



Nu Skin Q4 2022

Overview



Important Information Regarding Forward-Looking Statements: This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that represent the company’s current expectations and beliefs. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws and include, but are not limited to, statements of management’s expectations regarding the macro-environment and the company’s performance, growth, shareholder value, strategies, vision, transformation, initiatives, product pipeline and product introductions, digital and social-commerce tools and initiatives, customers, sales leaders and affiliates, and operational improvements; statements of management’s expectations regarding the future status of the COVID-19 pandemic globally and across the company’s markets, and government and public behavior in response to such status; projections regarding revenue, expenses, tax rate, earnings per share, foreign currency fluctuations, dividends, cash from operations, uses of cash, capital expenditures, and other financial items; statements of belief; and statements of assumptions underlying any of the foregoing. In some cases, you can identify these statements by forward-looking words such as “believe,” “expect,” “continue,” “anticipate,” “project,” “outlook,” “guidance,” “plan,” “continue,” “will,” “would,” “could,” “may,” “might,” the negative of these words and other similar words.

The forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed herein. These risks and uncertainties include, but are not limited to, the following:

- risk that epidemics, including COVID-19 and related disruptions, and other crises could negatively impact our business;
- adverse publicity related to the company’s business, products, industry or any legal actions or complaints by the company’s sales force or others;
- risk that direct selling laws and regulations in any of the company’s markets, including the United States and Mainland China, may be modified, interpreted or enforced in a manner that results in negative changes to the company’s business model or negatively impacts its revenue, sales force or business, including through the interruption of sales activities, loss of licenses, increased scrutiny of sales force actions, imposition of fines, or any other adverse actions or events;
- any failure of current or planned initiatives or products to generate interest among the company’s sales force and customers and generate sponsoring and selling activities on a sustained basis;
- political, legal, tax and regulatory uncertainties, including trade policies, associated with operating in Mainland China and other international markets;
- uncertainty regarding meeting restrictions and other government scrutiny in Mainland China, as well as negative media and consumer sentiment in Mainland China on our business operations and results;
- risk of foreign-currency fluctuations and the currency translation impact on the company’s business associated with these fluctuations;
- uncertainties regarding the future financial performance of the businesses the company has acquired;
- risks related to accurately predicting, delivering or maintaining sufficient quantities of products to support planned initiatives or launch strategies, and increased risk of inventory write-offs if the company over-forecasts demand for a product or changes its planned initiatives or launch strategies;
- regulatory risks associated with the company’s products, which could require the company to modify its claims or inhibit its ability to import or continue selling a product in a market if the product is determined to be a medical device or if the company is unable to register the product in a timely manner under applicable regulatory requirements;
- unpredictable economic conditions and events globally;
- the company’s future tax-planning initiatives; any prospective or retrospective increases in duties or tariffs on the company’s products imported into the company’s markets outside of the United States; and any adverse results of tax audits or unfavorable changes to tax laws in the company’s various markets; and
- continued competitive pressures in the company’s markets.

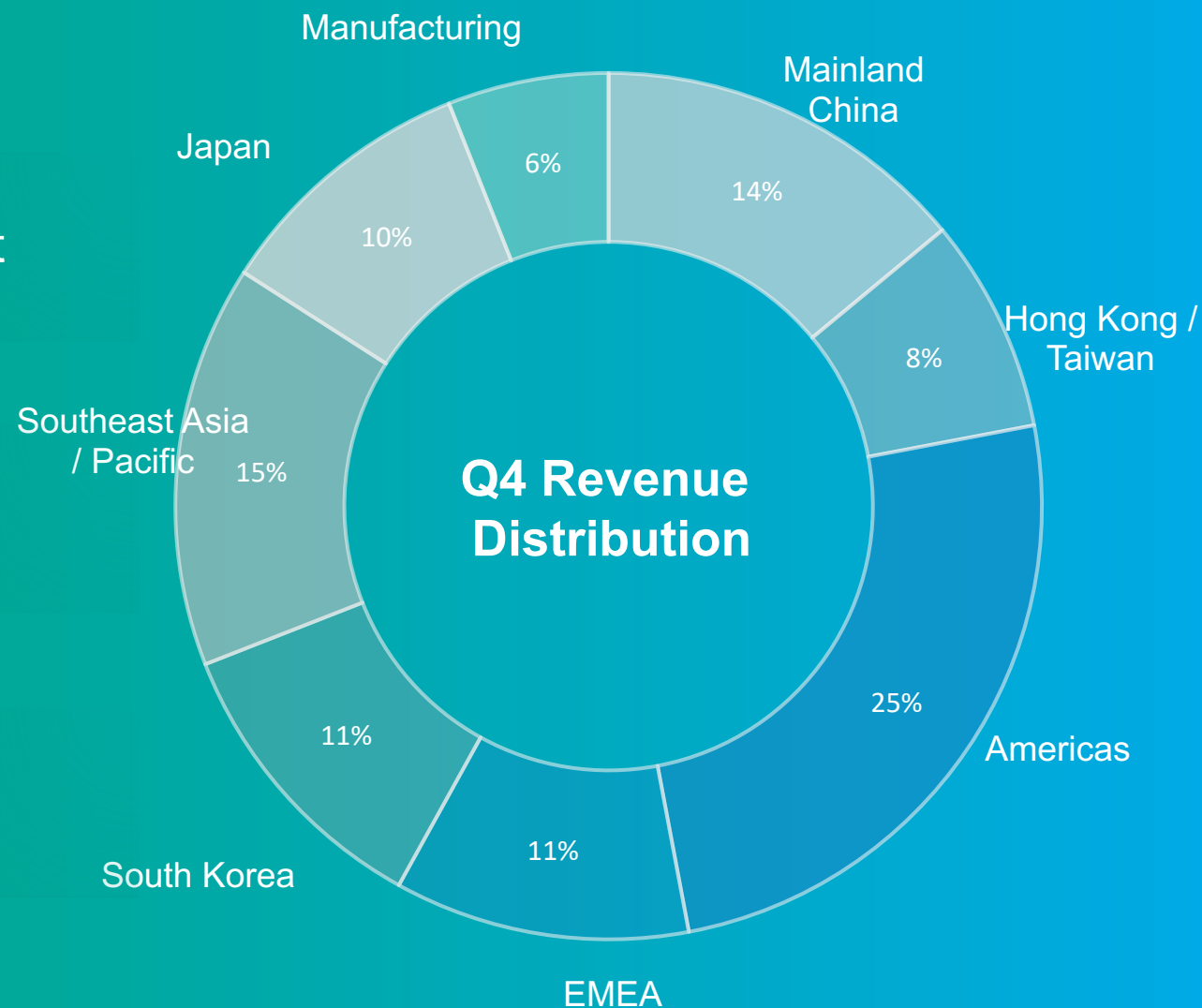
The company’s financial performance and the forward-looking statements contained herein are further qualified by a detailed discussion of associated risks set forth in the documents filed by the company with the Securities and Exchange Commission. The forward-looking statements set forth the company’s beliefs as of the date that such information was first provided, and the company assumes no duty to update the forward-looking statements contained in this presentation to reflect any change except as required by law.

Q4 Results

Revenue \$522.3 million, (22%) YOY; (7%) fx impact

EPS \$1.15; or \$0.89 excluding restructuring and impairment charges, compared to \$(0.18) or \$1.11 excluding restructuring and impairment in Q4 21

Customers (16%), Paid Affiliates (13%), Sales Leaders (21%), YOY

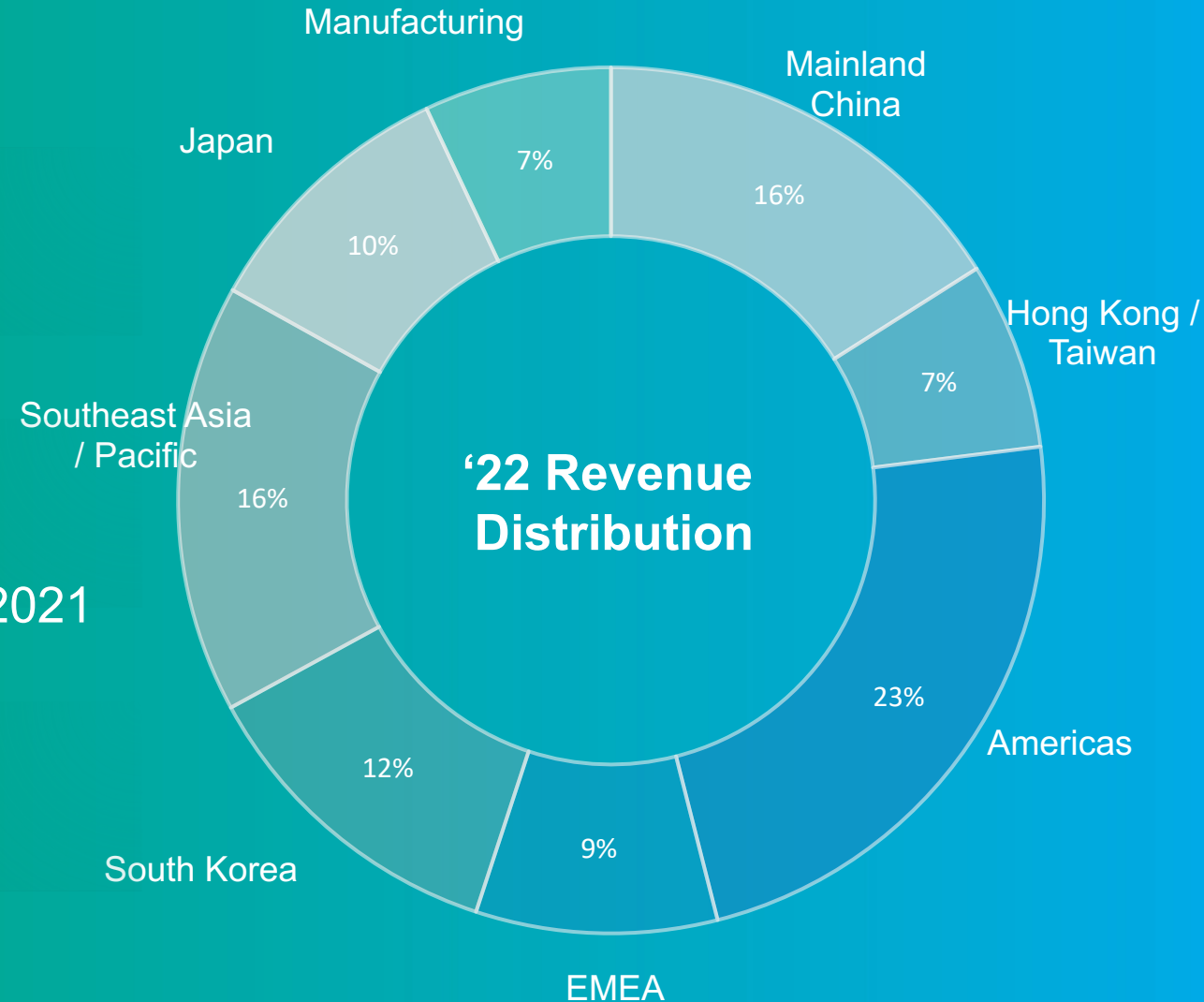


2022 Results

Revenue \$2.23 billion, (17%) YOY; (5%) fx impact

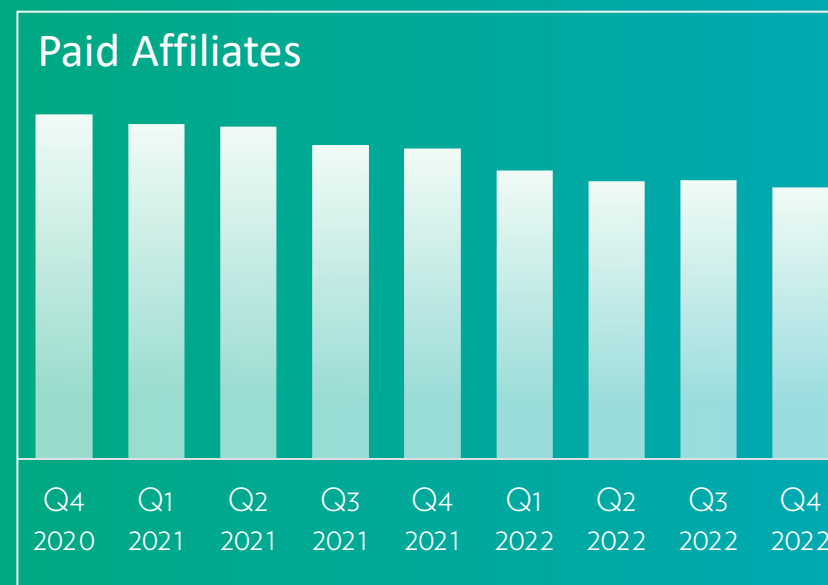
EPS \$2.07; or \$2.90 excluding restructuring and impairment charges, compared to \$2.86 or \$4.14 excluding restructuring and impairment charges in 2021

Customers (16%), Paid Affiliates (13%), Sales Leaders (21%), YOY



Customer / Sales Leader / Paid Affiliate Performance

Market	Q4 2022					
	Customers	YOY % Change	Paid Affiliates	YOY % Change	Sales Leaders	YOY % Change
Mainland China	202,933	(36)%	23,436	(23)%	12,359	(32)%
Americas	299,287	(11)%	42,633	(14)%	9,594	(12)%
S.E. Asia / Pac	141,183	(17)%	38,653	(12)%	6,999	(20)%
South Korea	123,749	(15)%	45,058	(13)%	6,094	(26)%
Japan	119,152	(3)%	38,021	(1)%	5,936	1%
EMEA	197,917	(6)%	31,869	(13)%	4,740	(17)%
HK / Taiwan	62,903	(5)%	17,286	(14)%	3,015	(18)%
Total	1,147,124	(16)%	236,956	(13)%	48,737	(21)%



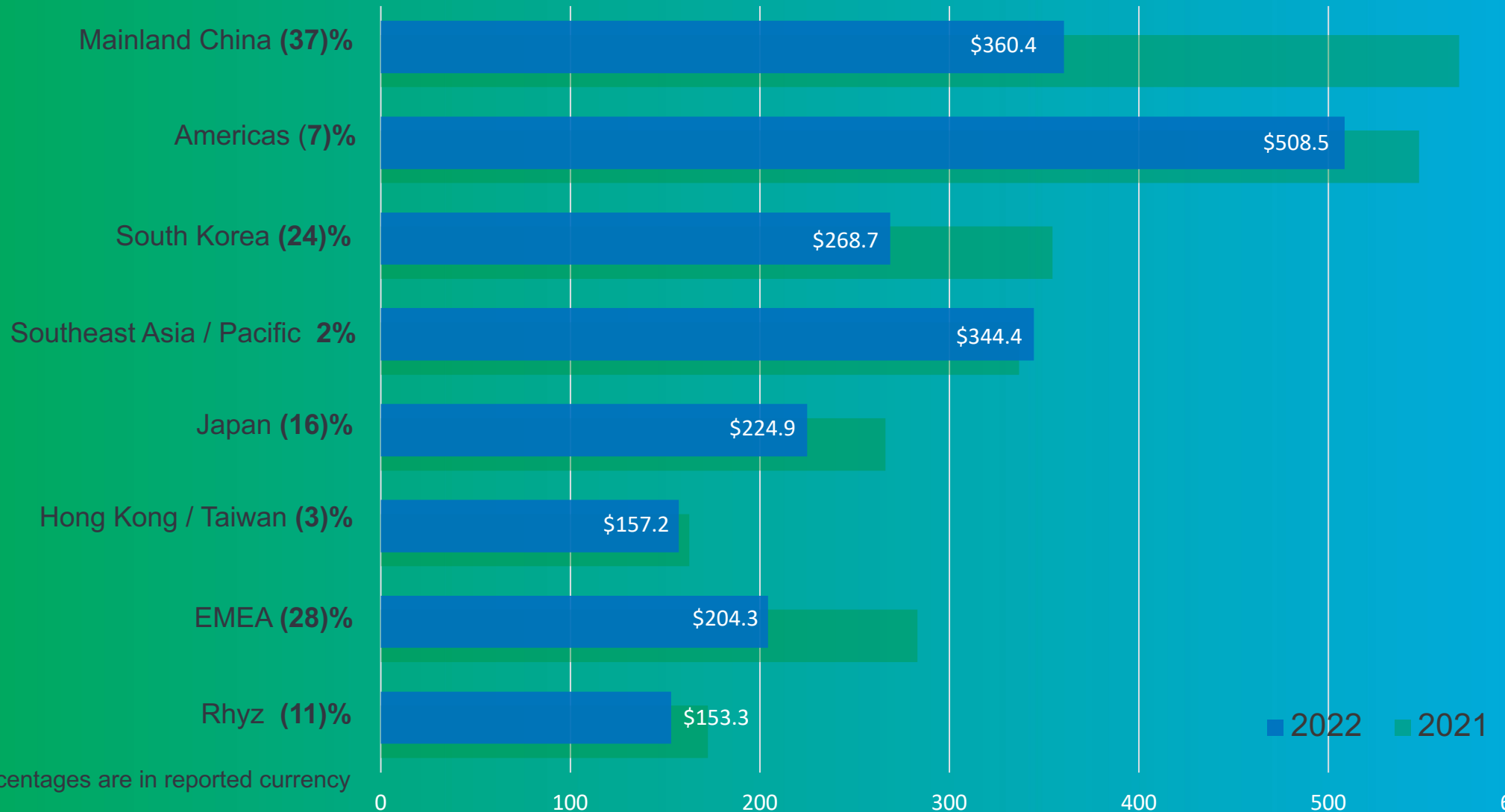
Q4 22 Revenue by Segment (M)



*Amounts and percentages are in reported currency



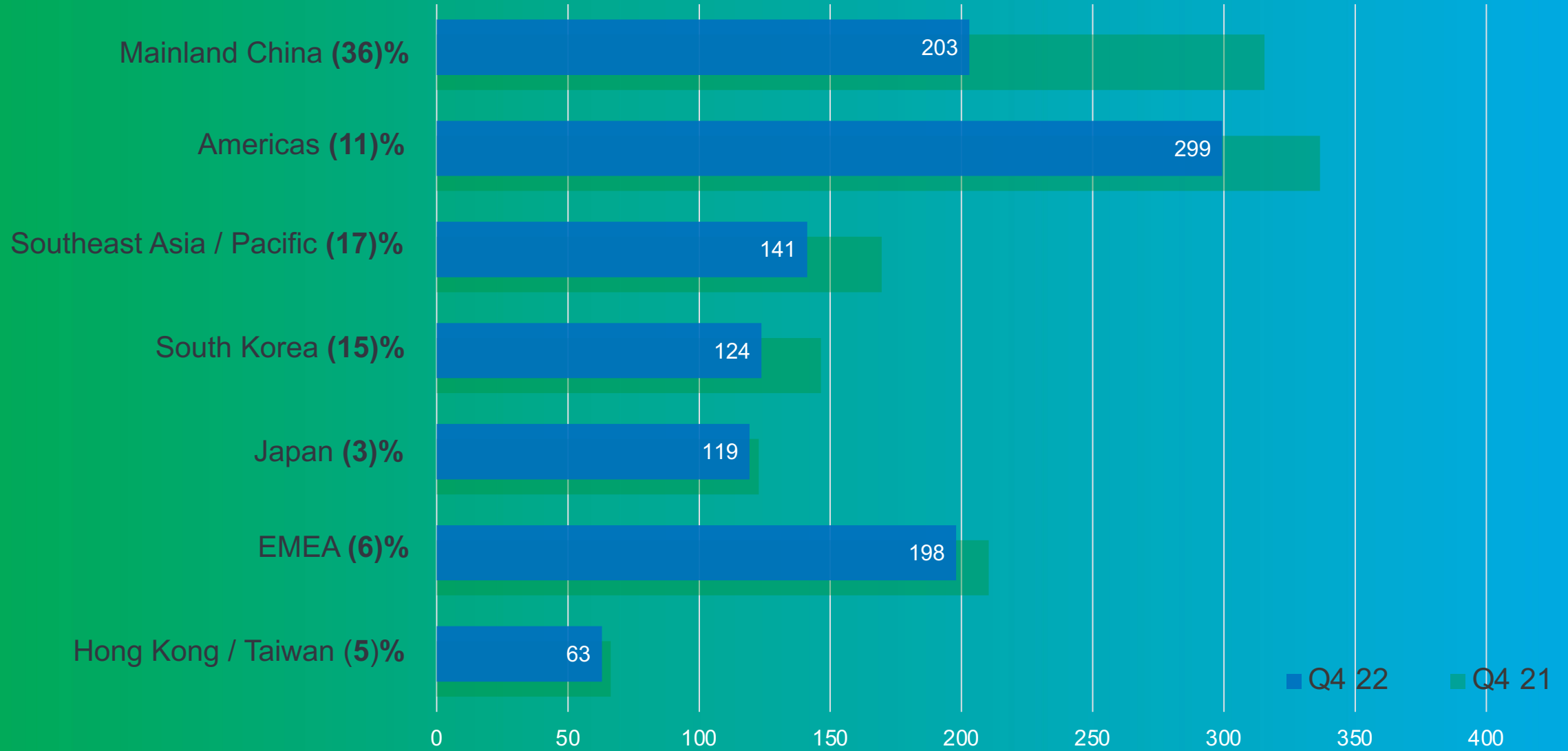
2022 Revenue by Segment (M)



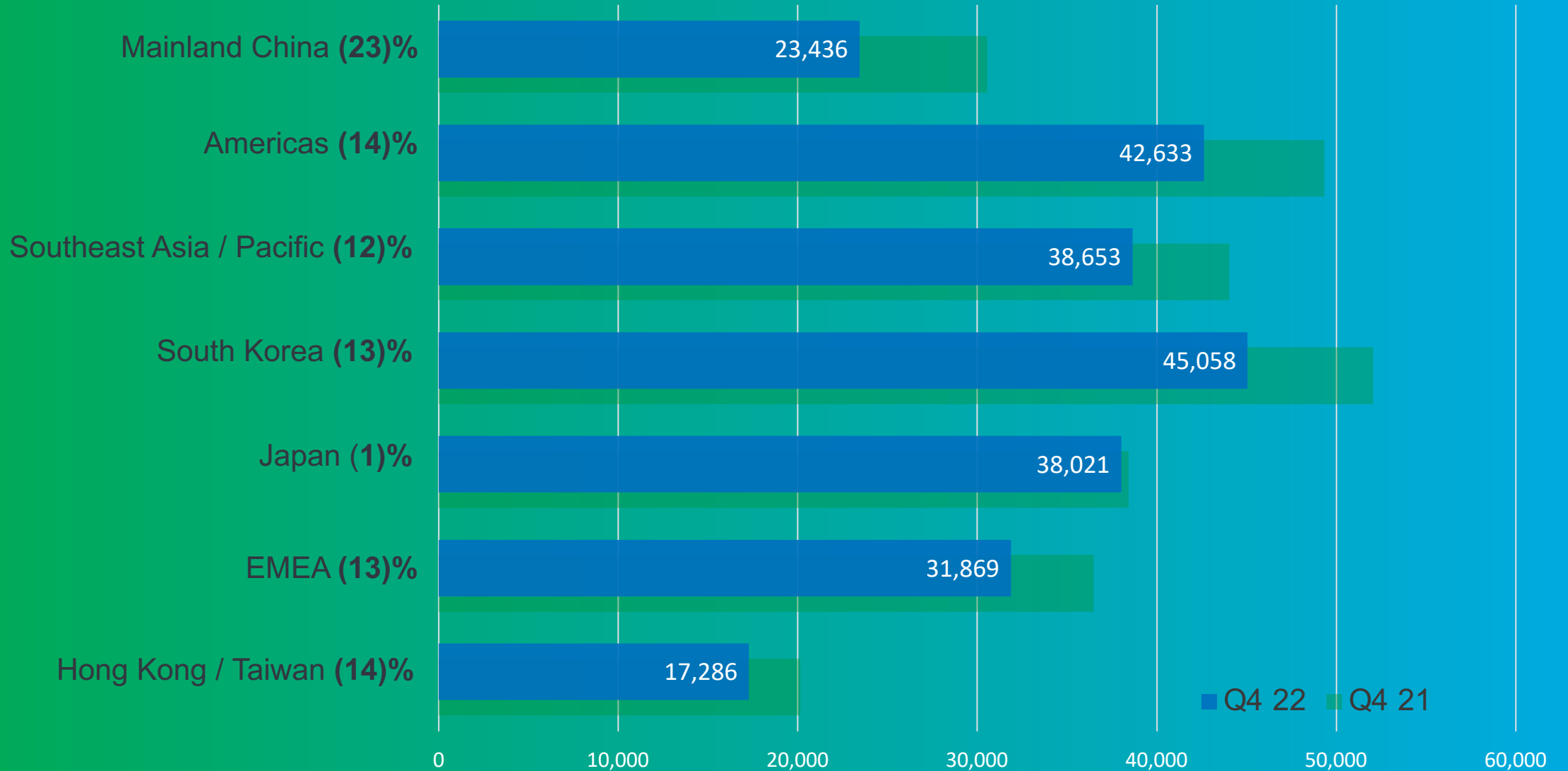
*Amounts and percentages are in reported currency



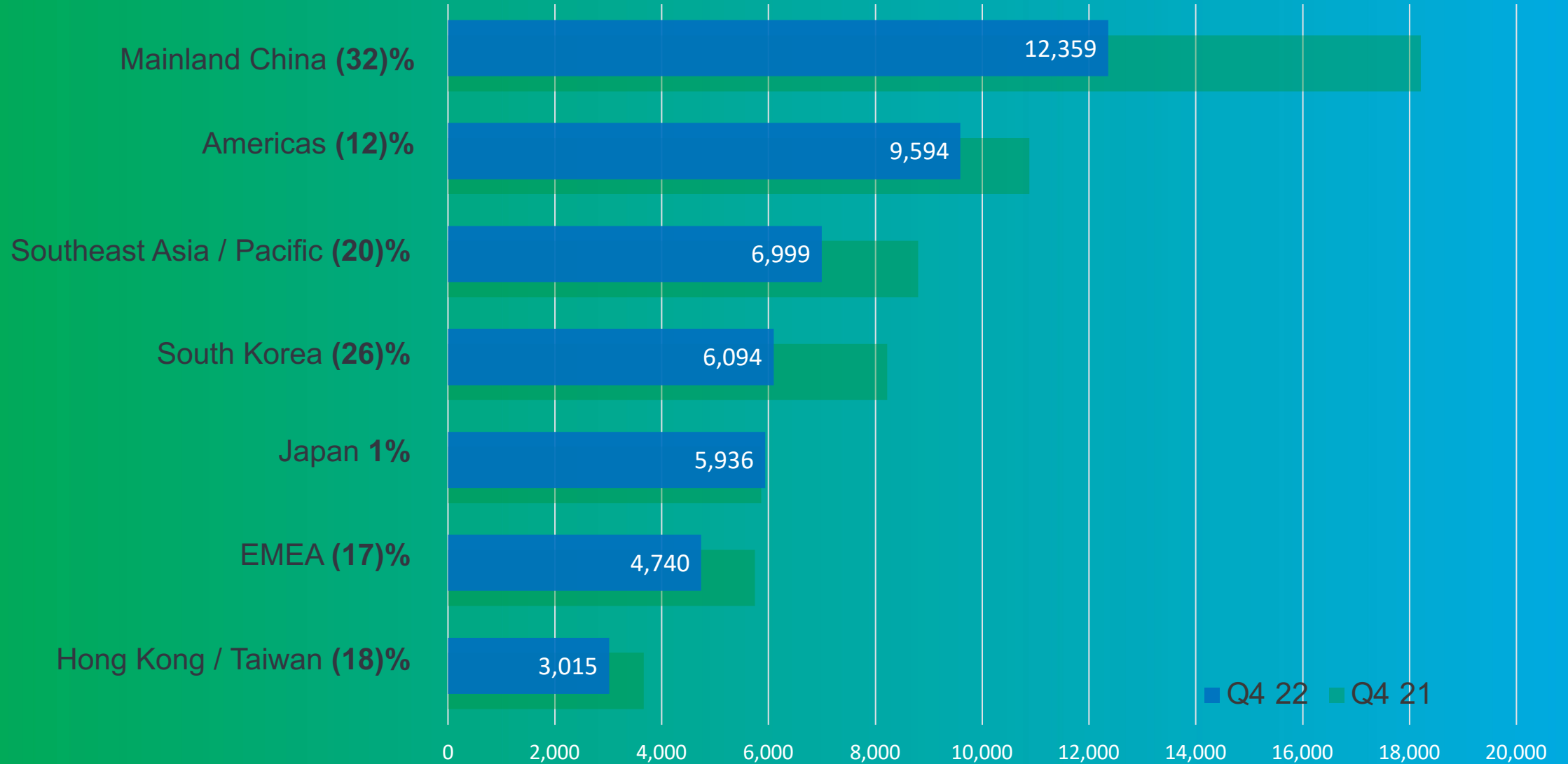
Customers by Segment (000's)



Paid Affiliates by Segment



Sales Leaders by Segment

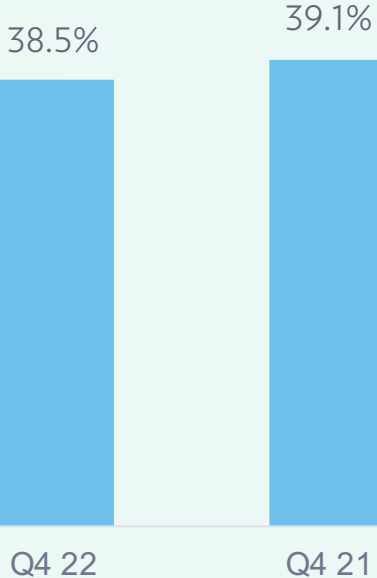


Operational Performance

*Gross Margin



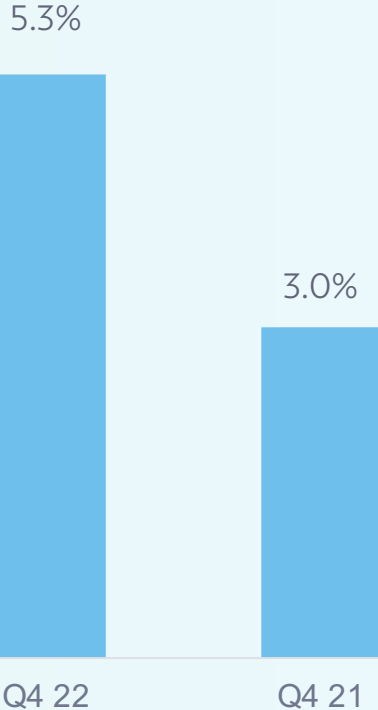
Selling Expenses



G&A Expense



*Operating Margin



* Q4 22 reported amounts indicated, inclusive of Q4 22 restructuring and impairment charges. See Q4 earnings release for additional details.

Shareholder Value

Annual Dividend

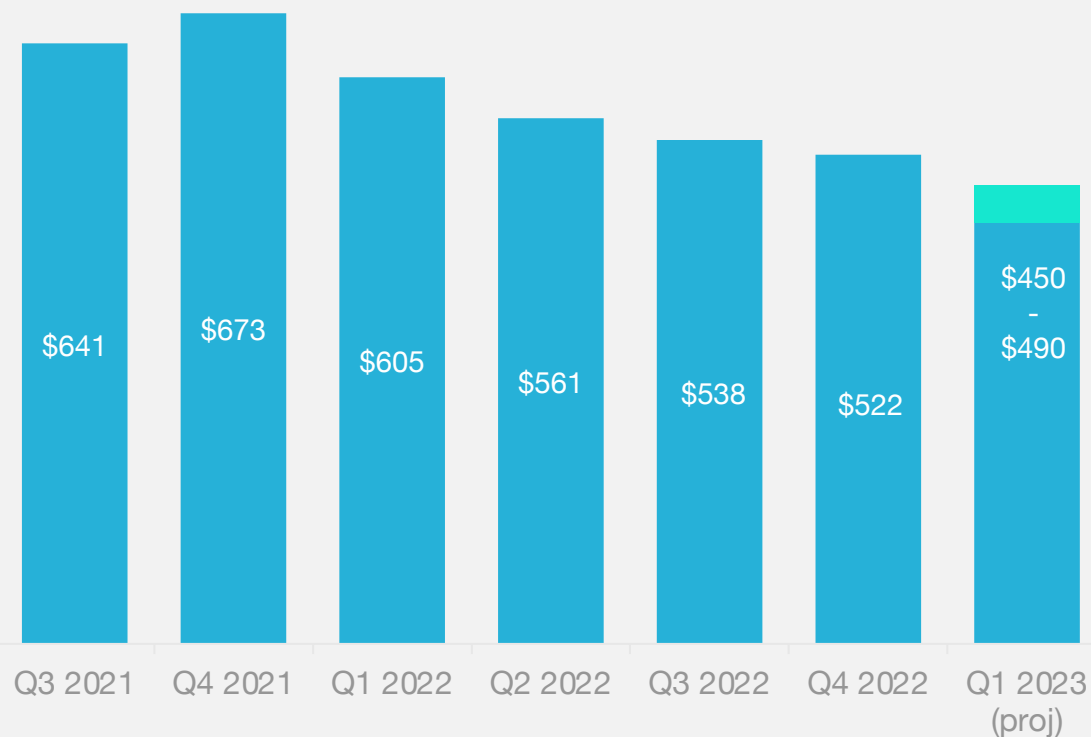
Q4 Dividend Payment
- \$19.0 million

Q4 Stock Repurchases
- \$10.0 million



Q1 & 2023 Outlook

Quarterly Revenue



Q1 2023 Revenue • \$450 to \$490 M;
• Approx. (5) to (6)% fx impact

Q1 2023 EPS • \$0.17 to \$0.27; or \$0.25 to \$0.35
non-GAAP

2023 Revenue • \$2.03 to \$2.18 B;
• Approx. (1) to (2)% fx impact

2023 EPS • \$2.27 to \$2.67; or \$2.35 to \$2.75
non-GAAP



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Projected Revenue Growth

REPORTED CURRENCY

Americas	1 to (6)%
South Korea	2 to (5)%
Mainland China	(23) to (35)%
Southeast Asia/Pac	1 to (5)%
Japan	1 to 2%
Hong Kong/Taiwan	2 to (5)%
EMEA	3 to (3)%
Rhyz	6 to 13%



2023

Projected 2023 Key Financial Indicators

Gross Margin	73.5 to 74.0%
Selling Expense	39.5 to 40.0%
G&A Expense	25 to 26%
Operating Margin	8.4 to 9.1% or 8.7 to 9.3% non-GAAP
Other Income/Exp.	\$20 to \$22 M
Tax Rate	18 to 26%
Cash from Ops	\$170 to \$180 M
Depr. & Amort.	~\$70 M
Capital Spend	\$75 to \$95 M



Non-GAAP Reconciliation Tables

NU SKIN ENTERPRISES, INC.

Reconciliation of Operating Margin Excluding Impact of Restructuring and Impairment to GAAP Operating Margin (in thousands, except for per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Operating Income	\$ 27,459	\$ 20,320	\$ 110,847	\$ 233,992
Impact of restructuring and impairment:				
Restructuring and impairment	18,369	51,870	48,493	51,870
Inventory write-off	-	6,656	26,905	6,656
Adjusted operating income	<u>\$ 45,828</u>	<u>\$ 78,846</u>	<u>\$ 186,245</u>	<u>\$ 292,518</u>
Operating margin	5.3%	3.0%	5.0%	8.7%
Operating margin, excluding restructuring impact	8.8%	11.7%	8.4%	10.9%
Revenue	\$ 522,340	\$ 673,436	\$ 2,225,659	\$ 2,695,669

NU SKIN ENTERPRISES, INC.

Reconciliation of Earnings Per Share Excluding Impact of Restructuring to GAAP Earnings Per Share

	Three months ended March 31,		Year ended December 31,	
	2023 - Low-end	2023 High-end	2023 - Low-end	2023 High-end
Earnings Per Share	\$ 0.17	\$ 0.27	\$ 2.27	\$ 2.67
Impact of restructuring and impairment expense:				
Restructuring and impairment	0.10	0.10	0.10	0.10
Tax impact	(0.02)	(0.02)	(0.02)	(0.02)
Adjusted EPS	<u>\$ 0.25</u>	<u>\$ 0.35</u>	<u>\$ 2.35</u>	<u>\$ 2.75</u>

NU SKIN ENTERPRISES, INC.

Reconciliation of Gross Margin Excluding Impact of Restructuring and Impairment to GAAP Gross Margin (in thousands, except for per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Gross profit	\$ 374,524	\$ 499,661	\$ 1,594,744	\$ 2,020,446
Impact of restructuring and impairment:				
Inventory write-off	-	6,656	26,905	6,656
Adjusted gross profit	<u>\$ 374,524</u>	<u>\$ 506,317</u>	<u>\$ 1,621,649</u>	<u>\$ 2,027,102</u>
Gross margin	71.7%	74.2%	71.7%	75.0%
Gross margin, excluding restructuring impact	71.7%	75.2%	72.9%	75.2%
Revenue	\$ 522,340	\$ 673,436	\$ 2,225,659	\$ 2,695,669



Non-GAAP Reconciliation Tables

NU SKIN ENTERPRISES, INC.
Reconciliation of Effective Tax Rate Excluding Impact of Restructuring to GAAP Effective Tax Rate
(in thousands, except for per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Provision (benefit) for income taxes	\$ (32,860)	\$ 27,666	\$ (15,808)	\$ 85,193
Impact of restructuring on provision for income taxes	(903)	(6,933)	10,651	(6,933)
Impact of Tax Changes	32,187	-	32,187	-
Provision for income taxes, excluding impact of restructuring	<u>\$ (1,576)</u>	<u>\$ 20,733</u>	<u>\$ 27,030</u>	<u>\$ 78,260</u>
Income before provision for income taxes	24,355	18,436	88,970	232,459
Impact of restructuring and impairment expense:				
Inventory write-off	-	6,656	26,905	6,656
Restructuring and impairment	18,369	51,870	48,493	51,870
Impact of charges associated with our Q4 exit from Grow Tech:				
Unrealized investment loss	-	-	9,009	-
Income before provision for income taxes, excluding impact of restructuring	<u>\$ 42,724</u>	<u>\$ 76,962</u>	<u>\$ 173,377</u>	<u>\$ 290,985</u>
Effective tax rate	-134.9%	150.1%	-17.8%	36.6%
Effective tax rate, excluding restructuring impact	-3.7%	26.9%	15.6%	26.9%



Non-GAAP Reconciliation Tables

NU SKIN ENTERPRISES, INC.
Reconciliation of Earnings Per Share Excluding Impact of Restructuring to GAAP Earnings Per Share
(in thousands, except for per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net income	\$ 57,215	\$ (9,230)	\$ 104,778	\$ 147,266
Impact of restructuring and impairment expense:				
Restructuring and impairment	18,369	51,870	48,493	51,870
Cost of sales - Restructuring	-	6,656	26,905	6,656
Tax impact	903	6,933	(9,566)	6,933
Impact of charges associated with our Q4 exit from Grow Tech:				
Unrealized loss on investment	-	-	9,009	-
Tax impact	-	-	(1,085)	-
Tax impact from method change	(32,187)	-	(32,187)	-
Adjusted net income	<u>\$ 44,300</u>	<u>\$ 56,229</u>	<u>\$ 146,347</u>	<u>\$ 212,725</u>
Diluted earnings per share	\$ 1.15	\$ (0.18)	\$ 2.07	\$ 2.86
Diluted earnings per share, excluding restructuring impact	\$ 0.89	\$ 1.11	\$ 2.90	\$ 4.14
Weighted-average common shares outstanding (000):	49,783	50,801	50,525	51,427

□



Non-GAAP Reconciliation Tables

NU SKIN ENTERPRISES, INC.
**Reconciliation of Operating Margin Excluding Impact of Restructuring and Impairment to
GAAP Operating Margin**
(in thousands, except for per share amounts)

	Year ended December 31,	
	2023 - Low-end	2023 High-end
Operating Income	\$ 170,700	\$ 197,000
Impact of restructuring and impairment expense:		
Restructuring and impairment	5,000	5,000
Adjusted operating income	<u>\$ 175,700</u>	<u>\$ 202,000</u>
Operating margin	8.4%	9.1%
Operating margin, excluding restructuring impact	8.7%	9.3%
Revenue	\$ 2,025,570	\$ 2,175,800

