

Risk Factors Comparison 2025-03-26 to 2024-03-28 Form: 10-K

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In addition to the other risks described in this report, the risk factors outlined below should be considered in evaluating our business and future prospects. Several of the risks are part of conducting business in the industry and sales channel in which we operate and will likely remain ongoing. The fact that these risks are characteristic of the dietary supplement industry or the direct selling channel does not lessen their significance. The risks outlined below are not the only risks we may encounter. Additional risks not currently known to us or that may currently reasonably seem immaterial also may have an adverse effect on our business.

Risks Affecting Our Business and Industry If we are unable to attract and retain independent associates, our business may suffer. Our future success depends largely upon our ability to attract and retain a large active base of independent associates and preferred customers. We rely on our non-employee independent associates to market and sell our products to customers to generate growth and to attract new independent associates who are interested in building a business. Our ability to increase sales depends on our ability to increase the number of customers in each of our markets around the world. Our success will also depend on our ability to retain and motivate our existing independent associates and attract new independent associates. We cannot give any assurances that the number of our independent associates will continue at their current levels or increase in the future. Several factors affect our ability to attract and retain independent associates and preferred customers, including:

- on-going motivation of our independent associates;
- general economic conditions;
- significant changes in the amount of commissions paid;
- public perception and acceptance of the wellness industry;
- public perception and acceptance of network marketing;
- public perception and acceptance of our business and our products, including any negative publicity;
- the limited number of people interested in pursuing network marketing as a business;
- our ability to provide proprietary quality-driven products that the market demands; and
- competition with other direct selling companies and gig economy companies in recruiting and retaining independent associates.

The loss of key high-level independent associate leaders could negatively impact our associate growth and our revenue. As of December 31, ~~2023~~ **2024**, we had approximately ~~145~~ **133**, 000 active associates and preferred customer positions held by individuals who purchased our products and / or packs or paid associate fees within the last 12 months, of which ~~159~~ **155** occupied the highest associate levels under our global compensation plan. These independent associate leaders are important in maintaining and growing our revenue. As a result, the loss of a high-level independent associate or a group of leading associates in the independent associates' networks of downlines, whether by their own choice or through disciplinary actions by us for violations of our policies and procedures, could negatively impact our associate growth and our revenue. Changes to our associate compensation arrangements could be viewed negatively by some independent associates, could cause failure to achieve desired long-term results and have a negative impact on revenue. Our associate compensation plan includes components that differ from market to market. We modify components of our compensation plan from time to time in an attempt to remain competitive and attractive to existing and potential independent associates, including such modifications:

- to address changing market dynamics;
- to provide incentives to independent associates that are intended to help grow our business;
- to conform to local regulations; and
- to address other business needs.

However, changes could be viewed negatively by some independent associates, could cause failure to achieve desired long-term results and have a negative impact on revenue. An increase in the amount of commissions and incentives paid to independent associates could adversely affect our earnings. The payment of commissions and incentives, including bonuses and prizes, is our most significant expense. Together, our commissions and incentives range from 35 % to 43 % of our consolidated net sales. We closely monitor the amount of commissions and incentives as a percentage of net sales and may periodically adjust our compensation plan to better manage these costs. There can be no assurance that changes to the compensation plan will be successful in achieving target levels of commissions and incentives as a percentage of net sales and preventing these costs from having a significant adverse effect on our earnings. Furthermore, such changes may make it difficult to attract and retain independent associates or cause us to lose some of our existing independent associates. The loss of key management personnel could adversely affect our business, financial condition, results of operations or independent associate relations. We depend on the continued services of our executive officers and senior management team as they work closely with independent associate leaders and are responsible for our day-to-day operations. Our success depends in part on our ability to retain our executive officers, to compensate our executive officers at attractive levels, and to continue to attract additional qualified individuals to our management team. Although we have entered into employment agreements with certain senior executive officers, and do not believe that any of them are planning to leave or retire in the near term, we cannot assure you that our senior executive officers or members of our senior management team will remain with us. ~~As previously disclosed, on January 8, 2024, we were notified by David A. Johnson, the Company's Chief Financial Officer, of his resignation from his position effective January 22, 2024. Additionally, as previously disclosed, on March 13, 2024, the Company announced the retirement of Alfredo (Al) Bala, the Chief Executive Officer, on April 1, 2024. Landen Fredrick will be promoted to President and Chief Executive Officer, and he will continue to serve as interim Chief Financial Officer. We are conducting a search for a permanent Chief Financial Officer, but there is no assurance that we will be able to identify, attract or hire a replacement in a timely manner.~~ The loss or limitation of the services of any of our executive officers or members of our senior management team, including our regional and country managers, or the inability to attract additional qualified management personnel could have a material adverse effect on our business, financial condition, results of operations, or independent associate relations. If we are unable to protect the proprietary rights of our products, our business could suffer. Our success and competitive position largely depend on our ability to protect the following proprietary rights:

- our Ambrotose® complex, a glyconutritional dietary supplement consisting of a blend of

monosaccharides, or sugar molecules, which is a stand-alone product and also used as an ingredient in many of our products; • the MTech AO Blend® formulation, our proprietary antioxidant technology used in the Ambrotose AO® product; and • a compound used in our reformulated Advanced Ambrotose® complex that allows for a more potent concentration of the full range of mannose-containing polysaccharides occurring naturally in aloe. We have filed patent applications for the technology relating to our Ambrotose®, Ambrotose AO®, Ambrotose Life®, PhytoMatrix®, NutriVerus™, and GI-ProBalance® products in the United States and certain foreign countries. As of December 31, 2023-2024, we had 13-17 patents for the technology relating to our Ambrotose® formulation, all of which were issued, granted, and validated in 11-15 foreign jurisdictions. In addition, we have entered into confidentiality agreements with our independent associates, suppliers, manufacturers, directors, officers, and consultants to help protect our proprietary rights. Nevertheless, we continue to face the risk that our pending patent applications for our products may not issue or that the patent protection granted is more limited than originally requested. As a precaution, we consult with outside legal counsel and consultants to help ensure that we protect our proprietary rights. However, our business, profitability, and growth prospects could be adversely affected if we fail to receive adequate protection of our proprietary rights. ~~Although several patents pertaining to our Ambrotose® technology have expired, Mannatech continues to actively explore additional patent protection of its technology and pursue expanded patent protection strategies. Our Ambrotose® product formulation has proprietary elements and we have contractual arrangements with certain suppliers affording us exclusive access to certain ingredients in those formulations. If we fail to maintain exclusivity with those suppliers, our business could be adversely affected. We have a number of pending patent applications for additional protection of Ambrotose®-related technology. The pending patent applications are at various stages of processing, depending on the timeline of each market's patent offices. Most of our patents for the Ambrotose AO®, GI-ProBalance®™, PhytoMatrix®, NutriVerus™, and PhytoBlend® formulations and our patents in the field of biomarker assays do not expire for another two or more years. Our inability to develop and introduce new products that gain independent associate, preferred customer, and market acceptance could harm our business. A critical component of our business is our ability to develop new products that create enthusiasm among our independent associates and preferred customers. If we are unable to introduce new products, our independent associate productivity could be harmed. In addition, if any new products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, this would harm our results of operations. Factors that could affect our ability to continue to introduce new products include, among others, government regulations, the inability to attract and retain qualified research and development staff, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit our ability to offer comparable products, and the difficulties in anticipating changes in consumer tastes and buying preferences. Our inability to develop products, sales platforms, affiliate opportunities, and other initiatives or maintain an affiliate salesforce and market acceptance for our new Trulu brand and products could harm our business. The failure of our Trulu brand and products to attract or gain acceptance from affiliates or consumers could negatively affect our operating results. Our operating results have been and could be adversely affected if the Trulu products, affiliate platform, and business opportunity do not generate sufficient enthusiasm and financial benefit to attract affiliates who are interested in selling the Trulu products, building a customer base, and promoting the affiliate program. In 2023, our Trulu product sales and affiliate participation were below expectations. Potential factors affecting interest in the Trulu affiliate program and its products include, among other things, perceived product quality and value, similarities to other products, product effectiveness, growth of the gig economy, perceived economic success in the affiliate business opportunity, our technology infrastructure and capabilities, restrictions in social or digital media for sharing products and attracting consumers, and regulatory restrictions on claims. If we are unable to anticipate changes in consumer preferences and trends, our business, financial condition, and operating results could be materially adversely affected. Additionally, if we are unable to anticipate changes in the gig and sharing economies and adapt our business opportunity accordingly, our ability to capture growth trends in the social-selling e-commerce marketplace could be materially adversely affected.~~ Our failure to appropriately respond to changing consumer preferences and demand for new products or product enhancements could significantly harm our relationship with independent associates and preferred customers, our product sales, as well as our financial condition and operating results. Our business is subject to changing consumer trends and preferences, including rapid and frequent changes in demand for products, new product introductions, and enhancements. Our failure to accurately predict these trends could negatively impact consumer opinion of our products, which in turn could harm our independent associate and preferred customer relationships and cause the loss of sales. The success of our new product offerings and enhancements depends upon a number of factors, including our ability to: • accurately anticipate consumer needs; • innovate and develop new products or product enhancements that meet these needs; • successfully commercialize new products or product enhancements in a timely manner; • price our products competitively; • manufacture and deliver our products in sufficient volumes and in a timely manner; and • differentiate our product offerings from those of our competitors. If we do not introduce new products or make enhancements to meet the changing needs of our independent associates and preferred customers in a timely manner, some of our products could be rendered obsolete, which could negatively impact our revenues, financial condition, and operating results. If our outside suppliers and manufacturers fail to supply products in sufficient quantities and in a timely fashion or fail to comply with our product safety and quality standards or applicable law, our business could suffer. Outside manufacturers produce all of our products. Our profit margins and timely product delivery are dependent upon the ability of our outside suppliers and manufacturers to supply us with products in a timely and cost-efficient manner. Our ability to enter new markets and sustain satisfactory levels of sales in each market depends on the ability of our outside suppliers and manufacturers to provide required levels of ingredients and products and to comply with all applicable regulations. As a precaution, we have approved alternate suppliers and manufacturers for our products. However, the failure of our primary suppliers or manufacturers to supply ingredients or produce our products could adversely affect our business operations. We believe we have dependable third-party manufacturers. Our business depends in large part on our ability to maintain consumer confidence in the safety and quality of our

products. We have rigorous product safety and quality standards, which we expect our third- party contract manufacturers to meet. However, despite our commitment to product safety and quality, our contract manufacturers may not always meet these standards, particularly as we expand our manufacturing operations and product offerings. Further, our manufacturing operations are subject to numerous regulations, including food and drug, environmental, and labor regulations, which continue to expand and evolve and require substantial expenditures. If our contract manufacturers fail to comply with our product safety and quality standards or applicable law, or if our products are or become contaminated, damaged, adulterated, mislabeled, or misbranded, whether caused by us or someone in our supply chain or events outside of our or their control, we may be required to undertake costly remediation efforts, which may include product recalls, formulation changes, the destruction of inventory, and supply chain interruption, and may become subject to negative publicity, regulatory action or fines, and product liability claims, which could materially harm our reputation, business, financial condition, and operating results. The loss of suppliers, shortages of raw materials or our failure to satisfy minimum purchase requirements could have an adverse effect on our business, financial condition, or results of operations. We depend on outside suppliers for raw materials. Our contract manufacturers acquire all of the raw materials for manufacturing our products from third- party suppliers. In the event we were to lose any significant suppliers and have trouble in finding or transitioning to alternative suppliers, it could result in product shortages or product back orders, which could harm our business. There can be no assurance that suppliers will be able to provide our contract manufacturers the raw materials in the quantities and at the appropriate level of quality that we request or at a price that we are willing to pay. We are also subject to delays caused by any interruption in the production of these materials including weather, disease, crop conditions, climate change, energy costs, currency fluctuations, logistics service capacities, transportation interruptions, and natural disasters or other catastrophic events. For example, in March 2020, the WHO declared the outbreak of COVID-19 as a pandemic, which spread throughout our international regions and throughout the United States. Beginning in 2020 and continuing through 2023, the Company experienced challenges in getting certain materials and ingredients to our contract manufacturers and finished products to our distribution centers resulting from reductions in global transportation capacity and other logistical issues within the supply chain. The extent to which COVID- related factors impact our future operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the continued use of updated COVID-19 vaccines, the impact of variants of COVID-19 and post- COVID conditions often referred to as “Long COVID” or “long- haul COVID,” among others. In particular, the spread of new COVID-19 variants or other rapidly spreading communicable diseases globally could adversely impact our operations, including among others, our manufacturing and supply chain, sales and marketing and clinical trial operations and could have an adverse impact on our business and our financial results. We maintain supply agreements with our suppliers and manufacturers. Certain of our supply agreements contain exclusivity clauses for the supply of certain raw materials and products, some of which are conditioned upon compliance with minimum purchase requirements. One of our supply agreements, under which the supplier provides us with certain aloe vera- based raw materials, requires us to purchase raw materials in an aggregate amount of \$ 4-1. 2-1 million through 2024-2025. Failure to satisfy purchase minimum amounts purchase requirements could result in the loss of exclusivity, which could adversely affect our business and operating results. If we are exposed to product liability claims, we may be liable for damages and expenses, which could affect our overall financial condition, results of operations and cash flows. We could face financial liability from product liability claims if the use of our products results in significant loss or injury. We can make no assurances that we will not be exposed to any substantial future product liability claims. Such claims may include claims that our products contain contaminants, that we provide our independent associates and consumers with inadequate instructions regarding product use, or that we provide inadequate warnings concerning side effects or interactions of our products with other substances. We believe that we, our suppliers, and our manufacturers maintain adequate product liability insurance coverage. However, a substantial future product liability claim could exceed the amount of insurance coverage or could be excluded under the terms of an existing insurance policy, which could adversely affect our overall future financial condition. Several years ago, a discovery of Bovine Spongiform Encephalopathy (“ BSE ”), which is commonly referred to as “ Mad Cow Disease ”, has caused concern among the general public. As a result, some countries have banned the importation or sale of products that contain bovine materials sourced from locations where BSE has been identified. We have changed many of our capsules to a vegetable base. However, if a vegetable base is not available or practical for use, certifications are required to ensure the capsule material is BSE- free. The higher costs could affect our financial condition, results of operations, and our cash flows. Concentration Risk A significant portion of our revenue is derived from our Ambrotose, Ambrotose-Life®, TruHealth™, Ambrotose Manapol®, and Optimal Support Packets products. A decline in sales value of such products could have a material adverse effect on our earnings, cash flows, and financial position. Our business is not currently exposed to customer concentration risk given that no independent associate has ever accounted for more than 10 % of our consolidated net sales. Currently, the Republic of Korea is our largest market. An economic decline in the market, a shift in consumer demand for our products or business opportunity, or regulatory changes affecting our business model, products, or compensation plan in this market could have a material adverse effect on our earnings, cash flows, and financial position. If we incur substantial liability from litigation, complaints, or enforcement actions or incur liabilities or penalties resulting from misconduct by our independent associates, our financial condition could suffer, and could have a negative impact on our profitability and growth prospects. Routine enforcement actions and complaints are common in our industry. Although we believe we fully cooperate with regulatory agencies and use various means to address misconduct by our independent associates, including maintaining policies and procedures to govern the conduct of our independent associates and conducting training seminars, it is still difficult to detect and correct all instances of misconduct. Violations of our policies and procedures by our independent associates could lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or foreign regulatory authorities against us and / or our independent associates in each country. Because we have expanded into foreign countries, our policies and procedures for our independent associates differ depending on the different legal requirements of each country in

which an independent associate does business. Any future litigation, complaints, and enforcement actions involving us and / or our independent associates could consume considerable amounts of financial and other corporate resources, which could have a negative impact on our business, profitability, and growth prospects. The global nutrition and skin care industries are intensely competitive and the strengthening of any of our competitors could harm our business. The global nutrition and skin care industries are intensely fragmented and competitive. We compete for independent associates with other network marketing companies outside the global nutrition and skin care industries. Many of our competitors have greater name recognition and financial resources, which may give them a competitive advantage. Our competitors may also be able to devote greater resources to marketing, promotional, and pricing campaigns that may influence our continuing and potential independent associates and preferred customers to buy products from competitors rather than from us. Such competition could adversely affect our business and current market share. A downturn in the economy, ~~including as a result of continuing COVID-related factors such as variants and post-COVID conditions, or other communicable and rapidly spreading diseases~~ could affect consumer purchases of discretionary items such as the health and wellness products that we offer, which could have an adverse effect on our business, financial condition, profitability, and cash flows. We appeal to a wide demographic consumer profile and offer a broad selection of health and wellness products. A downturn in the economy, ~~including as a result of the continuation of COVID-related factors or other rapidly spreading communicable diseases~~, could adversely impact consumer purchases of discretionary items such as health and wellness products. The United States and global economies may slow dramatically as a result of a variety of problems, including turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, the state of the housing markets, ~~and~~ volatility in worldwide stock markets, **or another pandemic**. In the event of such economic downturn, the U. S. and global economies could become significantly challenged in a recessionary state for an indeterminate period of time. These economic conditions could cause many of our existing and potential associates to delay or reduce purchases of our products for some time, which in turn could harm our business by adversely affecting our revenues, results of operations, cash flows and financial condition. We cannot predict these economic conditions or the impact they would have on our consumers or business. Adverse or negative publicity could cause our business to suffer. Our business depends, in part, on the public's perception of our integrity and the safety and quality of our products. Any adverse publicity could negatively affect the public's perception about our industry, our products, or our reputation and could result in a significant decline in our operations and / or the number of our independent associates. Specifically, we are susceptible to adverse or negative publicity regarding: • the nutritional supplements industry; • skeptical consumers; • competitors; • the safety and quality of our products and / or our ingredients; • regulatory investigations of our products or our competitors' products; • the actions of our independent associates; • the direct selling / network marketing industry; and • scandals or regulatory investigations regarding the business practices or products or our competitors, specifically those competitors within the direct selling channel. If our information technology system fails or if the implementation of new information technology systems is not executed efficiently and effectively, our business, financial position, and operating results could be adversely affected. Like many companies, our business is heavily dependent upon our information technology infrastructure to effectively manage and operate many of our key business functions, including: • order processing; • supply chain management; • customer service; • product distribution; • commission processing; • cash receipts and payments; and • financial reporting. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break- ins, sabotage, intentional acts of vandalism and similar misconduct. Although we maintain an extensive security system and business continuity program that was developed under the guidelines published by the National Institute of Standards of Technology, a long- term failure or impairment of any of our information technology systems could adversely affect our ability to conduct day- to- day business. Occasionally information technology systems must be upgraded or replaced and if this system implementation is not executed efficiently and effectively, the implementation may cause interruptions in our primary management information systems, which may make our website or services unavailable thereby preventing us from processing transactions, which would adversely affect our financial position or operating results. The regulatory climate for data privacy and protection continues to grow in scope and complexity both domestically and in the international markets in which we operate. Although there is no single federal law in the United States imposing a cross- sectoral data breach notification obligation, virtually every state has enacted breach notification requirements. Additionally, many U. S. states and countries in which we operate have proposed or enacted laws or regulations on the appropriate use and disclosure of financial and personal data. The EU adopted the General Data Protection Regulation ("GDPR ") on April 27, 2016. The GDPR went into effect on May 25, 2018. The GDPR applies to organizations based in the EU and organizations based outside of the EU that offer products or services to individuals in the EU or that otherwise monitor individuals in the EU. While U. S. state laws generally cover specific categories of sensitive personal data (e. g., social security numbers, bank account numbers, and credit card numbers), the GDPR notification requirements will apply to incidents involving any personal data, meaning any data related to an identified person. **Other countries have enacted and will be enacting similar laws.** In Canada, the Personal Information Protection and Electronic Documents Act (" PIPEDA ") went into effect on November 1, 2018. PIPEDA applies to foreign organizations with a real and substantial link to Canada that collect, use, or disclose the personal information of Canadians in the course of their commercial activities. Under PIPEDA, an organization must notify individuals of any breach of the security of safeguards involving their personal information if it is reasonable to believe that the breach creates a " real risk of significant harm. " Concurrently, the organization must also report to the Privacy Commissioner of Canada. ~~As noted above~~ **On December 31**, many states have enacted data ~~protection~~ **2024, the South Korean Personal Information Protection** requirements. The California Consumer Privacy **Commission announced draft Consolidated Guidelines on Personal Information Processing for the recently amended Personal Information Protection Act (" CCPA")**, a state statute signed into law on June 28, 2018 and effective on January 1, 2020, provides enhanced data privacy protections to California residents. The CCPA applies to companies with annual gross revenues in excess of \$ 25 million

. The South Africa Protection of Personal Information Act (“ POPI ”) went effective on July 1, 2021. POPI shares similarities with both the EU GDPR and the **California Consumer Privacy Act (“ CCPA ”)**. **On Most recently, China passed the PIPL on August 20, 2021, the Personal Information Protection Law (“ PIPL ”) became effective in China.** The PIPL is designed to protect online users’ data privacy, effective on November 1, 2021. Regarded as China’ s version of the GDPR, the PIPL lays out a comprehensive set of rules on how business operators should collect, use, process, share, and transfer personal information in China. Our failure or inability to comply with data protection regimes domestically and in foreign countries could result in fines, penalties, injunctions, or material litigation expenditures. **As noted above, many states have enacted data protection requirements. California enacted CCPA, effective on January 1, 2020, as amended by the California Privacy Rights Act to provide enhanced data privacy protections to California residents. CCPA applies to companies with annual gross revenues in excess of \$ 25 million and other thresholds. Virginia, Colorado, Connecticut, Utah, Iowa, Indiana, Tennessee, Montana, Texas, Florida, Delaware, and Oregon all have adopted laws introducing privacy obligations and many other states are considering similar legislation. A broad range of legislative measures also have been introduced at the federal level. The FTC and state attorneys general also review privacy and data protection for consumers.** With increased frequency in recent years, cyber- attacks against companies have resulted in breaches of data security. Our business requires the storage and transmission of suppliers’ data and our independent associates’ and customers’ personal, credit card, and other confidential information. Our information technology systems are susceptible to a growing and evolving threat of cybersecurity risk. If our third- party vendors do not maintain adequate security measures, do not require their sub- contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber- attacks, we may experience breach of customer data or operational difficulties and increased costs, which could materially and adversely affect our business. Any substantial compromise of our data security, whether externally or internally, or misuse of associate, customer, or employee data, could cause considerable damage to our reputation, cause the public disclosure of confidential information, and result in lost sales, significant costs, and litigation, which would negatively affect our financial position and results of operations. Although we maintain policies and processes surrounding the protection of sensitive data, which we believe to be adequate, there can be no assurances that we will not be subject to such claims in the future. **We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. We incorporate various artificial intelligence (“ AI ”) solutions into our digital infrastructure, services, offerings and features, and these applications are becoming important in our operations. We have not established definitive policies regarding the use of AI platforms and algorithms in our business and with our data and information, and we do not have systems in place that inventory all of the AI- based applications that may be in use in our enterprise. Our competitors or other third parties may incorporate AI into their products and operations more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, search results or recommendations that AI applications assist in producing are, or are alleged to be, deficient, inaccurate, biased or in violation of third parties’ intellectual property rights, our business, reputation, financial condition, and results of operations could be adversely affected. The use of AI applications may result in cybersecurity incidents that implicate the personal data of consumers. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues, such as the proper use of copyrighted material with AI applications, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the government regulation of AI, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact. Interruption or failure of our information technology and communications systems could impair the delivery of our service and harm our business. We rely on our own systems and systems of third party vendors to assist our business. Any degradation in the quality, or any failure, of our systems could reduce our revenues, cause us to lose customers and damage our brands. Although we have implemented practices designed to maintain the availability of the information technology and service delivery systems we rely on and mitigate the harm of any unplanned interruptions, we cannot anticipate all eventualities. We occasionally experience unplanned outages or technical difficulties. We could also experience loss of data or processing capabilities, which could cause us to lose customers and could harm our reputation and operating results. We rely on internal systems and external systems maintained by manufacturers, distributors and service providers to take, fulfill and handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems could prevent us from servicing customers or cause data to be unintentionally disclosed. Our services have experienced, and we expect them to continue to experience, periodic service interruptions and delays involving our own systems and those of our vendors. Our data centers and our information technology and communications systems are vulnerable to damage or interruption from natural disasters, malicious attacks, fire, power loss, telecommunications failures, computer viruses or other attempts to harm our systems. The occurrence of any of these events could result in interruptions in our services and unauthorized access to, or alteration of, the content and data contained on our systems and that these third party vendors store and deliver on our behalf. Damage or interruption to data centers and information technology and communications centers could expose us to data loss or manipulation, disruption of service, monetary and reputational damages, competitive disadvantage and significant increases in compliance costs and costs to improve the security and resiliency of our computer systems. The compromise of personal, confidential or proprietary information could also subject us to legal liability or regulatory action under evolving cybersecurity, data protection and privacy laws and regulations enacted by the U. S. federal and state governments or other foreign jurisdictions or by various regulatory organizations. As a result, our ability to conduct our business and our results of operations might be**

adversely affected. We rely upon our existing cash balances and cash flow from operations to fund our business and meet our contractual obligations. In the event that we do not generate adequate cash flow from operations, we will need to raise money through a debt or equity financing, if available, or curtail operations. The adequacy of our cash resources to continue to meet our future operational needs depends, in large part, on our ability to increase product sales and / or reduce operating costs and some of these costs are fixed contractual obligations. As of December 31, **2024 and 2023 and 2022**, cash and cash equivalents held in bank accounts in foreign countries totaled \$ **5.1 million and \$ 3.5 million and \$ 11.3 million**, respectively. If we are unsuccessful in generating positive cash flow from operations, we could exhaust our available cash resources and be required to secure additional funding through a debt or equity financing, transfer cash in a manner that could be taxed, significantly scale back our operations, and / or discontinue many of our activities, which could negatively affect our business and prospects. Additional funding may not be available or may only be available on unfavorable terms. **We have outstanding debt with our directors. Such indebtedness could adversely affect our cash flow and our ability to pursue desirable business opportunities. On April 23, 2024, we entered into an unsecured Loan and Promissory Note agreements with three related parties, who are members of our Board of Directors, and who are current stockholders, in an aggregate principal amount of \$ 3.6 million. The purpose of the borrowing was to provide funds for general working capital needs, including payment to vendors, expansion of the non- US operations, technology investment primarily for improving the customer ordering process and software updates to improve visibility of sales associate activity. As of December 31, 2024, the aggregate outstanding principal balance was \$ 2.9 million and the interest payable was \$ 0.1 million. See Note 10, NOTES PAYABLE, for more information We may also incur additional indebtedness in the future, Our current debt service obligations require us to use a portion of our cash flow to pay interest and principal on debt instead of for other corporate purposes. If our cash flow and capital resources are insufficient to service our debt obligations, we may be forced to seek additional equity or debt capital or restructure our debt. However, these measures might be unsuccessful or inadequate in permitting us to meet scheduled debt service obligations.** We are subject to liquidity risk, which could adversely affect our financial condition and results of operations Effective liquidity management is essential for the operation of our business. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated, changes in assets and liabilities, under various economic conditions, an inability to raise capital through operations and other sources could have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the direct selling industry in general. Factors that could detrimentally impact our access to liquidity sources include credit availability through commercial banking, foreign exchange controls, limitations on the repatriation of funds, and changes in currency policies or practices of foreign jurisdictions. Deterioration in economic conditions may increase our cost of funding and limit our access to some sources of liquidity. Risks Related to Our International Operations If our international markets are not successful, our business could suffer. We currently sell our products in the international markets of Canada, Mexico, Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, Netherlands, Norway, South Africa, Spain, Sweden, the United Kingdom, Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, **Thailand** and China. We operate in China on a non- direct selling business model instead of our traditional network marketing model. In China, multi- level marketing is prohibited by the Prohibition of Pyramid Selling and direct selling without a license is prohibited by the Regulation on the Administration of Direct Sales. Our international operations could experience changes in legal and regulatory requirements, as well as difficulties in adapting to new foreign cultures and business customs. If we do not adequately address such issues, our international markets may not meet growth expectations. Our international operations and future expansion plans are subject to political, economic, and social uncertainties, including: • inflation; • the renegotiation or modification of various agreements; • increases in custom duties and tariffs; • changes and limits in export controls; • complex U. S. and foreign laws, treaties and regulations, including without limitation, tax laws, the U. S. Foreign Corrupt Practices Act, and similar anti- bribery and corruption acts and regulations in many of the markets in which we operate; • trademark availability and registration issues; • changes in exchange rates; • changes in taxation; • wars, civil unrest, acts of terrorism, conflicts and other hostilities; • political, economic, and social conditions; • **a pandemic the continuing effects of COVID- related factors**; • changes to trade practice laws or regulations governing direct selling and network marketing; • increased government scrutiny surrounding direct selling and network marketing; • changes in the perception of network marketing; and • risk of our independent associates offering business opportunities in China. In February 2022, following Russia’ s invasion of Ukraine, the U. S. and the EU imposed various economic sanctions against Russia. If Russia responds with retaliatory measures such as restrictions on the sale of oil or other energy resources from Russia to other countries in the region, that could result in an increase in our global shipping expenses, reduce our sales, or otherwise have an adverse effect on our European operations. Additionally, escalation by Russia beyond Ukraine and into other countries within the region, could also reduce our sales and have a negative effect on our European operations. The risks outlined above could adversely affect our ability to sell products, obtain international customers, or to operate our international business profitably, which would have a negative impact on our overall business and results of operations. Furthermore, any negative changes in our distribution channels may force us to invest significant time and money related to our distribution and sales to maintain our position in certain international markets. Currency exchange rate fluctuations could reduce our overall profits. For the year ended December 31, **2023-2024**, we recognized **77-76.13%** of net sales in markets outside of the United States and **67-66.63%** in markets outside of the Americas. For the year ended December 31, **2022-2023**, we recognized **78-77.32%** of net sales in markets outside of the United States and **69-67.76%** in markets outside of the Americas. In preparing our consolidated financial statements, we are required to translate certain financial information from foreign currencies to the United States dollar using either the spot rate or the weighted- average exchange rate. If the United States dollar changes relative to applicable local currencies, there is a risk our reported sales, operating expenses, and net income could significantly fluctuate. For example, our **2023-2024** net sales

decreased 2.8. 1.6% on a Constant dollar basis (see Item 7, Non- GAAP Financial Measures), and unfavorable foreign exchange caused a \$ 2. 3-7 million decrease in GAAP net sales as compared to 2022-2023. In other words, 2023-2024 sales would have been \$ 2. 3-7 million higher than the reported value, except for the impact of foreign exchange. There can be no assurance that foreign currency fluctuations will not have a material adverse effect on our business, assets, financial condition, liquidity, results of operations or cash flows. We are not able to predict the degree of exchange rate fluctuations, nor can we estimate the effect any future fluctuations may have upon our future operations. To date, we have not entered into any hedging contracts or participated in any hedging or derivative activities.

~~COVID-related factors and the possibility of other epidemics or rapidly spreading communicable disease may continue to negatively impact our business. Due to the person-to-person nature of our direct selling business model, our financial results have been, and will likely continue to be, harmed if the fear of a communicable and rapidly spreading disease results in travel restrictions or cause people to avoid group meetings or gatherings or interaction with other people. It is difficult to predict the impact on our business, if any, of the emergence of COVID-19 variants, COVID-related factors such as "Long COVID" or "Long-haul COVID" remain ongoing, new epidemics, or other crises. The outbreak of COVID-19 in 2020 and ensuing pandemic resulted in significant contraction of economies around the world and interrupted global supply chains as many governments issued shelter-in-place orders to combat the spread of COVID-19. Government-imposed restrictions and public hesitance regarding in-person gatherings, travel and visiting public places reduced our associates' ability to hold sales meetings, resulted in cancellations of corporate-sponsored and associate-sponsored events, and incentive trips. Our supply chain and logistics incurred some interruptions and cost impacts, and we could experience more significant interruptions and cost impacts or face more significant closures in the future, whether due to the ongoing effects of COVID-19 directly, or other related factors such as resistance to vaccines or resistance to vaccine requirements. These factors and other events related to COVID-19 have negatively impacted our sales and operations and could continue to negatively affect our business and our financial results. Although some of the negative impacts of COVID-19 have improved and many government restrictions have been lifted, this situation continues to be fluid and there is uncertainty regarding its duration and future impacts. For example, COVID-19 variants have caused some of the pandemic's negative impacts to return, and COVID-related factors affected our business in some of our Asian markets.~~

Risks Related to Regulation

If government regulations regarding network marketing change or are interpreted or enforced in a manner adverse to our business, we may be subject to new enforcement actions and material limitations regarding our overall business model. Network marketing is always subject to extensive governmental regulations, including foreign, federal, and state regulations. Any change in legislation and regulations could affect our business. Furthermore, significant penalties could be imposed on us for failure to comply with various statutes or regulations. Violations may result from:

- ambiguity in statutes;
- regulations and related court decisions;
- the discretion afforded to regulatory authorities and courts interpreting and enforcing laws;
- new regulations affecting our business; and
- changes to, or interpretations of, existing regulations affecting our business.

On January 4, 2018, the FTC issued "Business Guidance Concerning Multi-Level Marketing" a non-binding guidance in question-and-answer format clarifying the FTC's enforcement position regarding multi-level marketing. The guidance focuses on the characteristics of multi-level marketing and delineates the factors that the FTC staff is likely to consider in assessing whether or not a compensation structure is problematic. The FTC has broad enforcement authority and, while it issues guidance on how it interprets the applicable law, that guidance is not ultimately binding on the FTC. As a result, the FTC could decide to investigate or bring an enforcement action regarding practices that we interpret to be in line with applicable law and / or FTC guidance. For example, the FTC has challenged the distributor compensation plans used by other multi-level-marketing companies over the last few years. The FTC obtained consent decrees with those companies requiring those companies to (i) discontinue using all, or certain components of, their compensation plans; and (ii) implement a compensation plan that received prior approval from the FTC. In 2019, the FTC continued to challenge compensation plans and structures within the direct selling channel. In October 2019, following ongoing discussions with the FTC pertaining to an enforcement action, one of our competitors changed its business model from multi-level-marketing to direct-to-consumer as part of a stipulated order for permanent injunction. While consent decrees and orders entered into by our competitors are not binding on the Company, it does provide an insight into the FTC's priorities regarding its interpretation and enforcement of regulations pertaining to the multi-level-marketing business model. While we prioritize ensuring that our business and compensation model are compliant, we cannot be certain that the FTC or similar regulatory body in another country will not modify or otherwise amend its guidance, laws, or regulations or interpret in a way that would render our current practices inconsistent with the same. FTC determinations such as these have created ambiguity regarding the proper interpretation of the law and regulations applicable to direct selling companies, and in particular, companies that use a multi-level-marketing business model, in the United States. While a consent order between the FTC and a specific company does not represent judicial precedent and is not legally binding on other companies, FTC officials have indicated that companies within the direct selling channel should look to these consent orders for guidance. Additionally, while communications and guidance from the FTC to the direct selling channel in 2019 and 2018 reinforce the principles contained in these consent orders, these communications have also created ambiguity and uncertainty regarding the proper interpretation of the laws, regulations and judicial precedent applicable to direct selling in the United States. We continue to analyze the consent orders, guidance and other communications issued by the FTC. Although we strive to ensure that our overall business model and compensation plans are regulatory compliant in each of our markets, we cannot assure you that a regulator, if it were to review our business, would agree with our assessment and would not require us to change one or more aspects of our operations. Any action against us in the future by the FTC or another regulator could materially and adversely affect our operations. On October 28, 2021, the Company received a letter from the FTC regarding "Notices of Penalty Offenses Concerning Money-Making Opportunities and Endorsement and Testimonials." The Company was among 1, 100 other companies to receive the letter which put companies on notice that they should be aware of what constitutes false or misleading income, earning, or product claims. As the FTC made clear in the letter, receipt of the letter is not a

determination of wrongdoing. From a procedural standpoint, the FTC would still have to file a formal action if they determine the Company is in violation of the parameters laid out in the letter and then undergo an administrative hearing process. The letter is the first step in a process for the FTC to impose “ civil monetary penalties of up to \$ 43, 792 per violation. ” Nearly all Direct Selling Association (“ DSA ”) member companies received the notice along with non- members of the DSA in the direct selling channel, gig companies, franchise companies, and other companies offering business opportunities. In ~~March~~ **January 2022-2025**, the FTC issued a **Notice of Proposed Rulemaking: Earnings Claim Rule Regarding Multi- Level Marketing, which proposes to ensure that prospective distributors have an accurate understanding of their potential for earnings under a multi- level marketing company’ s compensation plan. Additionally, in January 2025**, the FTC issued an Advanced Notice of Public Rulemaking: ~~Trade Regulation~~ **Earnings Claim Rule Regarding Multi- Level Marketing (Additional Provisions)**, which seeks comment on ~~whether~~ **the Use of Earnings Claims that proposes proposed to regulate how the Company rule should include additional provisions such as a net earnings disclosure requirement and a “ cooling off ” period its associates advertise and represent the business.** Additionally, in ~~November~~ **January 2022-2025**, the FTC issued ~~a an~~ **Advanced Notice of Public Rulemaking regarding changes to the Business Opportunity Rule, which requires business opportunity sellers would expand the scope to cover money give prospective buyers specific information to help evaluate a business or work- making from- home opportunity opportunities and proposed a definition of “ earnings ” and “ earnings claims ” and includes recordkeeping and substantiation requirements**. As a direct selling company, we are currently exempt from the Business Opportunity Rule. A potential rule on the use of earnings claims by us or our independent associates or an expansion of the business opportunity rule to include direct selling companies could have a negative effect on our business by requiring burdensome administrative disclosure obligations that could prevent individuals from engaging in our business. We cannot predict what effect additional governmental regulations, judicial decisions, or administrative orders, when and if promulgated, would have on our business. Failure by us, or our associates, to comply with these laws, regulations, or guidance, could have a material adverse effect on our business in a particular market or in general. Finally, the continuation of regulatory challenges, investigations and litigation against other direct selling companies could harm our business and the direct selling channel if the laws and regulations are interpreted in a way that results in additional restrictions on direct selling companies in general. Independent associates could fail to comply with our associate policies and procedures or make improper product, compensation, marketing or advertising claims that violate laws or regulations, which could result in claims against us that could harm our financial condition and operating results. We sell our products worldwide to a sales force of independent associates. The independent associates are independent contractors and, accordingly, we are not in a position to provide the same direction, motivation, and oversight as we would if associates were our own employees. As a result, there can be no assurance that our associates will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our associate policies and procedures. All independent associates sign a written contract and agree to adhere to our policies and procedures, which prohibit associates from making false, misleading or other improper claims regarding products or income potential from the distribution of the products. However, independent associates may from time to time, without our knowledge and in violation of our policies, make non- compliant statements, create promotional materials, or otherwise provide information that does not accurately describe our products or marketing program. In addition to policies prohibiting improper product claims, we also have policies that prohibit our independent associates from selling our products or otherwise conducting business in markets outside of the countries in which we operate or in a manner inconsistent with how we operate in a specific country. There is a possibility that some jurisdictions could seek to hold us responsible for independent associate activities that violate applicable laws or regulations, which could result in government or third- party actions or fines against us, which could harm our financial condition and operating results. For example, Meitai does not operate as a direct selling company in mainland China and does not hold a direct selling license in China. Additionally, direct selling regulations in China prevent persons who are not Chinese nationals from engaging in direct selling in China. While we have policies that prohibit our independent associates from conducting business in markets other than those in which we currently operate and we have provided information on how Meitai operates in China as a non- direct selling business under an e- commerce model, we cannot guarantee that our independent associates will not violate our policies or violate Chinese law or other applicable regulations, and therefore, might result in regulatory action and adverse publicity, which would harm our business in China or our business generally. We may be held responsible for certain taxes or assessments relating to the activities of our independent associates, which could harm our financial condition and operating results. Our independent associates are subject to taxation and, in some instances, legislation or governmental agencies impose an obligation on us to collect taxes, such as value added taxes, and to maintain appropriate tax records. In addition, we are subject to the risk in some jurisdictions of being responsible for social security and similar social taxes with respect to our distributors. In the event that local laws and regulations require us to treat our independent distributors as employees, or if our distributors are deemed by local regulatory authorities to be our employees, rather than independent contractors, we may be held responsible for social security and / or related social taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results. Laws regarding independent contractor status in certain jurisdictions, including the U. S., continue to evolve and have been applied unfavorably to gig economy companies, platform companies, and some of our counterparts in the direct selling channel. If federal, state, or local laws and regulations or the interpretation of those laws and regulations require us to treat our independent associates ~~or Trulu affiliates~~ as employees, or if they are deemed by local regulatory authorities in one or more of the jurisdictions in which we operate to be our employees rather than independent contractors, under existing laws and interpretations, we may be deemed to be responsible for a variety of obligations that are imposed upon employers relating to their employees, including social security and related taxes in those jurisdictions, wages, employee benefits, plus any related assessments and penalties, which could harm our financial position and operations. Challenges by private parties to the form of our network marketing system could harm our business. We may be subject to challenges by private parties, including our

independent associates and preferred customers, to the form of our network marketing system or elements of our business. In the United States, the network marketing industry and regulatory authorities have relied on the implementation of distributor rules and policies designed to promote retail sales to protect consumers, prevent inappropriate activities, and distinguish between legitimate network marketing distribution plans and unlawful pyramid schemes. We have adopted rules and policies based on case law, rulings of the FTC, discussions with regulatory authorities in several states, and domestic and global industry standards. As a member of the U. S. DSA, we are required to adhere to a code of ethics that protects our associates and their customers, and ensures all DSA members remain accountable to regulators, consumers, independent distributors, and the public. On January 4, 2019, the DSA established a third party self-regulatory program to be administered by the Council of Better Business Bureaus. The new entity, the Direct Selling Self-Regulatory Council (“DSSRC”), will engage in active monitoring monitors of the entire direct selling marketplace, including websites and social media of direct selling companies and their respective independent distributors in the areas of income representations and product claims. The DSSRC will report reports potentially non-compliant companies to the appropriate government agencies and will manage manages consumer / company complaint resolution. Legal and regulatory requirements concerning network marketing systems, however, involve a high level of subjectivity, are inherently fact-based, and are subject to judicial interpretation. Because of this, we can provide no assurance that we would not be harmed by the application or interpretation of statutes or regulations governing network marketing, particularly in any civil challenge by a current or former independent associate or preferred customer. If our network marketing activities do not comply with government regulations, our business could suffer. Many governmental agencies regulate our network marketing activities. A government agency’s determination that our business or our independent associates have significantly violated a law or regulation could adversely affect our business. The laws and regulations for network marketing intend to prevent fraudulent or deceptive schemes. Our business faces constant regulatory scrutiny due to the interpretive and enforcement discretion given to regulators, periodic misconduct by our independent associates, adoption of new laws or regulations, and changes in the interpretation of new or existing laws or regulations. In addition, in the past, and because of the industry in which we operate, we have experienced inquiries regarding specific independent associates. The Company may, directly or indirectly, be affected by government laws and regulations related to climate change. Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as Aloe Vera and other plant-based raw materials used in our products. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw materials, lower recoveries of usable raw materials, increase the prices of our raw materials, increase our cost of storing and transporting our raw materials, or disrupt production schedules. If we violate governmental regulations or fail to obtain necessary regulatory approvals, our operations could be adversely affected. Our operation is subject to extensive laws, governmental regulations, administrative determinations, court decisions, and similar constraints at the federal, state, and local levels in our domestic and foreign markets. These regulations primarily involve the following: • the formulation, manufacturing, packaging, labeling, distribution, importation, sale, and storage of our products; • the health and safety of dietary supplements, cosmetics and foods; • trade practice laws and network marketing laws (e. g., licensing and registration requirements; regulations pertaining to commission payments); • our product claims and advertising by our independent associates; • our network marketing system; • pricing restrictions regarding transactions with our foreign subsidiaries or other related parties and similar regulations that affect our level of foreign taxable income; • the assessment of customs duties; • further taxation of our independent associates, which may obligate us to collect additional taxes and maintain additional records; and • export and import restrictions. Any unexpected new regulations or changes in existing regulations could significantly restrict our ability to continue operations, which could adversely affect our business. For example, changes regarding health and safety and food and drug regulations for our nutritional products could require us to reformulate our products to comply with such regulations.

Between October 2022 and September 2024, the Company’s received notice from its customs broker that the FDA held, inspected, and took samples for testing from shipments imported from Costa Rica of its Ambrotose Life® and Ambrotose® Complex products. We cooperated with the FDA and its supplied requested documentation from our third-party manufacturer **Natural Aloe de Costa Rica (“NACR”)** were placed on two separate import alerts requiring the goods to be detained without physical examination (“Import Alert (s)”). The first Import Alert for products were eventually released with the exception of one lot of Ambrotose Life® powder asserted which was denied entry. There was an inconsistency in the results obtained by the FDA as compared to the results obtained by both the manufacturer and two independent labs engaged by the Company to conduct testing. Additionally, we engaged a food safety expert to analyze the testing results. The third-party testing results were all within established specifications and at levels customarily seen with raw botanical powders. In addition to the extensive testing and analysis completed by the Company, the food safety expert reviewed FDA’s test results, the two third-party labs’ test results, and the documentation and testing from our manufacturer. The expert’s report was included as an exhibit to the Company’s response to the FDA. The expert’s report concluded that the Company’s analytical data from samples of the same lot that the FDA tested, supported a conclusion favoring the Company’s results. However, on February 9, 2023, we received notice that the FDA was refusing admission of the product. We scheduled return of that lot to the manufacturer. On October 3, 2022, the Company received notice that the Ambrotose Life® powder product was being detained due to a labeling issue asserting that there are formatting issues on the supplement facts panel. The formatting issues, which have been were immediately corrected, centered on stating “O g” or “0 %” instead of “< 1g” or less than “< 1 %” for sugar and sodium, respectively. We were also asked to remove the statement, “Not a significant source of saturated fat, trans fat, cholesterol, protein, vitamin D, calcium, or iron.” **The FDA’s second Import Alert asserted there was an improper claim**

for Ambrotose Complex powder on our website. While we reasoned that we held the requisite substantiation for that claim, the Company opted to remove the claim from its website to expedite release of the product. While both the labeling issues and the claim issue raised by the FDA have been corrected, we continued to experience FDA holds due to the Import Alerts. The FDA released the Company's Ambrotose Life product and NACR from the first Import Alert on February 6, 2024. The FDA released the Company's Ambrotose Complex product and NACR from the second Import Alert on September 23, 2024. Future holds and requested changes by the FDA could cause delays within our supply chain resulting in potential back orders, which could reduce associate and customer confidence and have a negative impact on our sales. In some foreign countries, nutritional products are considered foods, while other countries consider them drugs. Future health and safety or food and drug regulations could delay or prevent our introduction of new products or suspend or prohibit the sale of existing products in a given country or marketplace. In addition, if we expand into other foreign markets, our operations or products could also be affected by the general stability of such foreign governments and the regulatory environment relating to network marketing and our products. If our products are subject to high customs duties, our sales and competitive position could suffer as compared to locally produced goods. Furthermore, import restrictions in certain countries and jurisdictions could limit our ability to import products from the United States. We operate a non-direct selling business in mainland China. In 2016, we formed our China subsidiary, Meitai. Unlike Mannatech's business operations in other markets, Meitai operates under a cross-border e-commerce model, where consumers in China can buy Mannatech products manufactured overseas via Meitai's website. Meitai is currently not a direct selling company in China nor can it operate under a multi-level marketing model in China. Products purchased on Meitai's website are for personal use and not for resale. Meitai offers a rewards program to incentivize existing customers to refer other customers to purchase products from Meitai's website. Customs regulations in China include purchase limits to ensure that purchased products are for personal consumption. Regulators in China may change how they interpret and enforce regulations regarding e-commerce sales and how goods are imported through the free trade zone for sale to consumers in China. As a result, there can be no assurance that the Chinese government's current or future interpretation and application of existing and new regulations will not negatively impact our business in China, result in regulatory investigations, or lead to fines or penalties against us. On January 8, 2019, China's State Administration of Market Regulation, along with 12 other government ministries and agencies, jointly launched a nationwide "100-day campaign" to crack down on illegal practices involving health products, and in particular, those operating in the direct selling channel. The campaign was initiated amid growing controversies surrounding, Quanjian, a licensed direct selling company suspected of operating a pyramid scheme and engaging in marketing practices that exaggerated the effectiveness of its health products. Other direct selling firms operating in China were cautioned to stop making false or exaggerated health claims through public advertising and their distributors. As part of the 100-day campaign, China also suspended the registration, approval, and issuance of direct selling licenses. The 100-day campaign was completed on April 18, 2019. Subsequent to the campaign, Quanjian was fined approximately \$ 14.0 million and its founder and chairman was sentenced to nine years in prison and assessed a fine of approximately \$ 7.0 million. The suspension of issuing direct selling licenses continues. **The Chinese government has not re-opened the application review process for direct selling licenses and has not indicated when or if it plans to do so. The Chinese government's scrutiny of the direct selling industry remains high following the 2019 review.** Many direct selling companies operating in China are still experiencing negative effects to their business operations including limited sales meetings, media scrutiny, and unfavorable consumer sentiment towards direct selling companies. Chinese officials of various ministries and agencies stated that they will continue to monitor healthcare product and direct selling companies. The suspension on issuing direct selling licenses remains in effect and it is unclear whether there will be changes to the application processes if and when the suspension is lifted. Increased regulatory scrutiny of nutritional supplements as well as new regulations that are being adopted in some of our markets with respect to nutritional supplements could result in more restrictive regulations and harm our results if our supplements or advertising activities are found to violate existing or new regulations or if we are not able to effect necessary changes to our products in a timely and efficient manner to respond to new regulations. There has been an increasing movement in the United States and other markets to increase the regulation of dietary supplements, which could impose additional restrictions or requirements on us and increase the cost of doing business. On February 11, 2019, the FDA issued a statement from FDA Commissioner, Dr. Scott Gottlieb, regarding the agency's efforts to strengthen the regulation of dietary supplements. The FDA will be prioritizing and focusing resources on misbranded products bearing unproven claims to treat, cure, or mitigate disease. Commissioner Gottlieb established a Dietary Supplement Working Group tasked with reviewing the agency's organizational structure, process, procedures, and practices to identify opportunities to modernize the oversight of dietary supplements. Additionally, on December 21, 2015, the FDA created the ODSP. The creation of this new office elevates the FDA's program from its previous status as a division under the Office of Nutrition and Dietary Supplements. ODSP will continue to monitor the safety of dietary supplements. In markets outside of the United States, prior to commencing operations or marketing new products, we may be required to obtain approvals, registrations, licenses, or certifications from an agency comparable to the FDA for the specific market. Approvals or registration may require reformulation of our products or may be unavailable to us with respect to certain products or ingredients. We must also comply with product labeling regulations, which vary by jurisdiction. In several of our markets, new regulations have been adopted, or are likely to be adopted, in the near-term that will impose new requirements, make changes in some classifications of supplements under the regulations, or limit the claims we can make. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. In Europe, for example, we are unable to market supplements that contain ingredients that have not been previously marketed in Europe without going through an extensive registration and approval process. Europe is also expected to adopt additional regulations in the future to set new limits on acceptable levels of nutrients. South Africa has also implemented new "complementary medicine" legislation, which requires a significant dossier in order to register current and new products.

Mannatech is working toward complying with the new legislation and is in contact with the Direct Selling Association in South Africa. In August 2016, the FDA published its revised draft guidance on Dietary Supplements: New Dietary Ingredient Notifications and Related Issues. If a company sells a dietary supplement containing an ingredient that FDA considers either not a dietary ingredient or a new dietary ingredient (“NDI”) that needs an NDI notification, the agency may threaten or initiate enforcement against the Company. For example, it might send a warning letter that can trigger consumer lawsuits, demand a product recall, or even work with the Department of Justice to bring a criminal action. Our operations could be harmed if new guidance or regulations require us to reformulate products or effect new registrations, if regulatory authorities make determinations that any of our products do not comply with applicable regulatory requirements, if the cost of complying with regulatory requirements increases materially, or if we are not able to effect necessary changes to our products in a timely and efficient manner to respond to new regulations. In addition, our operations could be harmed if governmental laws or regulations are enacted that restrict the ability of companies to market or distribute nutritional supplements or impose additional burdens or requirements on nutritional supplement companies. Taxation and transfer pricing affect our operations and we could be subjected to additional taxes, duties, interest, and penalties in material amounts, which could harm our business. As a multinational corporation, in many countries, including the United States, we are subject to transfer pricing and other tax regulations designed to ensure that our intercompany transactions are consummated at prices that reflect the economic reality of the relationship between our entities and have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned by the local entities, and that we are taxed appropriately on such transactions. Regulators closely monitor our corporate structure, intercompany transactions, and how we effectuate intercompany fund transfers. If regulators challenge our corporate structure, transfer pricing methodologies or intercompany transfers, our operations may be harmed and our effective tax rate may increase. Scrutiny has increased with the advent of the Organization for Economic Co-operation and Development Base Erosion and Profit Shifting project. We are subject to income taxes in the U. S. and numerous international jurisdictions. Our income tax provision and cash tax liability in the future could be adversely affected by changes in earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. We are also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Tax authorities may disagree with certain tax reporting positions taken by us and, as a result, assess additional taxes against us. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. The amounts ultimately paid upon resolution of these or subsequent tax audits could be materially different from the amount previously included in our income tax provision, and, therefore, could have a material impact on our profitability.

Risks Related to Owning Our Common Stock Our stock price is volatile and may fluctuate significantly. The price of our common stock is subject to sudden and material increases and decreases. Decreases could adversely affect investments in our common stock. The price of our common stock and the price at which we could sell securities in the future could significantly fluctuate in response to:

- broad market fluctuations and general economic conditions;
- fluctuations in our financial results;
- future securities offerings;
- changes in the market’s perception of our products or our business, including false or negative publicity;
- governmental regulatory actions;
- the outcome of any lawsuits;
- financial and business announcements made by us or our competitors;
- the demand and daily trading volume of our shares;
- the general condition of the industry; and
- the sale of large amounts of stock by insiders.

In addition, the stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies. The changes sometimes appear to occur without regard to specific operating performance. The price of our common stock in the open market could fluctuate based on factors that have little or nothing to do with us or that are outside of our control. For example, general economic conditions, ~~such as the COVID-19 pandemic,~~ recession or interest rate or currency rate fluctuations in the United States or abroad, could negatively affect the market price of our common stock in the future. Certain shareholders, directors, and officers own a significant amount of our stock, which could allow them to influence corporate transactions and other matters. As of December 31, ~~2023~~ **2024**, our directors and executive officers collectively with their families and affiliates, beneficially owned approximately ~~45-43~~ **1-81** % of our total outstanding common stock. As a result, if two or more of these shareholders choose to act together based on their current share ownership, they may be able to control a significant percentage of the total outstanding shares of our common stock, which could affect the outcome of a shareholder vote on the election of directors, the adoption of stock option plans, the adoption or amendment of provisions in our articles of incorporation and bylaws, or the approval of mergers and other significant corporate transactions. We have implemented anti- takeover provisions that may help discourage a change of control. Certain provisions in our articles of incorporation, bylaws, and the Texas Business Organizations Code help discourage unsolicited proposals to acquire our Company, even if the proposal may benefit our shareholders. Our articles of incorporation authorize the issuance of preferred stock without shareholder approval. Our Board of Directors has the power to determine the price and terms of any preferred stock. The ability of our Board of Directors to issue one or more series of preferred stock without shareholders’ approval could deter or delay unsolicited changes of control by discouraging open market purchases of our common stock or a non- negotiated tender or exchange offer for our common stock. Discouraging open market purchases may be disadvantageous to our shareholders who may otherwise desire to participate in a transaction in which they would receive a premium for their shares. In addition, other provisions may also discourage a change of control by means of a tender offer, open market purchase, proxy contest or otherwise. Our charter documents provide for three classes of directors on our Board of Directors with members of each class serving staggered three year terms. Our bylaws provide that directors are elected by a plurality vote and that directors can only be removed for cause upon the affirmative vote of the holders of a majority of the issued and outstanding shares entitled to be cast for the election of such directors. Furthermore, our bylaws establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings. In addition, the Texas Business Organization Code restricts, subject to

exceptions, business combinations with any “ affiliated shareholder. ” Any or all of these provisions could delay, deter or help prevent a takeover of our Company and could limit the price investors are willing to pay for our common stock. Our failure to comply with The Nasdaq ~~Capital Global Select~~ Market continued listing standards may adversely affect the price and liquidity of our shares of common stock as well as our ability to raise capital in the future. ~~Our~~ **Prior to September 30, 2024, the Company’ s common stock was traded is currently listed on The Nasdaq Global Select Market . **As previously disclosed, on August 19, 2024, the Company received a notice from the Listing Qualifications Department of The Nasdaq Stock Market (“ Nasdaq ”) indicating that the Company was not in compliance with the minimum net equity requirement of \$ 10. 0 million under the Nasdaq Listing Rules for The Global Select Market tier. The Company opted to apply to Nasdaq to transfer the listing of its common stock to the Nasdaq Capital Market tier under Listing Rule 5810 (c) (3) (A). As previously reported on our Current Report on Form 8- K filed on September 27, 2024, Nasdaq approved the Company’ s application on September 26, 2024. The Company’ s common stock began trading on The Nasdaq Capital Market on September 30, 2024. The Company’ s common stock continues to trade under the symbol" MTEX."** The Nasdaq Capital Market is a continuous trading market that operates in substantially the same manner as The Nasdaq Global Market. **All companies listed on The Nasdaq Capital Market must meet certain financial requirements and adhere to Nasdaq’ s corporate governance standards** . Continued listing of a security on Nasdaq is conditioned upon compliance with various continued listing standards. There can be no assurance that we will continue to satisfy the requirements for maintaining listing on Nasdaq. If we are unsuccessful in maintaining compliance with the continued listing requirements of Nasdaq, then our common stock could be delisted. If our common stock is delisted and we cannot obtain listing on another major market or exchange, our common stock’ s liquidity would suffer, and we would likely experience reduced investor interest. Such factors may result in a decrease in our common stock’ s trading price. Delisting may also restrict us from issuing additional securities or securing financing. As of the date of issuance of this report, we were in compliance with the continued listing requirements. However, we cannot assure you that we will be successful in continuing to meet all requisite continued listing criteria. We are not required to pay dividends, and our Board of Directors may decide not to declare dividends in the future. The declaration of dividends on our common stock is solely within the discretion of our Board of Directors, subject to limitations under Texas law stipulating that dividends may not be paid if payment therefore would cause the corporation to be insolvent or if the amount of the dividend would exceed the surplus of the corporation. Our Board of Directors may decide not to declare dividends or we could be prevented from declaring a dividend because of legal or contractual restrictions. The failure to pay dividends could reduce our stock price. The reduced disclosure requirements applicable to us as a " smaller reporting company" may make our common stock less attractive to investors. We are a " smaller reporting company" as defined in Rule 12b- 2 of the Exchange Act. As a smaller reporting company we prepare and file SEC forms similar to other SEC reporting companies; however, the information disclosed may differ and be less comprehensive. If some investors find our common stock less attractive as a result of less comprehensive information we may disclose pursuant to the exemptions available to us as a smaller reporting company, there may be a less active trading market for our common stock and our stock price may be more volatile than that of an otherwise comparable company that does not avail itself of the same or similar exemptions. Circumstances and conditions may change. Accordingly, additional risks and uncertainties not currently known, or that we currently deem not material, may also adversely affect our business operations.**