$ 7,072	2.1 %	\$ 1,552	21.9 %

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Net Sales

International operations have provided, and are expected to continue to provide, a significant portion of our total net sales. As a result, total net sales will continue to be affected by fluctuations in the U.S. dollar against foreign currencies. In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, in addition to comparing the percent change in net sales from one period to another in U.S. dollars, we present net sales excluding the impact of foreign exchange fluctuations. We compare the percentage change in net sales from one period to another period by excluding the effects of foreign currency exchange as shown below. Net sales excluding the impact of foreign exchange fluctuations is not a U.S. GAAP financial measure and 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, 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. However, 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. Throughout the last five years, foreign currency exchange rates have fluctuated significantly. See Item 3. *Quantitative and Qualitative Disclosures about Market Risk*.

The following table summarizes the changes in net sales by operating segment with a reconciliation to net sales excluding the impact of currency fluctuations for the three months ended September 30, 2024 and 2023 (dollar amounts in thousands):

Net Sales by Operating Segment						
	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>	

The following table summarizes the changes in net sales by operating segment with a reconciliation to net sales excluding the impact of currency fluctuations for the nine months ended September 30, 2024 and 2023 (dollar amounts in thousands):

Net Sales by Operating Segment						
	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Percent Change	Impact of Currency Exchange	Percent Change Excluding Impact of Currency	
Asia	\$ 151,497	\$ 153,438	(1.3) %	\$ (7,079)	3.3 %	
Europe	63,513	61,410	3.4	978	1.8	
North America	103,719	104,098	(0.4)	(87)	(0.3)	
Latin America and Other	17,430	17,438	—	140	(0.8)	
	<u>\$ 336,159</u>	<u>\$ 336,384</u>	<u>(0.1) %</u>	<u>\$ (6,048)</u>	<u>1.7 %</u>	

Consolidated net sales for the three and nine months ended September 30, 2024 were \$114.6 million and \$336.2 million, respectively, compared to \$111.2 million and \$336.4 million for the same period in 2023, which represents an increase of 3.1 percent and a decrease of 0.1 percent, respectively. The increase for the three months ended September 30, 2024 was primarily related to product sales increases in our Asia and Europe operating segments. Excluding the impact of foreign currency exchange rate fluctuations, consolidated net sales for the three and nine months ended September 30, 2024 increased 4.2 percent and 1.7 percent, respectively, from the same periods in 2023.

Asia

Net sales related to Asia for the three and nine months ended September 30, 2024 were \$55.3 million and \$151.5 million, respectively, compared to \$52.2 million and \$153.4 million for the same periods in 2023, or an increase of 5.9 percent and a decrease of 1.3 percent, respectively. In local currency, net sales for the three and nine months ended September 30, 2024 increased 8.6 percent and 3.3 percent, respectively, compared to the same periods in 2023.

Notable activity in the following markets contributed to the results of Asia:

In our Taiwan market, net sales increased \$2.8 million and \$4.7 million, or 17.9 percent and 10.2 percent, for the three and nine months ended September 30, 2024, compared to the same periods in 2023. In local currencies, net sales for the three and nine months ended September 30, 2024 increased 20.4 percent and 14.1 percent, compared to the same periods in 2023. We attribute the growth in net sales primarily to effective execution of fundamentals to improve consultant activity.

In our South Korea market, net sales decreased \$27,000 and \$29,000, or 0.2 percent and 0.1 percent, for the three and nine months ended September 30, 2024, compared to the same periods in 2023. In local currency, net sales for the three and nine months ended September 30, 2024 increased 3.1 percent and 3.8 percent, respectively, compared to the same periods in 2023. Net sales continued to show a modest improvement in local currency due to improved customer acquisition.

In our Japan market, net sales increased \$2.9 million and \$0.7 million, or 28.1 percent and 2.3 percent, for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023. In local currencies, net sales for the three and nine months ended September 30, 2024 increased 34.4 percent and 12.1 percent, respectively, compared to the same periods in 2023. The increase in net sales was primarily the result of strong customer acquisition that was bolstered by higher average order values.

In our China market, net sales decreased \$2.4 million and \$7.2 million, or 22.3 percent and 21.9 percent, for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023. In local currencies, net sales for the three and nine months ended September 30, 2024 decreased 23.0 percent and 20.4 percent, respectively, compared to the same periods in 2023. The decrease in net sales was primarily the result of challenging macroeconomic factors.

Europe

Net sales related to Europe for the three and nine months ended September 30, 2024 were \$19.6 million and \$63.5 million, respectively, compared to \$18.8 million and \$61.4 million for the same periods in 2023, or increases of 4.5 percent and 3.4 percent, respectively. In local currency, net sales for the three and nine months ended September 30, 2024 increased 2.9 percent and 1.8 percent, respectively, compared to the same periods in 2023. The functional currency for many of these markets is the U.S. Dollar which reduces the effect from foreign currency fluctuations. Fluctuations in foreign currency exchange rates had favorable impacts on net sales of \$0.3 million and \$1.0 million for the three and nine months ended September 30, 2024, respectively. We attribute the increase in net sales in local currency primarily due to the increased focus on our field activation initiatives.

North America

Net sales related to North America for the three and nine months ended September 30, 2024 were \$33.6 million and \$103.7 million, respectively, compared to \$34.8 million and \$104.1 million for the same periods in 2023, or decreases of 3.3 percent and 0.4 percent, respectively. In local currency, net sales for the three and nine months ended September 30, 2024 decreased 3.2 percent and 0.3 percent, respectively, compared to the same periods in 2023.

In the United States, net sales for the three and nine months ended September 30, 2024 decreased \$0.9 million and \$0.4 million, or 2.8 percent and 0.4 percent, respectively, compared to the same periods in 2023. The decrease was primarily due to lower customer acquisition resulting from the near-term impact of the launch of our new digital platform.

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Latin America and Other

Net sales related to Latin America and Other markets for the three months ended September 30, 2024 was \$6.1 million compared to \$5.4 million for the same period in 2023, an increase of 12.0 percent. For the nine months ended September 30, 2024 net sales remained flat, compared to the same period in 2023, at \$17.4 million. In local currency, net sales for the three and nine months ended September 30, 2024 increased 14.5 percent and decreased 0.8 percent, respectively, compared to the same periods in 2023. Fluctuations in foreign currency had unfavorable impacts on net sales of \$0.1 million and favorable impacts of \$0.1 million for the three and nine months ended September 30, 2024, respectively.

Further information related to our Asia, Europe, North America, and Latin America and Other business segments is set forth in Note 7 to the Unaudited Condensed Consolidated Financial Statements in Part 1, Item 1 of this report.

Cost of Sales

Cost of sales as a percent of net sales was 28.7 percent and 28.7 percent for the three and nine months ended September 30, 2024, compared to 26.9 percent and 27.8 percent for the same periods in 2023. The increase in cost of sales percentage is primarily due to higher inflation and unfavorable foreign exchange which more than offset our savings initiatives.

Volume Incentives

Volume incentives expense as a percent of net sales was 31.0 percent and 30.9 percent for the three and nine months ended September 30, 2024, respectively, compared to 30.7 percent and 30.5 percent for the same periods in 2023. The increase was primarily due to the timing of promotional incentives and changes in market mix. These payments are designed to provide incentives for reaching certain sales levels. Volume incentives vary slightly, on a percentage basis, by product due to pricing policies and commission plans in place in our various geographies. We do not pay volume incentives in China, instead we pay independent service fees which are included in selling, general and administrative expenses.

Selling, General and Administrative

Selling, general and administrative expenses represent operating expenses, components of which include labor and benefits, sales events, professional fees, travel and entertainment, marketing, occupancy costs, communications costs, bank fees, depreciation and amortization, independent services fees paid in China, and other miscellaneous operating expenses.

Selling, general and administrative expenses decreased \$0.3 million and \$6.9 million, respectively, to \$41.0 million and \$120.3 million for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023. Selling, general and administrative expenses were 35.7 percent and 35.8 percent of net sales for the three and nine months ended September 30, 2024, compared to 37.1 percent and 37.8 percent for the same periods in 2023. The decrease was primarily related to the streamlining of our global overhead expenses and reduced service fees due to China's lower net sales.

Other Income (Loss), Net

Other income (loss), net, for the three and nine months ended September 30, 2024, was income of \$2.6 million and \$1.4 million, respectively, compared to losses of \$0.9 million and \$0.5 million during the same periods in 2023, respectively. Other income (loss), net for the three and nine months ended September 30, 2024 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.

Income Taxes

For the three months ended September 30, 2024 and 2023, our provision for income taxes, as a percentage of income before income taxes was 41.2 percent and 35.9 percent, respectively, compared with a U.S. federal statutory rate of 21.0 percent. For the nine months ended September 30, 2024 and 2023, our provision for income taxes, as a percentage of income before income taxes was 49.2 percent and 43.6 percent, respectively, compared with a U.S. federal statutory rate of 21.0 percent.

The difference between the effective tax rate and the U.S. federal statutory tax rate for the three and nine months ended September 30, 2024, was primarily attributed to operations in certain foreign countries which are treated as a branch for US tax purposes and current year foreign losses that presently do not provide future tax benefit, partially offset by foreign tax credits.

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The difference between the effective tax rate and the U.S. federal statutory tax rate for the three and nine months ended September 30, 2023, was primarily attributed to adjustments relating to operations in foreign countries which are treated as a branch for US tax purposes as well as recording a valuation allowance against deferred tax assets which are expected to expire before utilization.

The difference between the effective tax rate for the three and nine months ended September 30, 2024, compared to September 30, 2023, is primarily caused by a decrease in the utilization of foreign tax credits in the current period.

Our U.S. federal income tax returns for 2020 through 2022 are open to examination for federal tax purposes. We have several foreign tax jurisdictions that have open tax years from 2018 through 2023.

As of September 30, 2024 and December 31, 2023, we had accrued \$0.7 million and \$0.3 million, respectively, related to unrecognized tax positions.

Product Categories

Our line of over 800 products includes several different product classifications, such as immune, cardiovascular, digestive, personal care, weight management and other general health products. We purchase herbs and other raw materials in bulk, and after quality control testing, we formulate, encapsulate, tablet or concentrate them, label and package them for shipment. Most of our products are manufactured at our facility in Spanish Fork, Utah. Contract manufacturers produce some of our products in accordance with our specifications and standards. We have implemented quality control procedures to verify that our contract manufacturers have complied with our specifications and standards.

See Note 7, Segment Information, for a summary of the U.S. dollar amounts from the sale of general health, immune, cardiovascular, digestive, personal care and weight management products for the three and nine months ended September 30, 2024 and 2023, by business segment.

Distribution and Marketing

We market our products primarily through our network of independent consultants, who market our products to customers through direct selling techniques. We seek to motivate and provide incentives to our independent consultants by offering high quality products and providing independent consultants with product support, training seminars, sales conventions, travel programs and financial incentives.

Our products sold in the United States are shipped directly from our manufacturing and warehouse facilities located in Spanish Fork, Utah, as well as from our regional warehouses located in Georgia, Ohio, and Texas. Many of our international operations maintain warehouse facilities and inventory to supply their independent consultants. However, in foreign markets where we do not maintain warehouse facilities, we have contracted with third parties to distribute our products and provide support services to our force of independent consultants.

In the United States, we generally sell our products on a cash or credit card basis. From time to time, our U.S. operations extend short-term credit associated with product promotions. For certain of our international operations, we use independent distribution centers and offer credit terms that are generally consistent with industry standards within each respective country.

We pay sales commissions, or "volume incentives" to our independent consultants based upon their own product sales and the product sales of their sales organization. As an exception, in China, we do not pay volume incentives; rather, we pay independent service fees, which are included in selling, general and administrative expenses. These volume incentives are recorded as an expense in the year earned. The amounts of volume incentives that we expensed during the quarters ended September 30, 2024 and 2023, are set forth in the Condensed Consolidated Financial Statements in Item 1 of this report. In addition to the opportunity to receive volume incentives, independent consultants who attain certain levels of monthly product sales are eligible for additional incentive programs including automobile allowances, sales convention privileges and travel awards.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash is to pay for operating expenses, including volume incentives, inventory and raw material purchases, capital assets and funding of international expansion. As of September 30, 2024, working capital was \$96.4 million, compared to \$89.1 million as of December 31, 2023. At September 30, 2024, we had \$78.7 million in cash, of which \$5.7 million was held in the U.S. and \$73.0 million was held in foreign markets and may be subject to various withholding taxes and other restrictions related to repatriation before becoming available to be used along with the normal cash flows from operations to fund any unanticipated shortfalls in future cash flows.

Our net consolidated cash inflows (outflows) are as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Operating activities	\$ 13,114	\$ 31,628
Investing activities	(8,776)	(9,230)
Financing activities	(9,329)	(3,365)

Operating Activities

For the nine months ended September 30, 2024, operating activities provided cash of \$13.1 million, compared to \$31.6 million in the same period in 2023. Operating cash flows decreased primarily due to the timing of payments for accrued liabilities, lease liabilities, prepaid expenses, and timing of receipts of accounts receivable, partially offset by a reduction in inventories.

Investing Activities

For the nine months ended September 30, 2024, investing activities used \$8.8 million, compared to \$9.2 million for the same period in 2023, which consisted of capital expenditures related to the purchase of equipment, computer systems and software.

Financing Activities

For the nine months ended September 30, 2024, financing activities used \$9.3 million, compared to \$3.4 million for the same period in 2023.

During the nine months ended September 30, 2024, we used cash to repurchase 509,000 shares of our common stock under the share repurchase program for \$8.4 million. At September 30, 2024, the remaining balance available for repurchases under the program was \$9.2 million.

We maintain a revolving credit agreement with Bank of America, N.A (the "Credit Agreement"), as well as a credit agreement with Banc of America Leasing and Capital, LLC (the "Capital Credit Agreement"). At September 30, 2024, there were no outstanding balances under the Credit Agreement or the Capital Credit Agreement. Our debt obligations are discussed in greater detail in Note 4, "Revolving Credit Facility and Other Obligations," to our Condensed Consolidated Financial Statements in Item 1, Part 1 of this report.

We believe that cash generated from operations, along with available cash and cash equivalents, will be sufficient to fund our normal operating needs, including capital expenditures, on both a short- and long-term basis.

In addition, other things such as a prolonged economic downturn, a decrease in demand for our products, an unfavorable settlement of our unrecognized tax positions or non-income tax contingencies could adversely affect our long-term liquidity.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with U.S. GAAP and form the basis for the following discussion and analysis on critical accounting policies and estimates. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On a regular basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the

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circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates and those differences could have a material effect on our financial position and results of operations. We have discussed the development, selection and disclosure of these estimates with the Board of Directors and our Audit Committee.

A summary of our significant accounting policies is provided in Note 1 of the Notes to Consolidated Financial Statements in Item 8 of the Annual Report on Form 10-K for the year ended December 31, 2023. We believe the critical accounting policies and estimates described below reflect our more significant estimates and assumptions used in the preparation of the consolidated financial statements. The impact and any associated risks on our business that are related to these policies are also discussed throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations" where such policies affect reported and expected financial results.

Revenue Recognition

Our revenue recognition practices are discussed in Note 11, "Revenue Recognition," to our Condensed Consolidated Financial Statements in Item 1, Part 1 of this report.

Inventories

Inventories are adjusted to the lower of cost and net realizable value, using the first-in, first-out method. The components of inventory cost include raw materials, labor and overhead. To estimate any necessary adjustments, various assumptions are made regarding excess or slow-moving inventories, non-conforming inventories, expiration dates, current and future product demand, production planning and market conditions. If future demand and market conditions are less favorable than our assumptions, additional inventory adjustments could be required.

Incentive Trip Accrual

We accrue for expenses associated with our direct sales program, which rewards independent consultants with paid attendance for incentive trips, including our conventions and meetings. Expenses associated with incentive trips are accrued over qualification periods as they are earned. We specifically analyze incentive trip accruals based on historical and current sales trends as well as contractual obligations when evaluating the adequacy of the incentive trip accrual. Actual results could generate liabilities more or less than the amounts recorded.

Contingencies

We are involved in certain legal proceedings and disputes. When a loss is considered probable in connection with litigation or non-income tax contingencies and when such loss can be reasonably estimated with a range, we record our best estimate within the range related to the contingency. If there is no best estimate, we record the minimum of the range. As additional information becomes available, we assess the potential liability related to the contingency and revise the estimates. Revision in estimates of the potential liabilities could materially affect our results of operations in the period of adjustment. Our contingencies are discussed in further detail in Note 9, "Commitments and Contingencies", to the Notes of our Condensed Consolidated Financial Statements, of Item 1, Part 1 of this report.

Income Taxes

Our provision for income taxes, deferred tax assets and liabilities and contingent reserves reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgments and estimates are required in determining our consolidated provision for income taxes.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets, management considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, we develop assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that we are using to manage the underlying businesses. Valuation allowances are recorded as reserves against net deferred tax assets by us when it is determined that net deferred tax assets are not likely to be realized in the foreseeable future.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on our results of operations, cash flows or financial position.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We conduct business in several countries and intend to grow our international operations. Net sales, operating income and net income are affected by fluctuations in currency exchange rates, interest rates and other uncertainties inherent in doing business and selling products in more than one currency. In addition, our operations are exposed to risks associated with changes in social, political and economic conditions inherent in international operations, including changes in the laws and policies that govern international investment in countries where we have operations, as well as, to a lesser extent, changes in U.S. laws and regulations relating to international trade and investment. For further information, see Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are designed to provide reasonable assurance that the information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in rules and forms adopted by the SEC, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Our management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2024. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Management's Report on Internal Control over Financial Reporting

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in "*Internal Control—Integrated Framework (2013)*" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's assessment under this framework, management has concluded that our internal controls over financial reporting were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

None.

Item 1A. *RISK FACTORS*

In addition to the information set forth in this report, you should carefully consider the risks discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, which could have a material adverse effect on our business or consolidated financial statements, results of operations, and cash flows. Additional risks not currently known, or risks that are currently believed to be not material, may also impair business operations. There have been no material changes to our risk factors since the filing of our Annual Report on Form 10-K for the year ended December 31, 2023, except as set forth below.

System failures or issues with integrating new technology could adversely affect our results of operations and financial condition.

Like many companies, our business is highly dependent upon our information technology infrastructure (websites, accounting and manufacturing applications, and product and customer information databases) to manage effectively and efficiently our operations, including order entry, customer billing, accurate tracking of purchases and volume incentives, execution of digital sales, and managing accounting, finance and manufacturing operations. The occurrence of a natural disaster, security breach or other unanticipated problem could result in interruptions in our day-to-day operations that could adversely affect our business. In addition, the integration of new technology or systems, including the redesign of our digital sales platform expected to commence in the fourth quarter of 2024, could adversely affect our business, including our sales, our results of operations and our ability to reach customers, as we and our customers and online marketing systems adapt to such new technology and design. A long-term failure or impairment of any of our information systems could have a material adverse effect on our results of operations and financial condition. Furthermore, there can be no assurances that we will realize expected benefits as a result of our implementing new technology or systems into our operations, even though investment in such technologies or systems may be significant.

We conduct business outside of the U.S., which exposes the Company to additional risks not typically associated with companies that operate solely within the U.S.

A significant part of our operations is in foreign countries. These operations have additional risks, including currency exchange, foreign exchange controls, difficulties and limitations on the repatriation of cash, less developed or efficient financial markets than in the U.S., absence of uniform accounting, auditing and financial reporting standards, differences in the legal and regulatory environment and additional compliance burdens, different publicly available information in respect of companies in non-U.S. markets and different or lesser protection of our intellectual property and possible imposition of non-U.S. taxes. Certain geopolitical factors may also affect our business, including uncertainty regarding the imposition of and changes in the United States' and other governments' trade regulations, trade wars, tariffs, other restrictions or other geopolitical events, including the evolving relations between the United States and China. Any of these factors could negatively impact our business and results of operations.

Item 2. *UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES*

The following table summarizes the purchases of our common stock during the fiscal quarter ended September 30, 2024:

Periods	Total Number of Shares Purchased (in thousands)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in thousands)	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (in thousands)
			(in thousands)	(in thousands)
July 1, 2024 to July 31, 2024	—	\$ —	—	—
August 1, 2024 to August 31, 2024	56	12.61	56	56
September 1, 2024 to September 30, 2024	—	\$ —	—	—
Total	56	56	56	\$ 9,172

(1) On March 10, 2021, we announced a \$15.0 million common share repurchase program. On March 8, 2022 we announced an amendment to the share repurchase program allowing the repurchase of an additional \$30.0 million shares. The repurchases may be made from time to time as market conditions warrant and are subject to regulatory considerations. We purchased 56,000 shares of our common stock during the quarter ended September 30, 2024, under the terms of this Board approved plan.

The actual timing, number, and value of common shares repurchased under our board-approved plan will be determined at our discretion and will depend on a number of factors, including, among others, general market and business conditions, the trading price of common shares, and applicable legal requirements. We have no obligation to repurchase any common shares under the authorization, and the repurchase plan may be suspended, discontinued, or modified at any time for any reason.

Item 3. *DEFAULTS UPON SENIOR SECURITIES*

None.

Item 4. *MINE SAFETY DISCLOSURES*

Not applicable.

Item 5. *OTHER INFORMATION*

None.

Item 6. EXHIBITS

a) Index to Exhibits

Item No.	Exhibit
10.1(1)	Amendment No. 5 to Loan Agreement dated September 11, 2024, between Bank of America, N.A. and Nature's Sunshine Products, Inc.
31.1(1)	Certification of Chief Executive Officer under SEC Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934
31.2(1)	Certification of Chief Financial Officer under SEC Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934
31.3(1)	Certification of Chief Accounting Officer under SEC Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934
32.1(1)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2(1)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 Financial Officer pursuant to 18 U.S.C. Section 1350
32.3(1)	Certification of Chief Accounting Officer pursuant to 18 U.S.C. Section 1350 Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover page Interactive Data File (the cover page XBRL tags are embedded within iXBRL (Inline Extensible Business Reporting Language) document)

(1) Filed currently herewith.

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 thereunto duly authorized.

Nature's Sunshine Products, Inc.

Date: November 7, 2024

/s/ Terrence O. Moorehead

Terrence O. Moorehead,
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2024

/s/ L. Shane Jones

L. Shane Jones,
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 7, 2024

/s/ Jonathan D. Lanoy

Jonathan D. Lanoy,
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

AMENDMENT NO. 5 TO LOAN AGREEMENT

This Amendment No. 5 to Loan Agreement (the “Amendment”) dated as of September 11, 2024 is between Bank of America, N.A. (the “Bank”) and Nature’s Sunshine Products, Inc. (the Borrower”).

RECITALS

A. The Bank and the Borrower entered into a certain Loan Agreement dated as of July 11, 2017 (together with any previous amendments, the Agreement). The outstanding principal balance of the Line of Credit as of September 11, 2024 is \$0.00. The current commitment amount of the Line of Credit is \$25,000,000.00.

B. The Bank and the Borrower desire to amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

2.1 Section 2.4 is hereby amended to read in its entirety as follows:

2.4 Interest Rate.

(a) The interest rate is a rate per year equal to the sum of (i) the greater of Term SOFR Daily Floating Rate or the Index Floor, plus (ii) 1.50 percentage points. For the purposes of this paragraph, “Index Floor” means 0.00%.

(b) The “Term SOFR Daily Floating Rate” is a fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the date of determination for a one month term beginning on that date; provided that if such rate is not published prior to 11:00 a.m. Eastern time on such determination date then the Term SOFR Daily Floating Rate will be the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto for a one month term beginning on that date, in each case, plus the SOFR Adjustment. If at any time the Term SOFR Daily Floating Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Amendment. For purposes of this paragraph only:

- i. “CME” means CME Group Benchmark Administration Limited.
- ii. “SOFR” means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).
- iii. “SOFR Adjustment” with respect to the Term SOFR Daily Floating Rate means 0.10%.
- iv. “Term SOFR Screen Rate” means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Bank) and published on the applicable Reuters screen page (or such

other commercially available source providing such quotations as may be designated by the Bank from time to time).

v. **U.S. Government Securities Business Day** means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

3. **Representations and Warranties**. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a Default or Event of Default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank, (b) the representations and warranties in the Agreement are true in all material respects as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment does not conflict, in any material respect, with any law, agreement, or obligation by which the Borrower is bound, (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with the Borrower's articles of incorporation or bylaws, (e) the information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all material respects, and (f) as of the date of this Amendment and throughout the term of the Agreement, no Borrower or Guarantor, if any, is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"); (3) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code; or (4) a "governmental plan" within the meaning of ERISA.

4. **Conditions**. The effectiveness of this Amendment is conditioned upon the Bank's receipt of the following items, in form and content acceptable to the Bank:

4.1 **Executed Amendment**. A fully executed counterpart of this Amendment from the Borrower and each guarantor and/or collateral pledgor (collectively, a "Credit Support Provider") in form satisfactory to the Bank.

4.2 **KYC Information**.

(a) Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(b) If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have provided a Beneficial Ownership Certification to the Bank if so requested.

4.3 **Authorizations**. Evidence that the execution, delivery and performance by the Borrower and each Credit Support Provider of this Amendment and any instrument or agreement required under this Amendment have been duly authorized.

4.4 **Governing Documents**. If required by the Bank, a copy of (a) the Borrower's organizational documents and (b) each other Credit Support Provider's organizational documents.

4.5 **Good Standing**. Certificates of good standing for the Borrower and each other Credit Support Provider from its state of formation.

4.6 Title Policy Endorsement. A date down endorsement with respect to such matters that are reasonably acceptable to the Bank (or otherwise in form and content reasonably acceptable to the Bank) to the Bank's existing lender's title insurance policy.

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including but not limited to any Waiver of Jury Trial or Dispute Resolution Provision contained therein, shall remain in full force and effect.

6. General Release. In consideration of the Bank's agreement to enter into this Amendment, the Borrower hereby releases and forever discharges the Bank and the Bank's, respective predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives, and affiliates (collectively referred to as the "Bank Group"), from any and all presently existing claims, demands, damages, liabilities, actions and causes of action of any nature whatsoever, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, which the Borrower may have or claim to have against any of the Bank Group arising out of facts or events in any way related to the Loan Documents and/or the loan transactions evidenced thereby and which have occurred on or on or prior to the date hereof.

7. Electronic Records and Signatures. This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

8. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND

CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

[Signature Pages Follow]

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank:

Bank of America, N.A.

By: /s/ Stephanie McClure
Stephanie McClure, Senior Vice President

SIGNATURE PAGE TO AMENDMENT NO. 5 TO LOAN AGREEMENT
(NATURE'S SUNSHINE PRODUCTS, INC.)

Borrower:

Nature's Sunshine Products, Inc.

By: /s/ Jonathan David Lanoy

Jonathan David Lanoy, Chief Accounting Officer
and Treasurer

SIGNATURE PAGE TO AMENDMENT NO. 5 TO LOAN AGREEMENT
(NATURE'S SUNSHINE PRODUCTS, INC.)

CONSENT AND REAFFIRMATION

OF GUARANTORS AND PLEDGORS

Each of the undersigned (collectively referred to as the "Credit Support Providers") is a guarantor of, and/or is a pledgor of collateral for, the Borrower's obligations to the Bank under the Agreement. Each Credit Support Provider hereby (i) acknowledges and consents to the foregoing Amendment, (ii) reaffirms its obligations under its respective guaranty in favor of the Bank and/or under any agreement under which it has granted to the Bank a lien or security interest in any of its real or personal property, and (iii) confirms that such guaranty and other agreements, including but not limited to any Waiver of Jury Trial or Dispute Resolution Provision contained therein, remain in full force and effect, without defense, offset, or counterclaim. (Capitalized terms used herein shall have the meanings specified in the foregoing Amendment.)

Although each of the undersigned has been informed of the terms of the Amendment, each understands and agrees that the Bank has no duty to so notify it or any other guarantor/pledgor or to seek this or any future acknowledgment, consent or reaffirmation, and nothing contained herein shall create or imply any such duty as to any transactions, past or future.

Dated as of the date stated at the beginning of the Amendment.

Guarantors:

Quality Nutrition International LLC

By: /s/ Jonathan David Lanoy
Jonathan David Lanoy, Secretary

Synergy Worldwide, Inc.

By: /s/ Jonathan David Lanoy
Jonathan David Lanoy, Vice President

SIGNATURE PAGE TO AMENDMENT NO. 5 TO LOAN AGREEMENT
(NATURE'S SUNSHINE PRODUCTS, INC.)

CERTIFICATIONS

I, Terrence O. Moorehead, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nature's Sunshine Products, Inc. ("the registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Terrence O. Moorehead

Terrence O. Moorehead

President and Chief Executive Officer

CERTIFICATIONS

I, L. Shane Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nature's Sunshine Products, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ L. Shane Jones

L. Shane Jones

Executive Vice President, Chief Financial Officer and Treasurer

CERTIFICATIONS

I, Jonathan D. Lanoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nature's Sunshine Products, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Jonathan D. Lanoy

Jonathan D. Lanoy

Senior Vice President, Chief Accounting Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nature's Sunshine Products, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terrence O. Moorehead, President and Chief Executive Officer of the Company, certify, pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ Terrence O. Moorehead

Terrence O. Moorehead

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nature's Sunshine Products, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Shane Jones, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ L. Shane Jones

L. Shane Jones

Executive Vice President, Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nature's Sunshine Products, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan D. Lanoy, Senior Vice President, Chief Accounting Officer of the Company, certify, pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

/s/ Jonathan D. Lanoy

Jonathan D. Lanoy

Senior Vice President, Chief Accounting Officer