Risk Factors Comparison 2024-03-12 to 2023-03-16 Form: 10-K

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You should carefully consider the following risks in evaluating us and our business. The risks described below are the risks that we currently believe are material to our business. However, additional risks not presently known to us, or risks that we currently believe are not material, may also impair our business operations. You should also refer to the other information set forth in this report, including the information set forth in " Business " and " Management' s Discussion and Analysis of Financial Condition and Results of Operations " as well as in our consolidated financial statements and the related notes. Our business prospects, financial condition or results of operations could be adversely affected by any of the following risks. If we are adversely affected by such risks, the market price of our common stock could decline. Regulatory and Litigation Risks 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. Direct selling companies are subject to laws and regulations by various government agencies throughout the world. These laws and regulations are generally intended to prevent fraudulent or deceptive practices and to ensure that sales are made to consumers of the products, and that compensation is based primarily upon bone fide sale of products to consumers and not primarily upon the recruitment of other persons as participants in the compensation program. Regulations in some countries in which we operate, including South Korea and China, limit the amount of compensation we can pay to our independent consultants. Failure to comply with these laws and regulations could result in significant penalties, which could have a material adverse effect on our results of operations and financial condition. Violations could result from misconduct by an independent consultant, ambiguity in statutes, changes or new laws and regulations affecting our business and court- related decisions. The FTC in the United States, and similar government agencies in foreign jurisdictions, periodically investigate and bring enforcement actions against direct selling companies based on alleged pyramid selling activity and / or false and misleading claims made by the direct selling company or its independent consultants. Direct selling companies that have been the subject of an FTC enforcement action have generally been required to make significant changes to their business model and pay significant monetary fines. Being the target of an investigation or enforcement action by the FTC in the United States, or a similar government agency in a foreign jurisdiction, could have a material adverse effect on our results of operations and financial condition. In recent years, FTC settlements with direct selling companies have required those companies to make material changes to their business model, including basing sales compensation and qualification only on sales to retail and preferred customers and on purchases by a consultant for personal consumption within allowable limits. ~~In 2020, we launched our new sales compensation plan for independent consultants in North America and Latin America.~~ If the requirements in FTC settlements or judicial cases lead to new industry standards or rules, our business could be impacted, and we may need to amend our global sales compensation plan. If we are required to make changes, or if the FTC seeks to enforce similar measures in the industry, either through rulemaking or an enforcement action against our company, our business could be harmed. Our products, business practices and manufacturing activities are subject to extensive government regulations and could be subject to additional laws and regulations. The formulation, manufacturing, packaging, labeling, advertising, distribution and sales of each of our major product groups are subject to regulation by numerous domestic and foreign governmental agencies and authorities. In the U. S., these governmental agencies and authorities include the FDA, the FTC, the CPSC, the EPA, the USDA and state regulatory agencies. Generally, each international market in which we operate has regulatory agencies similar to the regulatory agencies in the U. S. In addition, each State in the United States has an attorney general who is responsible for enforcing the laws of that State. Some states' attorneys general have, from time to time, demonstrated a focus on the manufacture and sale of various dietary supplements. As the primary manufacturer of our own products, we are subject to FDA regulations on Good Manufacturing Practices (" GMP "), which require us to maintain good manufacturing processes, including ingredient identification, manufacturing controls and record keeping. In the future, we may be subject to additional laws or regulations administered by the FDA or other federal, state, local or foreign regulatory authorities, the repeal or amendment of laws or regulations which we consider favorable and / or more stringent interpretations of current laws or regulations. Such changes could, among other things, require reformulation of certain products to meet new standards, cause us to recall or discontinue certain of our products, impose additional record- keeping or registration requirements, expand documentation of the properties of certain products and expand or alter labeling and / or scientific substantiation requirements. Any or all such requirements could increase our costs of operating the business and have a material adverse effect on our results of operations and financial condition. The FTC and states' attorneys general have in the past instituted enforcement actions against cosmetic, dietary supplement, and food companies and manufacturers for false and misleading advertising of some of their products ~~. At various times during the COVID- 19 pandemic, the FTC sent warning letters to retailers of dietary supplements and direct selling companies for deceptive or scientifically unsupported claims that their products could effectively treat, prevent, diagnose or cure COVID- 19~~ . The FTC and states' attorneys general from time to time have initiated investigations and enforcement actions against direct selling companies alleging that the companies operated a pyramid scheme. Although the FTC and states' attorneys general exercise a substantial degree of subjectivity in determining whether a company is operating a pyramid scheme, the FTC and states' attorneys general consider whether the compensation received by independent consultants is based primarily on recruitment of other persons as participants in the compensation program and not on bona fide sales of products to consumers. An enforcement action brought by a government agency, like the FTC in the United States, or a class action lawsuit, could adversely affect our reputation and potentially result in significant penalties and costs, either of which could have a material adverse effect on our results of operations and financial condition. Our direct selling system could be challenged in one or more countries in which we do business. Legal and regulatory requirements concerning the direct selling industry generally do not include " bright line " rules and are inherently fact- based and subject to interpretation. As a result, regulators and courts often have discretion in their application of these laws and regulations. The enforcement or interpretation of these laws and regulations by government agencies or courts change from time to time and force us to make appropriate changes to our direct selling system. We periodically become aware of investigations and enforcement actions against other companies in the direct selling industry. Additionally, we could also be subject to challenges by private parties in civil actions, including class action cases brought by plaintiffs' lawyers. An investigation, adverse judgment or significant settlement from an enforcement acting or civil class action lawsuit, brought against us, could have a material adverse effect on our results of operations and financial condition. Difficulties in registering our products for sale in Mainland China could have a material adverse effect on our results of operations and financial condition. Our registration of our products for sale in China is extremely time intensive. The requirements for obtaining product registrations and / or licenses involve extended periods of time that may delay us from offering products for sale or prevent us from launching new product initiatives in China on the same timelines as other markets around the world. For example, products marketed in China as " health foods " or for which certain claims are used are subject to " blue cap " or " blue hat " registrations, which involve extensive laboratory and clinical analysis by governmental authorities. This registration process can take anywhere from 18 months to 3 years but may be substantially longer. We currently market both " health foods " and " general foods " in China. There is risk associated with the common practice in China of marketing a product as a " general food " while seeking " health food " classification. If government officials feel the categorization of products is inconsistent with product claims, ingredients or function, this could end or limit our ability to market such products in China and have a material adverse effect on our results of operations and financial condition. If our independent consultants fail to comply with advertising laws, it could adversely affect our results of operations and financial condition. The advertisement of our products is subject to extensive regulations in most of the markets in which we do business, including the United States. Our independent consultants may fail to comply with such regulations governing the advertising of our products or business opportunity and regulators may hold us responsible for the violations of our independent consultants. In the U. S., our products are sold principally as dietary supplements and cosmetics and are subject to rigorous FDA regulations limiting the types of therapeutic claims that can be made relating to the products. The treatment or cure of disease, for example, is not a permitted claim for our products. In the U. S., the FTC and states' attorneys general are primarily responsible for providing consumer protection by, among other things, investigating and initiating enforcement actions against business practices it deems deceptive or fraudulent. ~~Companies in the dietary supplement and direct selling industries have met increased scrutiny throughout the COVID- 19 pandemic based on allegations that the company or its independent distributors use false or misleading claims that one or more of their dietary supplements are effective cures, treatments, or preventions for COVID- 19.~~ We cannot ensure that all marketing materials used by our independent consultants comply with applicable regulations, including bans on false and misleading product and earnings potential related claims. If our independent consultants fail to comply with these restrictions, then we could be subjected to claims of false advertising, misrepresentation, significant financial penalties, costly mandatory product recalls and relabeling requirements, any of which could have a material adverse effect on our results of operations and financial condition. Product liability claims could adversely affect our business. As a manufacturer and distributor of products that are ingested, we could face product liability claims if, among other things, our products are alleged to result in injury to a consumer. We carry product liability insurance coverage; however, such insurance may not be sufficient to cover one or more large claims, or the insurer may successfully disclaim coverage as to a pending or future claim, which could have a material adverse effect on our results of operations and financial condition ~~. Our CBD product line is subject to varying, rapidly changing federal, state and local laws, regulations, and rules, which could adversely affect our results of operations and financial condition. The CBD industry is evolving and subject to varying, and rapidly changing, laws, regulations and administrative practices. For example, the Agricultural Improvement Act of 2018 (the " 2018 Farm Bill ") formally defined " hemp " as the Cannabis sativa plant and its derivatives, extracts and cannabinoids with a delta- 9 tetrahydrocannabinol concentration of not more than 0. 3 %, and removed hemp from the federal definition of marijuana, making it no longer a Schedule I illegal drug under the Controlled Substances Act. The 2018 Farm Bill thus opened a pathway for the production and marketing of hemp and hemp derivatives, subject to compliance with certain federal requirements and state and local law. Our CBD products are derived from hemp as defined in the 2018 Farm Bill. The FDA, however, has taken the position that CBD is currently not lawful in food and dietary supplements because of the FDA' s prior approval of CBD as an active pharmaceutical ingredient in an approved new drug, though the agency has stated it will prioritize enforcement against CBD marketers making claims that their products can treat, prevent, or mitigate disease. At the direction of Congress, the FDA is currently engaged in a process of evaluating a regulatory approach for the lawful marketing of CBD- containing foods and dietary supplements. Continued development of CBD- related industries is dependent upon continued legalization of CBD- related products at the federal and state levels, and a number of factors could slow or halt progress in this area. Additionally, changes in applicable federal, state and local laws or regulations could restrict the products and services we offer or impose additional compliance costs on us or our customers. In addition, the manufacture, labeling, and distribution of our CBD products are regulated by various federal, state and local agencies. These governmental authorities or litigators, such as class action lawyers or attorneys general, may commence regulatory or legal proceedings, which could restrict the permissible scope of our product claims or our ability to sell products in the future. Violations of applicable laws, or allegations of such violations, could disrupt our business and result in material adverse effects on our operations and financial condition. We cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will have a material adverse effect on our business, including our ability to develop, sell, and expand our CBD- infused product line. Further, in the event of either repeal of federal, state or local laws and regulations, or of amendments thereto that are averse to our intended products, we may be restricted or limited with respect to those products that we may sell or distribute, which could~~

~~adversely impact our intended business plan with respect to such products~~. We are subject to anti- bribery laws, including the FCPA. We are subject to anti- bribery laws, including the FCPA, which generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business as well as requiring companies and their intermediaries to maintain accurate books and records. In recent years, there has been a substantial increase in anti- bribery law enforcement activity by the Department of Justice (" DOJ ") and the SEC relating to business operations within certain countries in which we operate, including China. For example, in recent years, U. S. based direct selling companies with operations in China have been the subject of investigations and enforcement actions, or in some cases have initiated their own internal investigation, relating to alleged violations of the FCPA. Our policies mandate compliance with anti- bribery laws by our employees and agents, including the requirements to maintain accurate information and internal controls. However, we may be liable for actions of our employees and agents, even if such actions are inconsistent with our policies. Being subject to an investigation by the DOJ or the SEC for an alleged violation of the FCPA could cause us to incur significant expenses and distractions that could adversely affect our business. Violations of the FCPA, or a similar anti- bribery law, may result in criminal or civil sanctions, including contract cancellations or debarment, and loss of reputation, which could have a material adverse effect on our results of operations and financial condition. Risks Related to Our Business We may be unable to attract and retain independent consultants. As a direct selling company, our revenue depends primarily on the number and productivity of our independent consultants. We, like most direct selling companies, experience high levels of turnover among our independent consultants from year to year, who may terminate their service at any time. Generally, we need to increase the productivity of our independent consultants and / or retain existing independent consultants and attract additional independent consultants to maintain and / or increase future sales. Many factors may affect our ability to attract and retain independent consultants, including: • publicity regarding us, our products, our distribution channels or our competitors; • on- going motivation of our independent consultants; • the public' s perceptions about the value and efficacy of our products; • the public' s perceptions and acceptance of direct selling; • general and economic business conditions; • government regulations; • our compensation arrangements, including any changes thereto, training and support for our independent consultants; and • competition in attracting and retaining independent consultants. Our results of operations and financial condition could be materially adversely affected if our independent consultants are unable to maintain their current levels of productivity and / or if we are unable to retain existing independent consultants and attract additional independent consultants in sufficient numbers to sustain future growth or to maintain present sales levels. The loss of key independent consultants who have a significant sales networks could have a material adverse effect on our results of operations and financial condition. A significant amount of our net sales, in some of our markets, is dependent on a few independent consultants and their extensive sales networks. The loss or inactivity of one of these independent consultants who, together with their extensive sales network, generate a significant amount of our net sales could have a material adverse effect on our results of operations and financial condition. Our expansion in China is subject to risks associated with operating a joint venture. On August 25, 2014, we completed a transaction with Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (" Fosun Pharma "), which created a joint venture owned 80 percent by us and 20 percent by a wholly owned subsidiary of Fosun Pharma. Effective operation of the joint venture depends on good relations between us and Fosun Pharma, active synergies between the two companies and positive legal and regulatory recognition of the joint venture. Any disruption in relations, inability to work efficiently or disadvantageous treatment of the joint venture by the Chinese or other authorities could have a material adverse effect on our results of operations and financial condition. Currency exchange rate fluctuations could adversely affect our results of operation and financial condition. In ~~2022~~ **2023** , we recognized approximately ~~70~~ **71** . ~~9~~ **0** percent of our net sales in markets outside the United States, the majority of which were recognized in each market' s respective local currency. We purchase inventory from companies in foreign markets and in the United States, primarily in U. S. dollars. In preparing our financial statements, we translate net sales and expenses in foreign countries from their local currencies into U. S. dollars using average exchange rates. Because a majority of our sales are in foreign countries, exchange rate fluctuations may have a significant effect on net sales and earnings. Our reported earnings have in the past been, and are likely to continue to be, significantly affected by fluctuations in currency exchange rates, with net sales and earnings generally increasing with a weaker U. S. dollar and decreasing with a strengthening U. S. dollar. We could incur obligations resulting from the activities of our independent consultants. We sell our products worldwide to a sales force of independent consultants who use the products themselves or resell them to customers. Independent consultants are not employees and operate their own business separate and apart from us. We may not be able to control aspects of their activities that may impact our business. If local laws and regulations, or the interpretation of locals laws and regulations, change and require us to treat our independent consultants as employees, or if our independent consultants 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 held responsible for a variety of obligations that are imposed upon employers relating to their employees, including employment related taxes and penalties, which could have a material adverse effect on our results of operations and financial condition. Our independent consultants also operate in jurisdictions where local legislation and governmental agencies require us to collect and remit taxes such as sales tax or value- added taxes. In addition, there is the possibility that some jurisdictions could seek to hold us responsible for false product or earnings potential related claims due to the actions of an independent consultant. If we were found to be responsible for any of these issues related to our independent consultants, it could have a material adverse effect on our results of operations and financial condition. We may be adversely affected by changes to our independent consultant compensation plans. We modify components of our compensation plans from time to time to keep them competitive and attractive to existing and potential independent consultants, to address changing market dynamics, to provide incentives to our independent consultants that we believe will help grow our business, to conform to local regulations and to address other business- related considerations. ~~In September 2020, we implemented significant changes to our compensation plan for independent consultants in our North America and Latin America operating segments.~~

Such changes could result in unintended or unforeseen negative economic and non- economic consequences to our business, such as higher than anticipated costs or difficulty in attracting and retaining independent consultants, either of which could have a material adverse effect on our results of operations and financial condition. Geopolitical issues, conflicts and other global events could adversely affect our results of operations and financial condition. Because a substantial portion of our business is conducted outside of the United States, our business is subject to global political issues and conflicts. Such political issues and conflicts could have a material adverse effect on our results of operations and financial condition if they escalate in areas in which we do business. In addition, changes in and adverse actions by governments in foreign markets in which we do business could have a material adverse effect on our results of operations and financial condition. Russia' s invasion of Ukraine and the continuing war between Russia and Ukraine has negatively impacted our operations in both countries and the region. In fiscal ~~2021~~ **2023**, operations 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, accounted for ~~13~~ **12**. ~~8~~ **2** % of net sales. We are unable to estimate future impacts to our business due to the high level of uncertainty as to how the war will evolve, its duration, and its ultimate resolution. Within Ukraine, there is a possibility of loss of life, physical damage and destruction of property, and loss of earning opportunities for many of our independent distributors and dealers. We may not be able to operate in many areas due to damage and safety concerns. Within Russia, we may need to further reduce our operations due to sanctions and counter sanctions, currency or payment controls, and supply chain challenges. Certain suppliers, vendors, independent distributors and customers are all impacted by the war and their ability to successfully maintain their operations could also impact our results of operations or product sales throughout the world ~~. The ongoing coronavirus pandemic and the responses thereto around the world could adversely impact our business and operating results. Throughout the COVID- 19 pandemic, governments around the world have issued orders restricting travel, the number of people who may gather, or for their citizens to shelter- in- place to slow the spread of COVID- 19. Such orders, restrictions and recommendations have resulted in widespread closures of businesses not deemed " essential, " work stoppages, limitations on the number of people allowed to gather in one location, slowdowns and delays in world- wide supply chains, work- from- home policies, travel restrictions and cancellation of events, among other effects. In particular, travel and logistics restrictions, shelter- in- place orders and other measures, including working remotely, social distancing and other policies implemented in foreign and domestic sites to protect the health and safety of employees, have resulted in, and are expected to continue to result in, transportation disruptions (such as reduced availability of air transport, port closures, and increased border controls or closures), production delays and capacity limitations at our facilities and some of our customers and suppliers, as well as reduced workforce availability or productivity. These and other adverse impacts on our supply chain could limit our ability to obtain required materials in a timely manner, maintain adequate inventory levels, and respond to changes in customer demand, which could adversely affect our business and result of operations. The duration and extent of COVID- 19' s impact on our business are difficult to assess or predict. Conditions vary significantly by geography, and the continued rise of COVID- 19 variants and associated spread have resulted in additional disruptions, government lockdowns, and other restrictive measures. Stay- at- home and quarantine mandates have disrupted or halted our operations in certain parts of China during 2022 and may continue to impact our business in the near term. Further quarantines, government reactions or shutdowns could disrupt or halt our operations and materially harm our business, financial condition and results of operations. Our manufacturing personnel and other employees could also be affected by COVID- 19, potentially reducing their availability, and a widespread outbreak of COVID- 19 among our manufacturing or supply- chain employees could disrupt or halt our operations. Further, restrictions on gatherings of individuals may limit the ability of our independent consultants to sell our products. Additionally, the procedures we take to mitigate the effect of COVID- 19 on our workforce, including but not limited to, social distancing and additional sanitizing measures, could reduce the efficiency of our operations, increase our operating costs or prove insufficient to protect our employees~~. High inflation and other difficult economic conditions could adversely affect our results of operations and financial condition. Consumer spending, including spending for our products, is affected by, among other things, prevailing economic conditions, including, among others, unemployment rates, inflation, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. The rate of inflation recently reached its highest level in the U. S. in over forty years. Europe and other areas in which we do business are also experiencing higher than desired inflation. Inflation may require consumers to reconsider purchases of items they consider nonessential and, as a result, consumers may purchase fewer of our products if they consider our products nonessential. We believe high levels of inflation in the U. S. and other regions in which we do business have resulted, and will continue to result, in increased input costs and lower net sales of our products. We may not be able to pass any inflation- related increases on to customers without adversely affecting net sales. A prolonged period of high inflation, recession, and other unfavorable economic conditions that adversely affect the ability of consumers to pay for our products could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Difficult economic conditions could adversely affect our results of operations and financial condition. Consumer spending habits, including spending for our products, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. Economic slowdowns in the markets in which we do business may adversely affect consumer spending habits and demand for our products, which may result in lower net sales in future periods. A prolonged global or regional economic downturn could have a material adverse effect on our results of operations and financial condition. Unfavorable economic conditions in the financial, and credit markets, inflation, or other circumstances that adversely affect the ability of consumers to pay for our products could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Our manufacturing activity is subject to certain risks. We manufacture a significant portion of the products sold at our manufacturing facility located in Spanish Fork, Utah. As a result, we are dependent upon the uninterrupted and efficient operation of our manufacturing facility in Spanish Fork and our distribution facilities throughout the country. Our manufacturing facilities and distribution facilities are subject to the risk of catastrophic loss due to, among other things, earthquake, fire, flood, epidemic, terrorism or other natural or man- made disasters, as well as the occurrence of significant equipment failures. If any of these facilities were to experience a catastrophic loss, it would be expected to disrupt our operations and could have a material adverse effect on our results of operations and financial condition. We source many of our ingredients and some of our finished products through third- party suppliers. If any of our third- party suppliers were to suffer a catastrophic loss, it would cause delays in our manufacturing and could have a material effect on our results of operations and financial condition. As the primary manufacturer of our own products, we are subject to FDA regulations on GMPs, which require us to maintain good manufacturing processes, including ingredient identification, manufacturing controls and record keeping. Compliance with these regulations has increased and may further increase our cost of manufacturing products. Our results of operations and financial condition could be materially adversely affected if regulatory authorities make determinations that we are not in compliance with FDA regulations on GMPs. A finding of noncompliance may result in administrative warnings, penalties or actions impacting our ability to continue selling certain products, which could have a material adverse effect on our results of operations and financial condition. In addition, we contract with third- party manufacturers to produce some of our vitamins, mineral and other nutritional supplements, personal care products and certain other miscellaneous products in accordance with our specifications and standards. These contract manufacturers are subject to the same risks as our manufacturing facility as noted above. In addition, while we have implemented stringent quality control procedures to verify that our contract manufacturers comply with our specifications and standards, we do not have full control over their manufacturing activities. Significant delays and defects in our products resulting from the activities of our contract manufacturers may have a material adverse effect on our results of operations and financial condition. Supply chain disruptions, manufacturing interruptions or delays, or the failure to accurately forecast customer demand, could adversely affect our ability to meet customer demand, lead to higher costs, or result in excess or obsolete inventory. Our business depends on the timely supply of materials, services and related products to meet the demands of our customers, which depends in part on the timely delivery of materials and services from suppliers and contract manufacturers. Significant or sudden increases in demand for our products, as well as worldwide demand for the raw materials and services we require to manufacture and sell our products, may result in a shortage of such materials or may cause shipment delays due to transportation interruptions or capacity constraints. Such shortages or delays could adversely impact our suppliers' ability to meet our demand requirements. Difficulties in obtaining sufficient and timely supply of materials or services can have an adverse impact on our manufacturing operations and our ability to meet customer demand. We may also experience significant interruptions of our manufacturing operations, delays in our ability to deliver products, increased costs or customer order cancellations as a result of: • the failure or inability to accurately forecast demand and obtain sufficient quantities of quality raw materials on a cost- effective basis; • volatility in the availability and cost of materials or services, including rising prices due to inflation; • difficulties or delays in obtaining required import or export approvals; • shipment delays due to transportation interruptions or capacity constraints, such as reduced availability of air or ground transport or port closures; • information technology or infrastructure failures, including those of a third- party supplier or service provider; and • natural disasters or other events beyond our control (such as earthquakes, utility interruptions, tsunamis, hurricanes, typhoons, floods, storms or extreme weather conditions, fires, regional economic downturns, regional or global health epidemics, ~~including the ongoing COVID- 19 pandemic~~ **pandemics** , geopolitical turmoil, increased trade restrictions between the U. S. and China and other countries, social unrest, political instability, terrorism, or acts of war) in locations where we or our customers or suppliers have manufacturing or other operations. **A widespread** ~~As more fully discussed in the risk factor " The ongoing coronavirus pandemic and the responses thereto around the world could adversely impact our business and operating results " above, the ongoing COVID- 19~~ pandemic and measures taken in response by governments and businesses worldwide to contain its spread, including quarantines, facility closures, travel and logistics restrictions, border controls, and shelter in place or stay at home and social distancing orders, ~~have adversely impacted and~~ may ~~continue to~~ adversely impact our supply chain, manufacturing, logistics, workforce and operations, as well as the operations of our customers and suppliers globally. Such adverse impacts on our supply chain could limit our ability to manufacture and sell our products on a timely and cost- effective basis, which could adversely affect our business and results of operations. If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our independent consultants and customers, our business and results of operations could be harmed. Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third- party contract manufacturers and the delivery of our products to our independent consultants and customers. We are vulnerable to risks associated with importing and exporting materials and products manufactured both at our manufacturing facility and third- party manufacturing facilities, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, and inspection processes or other port- of- entry limitations or restrictions in the United States. Failure to procure materials needed to manufacture our products and to deliver merchandise to our independent consultants and customers in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business. We also rely on the timely and free flow of goods through open and operational ports from our suppliers and manufacturers and to our independent consultants and customers. Labor shortages at our own facilities, ports, our common carriers, or our suppliers or manufacturers could harm our business, particularly if labor shortages occur during periods of significant importing or manufacturing, potentially resulting in delayed or canceled orders by customers and unanticipated inventory accumulation or shortages. These and similar disruptions could result in harm to our business, results of operations, and financial condition. In addition, we rely upon independent land- based and air freight carriers for product shipments to our independent consultants and customers who purchase our products. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to retail partners or customers in a timely and cost- effective manner. Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather, public health crises such as ~~the current COVID- 19 pandemic (or other future~~ pandemics or epidemics ~~)~~, and increased transportation costs, associated with our third-party contract manufacturers' and carriers' ability to provide products and services to meet our requirements. In addition, if the cost of fuel rises, the cost to deliver products may rise, which could harm our profitability. Taxation and transfer pricing could adversely affect our results of operations and financial condition. We are subject to foreign tax and intercompany pricing laws, including those relating to the flow of funds between our U. S. parent company and our foreign subsidiaries. These pricing laws are designed to ensure that appropriate levels of income and expense are reported by our U. S. and foreign entities, and that they are taxed appropriately. Regulators in the United States and in foreign markets closely monitor our corporate structures, intercompany transactions, and how we effectuate intercompany fund transfers. Our effective tax rate could increase, and our results of operations and financial condition could be materially adversely affected if regulators challenge our corporate structures, transfer pricing methodologies or intercompany transfers. We are eligible to receive foreign tax credits in the United States for certain foreign taxes paid abroad. In the event any audits or assessments are concluded adversely to us, we may not be able to offset the consolidated effect of foreign income tax assessments through the use of U. S. foreign tax credits. Because the laws and regulations governing U. S. foreign tax credits are complex and subject to periodic legislative amendment, we may not be able to take advantage of any foreign tax credits in the future. In addition, changes in the amount of our total and foreign source taxable income may also limit our ability to take advantage of foreign tax credits in the future. The various customs, exchange control and transfer pricing laws are continually changing, and are subject to the interpretation of governmental agencies. We collect and remit value- added taxes and sales taxes in jurisdictions and states in which we have determined that nexus exists. Other states may claim, from time to time, that we have state- related activities constituting a sufficient nexus to require us to collect and remit value- added taxes and sales taxes in their state. Despite our efforts to be aware of and to comply with such laws and changes to the interpretations thereof, we may not be able to continue to operate in compliance with such laws. We may need to adjust our operating procedures in response to these interpretational changes, and such changes could have a material adverse effect on our results of operations and financial condition. Risks Related to Our Use of Technology and Intellectual Property **If we fail to maintain an effective system of internal controls, we may not be able to report our financial results accurately, may make a material misstatement in our financial statements, or may experience a financial loss. Any inability to report and file our financial results accurately and timely could harm our business and adversely affect the value of our business. As a public company, we are required to establish and maintain internal controls over financial reporting and disclosure controls and procedures and to comply with other requirements of the Sarbanes- Oxley Act and the rules promulgated by the SEC. Even when such controls are implemented, management, including our Chief Executive Officer and Chief Financial Officer, cannot guarantee that our internal controls and disclosure controls and procedures will prevent all possible errors or loss. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company or perpetrated against us will be prevented or have been detected. These inherent limitations include the possibility that judgments in decision- making can be faulty and subject to simple error or mistake. Furthermore, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, measures of control may become inadequate because of changes in conditions, new fraudulent schemes, or the deterioration of compliance with policies or procedures. Because of inherent limitations in a cost- effective control system, financial loss or misstatements due to error or fraud may occur and / or may not be detected. The accuracy of our financial reporting and safeguarding of our assets depends on the effectiveness of our internal control over financial reporting. Internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements and may not prevent or detect financial loss or misstatements. Failure to maintain effective internal control over financial reporting, or lapses in disclosure controls and procedures, could undermine the ability to provide accurate disclosure (including with respect to financial information) on a timely basis or prevent or timely detect unauthorized wire transfers, which could cause investors to lose confidence in our internal controls (including with respect to financial information), require significant resources to remediate the lapse or deficiency, and expose us to legal or regulatory proceedings. In the first quarter of 2023, we identified a material weakness in internal controls over financial reporting related to the prevention and timely detection of unauthorized wire transfers. Because the material weakness resulted in the inability to prevent and timely detect misappropriation of cash assets, our management concluded that at March 31, 2023, the Company' s internal control over financial reporting was ineffective. We continue to evaluate, design and work through the process of implementing controls and procedures under a remediation plan designed to address this material weakness, but there can be no assurance that we will be able to remediate this material weakness in a timely manner or at all. If our remediation measures are insufficient to address the material weaknesses, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our financial statements may contain material misstatements, we could experience another financial loss, or we could be required to restate our financial results, which could lead to substantial additional costs for accounting and legal fees and stockholder litigation. Any failure to maintain such internal control could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis, and result in unauthorized access to our assets, including through unauthorized wire transfers. If such unauthorized transfers are not prevented or detected in a timely manner, our financial position could be adversely affected. Ineffective internal controls could also cause investors to lose confidence in**

our reported financial information, which could have a negative effect on the trading price of our stock. In addition, we may face potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from any restatement and material weaknesses in our internal controls over financial reporting. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition. Cybersecurity risks and the failure to maintain the integrity of data could expose us to data loss, litigation and liability, which could adversely affect our results of operations and financial condition. We collect and retain large volumes of data from employees and independent consultants, including credit card numbers and other personally identifiable information, for business purposes, including transactional and promotional purposes. Our various information technology systems enter, process, summarize and report such data. The integrity and protection of this data are critical to our business. We are subject to significant security and privacy regulations, as well as requirements imposed by the credit card industry. Similarly, a failure to adhere to the payment card industry' s data security standards could cause us to incur penalties from payment card associations, termination of our ability to accept credit or debit card payments, litigation and adverse publicity, any of which could have a material adverse effect on our business and financial condition. Maintaining compliance with these evolving regulations and requirements could be difficult and may increase costs. In addition, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss or fraudulent or unlawful use of company, employee, consultant or guest data which could adversely affect our reputation, disrupt our operations, or result in remedial and other costs, fines or lawsuits, which could have a material adverse effect on our results of operations and financial condition. Although we take measures to protect the security, integrity and confidentiality of our data systems, we experience cyber- attacks of varying degrees and types on a regular basis. Our infrastructure may be vulnerable to these attacks, and in some cases, it could take time to discover them. Breaches of our data systems, or those of our vendors, whether from circumvention of security systems, denial- of- service attacks or other cyber- attacks, hacking, " phishing " attacks, computer viruses, ransomware or malware, employee or insider error, malfeasance, social engineering, vendor software supply chain compromises, physical breaches or other actions, could result in material interruptions or malfunctions in our or such vendors' websites, applications, data processing, or disruption of other business operations. For example, in February 2023 we were targeted by a sophisticated social engineering attack, in which a third party fraudulently induced personnel at our wholly owned subsidiary in Japan to make wire transfers totaling $ 4. 8 million. ~~We anticipate recording a one- time pre- tax charge of up to $ 4. 8 million in the first quarter of 2023 as a result of this event.~~ These and other attacks could result in additional losses and harm our business and results of operations. For various reasons or circumstances, our employees may work remotely from time to time ~~. For example, many of our employees have worked remotely in response to the spread of the COVID- 19 pandemic~~ . During such times, remote access heightens the risk of a cyber- attack. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information to gain access to our data or our users' or customers' data. Any such breach or unauthorized access could result in the unauthorized disclosure, misuse or loss of sensitive information and lead to significant legal and financial exposure, regulatory inquiries or investigations, loss of confidence by our sales force, disruption of our operations and damage to our reputation. These risks are heightened as we work with third- party partners and as our sales force uses social media, as the partners and social media platforms could be vulnerable to the same types of breaches. 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 that could adversely affect our results of operation and financial condition. Some data we store, process and use, contains personal information, which subjects us to a variety of privacy, rights of publicity, data protection, content, protection of minors, and consumer protection laws and regulations in the United States and other countries. These laws and regulations are evolving in both the United States and in other countries. Such laws and regulations may impose significant fines or penalties and can be particularly restrictive. The application and interpretation of these laws and regulations are often uncertain and could result in investigations, claims, changes to our business practices, increased cost of operations and declines in growth, retention or engagement, any of which could have a material adverse effect on our results of operations and financial condition. ~~While several proposals and discussions are before the United States federal government, a number of states have enacted laws or are considering the enactment of laws governing the release of credit card or other personal information received from consumers. For example, the California Consumer Privacy Act (" CCPA "), which went into effect January 1, 2020, among other things, requires covered companies to provide new disclosures to California consumers, affords such consumers new abilities to opt-out of certain sales of personal information, and subjects companies to increased financial penalties and damages in the event of a data breach or other violation. Additionally, the EU General Data Protection Regulation (" GDPR "), which went into effect on May 25, 2018, establishes requirements applicable to the processing of personal data, affords data protection rights to individuals, and imposes penalties for serious data breaches, including fines of up to 4 % of our annual revenue, or € 20 million, whichever is greater. Individuals also have a right to compensation under both CCPA and GDPR for financial or non- financial losses. GDPR and CCPA have imposed additional responsibility and liability in relation to our processing of personal data in the EU and our collection, use and sharing of personal information of California residents. GDPR and CCPA have also required us to change our various policies and procedures in the EU and the U. S., and if we are not compliant, could have a material adverse effect on our results of operations and financial condition. Another example is China' s new cybersecurity law. Foreign governments also may attempt to apply such laws extraterritorially or through treaties or other arrangements with U. S. governmental entities.~~ We cannot assure you that the privacy policies and other statements regarding our practices will be found sufficient to protect us from liability or adverse publicity relating to the privacy and security of personal information. Whether and how existing domestic and international privacy and consumer protection laws and regulations apply is still uncertain and may take years to resolve. If privacy laws and regulations are drafted or interpreted broadly, they could be deemed to apply to the technology we use and could restrict our information collection methods or decrease the utility of information we would be permitted to store, process or use. The costs of compliance with these and other laws or regulatory actions may prevent us from selling our products, or increase the costs of doing so, and may affect our ability to invest in or develop products. In addition, a determination by a court or government agency that any of our practices, or those of our independent consultants, do not meet these standards could result in liability or adverse publicity, which could have a material adverse effect on our results of operations and financial condition. System failures 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 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. 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. Our business is subject to intellectual property risks. Most of our products are not protected by patents. Restrictive regulations governing the precise labeling of ingredients and percentages for nutritional supplements, the large number of manufacturers that produce products with many active ingredients in common and the rapid change and frequent reformulation of products generally make obtaining patent protection for our products impractical. We have other intellectual property that we consider valuable, including trademarks for the Nature' s Sunshine Products and Synergy names and logos. Our efforts to protect our intellectual property may be unsuccessful and third- parties may assert claims against us for infringement of intellectual property rights, which could result in us being required to obtain costly licenses for such rights, to pay royalties or to terminate our manufacturing of infringing products, all of which could have a material adverse effect on our results of operations and financial condition.