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

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-12421

NU SKIN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**87-0565309**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

75 West Center Street
Provo, Utah 84601
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (801) 345-1000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $.001 par value	NUS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

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

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

Large accelerated filer ☑
Non-accelerated filer ☐
Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

Based on the closing sales price of the Class A common stock on the New York Stock Exchange on June 30, 2021, the last business day of the Registrant's second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $2.80 billion. All executive officers and directors of the Registrant, and all stockholders holding more than 10% of the Registrant's outstanding voting stock (other than institutional investors, such as registered investment companies, eligible to file beneficial ownership reports on Schedule 13G), have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the Registrant.

As of January 31, 2022, 49,824,136 shares of the Registrant's Class A common stock, $.001 par value per share, and no shares of the Registrant's Class B common stock, $.001 par value per share, were outstanding.

Documents incorporated by reference. Portions of the Registrant's Definitive Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this report. The Definitive Proxy Statement or an amendment to this Form 10-K will be filed with the Securities and Exchange Commission within 120 days after the Registrant's fiscal year end.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

THIS ANNUAL REPORT ON FORM 10-K, IN PARTICULAR "ITEM 1. BUSINESS" AND "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," 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 OUR 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 OUR PERFORMANCE, INITIATIVES, STRATEGIES, PRODUCTS, INGREDIENTS, PRODUCT INTRODUCTIONS AND OFFERINGS, PRODUCT SOURCING, GROWTH, ACQUISITIONS AND ACQUIRED COMPANIES' PERFORMANCE, GLOBAL ECONOMIC CONDITIONS, OPPORTUNITIES AND RISKS; STATEMENTS OF PROJECTIONS REGARDING FUTURE SALES, EXPENSES, OPERATING RESULTS, TAXES AND DUTIES, CAPITAL EXPENDITURES, SOURCES AND USES OF CASH, FOREIGN-CURRENCY FLUCTUATIONS OR DEVALUATIONS, REPATRIATION OF UNDISTRIBUTED EARNINGS, AND OTHER FINANCIAL ITEMS; STATEMENTS OF MANAGEMENT'S EXPECTATIONS AND BELIEFS REGARDING OUR MARKETS, SALES FORCE, SALES COMPENSATION PLAN AND CUSTOMER BASE; STATEMENTS REGARDING THE PAYMENT OF FUTURE DIVIDENDS AND STOCK REPURCHASES; STATEMENTS REGARDING THE OUTCOME OF LITIGATION, AUDITS, INVESTIGATIONS AND OTHER LEGAL MATTERS, INCLUDING GOVERNMENT POLICIES AND REGULATIONS IN MAINLAND CHINA AND THE UNITED STATES; ACCOUNTING ESTIMATES AND ASSUMPTIONS; 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," "PROJECT," "ANTICIPATE," "ESTIMATE," "COMMIT," "INTEND," "PLAN," "TARGETS," "LIKELY," "WILL," "WOULD," "COULD," "MAY," "MIGHT," THE NEGATIVE OF THESE WORDS AND OTHER SIMILAR WORDS. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS REQUIRED BY LAW. WE CAUTION AND ADVISE READERS THAT THESE STATEMENTS ARE BASED ON ASSUMPTIONS THAT MAY NOT BE REALIZED AND INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS AND BELIEFS CONTAINED HEREIN. FOR A SUMMARY OF THESE RISKS, SEE "ITEM 1A. RISK FACTORS."

In this Annual Report on Form 10-K, references to "dollars" and "$" are to U.S. dollars.

Nu Skin, Pharmanex and ageLOC are our trademarks. The italicized product names used in this Annual Report on Form 10-K are product names and also, in certain cases, our trademarks.

PART I

ITEM 1. BUSINESS

Nu Skin Enterprises, Inc. develops and distributes a comprehensive line of premium-quality beauty and wellness solutions in approximately 50 markets worldwide. In 2021, our revenue of $2.7 billion was primarily generated by our three primary brands: our beauty brand, Nu Skin; our wellness brand, Pharmanex; and our anti-aging brand, ageLOC. We operate in the direct selling channel, primarily utilizing person-to-person marketing to promote and sell our products, including through the use of social and digital platforms.

In addition to our core Nu Skin business, we also explore new areas of growth and opportunity through our strategic investment arm known as Rhyz Inc. Rhyz investments include beauty and wellness product manufacturing companies and other investments. In 2021, the Rhyz companies generated $174.7 million, or 6%, of our 2021 reported revenue (excluding sales to our core Nu Skin business).

In 2021, we generated approximately 20% of our revenue from the United States and approximately 21% from Mainland China. Given the size of our international operations, our results, as reported in U.S. dollars, are often impacted by foreign-currency fluctuations; in 2021, our revenue was positively impacted 2% from foreign-currency fluctuations compared to 2020. Our results also can be impacted by global economic, political, demographic and business trends and conditions.

Our operations are subject to various laws and regulations globally, particularly with respect to our product categories and our distribution channel. See Item 1A. Risk Factors for a more detailed description of the risks associated with our business.

PRODUCTS

We offer a branded, differentiated product portfolio. We believe our innovative approach to product development and distribution provides us with a competitive advantage in beauty and wellness products and direct selling. We believe that our acquired and licensed technologies, manufacturing and innovation facilities, research collaborations and in-house research expertise enable us to introduce innovative, proprietary products. We seek to offer products that are demonstrable and well suited for social sharing. Sustainability is also an important part of our product strategy; we take sustainability into account as we formulate our products, and we have an ongoing initiative to transition to packaging that is recycled, recyclable, reusable, reduced or renewable.

Beginning in the second half of 2021 and continuing into 2022, we are launching our *Beauty Focus Collagen+* skin care supplement and our *ageLOC Meta* nutritional supplement that helps support metabolic health.

During the past several years, we have generated success in our business with innovative beauty devices. Devices are becoming an increasingly important part of our strategy. During 2022, we currently plan to launch two connected, “input/output” devices, which, subject to the consumer opting in, will gather data to provide insights into consumer behavior and needs, with the goal of enabling us to provide more personalized experiences for our consumers. Please refer to “Distribution Channel” below for additional information about our connected devices and our business strategy that they fit into.

Product Categories

We have two primary product categories: beauty products and wellness products. We develop and distribute innovative, premium-quality products in these two categories under our Nu Skin and Pharmanex brands, respectively. We also develop and distribute products under our ageLOC brand, which features innovative, premium-quality anti-aging products in both the beauty and wellness categories and in many cases is co-branded with our Nu Skin and Pharmanex products. Our innovative beauty devices are among our ageLOC beauty products.

Presented below are the U.S. dollar amounts and associated revenue percentages from the sale of beauty and wellness products, as well as our Rhyz companies, for the last three years. This table should be read in conjunction with the information presented in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, which discusses the factors impacting revenue trends and the costs associated with generating the aggregate revenue presented.

Revenue by Product Category
(U.S. dollars in millions)

	Year Ended December 31,					
Product Category	**2021**		**2020**		**2019**	
Beauty[1]	$ 1,442.7	53.5%	$ 1,491.8	57.8%	$ 1,423.5	58.8%
Wellness[1]	1,062.5	39.4%	922.6	35.7%	863.1	35.7%
Other[2]	190.5	7.1%	167.5	6.5%	133.8	5.5%
	$ 2,695.7	100.0%	$ 2,581.9	100.0%	$ 2,420.4	100.0%

(1) Includes sales of beauty and wellness products in our core Nu Skin business. The beauty category includes $658 million, $712 million, $618 million in sales of devices and related consumables for the years ended December 31, 2021, 2020 and 2019, respectively.

(2) Other includes the external revenue from our Rhyz companies along with a limited number of other products and services, including household products and technology services.

Beauty Products. Our strategy for our beauty products category is to leverage our distribution channel to strengthen Nu Skin's position as an innovative leader in the masstige and premium beauty markets. Our products in this category include our innovative skin care devices, cosmetics and other personal care products. We are committed to continuously improving and evolving our product formulations to develop and incorporate innovative and proven ingredients. We formulate many of the products in our beauty category with ingredients that are scientifically proven to provide visible results. In 2021, our top-selling products by revenue in this category were two of our innovative skin care devices and related consumables: our *ageLOC Spa* systems and our *ageLOC LumiSpa* skin treatment and cleansing device. Our ageLOC beauty products accounted for 48% of our beauty product category revenue and 26% of our total revenue in 2021.

Wellness Products. Our strategy for our wellness category is to continue to introduce innovative, substantiated nutritional supplements based on research and development and quality manufacturing. Direct selling has proven to be an effective method of marketing our high-quality wellness products because our sales force can personally educate consumers on the quality and benefits of our products, differentiating them from our competitors' offerings. In 2021, our three top-selling products by revenue in this category were our *LifePak* nutritional supplements, our *ageLOC Youth* nutritional supplements and our *ageLOC TR90* weight management and body shaping system. Our ageLOC wellness products accounted for 46% of our wellness product category revenue and 18% of our total revenue in 2021.

Product Development

We are committed to developing and marketing innovative products. We have several products in development, including next-generation skin care products and nutritional supplements. In our research and product development, we leverage the three disciplines of science, technology and sourcing to create innovative products that address consumer needs. In recent years, we have developed several technologies that pertain to skin-treatment beauty devices including *ageLOC LumiSpa* and *ageLOC Boost*. These devices employ novel technologies related to skin health.

Our research and product development activities include:

- Global consumer research to identify needs and insights and refine product concepts;
- Internal research, product development and quality testing;
- Joint research projects, collaborations and clinical studies;
- Identification and assessment of technologies for potential licensing arrangements; and
- Acquisition of technologies.

We maintain research and product development facilities in the United States and Mainland China. We also contract with third parties for clinical studies and collaborate on basic research projects with researchers from universities and other research institutions in the United States and Asia, whose staffs include scientists with basic research expertise in, among others, natural product chemistry, biochemistry, dermatology, nutrition, pharmacology and clinical studies.

We also work to identify and assess innovative technologies developed by third parties for potential licensing, supply or acquisition arrangements. Because of the nature of our distribution channel, which allows us to provide a high level of product information on a person-to-person basis, we often have third parties who are interested in licensing innovative technologies to us to incorporate into our products and commercialize through our distribution channel. Licensing arrangements allow us to leverage the research activities of third parties that have provided demonstrated technologies, clinical support and/or proprietary innovation, without all of the upfront costs and uncertainty associated with internal development. We have also invested in acquisitions to supplement our research capabilities and to acquire technologies.

Intellectual Property

Our major trademarks are registered in the United States and in each market where we operate or have plans to operate, and we consider trademark protection to be very important to our business. Our major trademarks include Nu Skin®, our fountain logos, Pharmanex®, ageLOC®, LifePak®, Galvanic Spa®, TR90®, Epoch®, ageLOC Me®, LumiSpa® and ageLOC Boost®. In addition, a number of our products, including our facial spas, *ageLOC Body Spa*, *LumiSpa*, *ageLOC Boost*, *TR90* and *Pharmanex BioPhotonic Scanner*, are based on proprietary technologies and designs, some of which are patented or licensed from third parties. We also rely on patents and trade secret protection to protect our proprietary technology and other proprietary information for our ageLOC and other products.

Sourcing and Production

For markets other than Mainland China, in 2021, we sourced most of our beauty and wellness products from trusted third-party suppliers and manufacturers, and approximately 18% from our manufacturing subsidiaries. Our manufacturing entities also provide a cost of goods sold benefit and help us to maintain a more consistent supply source. In Mainland China, we operate manufacturing facilities where we produce the majority of our beauty and wellness products sold in Mainland China. We also produce some products at these facilities that are exported to other markets.

In 2021, one of our manufacturing subsidiaries, but no third-party suppliers, accounted for more than 10% of our product purchases. We procure our *ageLOC Spa* systems and other products or ingredients from single vendors that may own or control the product formulations, ingredients, or other intellectual property rights associated with the products or ingredients. While we generally maintain good relationships with our suppliers, in the event we become unable to source any products or ingredients from our current suppliers, we believe that we would be able to locate alternative vendors, use substitute ingredients, or develop and manufacture alternative products and source them from other suppliers, as applicable. Please refer to Item 1A. Risk Factors for a discussion of risks and uncertainties associated with our supplier relationships and with the sourcing of raw materials and ingredients.

In 2021, we acquired a company that we anticipate will help to provide our company and Brand Affiliates with improved social selling capabilities. This business and our manufacturing subsidiaries are owned by our Rhyz strategic investment arm. We plan to continue making strategic acquisitions going forward, as we believe these acquired companies allow us to vertically integrate our business and leverage their expertise to enhance our innovation, sustainability, speed to market and supply chain capabilities.

We also currently own, through our Rhyz entity, a business that was pursuing the commercialization of controlled-environment agriculture technology for use in the agriculture feed industry. This business was part of our Grow Tech segment. During the fourth quarter of 2021, we determined to exit the Grow Tech segment to focus more resources on key strategic initiatives in our core business. We are currently in the process of winding down this segment.

In addition to the products and services provided to our core Nu Skin business, our Rhyz companies continue to operate outside of our core Nu Skin business, generating $174.7 million in revenue from sales to external customers in 2021.

DISTRIBUTION CHANNEL

We operate in the direct selling channel, primarily utilizing person-to-person marketing to promote and sell our products. We believe that direct selling, which has traditionally relied on face-to-face, word-of-mouth marketing, is currently being impacted by the convergence of social commerce, influencer and affiliate marketing, and the growing gig economy. These macroeconomic shifts have also disrupted traditional advertising and retail business practices, as well as e-commerce generally, in favor of socially enabled and direct-to-consumer models. The COVID-19 pandemic has further accelerated disruption across many industries by causing migration to remote work and online shopping.

We endeavor to transform and adapt our business to these trends by helping our sales force to become more socially enabled and to grow their businesses online. Social commerce helped to drive strong growth in our U.S. and EMEA markets in 2020 and 2021, and we are currently working through a significant digital transformation in our business to achieve widespread adoption of social commerce in all of our markets, including further adoption in the U.S. and EMEA. This transformation involves the development of new and enhanced digital tools for our Sales Leaders and consumers, including new digital apps and an improved website design and functionality. Our products also have served an important role in our social commerce strategy as we have developed products that are shareable and demonstrable on social media platforms. Products continue to play an important role as we transform to a more digital and socially enabled business; in particular, we believe that connected devices will provide data on consumer behaviors and needs that will engender a more personalized experience for our consumers and improved brand loyalty.

Our digital transformation will require significant expenditures over the next several years. It and social sharing also present certain risks and challenges to our business, and some social media platforms impose restrictions or prohibitions on content related to multi-level marketing. For further information, see Item 1A. Risk Factors.

We believe our direct selling distribution channel is an effective vehicle to distribute our products because:

- our sales force has rapid reach to potential customers through their social networks and the social networks of those to whom they are connected;
- our sales force can personally educate and share company content with consumers about our products, which we believe is more effective for differentiating our products than using traditional mass-media advertising;
- our distribution channel allows for personalized product demonstrations and trial by potential consumers;
- our distribution channel allows our sales force to provide personal testimonials of product efficacy; and
- our sales force has the opportunity to provide consumers personalized service based on consumers' needs, including through providing personalized purchasing offers, discounts and regimens.

While our person-to-person marketing philosophy remains consistent globally, various aspects of our business may differ from market to market, including product mix and pricing, customer type mix, the manner and tools used to engage potential customers, social media and third-party platforms, compensation structure, access to distribution outlets or product stores, the manner of getting products to consumers, product claims, branding and product formulations. In addition, in Mainland China we have implemented a business model that, unlike the business model we use in our other markets, utilizes retail stores, sales employees, independent direct sellers and independent marketers to market our products.

Given that members of our sales force are independent contractors in most markets, we do not control or direct their promotional efforts. We do, however, require that our sales force abide by policies and procedures that require them to act in an ethical and consumer-protective manner and in compliance with applicable laws and regulations. As a member of direct selling associations globally, we promote and abide by the industry's codes of ethics and consumer-protective standards to support and protect those who sell and purchase our products through the direct selling channel.

In all of our markets besides Mainland China, we refer to members of our independent sales force as "Brand Affiliates" because their primary role is to promote our brand and products through their personal and social networks.

Consumer Group and Sales Network

Our distribution channel is composed of two primary groups: our consumer group—individuals who buy our products primarily for personal or family consumption and share products with friends and family; and our sales network—individuals who personally buy, use and resell products, and who also attract new consumers, and recruit, train and develop new sellers. We strive to develop both our consumer group and our sales network. Our strategy for growing our consumer group is to offer high-quality, personalized, innovative products that provide demonstrable benefits. Our strategy for growing our sales network is to provide a business opportunity for those persons who demonstrate the desire and ability to develop both a consumer group and a team of sellers, including through sales compensation, incentives and recognition.

To monitor the growth trends in our consumer group, we track the number of persons who purchased products directly from the company during the previous three months ("Customers"). We believe a significant majority of Customers purchase our products primarily for personal or family consumption but are not actively pursuing the opportunity we offer to generate supplemental income by actively and consistently marketing and reselling products. Our Customer numbers do not include consumers who purchase products directly from members of our sales force.

To monitor the growth in our sales network, we track the number of Brand Affiliates, and sales employees and independent marketers in Mainland China, who achieve certain qualification requirements ("Sales Leaders"). Our Sales Leaders are also included in our Customer numbers, as they purchase products from the company and are within the definition of our "Customers." The following chart sets forth information concerning our Customers and Sales Leaders for the last three years. As we transform our business in the manners discussed above, we are considering additional metrics to help evaluate our business.

Total Number of Customers and Sales Leaders by Region

	As of December 31, 2021		As of December 31, 2020		As of December 31, 2019	
	Customers	Sales Leaders	Customers	Sales Leaders	Customers	Sales Leaders
Mainland China	315,418	17,658	381,460	21,990	292,812	17,987
Americas	336,564	10,340	366,688	12,754	195,646	6,573
South Korea	146,354	7,108	158,953	7,059	168,972	7,251
Southeast Asia/Pacific	169,601	10,386	192,622	10,588	160,919	8,514
EMEA	210,414	6,124	258,587	7,063	153,330	4,619
Japan	122,813	5,872	128,400	6,318	125,557	5,916
Hong Kong/Taiwan	66,395	4,027	70,592	4,663	65,669	3,900
Total	1,367,559	61,515	1,557,302	70,435	1,162,905	54,760

Global Direct Selling Channel

Outside of Mainland China, individuals can elect to participate in our business as follows:

- "Brand Affiliate-Direct Consumers"—Individuals who purchase products directly from a Brand Affiliate at a price established by the Brand Affiliate.
- "Company-Direct Consumers"—Individuals who purchase products directly from the company. These consumers are typically referred by a Brand Affiliate and may purchase at retail price or at a discount. These individuals do not have the right to build a Nu Skin business by reselling product or by recruiting others.
- "Basic Brand Affiliates"—Brand Affiliates who purchase products for personal or family use or for resale to other consumers. These individuals are not eligible to receive compensation on a multi-level basis unless they elect to qualify as a Sales Leader under our global sales compensation plan. We consider these individuals to be part of our consumer group, as we believe a significant majority of these Brand Affiliates are purchasing products for personal use and not actively recruiting others.
- "Sales Leaders and Qualifiers"—Brand Affiliates who have qualified or are trying to qualify as a Sales Leader. These Brand Affiliates have elected to pursue the business opportunity as a Sales Leader and are actively attracting consumers, recruiting Brand Affiliates and building a sales network under our global sales compensation plan and constitute our sales network.

To become a Brand Affiliate, an individual signs a Brand Affiliate agreement and receives a business portfolio, which is free in most markets and in some cases is delivered in electronic form. In some markets, we charge a small fee for the business portfolio, which is limited to our costs. The business portfolio generally consists of documentation concerning the business, including copies of the sales compensation plan, Brand Affiliate policies and procedures, product catalog and other documentation, but does not include products. There are no requirements to purchase products or other materials to become a Brand Affiliate, and no commissions are paid on any purchase of a business portfolio.

We offer a generous product return policy, which also includes returns of business support materials. In most markets, we offer a return policy that allows our Brand Affiliates to return unopened and unused items for up to 30 days for a full refund, or 12 months subject to a 10% restocking fee. Brand Affiliates are not required to terminate their accounts to return product. Actual returns have historically been less than 5% of annual revenue. We believe our generous return policy minimizes the financial risks associated with being a Brand Affiliate.

In addition to our product return policy, we strive to be as customer protective as possible. We seek to ensure that those who use our products or participate in our business opportunity are treated fairly and are not misled by inappropriate product or earnings claims.

There are two fundamental ways in which our Brand Affiliates can earn money:

- through retail markups on resales of products purchased from the company; and
- through sales compensation earned on the sale of products under our global sales compensation plan.

We believe that our global sales compensation plan is among the most generous in the direct selling industry and is one of our competitive advantages. Our Sales Leaders can receive sales compensation under our global sales compensation plan for product sales from the company to their own network of consumers as well as for product sales from the company to other Sales Leaders and their consumer groups. This type of sales compensation is often referred to as "multi-level" compensation. Our sales force is not required to recruit or sponsor others, and we do not pay any sales compensation for recruiting or sponsoring. While all of our Brand Affiliates can sponsor others at any time, our Sales Leaders and those in qualification to become Sales Leaders are those who generally are actively sponsoring others. Pursuant to our global sales compensation plan, we pay consolidated sales compensation in a Sales Leader's home market, in local currency, for product sales in the Sales Leader's own consumer group and for product sales in the Sales Leader's team of Sales Leaders across all geographic markets.

Mainland China Business Model

Because of restrictions on direct selling and multi-level commissions in Mainland China, we have implemented a business model for that market that is different from the business model we use in our other markets. We have structured our business model in Mainland China based on several factors: the guidance we have received from government officials, our interpretation of applicable regulations, our understanding of the practices of other international direct selling companies operating in Mainland China, and our understanding as to how regulators are interpreting and enforcing the regulations.

In Mainland China, we utilize sales employees to sell products through our retail stores and website; independent direct sellers, who can sell away from our stores where we have a direct selling license and a service center and can also sell through our website; and independent marketers, who are licensed business owners authorized to sell our products at their own approved premises or through our stores and website. Our business model in Mainland China is still a person-to-person distribution channel as we rely on our sales employees, independent direct sellers and independent marketers to attract new consumers and promote repeat purchases, and to educate our sales force about our products, culture and policies through frequent training meetings.

Our sales employees, independent direct sellers and independent marketers in Mainland China do not participate in our global sales compensation plan but are instead compensated according to a separate compensation model established for Mainland China, which is separate and different from our global compensation plan. Independent direct sellers and sales employees who have not achieved certain qualification requirements receive direct sales bonuses and retail sales bonuses, respectively, based on their monthly product sales. Sales employees who achieve qualification requirements and independent marketers earn (1) monthly retail bonuses on their product sales and other bonuses based on various performance metrics; and (2) a salary (for sales employees, consisting of position pay and performance pay) or service fee (for independent marketers). The salary or service fee and position/title are reviewed and adjusted quarterly based on their performance relative to other sales leaders, taking into account such factors as the sales productivity of the Sales Leader him/herself and of the sales force that such Sales Leader trains, collaborates with, supports and services. We utilize our global system to track and assess the sales productivity of each Sales Leader him/herself and the sales force that such Sales Leader trains, collaborates with, supports and services and in connection with the evaluation of their position/title. We generally compensate our Mainland China Sales Leaders at a level that is competitive with other direct selling companies in the market and comparable to the compensation of our Sales Leaders globally.

Operating in Mainland China entails certain risks and uncertainties to our business, as discussed further in Item 1. Business—"Regulation" and Item 1A. Risk Factors. We endeavor to mitigate these risks and uncertainties through various measures, including by seeking to understand and obey laws and regulations, training our employees and sales force, engaging in dialogue with government officials to better understand their goals and explain our plans, and cooperating in inquiries and other matters of interest to regulators. However, these efforts do not eliminate the significant risks associated with operating in Mainland China.

Our global sales compensation plan and our Mainland China business model, including our related know-how, processes and systems, play a significant role in helping us to attract and incentivize our sales force. We have strategically developed and refined our global sales compensation plan and our Mainland China business model to distinguish the business opportunity that we offer from those of other companies and to seek to provide us with a competitive advantage.

Sales Incentives, Meetings, Recognition and Training

An important part of our distribution channel is motivating our Sales Leaders and recognizing their achievements. We hold regular meetings and events globally to recognize Sales Leaders who have achieved various levels of success in our business. These meetings also allow the company and key Sales Leaders to provide training to other Sales Leaders. Although we conduct these meetings and events either virtually or in-person, we are increasingly conducting them virtually—and in 2021, most of them were virtual. We utilize a variety of sales incentives such as incentive trips to motivate Sales Leaders. In addition to rewarding performance, incentive trips provide Sales Leaders and the company opportunities to share best practices and set goals, generate alignment of Sales Leaders around key initiatives and provide a high level of motivation and team building.

Product Launch Process

We use a variety of methods to launch our products, enabling us to tailor the launch process to the specific market and the specific product. Prior to making a key product generally available for purchase, we may do one or more introductory offerings of the product, such as a preview of the product to our Sales Leaders or other product introduction or promotion. In some of these offerings, we may sell the product for a limited time, often in limited quantities, and then remove it from the market for a period of time before making it generally available for purchase. We refer to this entire process, beginning with the introductory offering through general availability of the product, as a product launch or our launch process.

Sales Leader previews and other product introductions and promotions may generate significant activity and a high level of purchasing, which can result in a higher-than-normal increase in revenue during the quarter and can skew year-over-year and sequential comparisons. We believe our product launch process attracts new Customers and Sales Leaders to our business, increases consumer trial and provides us with important marketing and forecasting information about our products. Please refer to Item 1A. Risk Factors for more information on risks related to our product launch process.

Beginning in the second half of 2021 and continuing into 2022, we are launching our *Beauty Focus Collagen+* skin care supplement and our *ageLOC Meta* nutritional supplement that helps support metabolic health.

GEOGRAPHIC REGIONS

We currently sell and distribute our Nu Skin business's products in approximately 50 markets. We have divided our markets into seven segments: Mainland China; South Korea; Southeast Asia/Pacific, which includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Australia, New Zealand and other markets; Americas, which includes Canada, Latin America and the United States; Japan; Hong Kong/Taiwan, which also includes Macau; and Europe, Middle East and Africa ("EMEA"), which includes markets in Europe as well as Israel, Russia and South Africa. Our Rhyz strategic investment arm also includes three additional segments: Manufacturing, Grow Tech, and Rhyz other. The following table sets forth the revenue for each of the segments and the Other category for the last three years.

	Year Ended December 31,					
(U.S. dollars in millions)	**2021**		**2020**		**2019**	
Nu Skin						
Mainland China	$ 568.8	21%	$ 625.5	24%	$ 722.5	30%
Americas	547.8	20	453.0	18	304.4	12
South Korea	354.3	13	326.5	13	330.0	14
Southeast Asia/Pacific	336.7	13	361.6	14	346.3	14
EMEA	283.2	11	230.2	9	167.2	7
Japan	266.2	10	273.7	10	260.0	11
Hong Kong/Taiwan	162.6	6	161.1	6	166.3	7
Other	1.4	—	0.1	—	1.7	—
Total Nu Skin	2,521.0	94	2,431.7	94	2,298.4	95
Rhyz Investments						
Manufacturing	172.1	6	149.3	6	121.9	5
Grow Tech	2.1	—	0.9	—	0.1	—
Rhyz other	0.5	—	—	—	—	—
Total Rhyz Investments	174.7	6	150.2	6	122.0	5
Total	$ 2,695.7	100%	$ 2,581.9	100%	$ 2,420.4	100%

Additional comparative revenue and related financial information is presented in Note 15 to the consolidated financial statements contained in this report.

REGULATION

Our business is subject to various laws and regulations globally, particularly with respect to our direct selling business models and our product categories. In addition, as a United States entity operating through subsidiaries in foreign jurisdictions, we are subject to foreign exchange control, transfer pricing and customs laws that regulate the flow of funds between us and our subsidiaries and for product purchases, management services and contractual obligations, such as the payment of sales commissions. As is the case with most companies in our industry, we receive inquiries from time to time from government regulatory authorities regarding the nature of our business and other issues, such as compliance with local direct selling, transfer pricing, customs, taxation, foreign exchange control, securities and other laws.

Direct Selling Regulations

Direct selling is regulated by various national, state and local government agencies in the United States and foreign markets. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, including "pyramid" schemes, which compensate participants primarily for recruiting additional participants without significant emphasis on product sales to consumers. The laws and regulations in our current markets generally:

- impose requirements related to order cancellations, product returns, inventory buy-backs and cooling-off periods for our sales force and consumers;
- require us, or our sales force, to register with government agencies;
- impose limits on the amount of sales compensation we can pay;
- impose reporting requirements; and
- require that our sales force is compensated for sales of products and not for recruiting others.

The laws and regulations governing direct selling may be modified or reinterpreted from time to time, which may cause us to modify our sales compensation and business models. In almost all of our markets, regulations are subject to discretionary interpretation by regulators and judicial authorities. There is often ambiguity and uncertainty with respect to the state of direct selling and anti-pyramiding laws and regulations. In the United States, for example, federal law provides law enforcement agencies, such as the Federal Trade Commission ("FTC"), broad latitude in policing unfair or deceptive trade practices, but does not provide a bright-line test for identifying a pyramid scheme. A number of states have passed legislation that more clearly distinguishes between illegal pyramid schemes and legitimate multi-level marketing business models. Recent settlements between the FTC and other direct selling companies and guidance from the FTC have addressed inappropriate earnings and lifestyle claims, problematic compensation structures and the importance of focusing on consumers. In addition, during 2021 the FTC announced that it is initiating a review of its Business Opportunity Rule, which imposes certain obligations on business opportunity sellers in their dealings with prospective buyers. Currently, multi-level marketing companies are exempted from this rule. If this exemption is eliminated or if new regulations are adopted for multi-level marketing companies, it could negatively impact the growth of our sales force and our revenue. Also during 2021, the FTC sent a notice to more than 1,100 companies, including us and two of our subsidiaries (Pharmanex, LLC and Big Planet, Inc.), that outlined several practices that the FTC determined to be unfair or deceptive in prior administrative cases. These practices relate to earnings claims, other money-making opportunity claims, and endorsements and testimonials. Pursuant to the FTC's "penalty offense authority," companies that received the notice are expected to comply with the standards set in the prior administrative cases and could incur significant civil penalties if they or their representatives fail to do so. The penalties could be up to $43,792 per violation, and there is some ambiguity in how a "violation" would be defined for these purposes. For more information about these matters, other regulatory actions, and their potential impact on our business, see Item 1A. Risk Factors—"Challenges to the form of our network marketing system could harm our business" and "Laws and regulations may prohibit or severely restrict direct selling and cause our revenue and profitability to decline, and regulators could adopt new regulations that harm our business."

The regulatory environment in Mainland China is particularly complex and continues to evolve. Mainland China's direct selling and anti-pyramiding regulations contain various restrictions, including a prohibition on the payment of multi-level compensation. The regulations are subject to discretionary interpretation by state, provincial and local regulators as well as local customs and practices. Regulators continue to act cautiously as they monitor the development of direct selling in Mainland China. To expand our direct selling model into additional provinces in Mainland China, we currently must obtain a series of approvals from the local Department of Commerce in such provinces, the Shanghai Municipal Commission of Commerce (our supervisory authority), as well as the Ministry of Commerce, PRC ("MOFCOM"), which is the national governmental authority overseeing direct selling. In the course of obtaining these approvals, the respective authorities under MOFCOM must also consult and seek opinions on our business operations from the Ministry of Public Security and the Administration for Market Regulation at both provincial and state levels. Government authorities have not been issuing new licenses for direct selling since the beginning of the 100-day action in early 2019.

Our operations in Mainland China are subject to significant government and media scrutiny and investigations. At times, investigations and other regulatory actions have limited our ability to conduct business in Mainland China. For example, the government's scrutiny of activities within the health products and direct selling industries has been at higher levels since 2019, following negative media coverage about the healthcare-related product claims made by another direct selling company in Mainland China. During this time, we have been receiving and addressing an increased number of government reviews, inspections, and inquiries and consumer complaints in Mainland China; our ability to hold certain business meetings has been limited; and negative media coverage has spread to include additional companies, including ours. Another example occurred in 2014. In response to media and government scrutiny of our Mainland China business in 2014, we voluntarily took a number of actions in Mainland China, including temporarily suspending our business meetings, temporarily suspending acceptance of applications for any new sales representatives, and extending our product refund and return policies. These voluntary measures and the adverse publicity had a significant negative impact on our business. We face a risk that future investigations and other regulatory actions may result in fines, revocation of licenses or other significant sanctions. For more information about these matters, other regulatory actions, and their potential impact on our business, see Item 1A. Risk Factors, "Risks Associated with Our Operations in Mainland China."

Several markets, including Mainland China, South Korea, Indonesia and Vietnam, impose limits on the amount of sales compensation we can pay to our sales force. For example, under regulations in Mainland China, direct selling companies may pay independent direct sellers in Mainland China up to a maximum 30% of the revenue they generate through their own sales of products to consumers. Additionally, in South Korea, local regulations limit sales compensation to 35% of our total value of goods or services supplied in South Korea. We have implemented various measures to comply with these limits.

In some markets, regulations applicable to the activities of our Sales Leaders may affect our business because we are, or regulators may assert that we are, responsible for our Sales Leaders' conduct. In these markets, regulators may request or require that we take steps to ensure that our Sales Leaders comply with local regulations. For example, in Japan, we have taken steps to comply with strict requirements regarding how Brand Affiliates approach prospective customers. From time to time, we receive information from consumer centers in certain prefectures about the number of general inquiries and complaints about us and our Brand Affiliates, and we also sometimes receive warnings to reduce such complaints. Based on this information, we continually evaluate and enhance our Brand Affiliate compliance, education and training efforts in Japan.

Our sales force is required to comply with work authorization and other local legal requirements prior to working in a market. Some markets, including Mainland China and Vietnam, also prohibit or restrict participation of overseas personnel or foreigners in direct selling activities. We have implemented policies that are designed to comply with these regulations and inform our sales force regarding the types of activities that are not permitted. However, we cannot assure that actions of our sales force will not violate local laws or regulations or our policies.

Please refer to Item 1A. Risk Factors for more information on regulatory and other risks associated with our business.

Product Regulations

Our beauty and wellness products and related promotional and marketing activities are subject to extensive government regulation by numerous federal, state and local government agencies and authorities, including the United States Food and Drug Administration (the "FDA"), the FTC, the Consumer Product Safety Commission, the Department of Agriculture, United States and State Attorneys General and other state regulatory agencies in the United States, as well as the State Administration for Market Regulation in Mainland China, the Food and Drug Administration in Taiwan, the Ministry of Food and Drug Safety in South Korea, the Ministry of Health, Labour and Welfare in Japan and similar government agencies in all other markets in which we operate. In the United States, the FDA, in particular, regulates the formulation, manufacture and labeling of over-the-counter ("OTC") drugs, cosmetics, dietary supplements, foods and medical devices such as those distributed by us.

Regulation of Beauty Products in the United States. Our beauty products are subject to various laws and regulations that regulate cosmetic and personal care products and set forth regulations that, among other things, determine whether a product can be marketed as a "cosmetic" or requires further approval as an OTC drug. In the United States, the regulation of cosmetic content and labeling is under the primary jurisdiction of the FDA. Cosmetics are not subject to pre-market approval by the FDA, but their ingredients and their label and labeling content are regulated by the FDA, and it is the burden of those who sell cosmetics to ensure that they are safe for use as directed and not adulterated or misbranded. The labeling of cosmetic products is subject to the requirements of the Federal Food, Drug, and Cosmetic Act ("FDCA"), the Fair Packaging and Labeling Act and other FDA regulations.

The FDCA defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body . . . for cleansing, beautifying, promoting attractiveness, or altering the appearance." Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, shampoos, permanent waves, hair colors, toothpastes and deodorants, as well as material intended for use as a component of a cosmetic product. A product may be considered a drug if it is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, or is intended to affect the structure or any function of the body ("structure/function claims"). A product's intended use can be inferred from marketing or product claims, and regulators may consider the marketing claims of our sales force. Structure/function claims are generally prohibited for cosmetic products as are disease prevention and treatment claims. The FDA prohibits certain ingredients from being included in cosmetic products. It is possible that cosmetic product ingredients now commonly in use that are the product of certain scientific advancements or production processes may be restricted or prohibited in the future as more is learned about such ingredients.

In recent years, the FDA has issued warning letters to many cosmetic companies alleging improper structure/function claims regarding their cosmetic products, including, for example, product claims regarding gene activity, cellular rejuvenation, and rebuilding collagen. Cosmetic companies confront difficulty in determining whether a claim would be considered by the FDA to be an improper structure/function claim. Given this difficulty, and our research and product development focus on the sources of aging and the influence of certain ingredients on gene expression, there is a risk that we could receive a warning letter, be required to modify our product claims or take other actions to satisfy the FDA if the FDA determines any of our marketing materials contain improper structure/function claims for our cosmetic products. In addition, plaintiffs' lawyers have filed class action lawsuits against some of our competitors after our competitors received these FDA warning letters. There can be no assurance that we will not be subject to government actions or lawsuits, which could harm our business.

Certain products, such as sunscreens and acne treatments, are classified as OTC drugs (and cosmetics, depending on claims) and have specific ingredient, labeling and manufacturing requirements. OTC drug products may be marketed if they conform to the requirements of an FDA-established OTC drug monograph that is applicable to that drug. Drug products not conforming to monograph requirements require an approved New Drug Application ("NDA") before marketing may begin. Under these provisions, if the agency were to find that a product or ingredient of one of our OTC drug products is not generally recognized as safe and effective or is not included in a final monograph that is applicable to one of our OTC drug products, we may be required to reformulate or cease marketing that product until it is the subject of an approved NDA or until the time, if ever, that the monograph is amended to include such product. The labeling of these products is subject to the requirements of the FDCA and the Fair Packaging and Labeling Act and other FDA regulations.

Regulation of Beauty Products in Other Markets. The other markets in which we operate have similar regulations. In Mainland China, beauty products, other than devices, are placed into one of two categories, "special-purpose cosmetics" and "general cosmetics." Products in both categories require adequate substantiation of efficacy, which must be made available to authorities prior to marketing a product and which can be reviewed and enforced upon at any time thereafter. The product registration process for some categories of beauty products in Mainland China can be unpredictable and generally takes from 9 to 18 months to complete. However, in some cases, product registration in Mainland China has taken several years. In Japan, the Ministry of Health, Labour and Welfare regulates the sale and distribution of cosmetics and requires us to have an import business license and to register each beauty product imported into Japan. In Taiwan, all "medicated" cosmetic products require registration. In South Korea, all "functional" cosmetics are required to either undergo examination by or be reported to the Ministry of Food and Drug Safety. The sale of cosmetic products is regulated in the European Union (the "EU") under the EU Cosmetics Directive, which requires a uniform application for foreign companies making beauty product sales. Similar regulations in any of our markets may limit our ability to import products or utilize key ingredients or technologies globally and may delay product launches while the registration and approval process is pending. Changing regulations may require us to stop selling, discontinue or reformulate and re-register products in order to sell those products.

Regulation of Wellness Products in the United States. Our wellness products are also subject to applicable regulations of government agencies in the markets in which we operate. In the United States, we generally market our wellness products as conventional foods or dietary supplements. The FDA has jurisdiction over this regulatory area. The FDA imposes specific requirements for the labels and labeling of food and dietary supplements, including the requirements of the Food Allergen Labeling and Consumer Protection Act of 2004, which mandates declaration of the presence of major food allergens. In addition, the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 contains requirements with regard to the sale and importation of food products in the United States.

The FDA Food Safety Modernization Act ("FSMA"), which was signed into law in 2011, also increased the FDA's authority with respect to food safety and made significant changes to the FDCA with respect to strengthening the U.S. food safety system. It enables the FDA to focus more on preventing food safety problems rather than primarily reacting to problems after they occur. The law also provides the FDA with enforcement authorities designed to achieve higher rates of compliance with prevention- and risk-based food safety standards and to better respond to and contain problems when they do occur. The law also gives the FDA important tools to hold imported foods to the same standards as domestic foods and directs the FDA to build an integrated national food safety system in partnership with state and local authorities. The FDA is actively enforcing FSMA requirements, subjecting food and nutritional supplements to increased regulatory scrutiny. Pursuant to FSMA, the FDA is authorized, among other things, to order mandatory recalls, issue "administrative detention" orders, and revoke manufacturing facility registrations (effectively preventing the operation of a food or dietary supplement manufacturing facility), and importers of foods and nutritional supplements are subject to Foreign Supplier Verification Program requirements.

The FDA regulates dietary supplements principally under the Dietary Supplement Health and Education Act of 1994 ("DSHEA"). DSHEA formally defines what may be sold as a dietary supplement, defines statements of nutritional support and the conditions under which they may lawfully be used, and includes provisions that permit the FDA to regulate manufacturing practices and labeling claims applicable to dietary supplements. Because the majority of our wellness products are regulated under DSHEA, we are generally not required to obtain regulatory approval prior to introducing a dietary supplement into the United States market. Prior to marketing a product, we are obligated to notify the FDA of any structure/function claims that we intend to make about the product in any product-related materials.

Generally, under DSHEA, dietary ingredients that were on the market before October 15, 1994 may be used in dietary supplements without notifying the FDA. However, a "new" dietary ingredient (i.e., a dietary ingredient that was not marketed in the United States before October 15, 1994) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been "present in the food supply as an article used for food" without having been "chemically altered." The enforcement of the term "chemically altered" has been and continues to evolve within the FDA. As such, an ingredient that is deemed today not to be "chemically altered" may be viewed otherwise in the future, which could lead to our being required to reformulate or cease marketing the product until such time that we can find a suitable replacement. A new dietary ingredient notification must provide the FDA with evidence of a "history of use or other evidence of safety" which establishes that use of the dietary ingredient "will reasonably be expected to be safe." A new dietary ingredient notification must be submitted to the FDA at least 75 days before the new dietary ingredient can be marketed. Under DSHEA, the FDA may seek to remove from the market any new dietary ingredient that the FDA determines to be unsafe. In addition, the FDA may also deem a dietary supplement an unapproved drug where the marketing claims made in connection with the sale or promotion of the product effectively place it in the drug category.

Regulation of Wellness Products Globally. In our foreign markets, nutritional supplements are generally regulated by similar government agencies, such as the Mainland China State Administration for Market Regulation, the South Korea Ministry of Food and Drug Safety; the Japan Ministry of Health, Labour and Welfare and the Taiwan Department of Health. We typically market our wellness products in international markets as foods, health foods, dietary supplements, food supplements or other similar categorizations under applicable regulatory regimes. With few exceptions, in the event a product or ingredient is classified as a drug or pharmaceutical product in any market, we will generally not be able to distribute that product in that market through our distribution channel because of pre-market approvals and strict regulations applicable to drug and pharmaceutical products. Mainland China also has highly restrictive nutritional supplement product regulations. Products marketed as "health foods" are subject to extensive laboratory and clinical analysis by government authorities, and the product registration process in Mainland China takes a minimum of two years and may be substantially longer. In some cases it has taken us four years or longer to obtain product registrations. A pre-market process has been established for "health foods," which allows products with only basic nutritional ingredients (some vitamins and minerals) to be notified rather than registered. We market both "health foods" and "general foods" in Mainland China. There is some risk associated with the common practice in Mainland China of marketing a product as a "general food" while seeking "health food" classification. If government officials feel the categorization of our products is inconsistent with product claims, form of delivery, ingredients or function, this could end or limit our ability to market such products in Mainland China in their current form. In addition, we are not permitted to market or sell "general foods" through our direct sales channel in Mainland China and any efforts by our independent direct sellers to do so could result in negative publicity, fines and other government sanctions being imposed against us.

The markets in which we operate all have varied regulations that distinguish foods and nutritional supplements from "pharmaceutical products." Because of the varied regulations, some products or ingredients that are recognized as a "food" in certain markets may be treated as a "pharmaceutical" in other markets. In Japan, for example, if a specified ingredient is not listed as a "food" by the Ministry of Health and Welfare, we must either modify the product to eliminate or substitute that ingredient, or petition the government to treat such ingredient as a food. We experience similar issues in our other markets. This is particularly a challenge in Europe, where regulations often still differ from member state to member state, despite EU regulations designed to harmonize the laws of EU member states. As a result, we often must modify the ingredients and/or the levels of ingredients in our products for certain markets or create unique formulations for multiple markets. In some circumstances, the regulations in foreign markets may require us to obtain regulatory approval prior to introduction of a new product or limit our use of certain ingredients altogether.

Because of negative publicity associated with some adulterated or misbranded supplements, including pharmaceutical drugs marketed as dietary supplements, there has been an increased movement in the United States and other markets to expand the regulation of dietary supplements, which could lead to additional restrictions or requirements in the future. In general, the regulatory environment is becoming more complex with increasingly stricter regulations each year.

Manufacturing Process. In 2008, and as subsequently updated under the regulations implementing the FSMA, the FDA established regulations to require current "good manufacturing practices" for dietary supplements and food products in the United States. The regulations ensure that dietary supplements and food products are produced in a quality manner, do not contain contaminants or impurities above pre-established levels, and are accurately labeled. The regulations include requirements for establishing quality control procedures for us and our vendors and suppliers, designing and constructing manufacturing plants, and testing ingredients and finished products throughout our supply chain. The regulations also include requirements for record keeping and handling consumer product complaints. If dietary supplements or food products contain contaminants or allergens or do not contain the type or quantity of dietary ingredient they are represented to contain, the FDA would consider those products to be adulterated or misbranded. Our business is subject to additional FDA regulations, such as new dietary ingredient regulations and adverse event reporting regulations that require us to document and track adverse events and report serious adverse events that involve hospitalization, permanent impairment or death associated with consumers' use of certain of our products. Compliance with these regulations has increased, and may further increase, the cost of manufacturing and selling certain of our products as we incur internal costs, oversee and inspect more aspects of third-party manufacturing and work with our vendors to assure they are in compliance and maintain accurate recordkeeping to establish controls. Failure to comply with good manufacturing practices could also result in product recalls.

Advertising and Product Claims. Most of our major markets also regulate advertising and product claims regarding the efficacy and quality of products and require adequate and reliable scientific substantiation of all claims. In most of our foreign markets, we are typically not able to make any "medicinal" claims with respect to our wellness products. In some cases, such regulations may limit our ability to inform consumers of some of the benefits our products offer.

In the United States, the FDA generally prohibits disease diagnosis, prevention and treatment claims when made for a dietary supplement. DSHEA, however, permits substantiated, truthful and non-misleading "statements of nutritional support" to be included in labeling for dietary supplements without FDA pre-approval. Such statements may describe how a particular dietary ingredient affects the structure, function or general well-being of the body, or the mechanism of action by which a dietary ingredient may affect the structure, function or well-being of the body, but such statements may not state that a dietary supplement will reduce the risk or incidence of a disease unless such claim has been reviewed and approved by the FDA. In addition, the FDA permits companies to use FDA-approved full and qualified health claims for products containing specific ingredients that meet stated requirements.

A company that uses a statement of nutritional support in labeling must possess evidence substantiating that the statement is truthful and not misleading. The FDA has issued guidance defining a manufacturer's obligations to substantiate structure/function claims. Such statements, when used in labeling, must also be submitted to the FDA no later than thirty days after first marketing the product with the statement that they possess the necessary evidence and must be accompanied by an FDA mandated label disclaimer that "This statement has not been evaluated by the FDA. This product is not intended to diagnose, treat, cure or prevent any disease." There can be no assurance, however, that the FDA or FTC will not determine that a particular statement of nutritional support that we want to use is an unacceptable disease claim or an unauthorized nutrient-disease relationship claim otherwise permitted with FDA approval as a "health claim" or that such claims have competent and reliable scientific evidence. Such a determination might prevent the use of such a claim or result in additional FDA enforcement.

We are aware of media reports regarding dietary supplements, which call for the repeal or amendment of DSHEA. Individuals or groups that are opposed to supplements or question their safety or efficacy may attempt to use these media reports to propose legislation intended to amend or repeal DSHEA. Some of the legislative proposals may include variations on premarket approval, enhanced premarket safety or substantiation required and changing the definition of a "dietary ingredient" to remove either botanicals or selected classes of ingredients now treated as dietary ingredients.

Most of the other markets in which we operate have not adopted legislation like DSHEA, and we may be subject to more restrictive limitations on the claims we can make about our products in these markets. For example, in Japan, our nutritional supplements are marketed as food products, which significantly limits our ability to make claims regarding these products. If marketing materials produced or used by us or our sales force globally make claims that exceed the scope of allowed claims for nutritional supplements, the FDA or other regulatory authorities could deem our products to be unapproved drugs. In Mainland China, we also face significant restrictions on our ability to make product claims regarding the efficacy of our products. Violations, alleged violations, or negative media attention related to our compliance with these restrictions could harm consumers' perception of our business and products and could negatively impact the registration, licensing status and sales of our products.

The FTC, which exercises primary jurisdiction over the advertising of all of our products in the United States, has instituted enforcement actions against dietary supplement, food, and cosmetic companies for, among other things, deceptive advertising and lack of adequate scientific substantiation for claims. We also face limitations on our use of the scientific experts who have helped us develop and test some of our products. In the United States, for example, the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising may restrict marketing to those results obtained by a "typical" consumer and require disclosure of any material connections between an endorser and the company or products they are endorsing. In Mainland China, some media outlets have questioned the nature and extent of our connections with our Scientific Advisory Board and others who have helped in developing our scientific approach or testing our products. This negative publicity could harm consumers' perception of our business and our products, which could negatively impact our revenue. We cannot be sure that the FTC, or comparable foreign agencies, will not question our advertising or other operations in the future.

In recent years, the FTC has initiated numerous investigations of and actions against companies that sell dietary supplements and cosmetic products. The FTC may enforce compliance with the law in a variety of ways, both administratively and judicially, using compulsory process, cease and desist orders, and injunctions. FTC enforcement can result in consent decrees or orders requiring, among other things, injunctive provisions, corrective advertising, consumer redress, and such other relief as the agency deems necessary to protect the public. Violation of these consent decrees or orders could result in substantial financial or other penalties. The FTC also sends warning letters as it monitors companies' activities. For example, during 2020 and 2021 the FTC issued letters that warned several direct-selling companies to remove and address claims that they or members of their sales force were making about their products' ability to treat or prevent COVID-19 and/or about the earnings that people who have recently lost income could make. No assurance can be given that the FTC will not question our advertising or other operations in the United States in the future. Any action in the future by the FTC could materially and adversely affect our ability to successfully market our products in the United States.

In connection with investigations that occurred in the early 1990s of certain alleged unsubstantiated product and earnings claims made by our Brand Affiliates, we entered into a consent decree with the FTC and various agreements with state regulatory agencies. The consent decree requires us to, among other things, supplement our procedures to enforce our policies, not allow our Brand Affiliates to make earnings representations without making certain average earnings disclosures and not allow our Brand Affiliates to make unsubstantiated product claims. The FTC could initiate an enforcement action to the extent the FTC determines that our advertising or promotional practices are deceptive or contrary to the requirements of the consent decree.

Regulation of Medical Devices. In 2014, our facial spa was cleared for marketing through the 510(k) process with the FDA as a medical device with cosmetic benefit. Medical devices are highly regulated by the FDA. Manufacturers of medical devices must register and list their products with the FDA annually, whether they are located domestically or overseas. Foreign jurisdictions may take note of the fact that we have registered a medical device in the United States and require us to register in their market as well. The FDA has broad regulatory powers in the areas of clinical testing, manufacturing and labeling of medical devices. Medical devices must be labeled in accordance with the FDA's general device labeling requirements and whatever particular label requirements the FDA may designate for that type of device.

In addition, medical device manufacturers must adhere to certain "good manufacturing practices" in accordance with the FDA's Quality System Regulation, which regulates the manufacture of medical devices, prescribes record-keeping procedures and provides for the routine inspection of facilities for compliance with such regulations. If in connection with these inspections, the FDA believes the manufacturer has failed to comply with applicable regulations and/or procedures, it may issue observations that would necessitate prompt corrective action. If the FDA inspection observations are not addressed and/or corrective action taken in a timely manner and to the FDA's satisfaction, the FDA may issue a warning letter (which would similarly necessitate prompt corrective action) and/or proceed directly to other forms of enforcement action. Failure to respond timely to FDA inspection observations, a warning letter or other notice of noncompliance and to promptly come into compliance could result in the FDA bringing enforcement action against us, which could include the shutdown of our production facilities, denial of importation rights to the United States for products manufactured in overseas locations and criminal and civil fines.

Our *Pharmanex BioPhotonic Scanner*, *ageLOC LumiSpa*, *ageLOC Boost*, *ageLOC Spa* systems and any future devices may be subject to the regulations of various health, consumer-protection and other government authorities around the world. These regulations vary from market to market and affect whether our products are required to be registered as medical devices, the claims that can be made with respect to these products, who can use them, and where they can be used. We have been required to register our *ageLOC Spa* systems as medical devices in a few markets. We have registered *ageLOC Boost* as a medical device in Thailand, and we intend to do so in the United States as well. We have been subject to regulatory inquiries in the United States, Japan and other markets with respect to the status of the *Pharmanex BioPhotonic Scanner* as a non-medical device. Any determination that medical device clearance is required for one of our products, in a market where we currently market and sell such product as a cosmetic or non-medical device, could require us to expend significant time and resources in order to meet the additional stringent standards imposed on medical device companies or prevent us from marketing the product.

Under applicable direct selling regulations in Mainland China, our *Pharmanex BioPhotonic Scanner*, *ageLOC LumiSpa* and *ageLOC Spa* systems are registered as "health care equipment" or "household appliances," which enables us to market and sell them through our direct sales channel in that market. The process for registering products for the direct sales channel in Mainland China is subject to delays. However, this process and registration requirement do not apply to all of our sales channels in Mainland China; although our independent direct sellers are prohibited from earning commissions by selling products that are not so registered, sales by our sales employees or independent marketers are not subject to this requirement. Please refer to Item 1A. Risk Factors for more information on the regulatory risks associated with our device products.

COMPETITION

Products

The markets for our products are highly competitive. Our competitors include a broad array of marketers of beauty and wellness products and pharmaceutical companies, such as L'Oréal, Clinique, Estée Lauder, Nature's Way, Avon Products and Mary Kay, many of which have longer operating histories and greater name recognition and financial resources than we do. We compete in these markets by emphasizing the innovation, value and premium quality of our products and the reach, convenience and customer servicing of our distribution system.

Direct Selling

We compete with other direct selling organizations, some of which have a longer operating history, and greater visibility, name recognition and financial resources than we do. Leading global direct selling companies include Amway, Natura Cosmeticos and Herbalife. We also compete with local direct selling companies in the markets in which we operate. We compete with these companies to attract and retain our sales force and consumers based on the strength of our product offerings, sales compensation, multiple business opportunities, management and international operations.

HUMAN CAPITAL RESOURCES

As of December 31, 2021, we had approximately 4,600 full- and part-time employees worldwide. This does not include approximately 15,000 sales employees in our Mainland China operations. Although we have statutory employee representation obligations in certain markets, our employees are generally not represented by labor unions except where expressly required by law. We believe that our relationship with our employees is good, and we do not foresee a shortage in qualified personnel necessary to operate our business.

All of our full- and part-time employees are responsible for upholding the Nu Skin Code of Conduct and for striving to perpetuate the Nu Skin Way, our global culture aspiration, which includes the following principles:

- A force for good
- Accountable and empowered
- Bold innovators
- Customer obsessed
- Direct and decisive
- Exceptional
- Fast speed
- One global team

The Nu Skin Way forms the foundation of our human capital strategy and objectives. The three primary objectives of our human capital strategy are:

1. Support the transformation of our business and culture to align with our business strategies and the Nu Skin Way;
2. Leverage global diversity and build inclusion; and
3. Simplify the employee experience through global alignment and optimization.

To measure our progress in achieving these objectives, we conduct a global employee survey every four months, which also gathers employee feedback for purposes of designing our talent programs, rewards and benefits. Averaging an approximately 86% response rate during 2021, this survey generates valuable information for us to analyze and to act upon when appropriate. Each survey cycle yielded more than 70,000 data points, consisting of employee responses to each survey question and employee comments. We also conducted focus groups with our employees to gather their feedback on the employee experience, including diversity, equity and inclusion (DEI) matters.

We regularly review our employees' feedback to better align our human capital initiatives to the needs of our employees. For example, employee feedback has helped guide improvements in diversity, equity and inclusion; manager development; and employee wellness efforts.

Our Board's committees engage with our senior management and head of Human Resources regarding human capital management on a regular basis. Working with management, our Board's committees oversee and receive reports on matters including culture, compensation, benefits, key talent succession planning, employee engagement, and DEI. Each year, our management also reports to the Compensation and Human Capital Committee on management's annual assessment of risks related to our compensation policies and practices. In addition, our Nominating and Corporate Governance Committee conducts annual performance reviews for our key executive officers, and these performance reviews include their performance on human capital management initiatives.

Evidencing the success of our human capital management initiatives, in 2021 we were recognized by the *Direct Selling News* as one of the best places to work in direct selling, the sixth consecutive year we have received this honor. In addition, *Forbes* magazine named us to its list of the World's Top Female-Friendly Companies for 2021 and to the *Forbes* list of America's Best Employers for 2022.

In addition to our employees, our human capital resources also include our sales force. For information about our sales force, see Item 1. Business —"Distribution Channel."

AVAILABLE INFORMATION

Our website address is www.nuskin.com. We make available, free of charge on our Investor Relations website, ir.nuskin.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

We also use our Investor Relations website, ir.nuskin.com, as a channel of distribution of additional Company information that may be deemed material. Accordingly, investors should monitor this channel, in addition to following our press releases, Securities and Exchange Commission filings and public conference calls and webcasts. The contents of our website shall not be deemed to be incorporated herein by reference.

We have adopted a Code of Conduct that applies to all of our employees, officers and directors, including those of our subsidiaries. Our Code of Conduct is available in the "Corporate Governance" section of our Investor Relations website at ir.nuskin.com. In addition, stockholders may obtain a copy, free of charge, by making a written request to Investor Relations, Nu Skin Enterprises, Inc., 75 West Center Street, Provo, Utah 84601. Any amendments or waivers (including implicit waivers) regarding the Code of Conduct requiring disclosure under applicable SEC rules or NYSE listing standards will be disclosed in the same section of our website.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Our executive officers as of February 14, 2022 are as follows:

Name	Age	Position
Steven J. Lund	68	Executive Chairman of the Board
Ryan S. Napierski	48	President and Chief Executive Officer
Connie M. Tang	51	Executive Vice President, Chief Global Growth and Customer Experience Officer
Mark H. Lawrence	52	Executive Vice President and Chief Financial Officer
Joseph Y. Chang	69	Executive Vice President and Chief Scientific Officer
Chayce D. Clark	39	Executive Vice President and General Counsel
Steven K. Hatchett	50	Executive Vice President and Chief Product Officer

Steven J. Lund has served as Executive Chairman of our board of directors since 2012. Mr. Lund previously served as Vice Chairman of our board of directors from 2006 to 2012 and as President, Chief Executive Officer and a member of our board of directors from 1996, when we went public, until 2003. Mr. Lund is a trustee of the Nu Skin Force for Good Foundation, a charitable organization established in 1996 by our company to help encourage and drive the philanthropic efforts of our company and its sales force and employees to enrich the lives of others. Mr. Lund worked as an attorney in private practice prior to joining our company as Vice President and General Counsel. He received a B.A. degree from Brigham Young University and a J.D. degree from Brigham Young University's J. Reuben Clark Law School.

Ryan S. Napierski has served as our Company's President since 2017 and as our CEO since September 2021. Previously, he served as President of Global Sales and Operations from 2015 to 2017. Prior to serving in that position, he served as both President of our North Asia region since 2014 and President of Nu Skin Japan since 2010. Mr. Napierski has fulfilled multiple leadership positions for Nu Skin since joining our company in 1995, including Vice President of Business Development for Nu Skin EMEA and General Manager of the United Kingdom. Mr. Napierski has a Bachelor's degree in business, a Master's degree in business administration from Duke University and a Master's degree in international business from Goethe Universitat in Germany.

Connie M. Tang has served as our Executive Vice President, Chief Global Growth and Customer Experience Officer since April 2021. From 2012 to 2019, she served as president and CEO of Princess House, a kitchen products company that markets and sells its products through the direct selling channel, and she founded Gritty Executive Consulting, LLC in 2020. Previously, she served as president of the U.S. division of JAFRA Cosmetics and in management roles at BeautiControl. Ms. Tang received a B.A. degree from City University of New York – Brooklyn College.

Mark H. Lawrence has served as our Chief Financial Officer since 2017. From 2016 to 2017, Mr. Lawrence served as vice president of finance for the Innovation Center at Vivint Smart Home, a home automation company. From 2013 to 2016, Mr. Lawrence was head of finance at Amazon Lab126, a consumer electronics research and development company that is a subsidiary of Amazon.com. During 2013, he served as senior vice president of worldwide finance at Polycom, a voice and video communications company, and from 2002 to 2013 he served in various financial positions at Brocade Communications Systems, a networking hardware, software and services company. Mr. Lawrence holds a bachelor's degree from Brigham Young University and a Master of Business Administration degree from the University of California, Davis.

Joseph Y. Chang has served as our Chief Scientific Officer and Executive Vice President of Product Development since 2006. Dr. Chang served as President of our Pharmanex division from 2000 to 2006. From 1997 to 2000, he served as Vice President of Clinical Studies and Pharmacology of Pharmanex. Dr. Chang has approximately 40 years of pharmaceutical experience. He received a B.S. degree from Portsmouth University and a Ph.D. degree from the University of London.

Chayce D. Clark has served as our Executive Vice President and General Counsel since August 2021. Mr. Clark joined our company in 2015 as Assistant General Counsel and later served as Vice President and Deputy General Counsel before beginning his current role. Prior to joining our company, he was a litigation attorney in private practice in Salt Lake City, Utah. He received a B.S. degree from Southern Utah University and a J.D. degree from the University of Utah.

Steven K. Hatchett joined our company in 2018 and served as Senior Vice President of Global Manufacturing until January 2021, when he began serving as Senior Vice President of Global Products. He became Executive Vice President of Global Products in January 2022. From 2015 to 2018, he served as CEO of a nutritional supplement manufacturer that our company acquired in 2018, at which time he began serving as president until December 2020. Previously, he served as vice president of manufacturing and product innovation at Forever Living Products, and as CEO and president at Cornerstone Research and Development.

ITEM 1A. RISK FACTORS

Risk Factor Summary

We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors contained after this summary for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks include the following:

Risks Associated with Direct Selling and Our Sales Force

- Challenges to the form of our network marketing system could harm our business.
- Laws and regulations may prohibit or severely restrict direct selling and cause our revenue and profitability to decline, and regulators could adopt new regulations that harm our business.
- Improper sales force actions could harm our business.
- Social media platforms' decisions to prohibit, block or decrease the prominence of our sales force's content could harm our business.
- If our business practices or policies or the actions of our sales force are deemed to be in violation of applicable local regulations regarding foreigners, then we could be sanctioned and/or required to change our business model, which could significantly harm our business.
- Our sales compensation plans or other incentives could be viewed negatively by some of our sales force, could fail to achieve desired long-term results and have a negative impact on revenue.
- Limits on the amount of sales compensation we pay could inhibit our ability to attract and retain our sales force, negatively impact our revenue and cause regulatory risks.
- We may be held responsible for certain taxes or assessments relating to the activities of our sales force, which could harm our financial condition and operating results.

Risks Associated with Our Operations in Mainland China

- Our operations in Mainland China are subject to significant government scrutiny, and we could be subject to fines or other penalties.
- If direct selling regulations in Mainland China are modified, interpreted or enforced in a manner that results in negative changes to our business model or the imposition of a range of potential penalties, our business could be significantly negatively impacted.
- Our ability to expand our business in Mainland China could be negatively impacted if we are unable to obtain additional necessary national and local government approvals in Mainland China.
- If we are not able to register products for sale in Mainland China, our business could be harmed.

Risks Associated with Market Conditions and Competition

- Our markets are intensely competitive, and market conditions and the strengths of competitors may harm our business.
- Adverse publicity concerning our business, marketing plan, products or people could harm our business and reputation.
- Inability of products, platforms, business opportunities and other initiatives to gain or maintain sales force and market acceptance could harm our business.
- Product diversion may have a negative impact on our business.

Risks Associated with COVID-19

- Epidemics, including COVID-19, and other crises have and may continue to negatively impact our business.

International Risks

- Our ability to conduct business in international markets may be affected by political, legal, tax and regulatory risks.
- We are subject to financial risks as a result of our international operations, including exposure to foreign-currency fluctuations, currency controls and inflation in foreign markets, all of which could impact our financial position and results of operations.
- Potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and our business, financial results and financial condition.

Human Capital Risks

- If we are unable to retain our existing sales force and recruit additional people to join our sales force, our revenue may not increase and may even decline.
- We depend on our key personnel and Sales Leaders, and the loss of the services provided by any of our executive officers, other key employees or key Sales Leaders could harm our business and results of operations.

Risks Associated with Our Manufacturing and Operations

- Production difficulties, quality control problems, inaccurate forecasting, shortages in ingredients, and reliance on our suppliers could harm our business.
- The loss of or a disruption in our manufacturing and distribution operations, or significant expenses or violations incurred by such operations, could adversely affect our business.
- Our business could be negatively impacted if we fail to execute our product launch process or ongoing product sales due to difficulty in forecasting or increased pressure on our supply chain, information systems and management.
- If we are unable to effectively manage our growth in certain markets, our operations could be harmed.
- System failures, capacity constraints and other information technology difficulties could harm our business.
- Any acquired companies or future acquisitions may expose us to additional risks.

Product Legal and Regulatory Risks

- Regulations governing our products, including the formulation, registration, pre-approval, marketing and sale of our products, could harm our business.
- Government regulations and private party actions relating to the marketing and advertising of our products and services may restrict, inhibit or delay our ability to sell our products and harm our business.
- Our operations could be harmed if we fail to comply with Good Manufacturing Practices.
- If our current or any future device products are determined to be medical devices in a particular geographic market, or if our sales force uses these products for medical purposes or makes improper medical claims, our ability to continue to market and distribute such devices could be harmed, and we could face legal or regulatory actions.
- We may incur product liability claims that could harm our business.

Legal, Regulatory and Compliance Risks

- We may become involved in legal proceedings and other matters that could adversely affect our operations or financial results.
- Non-compliance with anti-corruption laws could harm our business.
- A failure of our internal controls over financial reporting or our regulatory compliance efforts could harm our stock price and our financial and operating results or could result in fines or penalties.

Risks Associated with Taxes, Customs and Interest

- Government authorities may question our tax or customs positions or change their laws in a manner that could increase our effective tax rate or otherwise harm our business.
- We could be subject to changes in our tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities, which could have a material and adverse impact on our operating results, cash flows and financial condition.
- Transition from LIBOR to an alternative benchmark interest rate could have an adverse effect on our overall financial position.

Intellectual Property Risks

- We may be subject to claims of infringement on the intellectual property rights or trade secrets of others, resulting in costly litigation.
- If we are unable to protect our intellectual property rights or our proprietary information and know-how, our ability to compete could be negatively impacted and the value of our products could be adversely affected.

Data Security and Privacy Risks

- Cyber security risks and the failure to maintain the integrity of company, employee, sales force or guest data could expose us to data loss, litigation, liability and harm to our reputation.

Sustainability Risks

- Our business could be negatively impacted by corporate citizenship and sustainability matters.

Risks Related to Our Common Stock

- The market price of our Class A common stock is subject to significant fluctuations due to a number of factors that are beyond our control.

General Risk Factors

- Difficult economic conditions could harm our business.

Risk Factors

We face a number of substantial risks. Our business, financial condition or results of operations could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, which should be considered together with the other items in this Annual Report on Form 10-K, including Item 1. Business and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Risks Associated with Direct Selling and Our Sales Force

Challenges to the form of our network marketing system could harm our business.

We may be subject to challenges by government regulators regarding the form of our network marketing system. 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 have discretion in their application of these laws and regulations, and the enforcement or interpretation of these laws and regulations by government agencies or courts can change.

Recent settlements between the U.S. Federal Trade Commission ("FTC") and other direct selling companies and guidance from the FTC have addressed inappropriate earnings and lifestyle claims, problematic compensation structures and the importance of focusing on consumers. These developments have created ambiguity as to the proper interpretation of the law and related court decisions. The FTC has been active in its enforcement activities, and any adverse rulings or legal actions could impact our business if direct selling laws or anti-pyramid laws are interpreted more narrowly or in a manner that results in additional burdens or restrictions on direct selling companies. For example:

- In 2015, the FTC took aggressive actions against a multi-level marketing company, alleging an illegal business model and inappropriate earnings claims.

- In 2016, the FTC entered into a settlement with a multi-level marketing company, requiring the company to modify its business model, including basing sales compensation and qualification only on sales to retail and preferred customers and on purchases by a distributor for personal consumption within allowable limits. Although this settlement does not represent judicial precedent or a new FTC rule, the FTC has indicated that the industry should look at this settlement, and the principles underlying its specific measures, for guidance.

- In 2019, the FTC entered into a settlement with a multi-level marketing company, alleging an illegal business model and compensation structure and inappropriate earnings claims. The company agreed to a prohibition from engaging in multi-level marketing. The FTC and another multi-level marketing company are currently in litigation, and that company had indicated the FTC was seeking to limit the levels of payment in its compensation structure as a condition to settlement.

- During 2020 and 2021, the FTC issued letters that warned several direct-selling companies to remove and address claims that they or members of their sales force were making about their products' ability to treat or prevent COVID-19 and/or about the earnings that people who have recently lost income could make.

- In 2021, the FTC sent a notice to more than 1,100 companies, including us and two of our subsidiaries (Pharmanex, LLC and Big Planet, Inc.), that outlined several practices that the FTC determined to be unfair or deceptive in prior administrative cases. These practices relate to earnings claims, other money-making opportunity claims, and endorsements and testimonials. Pursuant to the FTC's "penalty offense authority," companies that received the notice are expected to comply with the standards set in the prior administrative cases and could incur significant civil penalties if they or their representatives fail to do so. The penalties could be up to $43,792 per violation, and there is some ambiguity in how a "violation" would be defined for these purposes.

Although we take steps to educate our Brand Affiliates on proper claims, if our Brand Affiliates make improper claims, or if regulators determine we are making any improper claims, this could lead to an FTC investigation and could harm our business. In addition, if the requirements related to compensation structures in the actions listed above lead to new industry standards or new rules, or if they limit the levels in the network for which payments can be made, our business could be impacted and we may need to amend our global sales compensation plan. With a majority of our revenue in the United States coming from sales to retail customers and preferred customers, we believe that we can demonstrate consumer demand for our products, but we continue to monitor developments to assess whether we should make any changes to our business or 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.

We could also be subject to challenges by private parties in civil actions. We are aware of civil actions against other direct-selling companies in the United States, that have, and may in the future, resulted in significant settlements. Allegations directed at us and our competitors regarding the legality of multi-level marketing in various markets and adverse media reports have also created intense public scrutiny of us and our industry. Our business has also been subject to formal and informal inquiries from various government regulatory authorities in the past regarding our business and our compliance with local laws and regulations. All of these actions and any future scrutiny of us or our industry could generate negative publicity or further regulatory actions that could result in fines, restrict our ability to conduct our business in our various markets, enter into new markets, motivate our sales force and attract consumers.

Laws and regulations may prohibit or severely restrict direct selling and cause our revenue and profitability to decline, and regulators could adopt new regulations that harm our business.

Various government agencies throughout the world regulate direct sales practices. Laws and regulations in the United States, Japan, South Korea and Mainland China are particularly stringent and subject to broad discretion in enforcement by regulators. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid schemes," that compensate participants primarily for recruiting additional participants without significant emphasis on product sales to consumers. The laws and regulations in our current markets often:

- impose requirements related to sign-up, order cancellations, product returns, inventory buy-backs and cooling-off periods for our sales force and consumers;
- require us, or our sales force, to register with government agencies;
- impose limits on the amount of sales compensation we can pay;
- impose reporting requirements; and
- require that our sales force is compensated for selling products and not for recruiting others.

Complying with these widely varying and sometimes inconsistent rules and regulations can be difficult, time-consuming and expensive, and requires significant resources. The laws and regulations governing direct selling are modified from time to time, and like other direct selling companies, we are subject from time to time to government inquiries and investigations in our various markets related to our direct selling activities. This can require us to make changes to our business model and aspects of our sales compensation plan in the markets impacted by such changes and investigations. During 2021, the U.S. Federal Trade Commission ("FTC") announced that it is initiating a review of its Business Opportunity Rule, which imposes certain obligations on business opportunity sellers in their dealings with prospective buyers. Currently, multi-level marketing companies are exempted from this rule. If this exemption is eliminated or if new regulations are adopted for multi-level marketing companies, it could negatively impact the growth of our sales force and our revenue. In addition, markets where we currently do business could change their laws or regulations to prohibit direct selling. If we are unable to obtain necessary licenses and certifications within required deadlines or continue business in existing markets or commence operations in new markets because of these laws, our revenue and profitability may decline. Any delay could negatively impact our revenue.

Improper sales force actions could harm our business.

Sales force activities that violate applicable laws, regulations or policies, or that are alleged to do so, have, and could in the future, harmed our business and reputation and resulted in government or third-party actions against us.

For example, in 2014, allegations were made by various media outlets that certain of our sales representatives in Mainland China failed to adequately follow and enforce our policies and regulations. This adverse publicity, as well as a government review and actions that we voluntarily took to address the situation, resulted in a significant negative impact on our revenue and the number of Sales Leaders and Customers in the region. Similar or more extreme actions by government agencies in Mainland China or other markets in the future could have a significant adverse impact on our business and results of operations.

The direct selling industry in Japan continues to experience regulatory and media scrutiny, and other direct selling companies have been suspended from sponsoring activities. Japan imposes strict requirements regarding how Brand Affiliates approach prospective customers. From time to time, we receive information from consumer centers in certain prefectures about the number of general inquiries and complaints about us and our Brand Affiliates, and we also sometimes receive warnings to reduce such complaints. Based on this information, we continually evaluate and enhance our Brand Affiliate compliance, education and training efforts in Japan. However, we cannot be certain that our efforts will successfully prevent regulatory actions against us, including fines, suspensions or other sanctions, or that the company and the direct selling industry will not receive further negative media attention, all of which could harm our business.

Except in Mainland China, members of our sales force are not employees and act independently of us. The most significant area of risk for such activities relates to improper product claims and claims regarding the business opportunity of joining our sales force. For example:

- During 2020 and 2021, the FTC issued letters that warned several direct-selling companies to remove and address claims that they or members of their sales force were making about their products' ability to treat or prevent COVID-19 and/or about the earnings that people who have recently lost income could make.

- In 2021, the FTC sent a notice to more than 1,100 companies, including us and two of our subsidiaries (Pharmanex, LLC and Big Planet, Inc.), that outlined several practices that the FTC determined to be unfair or deceptive in prior administrative cases. These practices relate to earnings claims, other money-making opportunity claims, and endorsements and testimonials. Pursuant to the FTC's "penalty offense authority," companies that received the notice are expected to comply with the standards set in the prior administrative cases and could incur significant civil penalties if they or their representatives fail to do so. The penalties could be up to $43,792 per violation, and there is some ambiguity in how a "violation" would be defined for these purposes.

We implement strict policies and procedures to ensure our sales force complies with legal requirements. However, given the size of our sales force, we experience problems from time to time. For example, product claims made by some of our sales force in 1990 and 1991 led to a FTC investigation that resulted in our entering into a consent agreement with the FTC and various agreements with state regulatory agencies. In addition, rulings by the South Korean Fair Trade Commission and by judicial authorities against us and other companies in South Korea indicate that, if our sales force engages in criminal activity, we may be held liable or penalized for failure to supervise them adequately. Our sales force may attempt to anticipate which markets we will open in the future and begin marketing and sponsoring activities in markets where we are not qualified to conduct business. We could face fines, suspensions or other legal action if our sales force violates applicable laws and regulations, and our reputation and brand could be negatively impacted.

In addition, as our sales force increasingly uses social media to promote our business opportunity and products, this increases the burden on us to monitor compliance of such activities. It also increases the risk that such social media content could contain problematic claims in violation of our policies and applicable regulations. For example, due to the borderless nature of social media, a claim that is allowed in one market may ultimately reach another market where it is not allowed.

Social media platforms' decisions to prohibit, block or decrease the prominence of our sales force's content could harm our business.

Social media platforms have, and could in the future, decided to prohibit, block or decrease the prominence of our sales force's content for any reason. For example, due to concerns with multi-level marketing, the TikTok and WhatsApp Business platforms have updated their policies to prohibit content related to multi-level marketing. In addition, Pinterest and Facebook prohibit ads that promote multi-level marketing opportunities, and Pinterest has also imposed restrictions on weight loss products, claims and photos. Our business is becoming increasingly dependent on social commerce. Additional social media platforms' adoption of similar or stricter policies could significantly hamper our sales force's ability to promote our products and attract consumers, which could cause our revenue to decline. Our reputation could also be harmed if our sales force violates any social media platform's policies.

If our business practices or policies or the actions of our sales force are deemed to be in violation of applicable local regulations regarding foreigners, then we could be sanctioned and/or required to change our business model, which could significantly harm our business.

Our sales force is required to comply with work authorization and other local legal requirements prior to working in a market. Some markets, including Mainland China and Vietnam, also prohibit or restrict participation of foreigners in direct selling activities. We have implemented policies that are designed to comply with these regulations and inform our sales force regarding the types of activities that are not permitted. However, we cannot assure that actions of our sales force will not violate local laws or regulations or our policies. If our business practices or policies or the actions of our sales force are deemed to be in violation of applicable regulations as they may be interpreted or enforced, then we could be sanctioned and/or required to change our business model, which could result in adverse publicity and significantly harm our business.

Our sales compensation plans or other incentives could be viewed negatively by some of our sales force, could fail to achieve desired long-term results and have a negative impact on revenue.

Our sales compensation includes some components that differ from market to market. We modify components of our sales compensation from time to time to keep our sales compensation plans and business models competitive and attractive to our existing sales force and people interested in joining our sales force, to address changing market dynamics, to provide incentives to our sales force that we believe will help grow our business, to conform to local regulations and to address other business needs. Because of the size of our sales force and the complexity of our sales compensation plans, it is difficult to predict how such changes will be viewed by our sales force and whether such changes will achieve their desired results. It also is difficult to predict how such changes may impact our ability to attract a larger potential target market of opportunity seekers. Certain changes we have made to our global sales compensation plan in the past, which were successful in several markets, did not achieve anticipated results in certain other markets, were not viewed positively by some segments of our sales force, and negatively impacted our business. Similarly, we face the risk that we could fail to make changes to our compensation plans that would be necessary to keep our compensation competitive with the market and allow us to attract new opportunity seekers or segments of opportunity seekers, which could have a negative impact on our sales force.

In addition, we have been required to modify our sales compensation plan in certain markets, including South Korea and Vietnam, from time to time to remain in compliance with applicable sales compensation limits. Changes to reduce sales compensation have had a negative impact on the sales force in the past and could in the future.

We have announced that we will be making some changes to our compensation plan in the United States to limit the amount of volume from internal sales to our sales force that can be used in the calculation of their compensation and performance measurements. To facilitate these changes, we are working to implement digital tools to allow our sales force to more easily document resales and also to encourage a shift in behavior through incentives and recognition. To the extent these proposed changes are more difficult to implement and transition than anticipated, our sales force could be distracted or have their commission impacted, all of which could negatively impact our business.

Limits on the amount of sales compensation we pay could inhibit our ability to attract and retain our sales force, negatively impact our revenue and cause regulatory risks.

Several markets, including Mainland China, South Korea, Indonesia and Vietnam, impose limits on the amount of sales compensation we can pay to our sales force. For example, under regulations in Mainland China, direct selling companies may pay independent direct sellers in Mainland China up to a maximum 30% of the revenue they generate through their own sales of products to consumers. Additionally, in South Korea, local regulations limit sales compensation to 35% of our total value of goods or services supplied in South Korea. These regulations may limit the incentive for people to join our sales force and may reduce our ability to differentiate ourselves from our competitors in attracting and retaining our sales force.

In addition, we have been required to modify our sales compensation plan in certain markets, including South Korea, from time to time to remain in compliance with applicable sales compensation limits. Because sales compensation, as a percentage of revenue, can fluctuate as sales force productivity fluctuates, we may be required to make further changes to stay within applicable sales compensation limits or may be at risk of exceeding them. In addition, which revenues and expenses are within the scope of these regulations is not always clear, and interpretation and enforcement of these laws are subject to change, which could require us to make further changes or result in non-compliance with these regulations. Any failure to keep sales compensation within legal limits in Mainland China, South Korea, Indonesia, Vietnam or any other market that imposes a sales compensation limit could result in fines or other sanctions, including suspensions.

We may be held responsible for certain taxes or assessments relating to the activities of our sales force, which could harm our financial condition and operating results.

We are subject to the risk in some jurisdictions of being responsible for social security, withholding or other taxes with respect to payments to our sales force. This would occur if a jurisdiction classifies our sales force as our employees rather than as independent contractors, or if a jurisdiction expands the categories of personnel to whom these tax obligations apply. Some jurisdictions have begun taking these positions with respect to the distributors of direct selling companies, and they may continue to do so. For example, some jurisdictions have, without challenging the “independent contractor” status, taken the position that direct sellers must nonetheless pay certain taxes with respect to payments to their sales force.

In addition, authorities in some jurisdictions have challenged the “independent contractor” status of distributors of some multi-level marketing companies. In the event that local laws and regulations, or the interpretation of local laws and regulations, change to require us to treat members of our sales force as employees rather than independent contractors, or that our Brand Affiliates 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 social security, withholding and related taxes, minimum wage laws, and any related assessments and penalties, which could harm our financial condition and operating results. This risk increases as our sales force increases its use of social sharing, as several jurisdictions’ regulations protect in-person or in-home sales demonstrations from creating an employment relationship but are less protective of online demonstrations. If our Brand Affiliates were deemed to be employees rather than independent contractors, we would also face the risk of increased liability for their actions.

Risks Associated with Our Operations in Mainland China

Our operations in Mainland China are subject to significant government scrutiny, and we could be subject to fines or other penalties.

Our operations in Mainland China are subject to significant regulatory scrutiny. The legal system in Mainland China provides government authorities broad latitude to conduct investigations, and many Chinese regulations, including those governing our business, are subject to significant interpretation, which may vary from jurisdiction to jurisdiction. Because of significant government concerns in Mainland China regarding improper direct selling activities, government regulators closely scrutinize activities of direct selling companies and activities that resemble direct selling. The government in Mainland China continues to inspect and review companies in the direct selling industry on a regular basis, which has and may continue to increase regulatory scrutiny of the industry and our business.

The government’s scrutiny of activities within the health products and direct selling industries has been at higher levels since 2019, when the government conducted a 100-day campaign to review and inspect the health products and direct selling industries following negative media coverage generated by the healthcare-related product claims made by another direct selling company in Mainland China. Since 2019, we have been receiving and addressing an increased number of government reviews, inspections, and inquiries and consumer complaints in Mainland China; our ability to hold certain business meetings has been limited; and negative media coverage has spread to include additional companies, including ours.

Government regulators frequently make inquiries into our business activities and investigate complaints from consumers and others regarding our business. Some of these inquiries and investigations in the past have resulted in the payment of fines by us or members of our sales force, interruption of sales activities at stores and warnings. Any determination by government regulators in these inquiries or investigations that our operations or activities, or the activities of our sales force, are not in compliance with applicable regulations could result in substantial fines, extended interruptions of business, and termination of necessary licenses and permits, including our direct selling and other licenses, all of which could harm our business.

We train our sales force in Mainland China on how our Mainland China business model differs from our global business model. However, Sales Leaders in Mainland China may attend regional and global events or interact with Sales Leaders from other markets. Although our global model and Mainland China business model differ, mistakes may be made as to how those working in Mainland China should promote the business in Mainland China. These mistakes by our sales force, or allegations of such mistakes, have, and may in the future, led to government reviews and investigations of our operations in Mainland China, as well as adverse publicity, reputational harm and adjustments or interruptions to our operations, all of which has and could in the future have a significant negative impact on our revenue and the number of Sales Leaders and Customers in the region.

If direct selling regulations in Mainland China are modified, interpreted or enforced in a manner that results in negative changes to our business model or the imposition of a range of potential penalties, our business could be significantly negatively impacted.

The government of Mainland China has adopted direct selling and anti-pyramiding regulations that impose significant restrictions and limitations on businesses in our industry. Most notably, the regulations prohibit multi-level compensation, which is the basis of how we compensate our sales force outside of Mainland China. The regulations also prohibit overseas personnel from participating in direct selling in Mainland China. We have structured our business model in Mainland China based on several factors: the guidance we have received from government officials, our interpretation of applicable regulations, our understanding of the practices of other international direct selling companies operating in Mainland China, and our understanding as to how regulators are interpreting and enforcing the regulations. In Mainland China, we utilize sales employees to sell products through our retail stores and website; independent direct sellers, who can sell away from our stores where we have a direct selling license and a service center and can also sell through our website; and independent marketers, who are licensed business owners authorized to sell our products at their own approved premises or through our stores and website. We generally compensate our Sales Leaders at a level that is competitive with other direct selling companies in the market and comparable to the compensation of our Sales Leaders globally.

Other than our direct selling subsidiary, we also have a separate subsidiary in Mainland China that is a registered independent entity that engages in cross-border e-commerce, through which we can sell a limited selection of products to consumers for their personal consumption. Cross-border e-commerce is not a permitted sales channel for direct selling in Mainland China. Members of our sales force can contract with this entity, promote products on its behalf and receive compensation. Through this entity, we sell our *ageLOC Meta* product, which is not currently registered in Mainland China and, therefore, can only be sold to consumers for their personal consumption. Although we take measures (1) to maintain legal separation between our cross-border e-commerce entity and our direct selling entity; and (2) to ensure the products sold on our cross-border e-commerce platform are for consumers' personal consumption only, our business in Mainland China could be negatively impacted if regulatory authorities elect to attribute these cross-border e-commerce sales activities and related product claims, or the accompanying actions of our sales force, to our direct selling business, and make a determination they are in violation of direct selling or other applicable laws.

The nature of the political, regulatory and legal systems in Mainland China gives regulatory agencies at both the local and central levels of government broad discretion to interpret and enforce regulations as they deem appropriate to promote social stability. We face a risk that regulators may change the way in which they currently interpret and enforce the direct selling regulations, or that such regulations may be modified. If our business practices are deemed to be in violation of applicable regulations as they may be interpreted or enforced, in particular our use of the sales productivity of a Sales Leader him/herself and of the sales force that such Sales Leader trains, collaborates with, supports and services in setting his/her salary or service fee and determining their position/title on a quarterly basis, then we could be sanctioned, required to change our business model, and/or have our direct selling license revoked, any of which could significantly harm our business.

In January 2019, the Mainland China government announced a 100-day campaign to review and inspect the health products and direct selling industries. This campaign involved a number of regulatory agencies. Although the 100-day period has ended, there has continued to be a heightened level of regulatory scrutiny of these industries and of our business and products. For example, government authorities have not been issuing new licenses for direct selling since the beginning of the 100-day action in early 2019. There is also uncertainty whether any changes to the regulations that apply to these industries will be made based on the review. If changes are made to any of the regulations that apply to our business model, products or operations, our business could be harmed.

Our ability to expand our business in Mainland China could be negatively impacted if we are unable to obtain additional necessary national and local government approvals in Mainland China.

To expand our direct selling model into additional provinces in Mainland China, we currently must obtain a series of approvals from district, city, provincial and national government agencies with respect to each province in which we wish to expand. Government authorities have not been issuing new licenses since the beginning of the 100-day action in early 2019. When the process for obtaining government approvals to conduct direct selling is operational, it often evolves and is lengthy, as we are required to work with a large number of provincial, city, district and national government authorities. The complexity of the approval process as well as the government's continued cautious approach as direct selling develops in Mainland China makes it difficult to predict the timeline for obtaining these approvals. Furthermore, any media or regulatory scrutiny of our business in Mainland China could increase the time and difficulty we may face in obtaining additional licenses. If media or regulatory scrutiny of our business in Mainland China results in significant delays in obtaining licenses elsewhere in Mainland China, or if the current processes for obtaining approvals are delayed further for any reason or are changed or interpreted differently than currently understood, our ability to receive direct selling licenses in Mainland China and our growth prospects in this market could be negatively impacted.

If we are not able to register products for sale in Mainland China, our business could be harmed.

We face lengthy timelines with respect to product registrations in Mainland China. The process for obtaining product permits and licenses may require extended periods of time that may prevent us from launching new product initiatives in Mainland China on the same timelines as other markets around the world. For example, products marketed in Mainland China as "health foods" are subject to extensive laboratory and clinical analysis by government authorities, and with a few exceptions, the product registration process in Mainland China takes a minimum of two years and may be substantially longer. If the recent media and government scrutiny of the healthcare industry results in more burdensome regulations related to product registration, we may have more difficulty getting new wellness products registered for sale in Mainland China. We market both "health foods" and "general foods" in Mainland China. There is some risk associated with the common practice in Mainland China of marketing a product as a "general food" while seeking "health food" classification. If government officials feel the categorization of our products is inconsistent with product claims, form of delivery, ingredients or function, we could be prohibited or limited in marketing such products in Mainland China in their current form.

As we expand our direct selling channel, we face additional product marketing restrictions compared to our retail store channel. Under applicable direct selling regulations in Mainland China, we can only register products for direct selling if we manufacture them and if they fall within categories that are authorized for direct selling, such as cosmetics, cleaning supplies, health foods, healthcare devices, small kitchen utensils and household appliances. Products that are not categorized as direct selling products and products that are manufactured by third parties are prohibited from being marketed or sold through our direct sales channel, and the process for registering products for the direct sales channel in Mainland China is subject to delays. If we cannot successfully manufacture our own direct selling products, we will not be able to sell these products through the direct sales channel. Any marketing or sale of non-direct selling products by our independent direct sellers could result in negative publicity, fines and other government sanctions being imposed against us, including if a product is initially classified as a direct selling product but is later re-classified.

Risks Associated with Market Conditions and Competition

Our markets are intensely competitive, and market conditions and the strengths of competitors may harm our business.

The markets for our products are intensely competitive. The success of our products is dependent on our ability to anticipate and respond to market trends and changes in consumer preferences and to maintain a product offering and pipeline that is relevant and priced accessibly to consumers. Many competitors have much greater name recognition and financial resources than we have, which may give them a competitive advantage. For example, our Nu Skin products compete directly with branded, premium retail products and with the products of other direct selling companies. Because of regulatory restrictions concerning claims about the efficacy of beauty and wellness products, we may have difficulty differentiating our products from our competitors' products, and competing products entering the beauty and wellness market could harm our revenue. In addition, our business may be negatively impacted if we fail to adequately adapt to trends in consumer behavior and technologies to meet consumers' needs and demands and reach a wider audience.

We also compete with other direct selling companies and gig economy companies to attract and retain our sales force and consumers. Some of these competitors have longer operating histories and greater visibility, name recognition and financial resources than we do. Some of our competitors have also adopted and could continue to adopt some of our successful business strategies, including our global sales compensation plan. Consequently, to successfully compete in this industry, and attract and retain our sales force and consumers, we must ensure that our business opportunities and sales compensation plans are financially rewarding and innovative. Although we believe we have significant competitive advantages, we cannot assure that we will be able to continue to successfully compete in this industry.

Adverse publicity concerning our business, marketing plan, products or people could harm our business and reputation.

Growth in our sales force and consumers and our results of operations can be particularly impacted by adverse publicity. Given the nature of our operations, lack of clarity on applicable legal requirements and standards, and our continuous need to recruit and retain consumers and members of our sales force, we are particularly vulnerable to adverse publicity. Specifically, we are susceptible to adverse publicity concerning:

- suspicions about the legality and ethics of network marketing;
- media or regulatory scrutiny regarding our business and our business models, including in Mainland China;
- the safety or effectiveness of our or our competitors' products or the ingredients in such products;
- inquiries, investigations, fines, legal actions, or mandatory or voluntary product recalls involving us, our competitors, our business models or our respective products;
- the actions of our current or former sales force and employees, including any allegations that our sales force or employees have overstated or made false product claims or earnings representations, or engaged in unethical or illegal activity;
- misperceptions about the types and magnitude of economic benefits offered at different levels of sales engagement in our business; and
- public, governmental or media perceptions of the direct selling, beauty product, or wellness product industries generally.

These issues have previously resulted in negative publicity and have harmed our business.

Critics of our industry, consumer protection groups, short sellers and other individuals have in the past and may in the future utilize the internet, the press and other means to publish criticisms of the industry, our company and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. In some cases, such adverse publicity or allegations can lead to government and regulatory scrutiny. We continue to see adverse publicity regarding our company and the direct selling and healthcare products industries. We or others in our industry may receive similar negative publicity or allegations in the future, and it may harm our business and reputation. Furthermore, the availability of social media channels can increase the likelihood of negative publicity because these channels are an easily accessible public forum. For example, if a member of our sales force makes an improper claim about our products or business opportunity on social media, or if a critic of our company posts negative information about our company on social media, it is more likely to be disseminated widely and potentially noticed by the media or regulators.

Inability of products, platforms, business opportunities and other initiatives to gain or maintain sales force and market acceptance could harm our business.

Our ability to improve our financial performance depends on our ability to proactively anticipate, gauge and react in a timely and effective manner to changes in consumer spending patterns and preferences regarding products, platforms and business opportunities. Our operating results could be adversely affected if our products, platforms, business opportunities and other initiatives do not generate sufficient enthusiasm and economic benefit to retain our existing consumers and sales force or to attract new consumers and sales force members. Potential factors affecting the attractiveness of our products, platforms, business opportunities and other initiatives include, among other things, shifting consumer demands, perceived product quality and value, product exclusivity or effectiveness, demographic trends, the strength of our brand and public image, sustainability factors, DEI initiatives, economic success in our business opportunity, the quality and accuracy of the data we use in running our business, our technology infrastructure and capabilities, restrictions in social or digital media for sharing products and attracting consumers, adverse media attention or 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. Likewise, 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 commerce marketplace could be materially adversely affected.

In addition, our ability to develop and introduce new products could be impacted by, among other things, government regulations, changing policies in social media and other communications platforms, the inability to attract and retain qualified staff, the termination of third-party research and collaborative arrangements, intellectual property of competitors that may limit our ability to offer innovative products or that challenge our own intellectual property, problems related to manufacturing or quality control, and difficulties in anticipating changes in consumer tastes and buying preferences. Our operating results could be adversely impacted if our products fail to gain or maintain sales force and market acceptance or if our successful new products undercut the sales of our other products.

To adapt our business to current macroeconomic trends, we are currently working through a significant digital transformation in our business to achieve widespread adoption of social commerce in all of our markets. This transformation involves the development of new and enhanced digital tools for our Sales Leaders and consumers, including new digital apps and an improved website design and functionality, as well as new products, including connected devices. Our digital transformation will require significant expenditures over the next several years. We also face the risk that we will ultimately be unable to develop these items, that their development will be more costly than anticipated, or that the tools and products we develop will not meet the expectations of our sales force and/or consumers. Any of these eventualities could have a material negative impact on our business, sales force, consumer development and revenue.

In addition, in our more mature markets, one of the challenges we face is keeping Sales Leaders with established businesses and high-income levels motivated and actively engaged in business building activities and in developing new Sales Leaders. We may also face challenges retaining our sales force as the population of our markets transitions to a younger, millennial/Gen Z demographic, with its associated new and different dynamics of connection through social media platforms, gratification and loyalty behaviors, particularly as this segment becomes a greater share of our revenue. Moreover, if sales through social sharing do not generate repeat purchases or subscriptions at the same rate as other sales, this could create revenue volatility. Many in the younger demographic are particularly savvy with social sharing across multiple business opportunity platforms. There can be no assurance that our initiatives will generate lasting excitement and engagement among our sales force in the long term or that planned initiatives will be successful in maintaining sales force activity and productivity or in motivating Sales Leaders to remain engaged in business building and developing new Sales Leaders. Some initiatives may have unanticipated negative impacts on our sales force, particularly changes to our sales compensation plans. The introduction of a new product or key initiative can also negatively impact other product lines to the extent our Sales Leaders focus their efforts on the new product or initiative. In addition, if any of our products fails to gain acceptance, we could see an increase in product returns.

Product diversion may have a negative impact on our business.

We see our products being sold through online marketplace sites and other distribution channels in certain markets. Although we continually take steps to control product diversion, including products sold in Mainland China, this activity continues to be a challenge, and we believe that changes to our global sales compensation plan or increased use of online channels for conducting sales transactions have and may continue to lead to increased product diversion. Product diversion causes confusion regarding our distribution channels and negatively impacts the ability of our sales force to sell our products. It also creates a negative impression regarding the viability of the business opportunity for our sales force, which can harm our ability to recruit new people to join our sales force. Product diversion may also cause brand erosion and negatively impact the brand value perception. Product diversion schemes may also involve illegal importation, investment or other activities and harm our brand if gray market or counterfeit goods are passed off as our own. If we are unable to effectively address this issue or if diversion increases, our business could be harmed.

Risks Associated with COVID-19

Epidemics, including COVID-19, and other crises have and may continue to negatively impact our business.

Due to the person-to-person nature of direct selling, our results of operations have been, and will likely continue to be, harmed if the fear of a communicable and rapidly spreading disease or other crises such as natural disasters result 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 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 stay-at-home orders to combat COVID-19. Government-imposed restrictions and public hesitance regarding in-person gatherings, travel and visiting public places have reduced our sales force's ability to hold sales meetings, resulted in cancellations of key sales leader events and incentive trips, and required us to temporarily close our walk-in and fulfillment locations in some markets where we have such properties. The outbreak has also impacted our ability to obtain some ingredients and packaging as well as ship products in some markets. Our supply chain and logistics have incurred some interruptions and cost impacts to date, and we could experience more significant interruptions and cost impacts or face more significant closures in the future, whether due to COVID-19 directly, workforce (including the workforce of our supply chain) resistance to vaccination requirements, or other related factors. These factors and other events related to COVID-19 have negatively impacted our sales and operations and will likely continue to negatively affect our business and our financial results. Although some of the negative impacts of COVID-19 have recently improved, 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 worsen or return. In addition, the productivity of our sales force has been, and could continue to be, negatively impacted as restrictions are lifted and our sales force is able to more freely travel and take vacations.

Any significant decline in our operating results in the future could also adversely affect our financial position and liquidity. Under the terms of our existing credit facility, we are required to maintain certain interest coverage and leverage ratios. In addition, our outstanding borrowings under our credit facility and related term loan impose debt service and amortization requirements. A significant deterioration in our results of operations in the future as a result of the COVID-19 pandemic could impact our ability to comply with our financial covenants and debt service and amortization obligations, which could result in an event of default under the terms of our credit facility. An event of default under our credit facility could result in an inability to access funding under the agreement and the acceleration of our obligations, which would have a material adverse effect on our financial condition and liquidity.

In addition, regulatory authorities closely scrutinize the product- and earnings-related claims made by direct-selling companies and their sales force, including claims related to the COVID-19 pandemic. For example, during 2020 and 2021, the FTC issued letters that warned several direct-selling companies to remove and address claims that they or members of their sales force were making about their products' ability to treat or prevent COVID-19 and/or about the earnings that people who have recently lost income could make. Although we take steps to educate our Brand Affiliates on proper claims, if our Brand Affiliates make improper claims, or if regulators determine we are making any improper claims, this could lead to an FTC investigation and could harm our business and reputation.

International Risks

Our ability to conduct business in international markets may be affected by political, legal, tax and regulatory risks.

Our ability to capitalize on growth in new international markets and to maintain the current level of operations in our existing international markets is exposed to risks associated with our international operations, including:

- the possibility that a government might ban or severely restrict our sales compensation and business models;
- the possibility that local civil unrest, political instability, or changes in diplomatic or trade relationships might disrupt our operations in one or more markets;
- the lack of well-established or reliable legal systems in certain areas where we operate;
- the presence of high inflation in the economies of international markets in which we operate;
- the possibility that a government authority might impose legal, tax, customs, or other financial burdens on us or our sales force, due, for example, to the structure of our operations in various markets;
- the possibility that a government authority might challenge the status of our sales force as independent contractors or impose employment or social taxes on our sales force; and
- the possibility that governments may impose currency remittance restrictions limiting our ability to repatriate cash.

There has been an increasing level of tension in U.S.-China relations over the last few years. Given the significant size of our China business, our business could be harmed if relations continue to deteriorate or additional sanctions or restrictions are imposed by either government. In addition, there have been adverse public reaction and media attention to statements made by representatives of other businesses related to these issues that have adversely affected business. We could similarly face adverse public or media attention, and potentially increased regulatory scrutiny, as a result of increased trade or political tensions or any statements or actions by employees or our sales force that generate publicity with respect to these issues.

We are subject to financial risks as a result of our international operations, including exposure to foreign-currency fluctuations, currency controls and inflation in foreign markets, all of which could impact our financial position and results of operations.

In 2021, approximately 80% of our sales occurred in markets outside of the United States in each market's respective local currency. Foreign-currency fluctuations affect our financial position and results of operations. We purchase inventory primarily in the United States in U.S. dollars. In preparing our financial statements, we translate revenue and expenses in our markets outside the United States from their local currencies into U.S. dollars using weighted-average exchange rates. If the U.S. dollar strengthens relative to local currencies, our reported revenue, gross profit and net income will likely be reduced. Foreign-currency fluctuations also cause losses and gains resulting from translation of foreign-currency-denominated balances on our balance sheet.

We also face the risk of currency controls. If foreign governments restrict transfers of cash out of their country and control exchange rates, we may be limited as to the timing and amount of cash we can repatriate and may not be able to repatriate cash at beneficial exchange rates, which could have a material adverse effect on our financial position, results of operations or cash flows. We typically fund the cash requirements of our operations in the United States through intercompany dividends, intercompany loans and intercompany charges for products, use of intangible property, and corporate services. However, some markets impose government-approval or other requirements for the repatriation of dividends. For example, in Mainland China, we are unable to repatriate cash from current operations in the form of dividends until we file the necessary statutory financial statements for the relevant period. We also have experienced delays in repatriating cash from Argentina. As of December 31, 2021, we had $50.3 million in cash denominated in Chinese RMB, and our intercompany receivable with our Argentina subsidiary was $11.3 million.

In addition, high levels of inflation and currency devaluations in any of our markets could negatively impact our balance sheet and results of operations. Gains and losses resulting from the remeasurement of non-U.S. dollar monetary assets and liabilities of our subsidiaries operating in highly inflationary economies are recorded in our net earnings. For example, during 2018, Argentina was designated as a highly inflationary economy under U.S. generally accepted accounting principles; accordingly, beginning with the third quarter of 2018, we began to apply highly inflationary accounting for our Argentina operations, which has resulted in additional foreign-currency charges. Other markets may be designated as highly inflationary economies in the future, which could result in further foreign-currency charges.

Although we may engage in transactions intended to reduce our exposure to foreign-currency fluctuations, there can be no assurance that these transactions will be effective. Complex global political and economic dynamics can affect exchange rate fluctuations. For example, the implementation of tariffs, border taxes or other measures related to the level of trade between the United States and other markets could impact the value of the U.S. dollar. It is difficult to predict future fluctuations and the effect these fluctuations may have upon future reported results or our overall financial condition.

Potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and our business, financial results and financial condition.

The United States and other foreign jurisdictions may change customs regulations or tariff rates that are applied to our imports or exports at any time. Tariff changes are difficult to predict and may cause us material short-term or long-term cost fluctuations. We rely on the use of Free Trade Agreements that may experience alterations, suspensions or cancellations, which could increase our customs expense or otherwise harm our business. In addition to tariffs, any actions taken by the United States or by foreign countries to further implement trade policy changes, including limiting foreign investment or trade, increasing regulatory scrutiny, or other actions that impact our ability to obtain necessary licenses or approvals could negatively impact our business. These actions are unpredictable, and any of them could also have a material adverse effect on global economic conditions and the stability of global financial markets, significantly reduce global trade, restrict our access to suppliers or customers, and have a material adverse effect on our business, financial condition and results of operations.

Human Capital Risks

If we are unable to retain our existing sales force and recruit additional people to join our sales force, our revenue may not increase and may even decline.

Our products are primarily marketed by our sales force, and we depend on them to generate virtually all of our revenue. Our sales force may terminate their services at any time, and like most direct selling companies, we experience high turnover among our sales force from year to year. People who join our company to purchase our products for personal consumption or for short-term income goals frequently only stay with us for a short time. Sales Leaders who have committed time and effort to build a sales organization will generally stay for longer periods. To increase our revenue, we must increase the number of and/or the productivity of our sales force. We must also expand our outreach and outbound efforts to attract, connect and nurture new customers for a wider consumer base who purchase product and whom we can foster along a consumer journey to promote retention and higher lifetime value.

We have experienced periodic fluctuations in both Sales Leaders and Customers in the past and could experience such fluctuations again in the future. For example, our Sales Leaders in Mainland China declined 46% from December 31, 2018 to December 31, 2019 due to such factors as meeting restrictions and negative media scrutiny. Our ability to retain our Sales Leaders and Customers could be affected as our sales force makes increased use of social sharing channels, which may allow them to more easily engage their consumers and sales network in other opportunities. If our initiatives do not drive growth in both Sales Leaders and Customers, our operating results could be harmed. While we take many steps to help train, motivate and retain our sales force, we cannot accurately predict how the number and productivity of our sales force may fluctuate because we rely primarily upon our Sales Leaders to find new consumers and to find, train and develop new Sales Leaders. Our operating results could be harmed if we and our Sales Leaders do not generate sufficient interest in our business and its products to retain and motivate our existing sales force and attract new people to join our sales force.

The number and productivity of our sales force is negatively impacted by several additional factors, including:

- any adverse publicity or negative public perception regarding us, our products or ingredients, our distribution channel, or our industry or competitors;
- lack of interest in, dissatisfaction with, or the technical failure of, existing or new products;
- lack of compelling products or income opportunities, including through our sales compensation plans and incentive trips and other offerings;
- negative sales force reaction to changes in our sales compensation plans or to our failure to make changes that would be necessary to keep our compensation competitive with the market;
- interactions with our company, including our actions to enforce our policies and procedures and the quality of our customer service;
- any regulatory actions or charges against us or others in our industry, as well as regulatory changes that impact product formulations and sales viability;
- general economic, business and public health conditions, including employment levels, employment trends such as the gig and sharing economies, and pandemics or other conditions that curtail person-to-person interactions;
- changes in the policies of social media platforms used to prospect or recruit potential consumers and sales force participants;
- recruiting efforts of our competitors and changes in consumer-loyalty trends; and
- potential saturation or maturity levels in a given market, which could negatively impact our ability to attract and retain our sales force in such market.

We depend on our key personnel and Sales Leaders, and the loss of the services provided by any of our executive officers, other key employees or key Sales Leaders could harm our business and results of operations.

Our success depends to a significant degree upon the continued contributions of our senior and regional management, many of whom would be difficult to replace. Our senior and regional management employees may voluntarily terminate their employment with us at any time, and it is not uncommon for employees of direct-selling companies, including employees of our company, to terminate their employment and begin working for another direct-selling company. In addition, we need to continue to attract and develop qualified management personnel to sustain growth in our markets. Attracting and retaining qualified personnel has been an increased challenge during the current competitive employment environment. If we are not able to successfully retain existing personnel and identify, hire and integrate new personnel, our business and growth prospects could be harmed.

The success of our business also depends on our key Sales Leaders. As of December 31, 2021, we had a global network of 1,367,559 Customers. Approximately 61,515 of our Customers were Sales Leaders. As of December 31, 2021, approximately 456 Sales Leaders occupied the highest levels under our global sales compensation plan, and in Mainland China we have approximately 184 key Sales Leaders who play a significant role in managing, training and servicing our sales force in that market and driving sales. We rely on these Sales Leaders (or other sales force members that they train, collaborate with, support and service) for a substantial majority of our revenue. As a result, the loss of a high-level or key Sales Leader or a group of leading Sales Leaders, whether by their own choice or through disciplinary actions by us for violations of our policies and procedures, could negatively impact our growth and our revenue.

Risks Associated with Our Manufacturing and Operations

Production difficulties, quality control problems, inaccurate forecasting, shortages in ingredients, and reliance on our suppliers could harm our business.

Production difficulties, quality control problems, inaccurate forecasting and our reliance on third-party suppliers to manufacture and deliver products that meet our specifications in a timely manner could harm our business. Occasionally, we have experienced production difficulties with respect to our products, including the availability of labor, raw materials, components, packaging and products that do not meet our specifications and quality control standards. These production difficulties and quality problems have in the past, and could in the future, result in stock outages or shortages in our markets with respect to such products, harm our sales, or create inventory write-downs for unusable products.

In addition, we and our supply chain acquire ingredients, components, products and packaging from third-party suppliers and manufacturers. A loss of any of these suppliers and any difficulties in finding or transitioning to alternative suppliers could harm our business. In addition, we obtain some of our products and ingredients from sole suppliers that own or control the product formulations, ingredients or other intellectual property rights associated with such products. We also license the right to distribute some of our products from third parties. In the event we are unable to maintain or renew our contracts with any of these suppliers, manufacturers or other third parties, we may need to discontinue some products or develop substitute products, which could harm our revenue. In addition, if we experience supply shortages, price increases or regulatory impediments with respect to the raw materials, ingredients, components or packaging we use for our products, we may need to seek alternative supplies or suppliers and may experience difficulties in finding replacements that are comparable in quality and price. For example, some of our wellness products, including *g3* juice, *ReishiMax*, *ageLOC Meta* and *ageLOC Youth* (*Youthspan* or *Y-Span* in some markets), incorporate unique natural ingredients that are only harvested once per year and/or may have limited global supplies. If demand exceeds forecasts, we may have difficulties in obtaining additional supplies to meet the excess demand until the next growing season. If we are unable to successfully respond to such issues, our business could be harmed.

The loss of or a disruption in our manufacturing, supply chain and distribution operations, or significant expenses or violations incurred by such operations, could adversely affect our business.

As a company engaged in manufacturing, distribution, and research and development on a global scale, we are subject to the risks inherent in such activities, including industrial accidents, climate or environmental events, fires, floods, earthquakes, labor shortages, strikes and other labor or industrial disputes, disruptions in logistics or information systems, loss or impairment of key manufacturing or distribution sites, import and export restrictions or delays, product quality control, safety, licensing requirements and other regulatory or government issues, as well as natural disasters, pandemics, border disputes, global uncertainties, acts of terrorism and other external or macroeconomic factors over which we have no control. These risks may be heightened if we consolidate certain of our manufacturing, distribution or supply facilities or if we are unable to successfully enhance our disaster recovery planning. These risks also increase as we pursue our current strategy of acquiring manufacturing companies and thereby conducting more of our manufacturing in-house. The loss of, or disruption or damage to, any of our facilities or centers or those of our third-party manufacturers could have a material adverse effect on our business, reputation, results of operations and financial condition.

We have experienced, and may continue to experience, disruptions to the transportation channels used in our supply chain and distribution operations, including increased airport and shipping port congestion, a lack of transportation capacity, increased fuel expenses, import or export controls or delays, and labor disputes or shortages. Disruptions in our container shipments may result in increased costs, including the additional use of air freight to meet demand. Congestion to ports can affect previously negotiated contracts with shipping companies, resulting in unexpected increases in shipping costs and reduction in our profitability. For example, the COVID-19 pandemic has resulted in several disruptions and delays, as well as quantity limits and price increases, in our global transportation channels.

In addition, our manufacturing facilities are subject to numerous regulations, including labor regulations and environmental regulations that govern the storage, discharge, handling, emission, generation, manufacture, use and disposal of chemicals and other materials. We will also likely become subject to new regulations in these areas, which could require substantial expenditures. Violations of existing or new requirements could result in financial penalties and other enforcement actions and could require us to halt one or more portions of our operations until a violation is cured. The costs of curing incidents of non-compliance, resolving enforcement actions or private-party actions that might be initiated against us, or of satisfying new legal requirements could have a material adverse effect on our business, financial condition, or results of operations.

Our business could be negatively impacted if we fail to execute our product launch process or ongoing product sales due to difficulty in forecasting or increased pressure on our supply chain, information systems and management.

Prior to making a key product generally available for purchase, we typically do one or more introductory offerings of the product, such as a preview of the product to our Sales Leaders or other product introduction or promotion. These offerings sometimes generate significant activity and a high level of purchasing, which results in a higher-than-normal increase in revenue during the quarter and skew year-over-year and sequential comparisons. These offerings may also increase our product return rate. We have, and may in the future, experienced difficulty effectively managing growth associated with these offerings and may face increased risk of improper sales force activities and related government scrutiny.

In addition, the size and condensed schedule of these product offerings increase pressure on our supply chain and order processing systems. We have, and may in the future, failed to appropriately scale our system capacity and operations in response to unanticipated changes in demand for our existing products or to the demand for new products, which reduces our sales force's confidence in our business and could harm our reputation and profitability.

As our sales force increases its use of social platforms to interact with customers, our business results could be adversely affected if our implementation of new platforms and processes to support our sales force is delayed. In addition, we are dependent on third parties for testing and delivery of portions of these and other of our information system platforms. Unanticipated changes or system failures by third parties could harm our ability to meet the expectations of our sales force, thus resulting in harm to our revenue, reputation and sales force confidence in our systems.

If we do not accurately forecast sales levels in each market for product launches or ongoing product sales, obtain sufficient ingredients, components or packaging, or produce a sufficient supply to meet demand, we may incur higher expedited shipping costs and we may temporarily run out of stock of certain products, which could negatively impact the enthusiasm of our sales force and consumers. Conversely, if demand does not meet our expectations for a product launch or ongoing product sales or if we change our planned launch strategies or initiatives, we could incur inventory write-downs. Each of these issues has impacted us in the past, and they could again occur with our ongoing product launches. If we fail to effectively forecast product demand in the product launch process or for ongoing product sales, our reputation and profitability could be negatively impacted.

If we are unable to effectively manage our growth in certain markets, our operations could be harmed.

At times, we can experience significant growth in one or more of our markets. For example, during 2020 we experienced significant growth in some of the markets in our Americas and EMEA segments. Growth can strain our ability to effectively manage our operations, as it requires us to expand our management team, labor force, technology bandwidth and capabilities, and manufacturing operations. Insufficient management execution to support growth could result in, among other things, product delays or shortages, decreases in product quality, service level challenges, operating mistakes and errors, inadequate customer service, inappropriate claims or promotions by our sales force, and governmental inquires and investigations, all of which could harm our revenue and ability to generate sustained growth and result in unanticipated expenses. In addition, we need to continue to attract and develop qualified management personnel to sustain growth. If we are not able to successfully retain existing personnel and identify, hire and integrate new personnel, our business and growth prospects could be harmed.

System failures, capacity constraints and other information technology difficulties could harm our business.

With global operations and a complex sales compensation plan, our business is highly dependent on efficiently functioning information technology systems, including websites, mobile applications, cloud providers, data centers, databases, networks and other systems. We rely on these systems for accepting and processing sales orders, operating our sales force and customer support operations, tracking and compensating our sales force, conducting our corporate and regional operations, preparing our financial statements, and other aspects of our business. Accordingly, the performance, reliability and availability of our systems are critical to our business, reputation, financial reporting, and ability to attract and retain our sales force and customers.

Our systems may be damaged or disrupted by fires, floods, earthquakes or other natural disasters, human error, telecommunications failures, power loss, physical or electronic break-ins, computer viruses, cyber attacks, changes in our information technology systems or organization, and other events. We have, and may in the future, experienced system failures and outages. We cannot guarantee that the preventive measures we take, including redundancies, security protocols, network protection mechanisms and other procedures currently in place, or that may be in place in the future, will be adequate to prevent or remedy system failure or interruption, data loss, security breaches or other data security incidents. Furthermore, any mitigation process could take several days or more, thus resulting in a loss of revenue, loss of confidence of our sales force and harm to our reputation.

In addition, we make significant expenditures on our information technology infrastructure and other technology initiatives, and these items could become obsolete or impaired, which has and may in the future cause us to incur significant expenses to address. For example, in 2018, following an evaluation of our information technology infrastructure and organization and our social sharing and digital initiatives, we determined to alter our strategic direction with respect to some of our systems and tools, resulting in impairment charges of approximately $49 million. We also incurred approximately $22 million in severance payments and other expenses related to the reorganization of our Information Technology Department and other corporate and regional offices. Additional cash outlay and new personnel were also necessary for execution of new plans and strategy. In this strategic shift in direction, we continue to identify and re-architect additional legacy systems to help mitigate the risk and exposure these systems introduce to our business. We also continue to allocate resources to new technology and digital initiatives. There can be no assurance that we will be able to build and roll-out our new technology and digital tools on a global scale or that they will function as intended, and these initiatives may entail significant expenses and could cause disruptions in our business.

Our systems could also be strained by growth in our business. Although we work to expand and enhance our ecommerce features, network infrastructure and other technologies to accommodate increases in the volume of traffic to our ecommerce channels, we may be unsuccessful in these efforts. Our failure, or our suppliers' failure, to achieve or maintain system capacity could significantly reduce our ability to fulfill orders and could harm our business, reputation, revenue and financial condition.

Any acquired companies or future acquisitions may expose us to additional risks.

We have acquired certain businesses, and we plan to continue to do so in the future as we encounter acquisition prospects that would complement our current product offerings, increase the size and geographic scope of our operations or otherwise offer growth and operating efficiency opportunities. At any particular time, we may be in various stages of assessment, discussion and/or negotiation with regard to one or more potential acquisitions or investments, not all of which will be consummated. Acquisitions involve numerous risks and uncertainties and may be of businesses in which we lack operational or market experience. The financing for any of these acquisitions could dilute the interests of our stockholders, result in an increase in our indebtedness or both. Our past acquisitions have, and future acquisitions could, entailed numerous risks, including:

- difficulties in integrating acquired operations or products;
- the difficulties of imposing financial and operating controls on the acquired companies and their management and the potential costs of doing so;
- the potential loss of key employees, customers, suppliers or distributors from acquired businesses and disruption to our direct selling channel;
- diversion of management's attention from our core business;
- the failure to achieve the strategic objectives of these acquisitions;
- increased fixed costs;
- the failure of the acquired businesses to achieve the results we have projected in either the near or long term;
- the assumption of unexpected liabilities, including litigation risks;
- adverse effects on existing business relationships with our suppliers, sales force or consumers; and
- risks associated with entering markets or industries in which we have limited or no prior experience, including limited expertise in running the business, developing the technology, and selling and servicing the products.

Our failure to successfully complete the integration of any acquired business, or a failure to adjust our fixed costs quickly enough or sufficiently to adapt to rapidly changing market conditions, could have a material adverse effect on our business, financial condition and operating results. In addition, there can be no assurance that we will be able to identify suitable acquisition candidates, consummate acquisitions on favorable terms or realize the anticipated benefits of an acquisition. It is also possible that our acquired companies could sell products or utilize a business model similar to that of our Nu Skin business, which could be viewed negatively by our sales force and result in a reduction in our revenue.

Product Legal and Regulatory Risks

Regulations governing our products, including the formulation, registration, pre-approval, marketing and sale of our products, could harm our business.

Our products are subject to extensive government regulation by numerous federal, state and local government agencies and authorities. Many of these laws and regulations involve a high level of subjectivity, are subject to interpretation, and vary significantly from market to market. These laws and regulations can, and often do, have several impacts on our business, including but not limited to:

- delays, or altogether prohibitions, in introducing or selling a product or ingredient in one or more markets;
- delays and expenses associated with the registration and approval process for a product;
- limitations on our ability to import products into a market;
- delays and expenses associated with compliance, such as record keeping, documentation of the properties of certain products, labeling, and scientific substantiation;
- limitations on the claims we can make regarding our products; and
- product reformulations, or the recall or discontinuation of certain products that cannot be reformulated to comply with new regulations.

We have observed a general increase in regulatory activity and activism in the United States and across many markets globally where we operate, and the regulatory landscape is becoming more complex with increasingly strict requirements. In particular, the requirements are impacting the ingredients we can include in our products, the accepted quantities of those ingredients and the quality and characterization of the ingredients. Global regulators have in recent years become overall more restrictive on the accepted levels of active ingredients that we can use in our product, in some cases banning them outright. They have also become more restrictive on permitted contaminant levels in ingredients and, in many cases, have forced complete removal of such contaminants. In certain cases, such as regarding some pesticides which are virtually ubiquitous in nature, it has proven difficult to comply with the requirements. Further, many of the restrictions regarding ingredient quality are not directly applicable to our products, leaving the possibility that our interpretation of compliance may not match that of the enforcing authorities. Often there is a lack of an equivalent active ingredient present in the marketplace. In other cases, the removal or reduction of a technical ingredient, such as various types of parabens, leads to a significant change to the character of the product that may make it no longer desirable or safe to the consumer. If this trend in new regulations continues, we may find it necessary to alter some of the ways we have traditionally marketed our products in order to stay in compliance with a changing regulatory landscape and this could add to the costs of our operations and/or have an adverse impact on our business.

Many laws and regulations govern the registration, pre-market approval or other aspects of regulatory oversight of our products. For example, in the United States, some legislators and industry critics have pushed for years to increase regulatory authority by the FDA over nutritional supplements. In 2011, the FDA proposed draft guidance to clarify the FDA's interpretation of the dietary ingredient notification requirements, and in 2016, the FDA issued a revised draft guidance that superseded the 2011 version. This draft guidance is not yet final but appears to indicate that the FDA is expanding its definition of what is considered a "new dietary ingredient" in the United States. The industry has worked with the FDA for several years, providing comments to the FDA to modify this guidance. While still in flux, if enacted in final form as proposed, this guidance could impose new and significant regulatory barriers for our nutritional supplement products or unique ingredients, which could delay or inhibit our ability to formulate, introduce and sell nutritional supplements as we have in the past. We face similar pressures in our other markets, which continue to set restrictions on ingredients and their acceptable maximum levels, as well as on ingredient characterization, quality and levels. In Europe, for example, we are unable to market supplements that contain ingredients that were not marketed in Europe prior to May 1997 ("novel foods") without going through an extensive registration and pre-market approval process.

The FDA currently does not have a pre-market approval system for cosmetics. However, cosmetic products may become subject to more extensive regulation in the future. These events could interrupt the marketing and sale of our products, severely damage our brand reputation and image in the marketplace, increase the cost of our products, cause us to fail to meet customer expectations or cause us to be unable to deliver merchandise in sufficient quantities or of sufficient quality to our stores, any of which could result in lost sales.

Our operations could be harmed if new laws or regulations are enacted that restrict our ability to market or distribute our products or impose additional burdens or requirements on us in order to continue selling our products. In addition, the adoption of new regulations or changes in the interpretations and enforcement of existing regulations may result in significant compliance costs or discontinuation of product sales and may impair the marketability of our products, resulting in significant loss of net sales. We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations or administrative orders, when and if promulgated, would have on our business. If new or existing laws and regulations restrict, inhibit or delay our ability to introduce or market our products or limit the claims we are able to make regarding our products, this could have a material adverse effect on our business, financial condition, and operating results. If we fail to comply with the laws and regulations governing our products, we could face enforcement action, and we could be fined or forced to alter or stop selling our products.

Government regulations and private party actions relating to the marketing and advertising of our products and services may restrict, inhibit or delay our ability to sell our products and harm our business.

Government authorities regulate advertising and product claims regarding the efficacy and benefits of our products. These regulatory authorities typically require adequate and reliable scientific substantiation to support any marketing claims. What constitutes such reliable scientific substantiation can vary widely from market to market and there is no assurance that the research and development efforts that we undertake to support our claims will be deemed adequate for any particular product or claim. If we are unable to show adequate and reliable scientific substantiation for our product claims, or if our marketing materials or the marketing materials of our sales force make claims that exceed the scope of allowed claims for dietary supplements, cosmetics or devices that we offer, the United States Food and Drug Administration (the "FDA") or other regulatory authorities could take enforcement action requiring us to revise our marketing materials, amend our claims or stop selling certain products, which could harm our business.

For example, in recent years, the FDA has issued warning letters to many cosmetic companies alleging improper structure/function claims regarding their cosmetic products, including, for example, product claims regarding gene activity, cellular rejuvenation, and rebuilding collagen. There is a degree of subjectivity in determining whether a claim is an improper structure/function claim. Given this subjectivity and our research and development focus on the sources of aging and the influence of certain ingredients on gene expression, there is a risk that we could receive a warning letter, be required to modify our product claims or take other actions to satisfy the FDA if the FDA determines any of our marketing materials include improper structure/function claims for our cosmetic products. In addition, plaintiffs' lawyers have filed class action lawsuits against some of our competitors after our competitors received these FDA warning letters. There can be no assurance that we will not be subject to government actions or class action lawsuits, which could harm our business.

In the United States, the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising ("Guides") require disclosure of material connections between an endorser and the company they are endorsing, and they generally do not allow marketing using atypical results. Our sales force has historically used testimonials and "before and after" photos to market and sell some of our popular products such as our *ageLOC Spa* systems and *ageLOC Transformation* anti-aging skin care system. We intend to continue to use testimonials for our popular products, including weight management products and beauty products. In highly regulated and scrutinized product categories such as weight management, if we or our sales force fails to comply with the Guides or makes improper product claims, the FTC could bring an enforcement action against us and we could be fined and/or forced to alter our marketing materials.

Our operations could be harmed if we fail to comply with Good Manufacturing Practices.

Across our markets, there are regulations on a diverse range of Good Manufacturing Practices that apply to us and to our vendors covering product categories such as dietary supplements, cosmetics, foods, over-the-counter drugs and medical devices. The Good Manufacturing Practices impose stringent requirements on a variety of topics, including vendor qualifications, ingredient identification, manufacturing controls and record keeping. Ingredient identification requirements, which often require us to confirm the levels, identity and potency of ingredients listed on our product labels within a narrow range, are particularly burdensome and difficult for us because our products contain many different ingredients. Additionally, certain Good Manufacturing Practices obligate us to track and periodically report adverse events to government agencies. Compliance with these increasing regulations may further increase the cost of manufacturing certain of our products as we work with our vendors to assure they are qualified and in compliance. In addition, our operations could be harmed if regulatory authorities determine that we or our vendors are not in compliance with these regulations or if public reporting of adverse events harms our reputation for quality and safety. A finding of noncompliance may result in administrative warnings, penalties or actions impacting our ability to continue selling certain products, including public withdrawals, seizures and recalls. For example, in prior years, we have had product recalls in the United States based on labeling issues. Problems associated with product recalls could be exacerbated due to the global nature of our business because a recall in one jurisdiction could lead to recalls in other jurisdictions. In addition, these risks associated with noncompliance could increase as we acquire businesses, including the businesses in our Rhyz strategic investment arm and any businesses we may acquire in the future.

If our current or any future device products are determined to be medical devices in a particular geographic market, or if our sales force uses these products for medical purposes or makes improper medical claims, our ability to continue to market and distribute such devices could be harmed, and we could face legal or regulatory actions.

One of our strategies is to market unique and innovative products that allow our sales force to distinguish our products, including our *ageLOC Spa* systems, *Pharmanex BioPhotonic Scanner, ageLOC LumiSpa* and *ageLOC Boost*. Any determination by regulatory authorities in our markets that these products or any future devices must receive clearance or be registered as medical devices could restrict our ability to import or sell the product in such market until registration is obtained. While we have not been required to register our *ageLOC Spa* systems, *Pharmanex BioPhotonic Scanner*, *ageLOC LumiSpa* or *ageLOC Boost* as medical devices in most of our markets, we have registered our *ageLOC Spa* systems as a medical device in Indonesia, Thailand, Peru and Colombia. In addition, we have received clearance from the United States Food and Drug Administration to market our facial spa for over-the-counter use. We have registered *ageLOC Boost* as a medical device in Thailand, and we intend to do so in the United States as well. There have been legislative proposals in the Philippines relating to the regulation of medical devices that could affect the way we market our *ageLOC Spa* systems, *Pharmanex BioPhotonic Scanner*, *ageLOC LumiSpa* and *ageLOC Boost* in this market. In addition, if our sales force attempts to import or export products from one market to another in violation of our policy, makes medical claims regarding our products or uses our products to perform medical diagnoses or other activities limited to licensed professionals or approved medical devices (in markets where the product is not approved), it could negatively impact our ability to market or sell these products and subject us to legal or regulatory actions.

Where necessary, obtaining medical device registrations and clearances could require us to provide documentation concerning product manufacturing and clinical utility, to make design, specification and manufacturing process modifications to meet standards imposed on medical device companies, and to modify our marketing claims regarding the registered product. While we successfully obtained clearance to market our facial spa for over-the-counter use in the United States, and registered our *ageLOC Spa* systems as a medical device in Indonesia, Thailand, Peru and Colombia, because medical device regulations vary widely from market to market, there can be no assurance we will not face challenges or delays in obtaining clearance in other markets, or that we will be able to make any required modifications or provide documentation necessary to obtain clearance. If we obtain such medical device clearance in order to sell a product in one market, such clearance may be used as precedent for requiring similar approval for the product in another market, or for similar products in the same market. These additional requirements could increase the cost associated with manufacturing and selling these products as non-medical devices in such markets.

We may incur product liability claims that could harm our business.

We sell a variety of different products for human consumption and use, including cosmetics, dietary supplements, conventional foods, OTC drugs and devices. Our cosmetics and conventional foods, as well as some of our dietary supplements, are not generally subject to pre-market approval or registration processes so we cannot rely upon a government safety panel to qualify or approve our products for use, and some ingredients may not have long histories of human consumption or use. We rely upon published and unpublished safety information including clinical studies on ingredients used in our products and conduct our own clinical and safety studies on some key ingredients and products, but not all products. A product may be safe for the general population when consumed or used as directed but could cause an adverse reaction for some individuals, such as a person who has a health condition or allergies or who is taking a prescription medication. While we include what we believe are adequate instructions and warnings and we have historically had low numbers of reported reactions, previously unknown adverse reactions could occur. If we discover that our products are causing adverse reactions, or if we determine that any of our employees have not properly handled reports of adverse reactions, we could suffer further adverse publicity or government sanctions.

As a result of the type of products that we sell, we may be subject to various product liability claims, including that the products fail to meet quality or manufacturing specifications, contain contaminants, include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects. Consumer protection laws and regulations governing our business continue to expand, and in some states such as California, class-action lawsuits based on increasingly novel theories of liability are expanding. Product liability claims could increase our costs, cause negative publicity, and adversely affect our business and financial results. As we continue to offer an increasing number of new products through large product offerings our product liability risk may increase.

If our sales force or employees provide improper or inappropriate advice regarding our products, their use or safety, we may be subject to additional product liability.

We have generally elected to self-insure our product liability risks. We continue to periodically evaluate whether we can and should obtain product liability insurance. Based upon our current approach to product liability risk management, if any of our products are found to cause any injury or damage or we become subject to product liability claims, we will be subject to the full amount of liability associated with any injuries or damages. This liability could be substantial and may exceed our existing reserves and harm our business.

Legal, Regulatory and Compliance Risks

We may become involved in legal proceedings and other matters that could adversely affect our operations or financial results.

We have been, and regularly are, a party to litigation, government inquiries or investigations, audits or other legal matters. These legal proceedings may include, among other things, claims alleging violation of the federal securities laws or state corporate laws, or claims related to employment matters, intellectual property, fair-competition/anti-trust laws, our products, business opportunity or advertising, or other matters. Claims may be brought by a regulator, investor, member of our sales force, consumer, employee or other private parties and in some cases may be brought as class action lawsuits. For example, in 2014, we were named as a defendant in a purported class action complaint relating to negative media and regulatory scrutiny of our business in Mainland China and as a nominal defendant in a shareholder derivative suit relating to the same issues. Also, beginning in 2014, we were in discussions with the Securities and Exchange Commission (“SEC”), which discussions were focused on a charitable donation we made in Mainland China in 2013 and issues related thereto. In April 2015, the SEC informed us that it was initiating a non-public, formal investigation into these issues. We also have been involved in two separate disputes with customs authorities in Japan with respect to customs assessments on several of our products. Although we settled the purported class action, shareholder derivative action and SEC investigation during 2016 and the Japan courts reached final decisions on the customs disputes in 2013 and 2018, these matters were, and any future matters that we may become involved in may be, expensive and time consuming.

Our increased activity during the past several years with acquisitions, divestments and other investment-related activities introduces an additional area of litigation risk, and we have had litigation and threats of litigation related to these matters. Other parties in the transactions or potential transactions, or other parties involved in the businesses themselves, could bring claims against us. For example, we are currently in litigation with Don Roberts, a dairy farmer who claims he is a general partner in our indoor-growing business and related businesses. Mr. Roberts also seeks damages exceeding $250 million. Although we believe Mr. Roberts's claims are without merit and we intend to continue to vigorously defend ourselves, there can be no assurance that the resolution of this or other cases will be favorable to us.

In general, litigation claims, regulatory actions or other legal matters are expensive and time consuming and can result in settlements, adverse rulings or damages that could significantly affect financial results and the conduct of our business. It is not possible to predict the final resolution of any legal proceeding to which we may become party, and the impact of these matters on our business, results of operations and financial condition could be material.

Non-compliance with anti-corruption laws could harm our business.

Our international operations are subject to various anti-corruption laws, including principally the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA and the anti-corruption laws of other jurisdictions where we operate generally prohibit companies and their agents or intermediaries from making improper payments for the purpose of obtaining or retaining business, and they require companies to maintain accurate books and records and internal accounting controls. We dedicate time and resources to internal investigations of any allegation that we are not or may not be in compliance with anti-corruption laws. Additionally, such allegations, even if untrue, may result in a government investigation, particularly given the trend in recent years of increased anti-corruption law enforcement activity and regulatory investigative actions by regulators in numerous jurisdictions, including the U.S. Department of Justice and the SEC. Our corporate policies require all employees to comply with the FCPA and other applicable anti-corruption laws, including the FCPA's books-and-records and internal-accounting-controls requirements. Any regulatory determination, however, that our operations or activities are not in compliance with existing anti-corruption laws or regulations could result in the imposition of substantial fines and other penalties from U.S. or other regulatory entities.

In 2016, we reached a resolution with the SEC to pay $765,688 to settle the SEC's allegations that our books and records and internal controls related to a charitable contribution in Mainland China in 2013 were insufficient. In agreeing to this settlement, we neither admitted nor denied the SEC's findings. Although we have implemented additional anti-corruption policies, controls and training globally to prevent similar situations from arising in the future, we cannot be certain that these efforts will be effective or prevent future fines or penalties under the FCPA or other anti-corruption laws. Our competitors operating in Mainland China have also faced similar allegations from U.S. regulators and been fined accordingly in some circumstances. For example, in 2020, one of our competitors entered into a large settlement with U.S. regulators related to allegations that its employees violated the FCPA in Mainland China.

Additionally, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing or new laws might be administered or interpreted. Alleged or actual violations of any such existing or future laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others) may result in criminal or civil sanctions or reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

A failure of our internal controls over financial reporting or our regulatory compliance efforts could harm our stock price and our financial and operating results or could result in fines or penalties.

We have implemented internal controls to help ensure the completeness and accuracy of our financial reporting and to detect and prevent fraudulent actions within our financial and accounting processes. We have also implemented compliance policies and programs to help ensure that our employees and sales force comply with applicable laws and regulations. Our internal audit team regularly audits our internal controls and various aspects of our business and compliance program, and we regularly assess the effectiveness of our internal controls. There can be no assurance, however, that our internal or external assessments and audits will identify all fraud, misstatements in our financial reporting, and significant deficiencies or material weaknesses in our internal controls. Material weaknesses have in the past, and may in the future, resulted in a material misstatement of our financial results, requiring us to restate our financial statements.

From time to time, we initiate further investigations into our business operations to further bolster our regulatory compliance efforts or based on the results of our internal and external audits or on complaints, questions or allegations made by employees or other parties regarding our business practices and operations. In addition, our business and operations may be investigated by applicable government authorities. In the event any of these investigations identify material violations of applicable laws by our employees, sales force or affiliates, we could be subject to adverse publicity, fines, penalties or loss of licenses or permits.

Risks Associated with Taxes, Customs and Interest

Government authorities may question our tax or customs positions or change their laws in a manner that could increase our effective tax rate or otherwise harm our business.

As a U.S. company doing business globally, we are subject to applicable tax and customs laws, including those relating to intercompany pricing regulations and transactions between our corporate entities in the jurisdictions in which we do business. Periodically, we are audited by tax and customs authorities around the world. If authorities challenge our tax or customs positions, including those regarding transfer pricing, customs valuation and classification, value added taxes (VAT), withholding taxes, payroll taxes, and other applicable taxes, we may be subject to penalties, interest and payment of back taxes or customs duties. The tax and customs laws in each jurisdiction change from time to time and are further subject to interpretation by the local government agencies. Despite our best efforts to be aware of and comply with tax and customs laws, including changes to and interpretations thereof, there is a potential risk that the local authorities may argue that we are out of compliance. Such situations may require that we defend our positions and/or adjust our operating procedures in response to such changes. We are currently subject to ongoing audits that are at various levels of review, assessment, or appeal in different markets involving issues of transfer pricing, income taxes, VAT, withholding taxes, payroll taxes, and other taxes. In some circumstances, additional taxes, interest and penalties have been assessed. We have reserved in our consolidated financial statements an amount that we believe represents the most likely outcome of the resolution of these audits, but if we are incorrect in our assessment, we may have to pay additional amounts, which could potentially be material. Ultimate resolution of these ongoing audits may take several years, and the outcome is uncertain. Any or all of these potential risks may increase our effective tax rate, increase our overall tax or customs expense or otherwise harm our business.

We could be subject to changes in our tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities, which could have a material and adverse impact on our operating results, cash flows and financial condition.

We are subject to taxes in the United States and numerous foreign jurisdictions, where our subsidiaries are organized. Tax laws, regulations, administrative practices and interpretations in various jurisdictions may be subject to change, with or without notice, due to economic, political and other conditions. As a result, significant judgment is required in evaluating and estimating our provision for income taxes. Our future effective tax rates could be affected by numerous factors, such as intercompany transactions, changes in our business operations, acquisitions and dispositions, entry into new markets, the amount of our earnings and where earned, losses incurred in jurisdictions, the inability to realize tax benefits, changes in foreign currency exchange rates, changes in our stock price, uncertain tax positions, allocation and apportionment of state taxes, changes in our deferred tax assets and liabilities and their valuation. In addition, U.S. and foreign governments may enact tax laws or enter into tax treaties that could result in further changes to global taxation and may materially affect our operating results and financial condition.

We are currently subject to tax controversies in various jurisdictions, and these jurisdictions may assess additional income tax liabilities against us. Developments in an audit, investigation or other tax controversy could have a material effect on our operating results, cash flows or financial condition in the period or periods for which that development occurs, as well as for prior and subsequent periods. We regularly assess the likelihood of an adverse outcome resulting from these proceedings to determine the adequacy of our tax accruals. Although we believe our estimates for the tax accruals are reasonable, the outcome of audits, investigations and any other tax controversies could be materially different from our tax accruals, which could materially impact our financial results.

Transition from LIBOR to an alternative benchmark interest rate could have an adverse effect on our overall financial position.

Our indebtedness levels and the required payments on such indebtedness may be impacted by expected reforms related to LIBOR. The variable interest rates payable under our credit facility are linked to LIBOR as the benchmark for establishing such rates. Recent national, international and other regulatory guidance and reform proposals regarding LIBOR are expected to ultimately cause LIBOR to be discontinued or become unavailable as a benchmark rate. Although our credit facility includes mechanics to facilitate the adoption by us and our lenders of an alternative benchmark rate for use in place of LIBOR, no assurance can be made that such alternative rate will perform in a manner similar to LIBOR and may result in interest rates that are higher or lower than those that would have resulted had LIBOR remained in effect. In addition, as previously disclosed, we currently plan to refinance our credit facility during 2022. There can be no assurance that credit will be available on favorable terms, including a favorable interest rate, which could negatively impact our liquidity and ability to fund our business initiatives.

Intellectual Property Risks

We may be subject to claims of infringement on the intellectual property rights or trade secrets of others, resulting in costly litigation.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. In particular, there has been an increase in the filing of suits alleging infringement of intellectual property rights, which pressure defendants into entering into settlement arrangements quickly to dispose of such suits, regardless of their merit. Other companies or individuals may allege that we, or our sales force, consumers, licensees or other parties indemnified by us, infringe on their intellectual property rights. Even if we believe that such claims are without merit, defending such intellectual property litigation can be costly, distract management's attention and resources, and the outcome is inherently uncertain. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products. Any of these results may adversely affect our financial condition.

We employ individuals who were previously employed at other beauty or wellness product companies, including our competitors or potential competitors. To the extent that our employees are involved in research areas that are similar to those in which they were involved with their former employers, we may be subject to claims that such employees have inadvertently or otherwise used or disclosed the alleged trade secrets or other proprietary information of the former employers. Litigation may be necessary to defend against such claims.

If we are unable to protect our intellectual property rights or our proprietary information and know-how, our ability to compete could be negatively impacted and the value of our products could be adversely affected.

The market for our products depends to a significant extent upon the value associated with our product innovations and our brand equity. We rely upon patent, copyright, trademark and trade secret laws in the United States and other markets, and non-disclosure, confidentiality and other types of agreements with our employees, sales force, customers, suppliers and other parties, to establish, maintain and enforce our intellectual property rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property rights may not be sufficient to permit us to provide competitive advantages, which could result in costly product redesign efforts, discontinuance of certain product offerings or other competitive harm. In addition, the laws of certain foreign markets where we have significant business, including markets such as Mainland China, do not protect our intellectual property rights to the same extent as the laws of the United States.

The costs required to protect our patents and trademarks may be substantial or even not practical. We have filed patent and trademark applications globally to protect our intellectual property rights in our new technologies; however, there can be no assurance that our patent and trademark applications will be approved and issue, that any patents and trademarks issued will adequately protect our intellectual property, or that such patents and trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Moreover, many of our products rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms or at all.

From time to time, we become aware of potential violations of our intellectual property rights. For example, we are aware of some products that may infringe on our intellectual property related to the *ageLOC LumiSpa* device. To enforce and protect our intellectual property rights, we may initiate litigation against third parties, such as patent, copyright and trademark infringement suits or interference proceedings and seek indemnification by contract or otherwise. Any lawsuits that we initiate could be expensive, take significant time and divert management's attention from other business concerns, and we may ultimately fail to prevail or recover on any indemnification claim. Litigation also puts our patents and trademarks at risk of being invalidated or interpreted narrowly and our patent and trademark applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially valuable. The occurrence of any of these events may adversely affect our financial condition or diminish our investments in this area.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how. We generally seek to protect this information by confidentiality, non-disclosure and assignment of invention agreements with our employees, consultants, scientific advisors and third parties. Our employees may leave to work for competitors. Our sales force members may seek other opportunities. These agreements may be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may be disclosed to or otherwise become known or be independently developed by competitors. To the extent that our current or former employees, sales force, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. If, for any of the above reasons, our intellectual property is disclosed or misappropriated, it would harm our ability to protect our rights and adversely affect our financial condition.

Data Security and Privacy Risks

Cyber security risks and the failure to maintain the integrity of company, employee, sales force or guest data could expose us to data loss, litigation, liability and harm to our reputation.

We collect, store and transmit large volumes of company, employee, sales force and guest data, including payment card information, personally identifiable information and other personal information, for business purposes, including for transactional and promotional purposes, and our various information technology systems enter, process, summarize and report such data. The connected devices that we are developing and plan to introduce will also collect consumer data. The integrity and protection of this data is critical to our business.

We are subject to significant security and privacy regulations, as well as requirements imposed by the payment card industry. For example, during 2018, the General Data Protection Regulation went into effect in the European Union, imposing increased data protection regulations, the violation of which could result in fines of up to 4% of our annual consolidated revenue. Many other jurisdictions have similarly enacted security and privacy regulations, including California and Mainland China, and we believe this trend will continue. In the United States, congressional committees have held preliminary hearings about the advisability of a federal data privacy law, but it is uncertain whether the federal government will adopt such a law and whether it would preempt state data privacy laws. The prospect of new data privacy laws and ambiguity regarding the interpretation of existing laws has resulted in significant uncertainty and compliance costs. In addition to laws specifically governing privacy and data security, in some cases, federal and state regulators and state attorneys general and administrative agencies have interpreted more general consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Although we monitor regulatory developments in this area, any actual or perceived failure by us to comply with these requirements could subject us to significant penalties, lawsuits and negative publicity and require changes to our business practices. In particular, maintaining compliance with these and other evolving regulations and requirements around the world often requires changes to our information system architecture and data storage processes. Making these changes is, and will likely continue to be, difficult and expensive. Investigations by the regulators of data security laws could also result in the payment of fines and harm our reputation. Private actions by affected individuals could also result in significant monetary or reputational damage.

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.

In addition, a penetrated or compromised data system or the intentional, inadvertent or negligent release, misuse or disclosure of data could result in theft, loss, or fraudulent or unlawful use of company, employee, sales force or guest data. 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. Our security measures may also be breached due to employee error or malfeasance, system errors or otherwise. This risk is heightened as a result of the current COVID-19 pandemic as many of our employees are working remotely. 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 and customers, disruption of our operations, damage to our reputation, and costs associated with remediating the incident. These risks are heightened as we work with third-party providers, including providers of mobile and cloud technologies, and as our sales force uses social media, as the providers and social media platforms could be vulnerable to the same types of breaches and other risks. Acquisition activity, which we have engaged in and which we may continue to engage in, may also heighten these risks, as the systems of the companies we acquire are not under our control prior to the acquisitions and it may take time to evaluate these systems and implement appropriate modifications to them.

Sustainability Risks

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There are increased and increasing expectations and focus from certain investors, Brand Affiliates, consumers, employees, regulators and other stakeholders concerning corporate citizenship and sustainability matters, including environmental, social and governance matters; packaging; responsible sourcing; and diversity, equity and inclusion matters. From time to time, we announce certain initiatives and goals in these areas. We could fail, or be perceived to fail, in our achievement of such initiatives or goals or in meeting stakeholders' expectations, or we could fail in accurately reporting our progress on such initiatives, goals and expectations. Moreover, the standards by which corporate citizenship and sustainability efforts and related matters are measured are developing and evolving, and certain areas are subject to assumptions. The standards or assumptions could change over time. In addition, we could be criticized for the scope of our initiatives or goals or perceived as not acting responsibly in connection with these matters, such as with our carbon footprint, recyclability of our packaging, ingredients used in our products or the sourcing of such ingredients. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

Risks Related to Our Common Stock

The market price of our Class A common stock is subject to significant fluctuations due to a number of factors that are beyond our control.

Our Class A common stock closed at $32.59 per share on January 31, 2020 and closed at $48.19 per share on January 31, 2022. During this two-year period, our common stock traded as low as $12.31 per share and as high as $63.85 per share. Many factors, including some we may be unable to control, could cause the market price of our Class A common stock to fall. Some of these factors include:

- fluctuations in our operating results;
- government investigations of our business;
- trends or adverse publicity related to our business, products, industry or competitors;
- the sale of shares of Class A common stock by significant stockholders;
- demand, and general trends in the market, for our products;
- acquisitions by us or our competitors;
- economic or currency exchange issues in markets in which we operate;
- changes in estimates of our operating performance or changes in recommendations by securities analysts;
- speculative trading, including short selling and options trading; and
- general economic, business, regulatory and political conditions.

Broad market fluctuations could also lower the market price of our Class A common stock regardless of our actual operating performance.

General Risk Factors

Difficult economic conditions could harm our business.

Difficult economic conditions, such as high unemployment levels, inflation, or recession, could adversely affect our business by causing a decline in demand for our products, particularly if the economic conditions are prolonged or worsen. For example, an increase in oil prices would likely cause our shipping expenses to increase, which would negatively affect our profitability. In addition, economic conditions may adversely impact access to capital for us and our suppliers, may decrease the ability of our sales force and consumers to obtain or maintain credit cards, and may otherwise adversely impact our operations and overall financial condition. There also appears to be increased concerns about potential inflationary pressures, which could have a negative impact on our business if it impacts the discretionary spending of our consumers.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal properties consist of the following:

Offices

Our principal administrative offices are our corporate headquarters in Provo, Utah and our offices in Shanghai, China.

Distribution Centers

We distribute our products through distribution centers and warehouses in many of our markets, with our principal facilities being in Provo, Utah and Mainland China.

Research and Development Centers

We operate research and development centers in Provo, Utah and Shanghai, China.

Manufacturing Facilities

We operate manufacturing facilities in Mainland China, and two of the companies in our Rhyz strategic investment arm (Manufacturing segment) operate manufacturing facilities in Provo, Utah, Draper, Utah and West Valley City, Utah.

We own the above properties, except we lease the manufacturing facilities in Provo, Utah and West Valley City, Utah, certain of the manufacturing facilities in China, and the land for our facilities in Shanghai, China.

ITEM 3. LEGAL PROCEEDINGS

We are currently in litigation with Don Roberts, a dairy farmer. Mr. Roberts claims he is a general partner in the indoor-growing business and related businesses that we are now in the process of winding down. He also claims he was instrumental in developing some of the business's intellectual property. In May 2019, we filed a lawsuit in the U.S. District Court for the District of Utah, seeking a declaratory judgment that Mr. Roberts is not an inventor of any of the business's intellectual property and is not a partner in the business. This lawsuit was dismissed on jurisdictional grounds in December 2019. We appealed that dismissal to the U.S. Court of Appeals for the Tenth Circuit. While the appeal was pending, Mr. Roberts filed an irrevocable covenant not to sue on the claims that gave rise to federal jurisdiction. We therefore informed the court that our appeal was moot, and the court dismissed our appeal in November 2020. In addition to these proceedings in the federal courts, this matter also involves proceedings in Utah state courts. In November 2019, Mr. Roberts filed suit in Utah's Fifth Judicial District Court, seeking a declaratory judgment that he is a general partner in the business. Mr. Roberts also seeks damages exceeding $250 million. We filed a motion to dismiss this action in state court or, in the alternative, to transfer venue to Utah's Fourth Judicial District Court. The court denied our motion, and we were unable to have the denial reversed on appeal. Discovery is ongoing in this case. We believe Mr. Roberts's claims are without merit, and we intend to continue to vigorously defend ourselves.

From time to time, we are involved in other legal proceedings arising in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our Class A common stock is listed on the New York Stock Exchange and trades under the symbol "NUS." The approximate number of holders of record of our Class A common stock as of January 31, 2022 was 231. This number of holders of record does not represent the actual number of beneficial owners of shares of our Class A common stock because shares are frequently held in "street name" by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Purchases of Equity Securities by the Issuer

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(1)
October 1 – 31, 2021	244,482	$ 40.92	244,482	$ 245.4
November 1 – 30, 2021	—	—	—	$ 245.4
December 1 – 31, 2021	—	—	—	$ 245.4
Total	244,482	$ 40.92	244,482	

(1) In August 2018, we announced that our board of directors approved a stock repurchase plan. Under this plan, our board of directors authorized the repurchase of up to $500 million of our outstanding Class A common stock on the open market or in privately negotiated transactions.

Recent Sales of Unregistered Securities

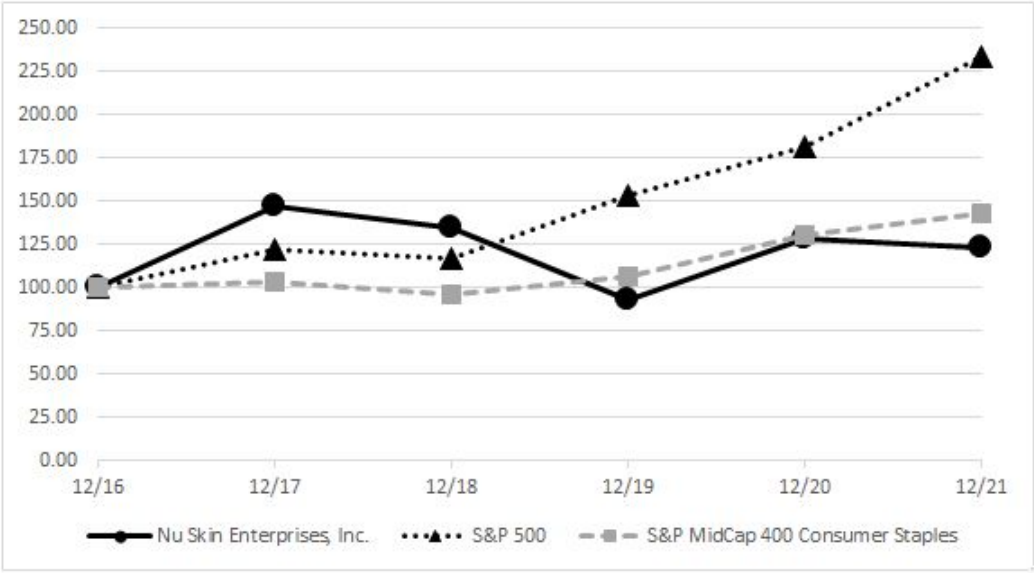
None.

Stock Performance Graph

The following graph shows the changes in value over the five-year period ended December 31, 2021 of an assumed $100 investment in our Class A common stock, the S&P MidCap 400 Consumer Staples Index and the S&P 500 Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Nu Skin Enterprises, Inc., the S&P 500 Index, and the S&P MidCap 400 Consumer Staples Index



Measured Period	Nu Skin	S&P 500 Index	S&P MidCap 400 Consumer Staples Index
December 31, 2016	100.00	100.00	100.00
December 31, 2017	146.54	121.83	103.28
December 31, 2018	134.34	116.49	95.90
December 31, 2019	92.69	153.17	106.30
December 31, 2020	128.63	181.35	129.94
December 31, 2021	123.05	233.41	143.04

The stock performance graph above shall not be deemed to be “soliciting material” or to be “filed” with the U.S. Securities and Exchange Commission or subject to the liabilities of Section 18 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, it shall not be deemed incorporated by reference by any statement that incorporates this Annual Report on Form 10-K by reference into any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act, except to the extent that we specifically incorporate this information by reference.

ITEM 6. RESERVED

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes, which are included in this Annual Report on Form 10-K.

Business Overview

Our Products

Nu Skin Enterprises, Inc. develops and distributes a comprehensive line of premium-quality beauty and wellness solutions in approximately 50 markets worldwide. In 2021, our revenue of $2.7 billion was primarily generated by our three primary brands: our beauty products brand, Nu Skin; our wellness products brand, Pharmanex; and our anti-aging brand, ageLOC. We operate in the direct selling channel, primarily utilizing person-to-person marketing to promote and sell our products, including through the use of social and digital platforms. In all of our markets besides Mainland China, we refer to members of our independent sales force as "Brand Affiliates" because their primary role is to promote our brand and products through their personal and social networks.

In addition to our core Nu Skin business, we also explore new areas of growth and opportunity through our strategic investment arm known as Rhyz Inc. Rhyz investments include beauty and wellness product manufacturing companies and other investments. In 2021, the Rhyz companies generated $174.7 million, or 6%, of our 2021 reported revenue (excluding sales to our core Nu Skin business).

Our Global Operations

In 2021, we generated approximately 20% of our revenue from the United States and approximately 21% from Mainland China. Given the size of our international operations, our results, as reported in U.S. dollars, are often impacted by foreign-currency fluctuations; in 2021, our revenue was positively impacted 2% from foreign-currency fluctuations compared to 2020. In addition, our results can be impacted by global economic, political, demographic and business trends and conditions.

A Global Network of Sales Leaders and Customers

As of December 31, 2021, we had 1,367,559 persons who purchased products directly from the company during the previous three months ("Customers"). We believe a significant majority of Customers purchase our products primarily for personal or family consumption but are not actively pursuing the opportunity to generate supplemental income by marketing and reselling products.

Our revenue is highly influenced by the number and productivity of our Sales Leaders. "Sales Leaders" are our Brand Affiliates, and sales employees and independent marketers in Mainland China, who achieve certain qualification requirements. Our Sales Leaders are also included in our Customer numbers, as they purchase products from the company and are within the definition of our "Customers."

We have been successful in attracting and motivating our sales force by:

- developing and marketing innovative, technologically and scientifically advanced products;
- providing compelling initiatives and strong support; and
- offering an attractive sales compensation structure.

Our global sales force helps us to rapidly introduce products and penetrate our markets with modest up-front promotional expense. We rely on our sales force to create consumer demand for our products, as opposed to a traditional approach of advertising-generated consumer awareness. Our approach is particularly effective with products that benefit from personal education and demonstration. Similar to other companies in our industry, we experience relatively high turnover among our sales force.

To enhance customer retention, we have developed product subscription and loyalty programs that provide incentives for consumers to commit to purchase a specific amount of product on a monthly basis. All purchases under these programs are subject to our standard product payment and return policies. We believe these subscription and loyalty programs have improved consumer retention, have had a stabilizing impact on revenue and have helped generate recurring sales.

Product Innovation

Our sales force markets and sells our products, and attracts others to the opportunity, based on the distinguishing benefits and innovative characteristics of our products. As a result, we leverage our scientific expertise and product development resources to introduce innovative beauty, wellness and anti-aging products. Our sales force is increasingly using social media to market and sell our products. To continue to leverage social media, it is imperative that we develop demonstrable products that are unique and engaging to younger consumers.

Any delays or difficulties in introducing compelling products or attractive initiatives or tools into our markets may have a negative impact on our revenue and our number of Customers and Sales Leaders.

Our Product Launch Process

We use a variety of methods to launch our products, enabling us to tailor the launch process to the specific market and the specific product. Prior to making a key product generally available for purchase, we may do one or more introductory offerings of the product, such as a preview of the product to our Sales Leaders or other product introduction or promotion. These offerings may generate significant activity and a high level of purchasing, which can result in a higher-than-normal increase in revenue during the quarter and can skew year-over-year and sequential comparisons. We believe our product launch process attracts new Customers and Sales Leaders to our business, increases consumer trial and provides important marketing and forecasting information about the products to our company.

Beginning in the second half of 2021 and continuing into 2022, we are launching our *Beauty Focus Collagen+* skin care supplement and our *ageLOC Meta* nutritional supplement that helps support metabolic health.

Income Statement Presentation

We report revenue in ten segments, and we translate revenue from each market's local currency into U.S. dollars using weighted-average exchange rates. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. We recognize revenue by transferring the promised products to the customer, with revenue recognized at shipping point, the point in time the customer obtains control of the products. We recognize revenue for shipping and handling charges at the time the products are delivered to or picked up by the customer. In most markets, we offer a return policy that allows our sales force to return unopened and unused product for up to 12 months subject to a 10% restocking fee. Reported revenue is net of returns, which have historically been less than 5% of annual revenue. Sales taxes and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales.

Cost of sales primarily consists of:

- cost of products purchased from third-party vendors;
- costs of self-manufactured products;
- cost of adjustments to inventory carrying value;
- freight cost of shipping products to our sales force and import duties for the products; and
- royalties and related expenses for licensed technologies.

For markets other than Mainland China, in 2021, we sourced most of our beauty products and wellness products from trusted third-party suppliers and manufacturers. In Mainland China, we operate manufacturing facilities where we produce the majority of our beauty and wellness products sold in Mainland China. We also produce some products at these facilities that are exported to other markets. In the United States, we have beauty and wellness manufacturing companies that sell to third-party vendors and are also producing some of our products. Cost of sales and gross profit, on a consolidated basis, may fluctuate as a result of changes in the ratio between self-manufactured products and products sourced from third-party vendors. In addition, because we purchase a significant amount of our goods in U.S. dollars and recognize revenue in local currencies, our gross margin is subject to exchange rate risks. Because our gross margins vary from product to product and due to higher pricing in some markets, changes in product mix and geographic revenue mix can impact our gross margin on a consolidated basis.

Selling expenses are our most significant expense and are classified as operating expenses. Selling expenses include sales commissions paid to our sales force, special incentives, costs for incentive trips and other rewards, as well as salaries, service fees, benefits, bonuses and other labor and unemployment expenses we pay to our sales force in Mainland China. Selling expenses do not include amounts we pay to our sales force based on their personal purchases; rather, such amounts are reflected as reductions to revenue. Our global sales compensation plan, which we employ in all our markets except Mainland China, is an important factor in our ability to attract and retain our Sales Leaders. Under our global sales compensation plan, Sales Leaders can earn "multi-level" compensation, where they earn commissions for product sales to their consumer groups as well as the product sales made through the sales network they have developed and trained. We do not pay commissions on sales materials. Fluctuations occur in the amount of commissions paid as our numbers of Customers and Sales Leaders change from month to month, but the fluctuation in the overall payout as a percentage of revenue tends to be relatively small. Selling expenses as a percentage of revenue typically increase in connection with a significant product offering, due to growth in the number of Sales Leaders qualifying for increased sales compensation and promotional incentives. From time to time, we make modifications and enhancements to our global sales compensation plan in an effort to help motivate our sales force and develop leadership characteristics, which can have an impact on selling expenses. For example, in the fourth quarter of 2017, we began to implement significant enhancements to our global sales compensation plan, which we have now rolled out across all markets other than Mainland China. One of the changes is a new bonus program for our sales force, which has an increasing effect on our selling expenses as a percentage of revenue.

Outside of Mainland China, Brand Affiliates also have the opportunity to make profits by purchasing products from us at a discount and selling them to consumers with a mark-up. We do not account for, nor pay, additional commissions on these mark-ups received by Brand Affiliates. In many markets, we also allow individuals who are not part of our sales force, whom we refer to as "preferred customers," to buy products directly from us at a discount. We pay commissions on preferred customer purchases to the referring member of our sales force.

General and administrative expenses include:

- wages and benefits;
- rents and utilities;
- depreciation and amortization;
- promotion and advertising;
- professional fees;
- travel;
- research and development; and
- other operating expenses.

Labor expenses are the most significant portion of our general and administrative expenses. Promotion and advertising expenses include costs of sales force conventions held in various markets worldwide, which we generally expense in the period in which they are incurred. Because our various sales force conventions are not held during each fiscal year, or in the same period each year, their impact on our general and administrative expenses may vary from year to year and from quarter to quarter. For example, we held our global convention in October 2019 and will have another global convention in the fall of 2023, as we currently plan to hold a global convention every other year. Our 2021 global convention was held virtually due to the ongoing pandemic. In addition, we hold regional conventions and conventions in our major markets at different times during the year. These conventions have significant expenses associated with them. Because we have not incurred expenses for these conventions during every fiscal year or in comparable interim periods, year-over-year comparisons have been impacted accordingly.

Provision for income taxes depends on the statutory tax rates and the withholding taxes in each of the jurisdictions in which we operate. For example, statutory tax rates in 2021 were approximately 17% in Hong Kong, 20% in Taiwan, 25% in South Korea, 32% in Japan and 25% in Mainland China. We are subject to taxation in the United States at the statutory corporate federal tax rate of 21% in 2021, and we pay taxes in multiple states within the United States at various tax rates. Our overall effective tax rate was 36.6% for the year ended December 31, 2021.

Critical Accounting Policies and Estimates

The following critical accounting policies and estimates should be read in conjunction with our audited consolidated financial statements and related notes thereto. Management considers our critical accounting policies to be accounting for income taxes and accounting for intangible assets. In each of these areas, management makes estimates based on historical results, current trends and future projections.

Income Taxes. We account for income taxes in accordance with the Income Taxes Topic of the Financial Accounting Standards Codification. This Topic establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. We take an asset and liability approach for financial accounting and reporting of income taxes. We pay income taxes in many foreign jurisdictions based on the profits realized in those jurisdictions, which can be significantly impacted by terms of intercompany transactions between Nu Skin affiliates around the world. Deferred tax assets and liabilities are created in this process. As of December 31, 2021, we had net deferred tax assets of $24.1 million. We net these deferred tax assets and deferred tax liabilities by jurisdiction. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be ultimately realized. These deferred tax assets assume sufficient future earnings will exist for their realization, and are calculated using anticipated tax rates. In certain jurisdictions, valuation allowances have been recorded against the deferred tax assets specifically related to use of foreign tax credits, research and development credits and net operating losses. When we determine that there is sufficient taxable income to utilize the foreign tax credits, the research and development credits, or the net operating losses, the valuation allowances will be released. In the event we were to determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to earnings in the period such determination was made.

We evaluate our indefinite reinvestment assertions with respect to foreign earnings for each period. Other than earnings we intend to reinvest indefinitely, we accrue for the U.S. federal and state income taxes applicable to the earnings. For all foreign earnings, we accrue the applicable foreign income taxes. We intend to utilize the offshore earnings to fund foreign investments, specifically capital expenditures. Undistributed earnings that we have indefinitely reinvested aggregate to $60.0 million as of December 31, 2021. If this amount were repatriated to the United States, the amount of incremental taxes would be approximately $6.0 million.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. In 2009, we entered into a voluntary program with the IRS called Compliance Assurance Process ("CAP"). Under the CAP program, the IRS audits the tax position of the Company to identify and resolve any tax issues that may arise throughout the tax year. As of December 31, 2021, tax years through 2020 have been audited and are effectively closed to further examination. For tax years 2021 and 2022, the Company is in the Bridge phase of the CAP program, pursuant to which the IRS will not accept disclosures, will not conduct reviews and will not provide letters of assurance for the Bridge years. There are limited circumstances that tax years in the Bridge phase will be opened for examination. With a few exceptions, we are no longer subject to state and local income tax examination by tax authorities for the years before 2018. In major foreign jurisdictions, we are generally not subject to income tax examinations for years before 2015. However, statutes in certain markets may be as long as ten years for transfer pricing related issues. We are currently under examination in certain foreign jurisdictions; however, the outcomes of those reviews are not yet determinable.

Our unrecognized tax benefits are related to multiple foreign and domestic jurisdictions. Due to potential changes in unrecognized tax benefits from the multiple jurisdictions in which we operate, as well as the expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits, net of foreign currency adjustments, may increase within the next 12 months by a range of approximately $0.1 to $1.0 million.

At December 31, 2021, we had $15.1 million in unrecognized tax benefits of which $15.1 million, if recognized, would affect the effective tax rate. In comparison, at December 31, 2020, we had $17.6 million in unrecognized tax benefits of which $17.6 million, if recognized, would affect the effective tax rate. We recognized an increase of approximately $1.6 million in interest and penalties expense during the year ended December 31, 2021 and $1.5 million in interest and penalties during the year ended December 31, 2020. We had approximately $6.7 million, $5.1 million and $3.6 million of accrued interest and penalties related to uncertain tax positions at December 31, 2021, 2020 and 2019, respectively. Interest and penalties related to uncertain tax positions are recognized as a component of income tax expense.

We are subject to regular audits by federal, state and foreign tax authorities. These audits may result in additional tax liabilities. We account for such contingent liabilities in accordance with relevant accounting standards and believe we have appropriately provided for income taxes for all years. Several factors drive the calculation of our tax reserves. Some of these factors include: (i) the expiration of various statutes of limitations; (ii) changes in tax law and regulations; (iii) issuance of tax rulings; and (iv) settlements with tax authorities. Changes in any of these factors may result in adjustments to our reserves, which would impact our reported financial results.

Intangible Assets. Acquired intangible assets may represent indefinite-lived assets, determinable-lived intangibles or goodwill. Of these, only the costs of determinable-lived intangibles are amortized to expense over their estimated life. The value of indefinite-lived intangible assets and residual goodwill is not amortized, but is tested at least annually for impairment. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite-lived intangibles. We test goodwill for impairment, at least annually, by reviewing the book value compared to the fair value at the reportable unit level. We have the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured. We elected to perform the qualitative assessment for fiscal years 2021 and 2019. We used the quantitative assessment for fiscal year 2020. Considerable management judgment is necessary to measure fair value. During 2021, we recognized an impairment charge associated with our exit of the Grow Tech segment. We did not recognize any impairment charges for goodwill or intangible assets during 2020 and 2019.

Results of Operations

The following table sets forth our operating results as a percentage of revenue for the periods indicated:

	Year Ended December 31,		
	2021	**2020**	**2019**
Revenue	100.0%	100.0%	100.0%
Cost of sales	25.0	25.5	24.0
Gross profit	75.0	74.5	76.0
Operating expenses:			
Selling expenses	39.6	39.5	39.5
General and administrative expenses	24.7	25.0	25.4
Restructuring and impairment expenses	2.0	—	—
Total operating expenses	66.3	64.5	64.9
Operating income	8.7	10.0	11.0
Other income (expense), net	(0.1)	(0.1)	(0.5)
Income before provision for income taxes	8.6	9.9	10.5
Provision for income taxes	3.1	2.5	3.4
Net income	5.5%	7.4%	7.2%

2021 Compared to 2020

Overview

Revenue in 2021 increased 4% to $2.70 billion from $2.58 billion in 2020. As of the end of the fourth quarter of 2021, Sales Leaders decreased 13% and Customers decreased 12% compared to the prior year.

Our results benefited from continued growth in social commerce, along with strong product launches of *Beauty Focus Collagen+* and *ageLOC Meta*, which combined generated approximately $119 million in revenue for 2021. The decline in Customers and Sales Leaders is primarily attributable to continued declines in our Mainland China business, ongoing COVID-related operational disruptions in Southeast Asia and economical challenges in Latin America. The decline in Customers and Sales Leaders is consistent with our 10% decline in revenue for the fourth quarter of 2021, compared to the same period in 2020. During the second half of 2022, we currently plan to launch two connected, “input/output” devices.

Earnings per share in 2021 decreased 21% to $2.86 from $3.63 in 2020. In the fourth quarter of 2021, we adopted a restructuring program as we determined to exit our Grow Tech segment, resulting in charges totaling $65.5 million. The impact of these charges was partially offset by increased revenue in 2021, lower weighted-average outstanding shares due to our stock repurchases.

Segment Results

We report our business in ten segments to reflect our current management approach. These segments consist of our seven geographic Nu Skin segments—Mainland China, Americas, South Korea, Southeast Asia/Pacific, EMEA, Japan and Hong Kong/Taiwan—and our three Rhyz Investment segments—Manufacturing, Grow Tech and Rhyz other. The Nu Skin Other category includes miscellaneous corporate revenue and related adjustments. The Rhyz other segment includes other investments by our Rhyz strategic investment arm, which were entered into during 2021.

The following table sets forth revenue for the years ended December 31, 2021 and 2020 for each of our reportable segments (U.S. dollars in thousands):

	Year Ended December 31,			Constant Currency Change[1]
	2021	2020	Change	
Nu Skin				
Mainland China	$ 568,774	$ 625,538	(9)%	(15)%
Americas	547,755	453,022	21%	20%
South Korea	354,252	326,478	9%	6%
Southeast Asia/Pacific	336,651	361,627	(7)%	(9)%
EMEA	283,200	230,246	23%	18%
Japan	266,216	273,681	(3)%	—
Hong Kong/ Taiwan	162,611	161,117	1%	(2)%
Other	1,549	(17)	9,212%	9,212%
Total Nu Skin	2,521,008	2,431,692	4%	1%
Rhyz Investments				
Manufacturing	172,120	149,339	15%	15%
Grow Tech	2,104	903	133%	133%
Rhyz Other	437	—		
Total Rhyz Investments	174,661	150,242	16%	16%
Total	$ 2,695,669	$ 2,581,934	4%	2%

(1) Constant-currency revenue change is a non-GAAP financial measure. See “Non-GAAP Financial Measures,” below.

The table below sets forth segment contribution for the years ended December 31, 2021 and 2020 for each of our reportable segments (U.S. dollars in thousands). Segment contribution excludes certain intercompany charges, specifically royalties, license fees, transfer pricing and other miscellaneous items. We use segment contribution to measure the portion of profitability that the segment managers have the ability to control for their respective segments. For additional information regarding our segments and the calculation of segment contribution, see Note 15 to the consolidated financial statements contained in this report.

	Year Ended December 31,		
	2021	2020	Change
Nu Skin			
Mainland China	$ 151,645	$ 181,024	(16)%
Americas	116,265	86,386	35%
South Korea	114,034	100,933	13%
Southeast Asia/Pacific	81,779	87,753	(7)%
EMEA	41,988	24,078	74%
Japan	67,511	68,027	(1)%
Hong Kong/Taiwan	37,330	33,466	12%
Total Nu Skin	610,552	573,039	7%
Rhyz Investments			
Manufacturing	18,346	21,168	(13)%
Grow Tech	(83,907)	(22,430)	(274)%
Rhyz Other	(1,813)	—	
Total Rhyz Investments	(67,374)	(1,262)	(5,236)%

The following table provides information concerning the number of Customers and Sales Leaders as of December 31, 2021 and 2020. “Customers” are persons who have purchased products directly from the Company during the three months ended as of the date indicated. Our Customer numbers do not include consumers who purchase products directly from members of our sales force. “Sales Leaders” are our Brand Affiliates, and sales employees and independent marketers in Mainland China, who achieve certain qualification requirements.

	As of December 31, 2021		As of December 31, 2020		% Increase (Decrease)	
	Customers	Sales Leaders	Customers	Sales Leaders	Customers	Sales Leaders
Mainland China	315,418	17,658	381,460	21,990	(17)%	(20)%
Americas	336,564	10,340	366,688	12,754	(8)%	(19)%
South Korea	146,354	7,108	158,953	7,059	(8)%	1%
Southeast Asia/Pacific	169,601	10,386	192,622	10,588	(12)%	(2)%
EMEA	210,414	6,124	258,587	7,063	(19)%	(13)%
Japan	122,813	5,872	128,400	6,318	(4)%	(7)%
Hong Kong/Taiwan	66,395	4,027	70,592	4,663	(6)%	(14)%
Total	1,367,559	61,515	1,557,302	70,435	(12)%	(13)%

Following is a narrative discussion of our results in each segment, which supplements the tables above.

Mainland China. Our Mainland China market continued to be challenged during 2021, as the COVID-19 delta and omicron variants and corresponding government restrictions negatively impacted our selling and promotional activities. Our reported revenue benefited 6% from favorable foreign currency fluctuations. While we continue to invest in technology solutions to better support our social commerce business model in the Mainland China market, we are anticipating the challenges will remain in 2022.

The year-over-year decrease in segment contribution primarily reflects lower revenue in 2021 and a 2.2 percentage point increase in selling expenses as a percentage of revenue. The salaries and service fees of our Sales Leaders in Mainland China are fixed until they are adjusted in a quarterly evaluation process. As a result, we have variations in our selling expenses as percentage of revenue, particularly when there is a sequential change in revenue.

Americas. Our Americas segment continued to benefit from increased sharing of innovative products by our Brand Affiliates via the social commerce business model, which drove increased revenue in 2021. In addition, approximately $33 million of the increase in revenue is attributable to new product launches during 2021. The decline in Customers and Sales Leaders is predominately attributable to the economic challenges being felt in our Latin America markets. The U.S. market, through strong social commerce adoption increased revenue 32% in 2021.

The year-over-year increase in segment contribution primarily reflects the increase in revenue in our U.S. market, which carries a more favorable gross margin than our Latin America markets.

South Korea. Our South Korea market grew 9% in 2021, as it benefited from successful product promotions and the fourth quarter launch of *ageLOC Meta*, which contributed $29 million in revenue. The 8% decline in Customers is primarily a result of the types of promotions we ran during the year, which focused more on increasing the number and productivity of our Sales Leaders.

The year-over-year increase in segment contribution primarily reflects the increased revenue, along with the fixed nature of general and administrative expenses on increased revenue.

Southeast Asia/Pacific. Our Southeast Asia/Pacific segment continued to be challenged by the COVID-19 outbreak and the associated government restrictions in 2021, which led to a decline in revenue, Customers and Sales Leaders. We are experiencing slower adoption of our social commerce business in our Southeast Asia markets, which is also contributing to the decline in revenue.

The year-over-year decrease in segment contribution for 2021 primarily reflects the decline in revenue.

EMEA. The increase in revenue is primarily attributable to strong adoption by Brand Affiliates of the social commerce business model. In addition, approximately $17 million of the increase in revenue is attributable to new product launches during 2021. Our reported revenue reflects a 5% benefit from favorable foreign-currency fluctuations. The decline in our Customers and Sales Leaders is primarily attributable to a strong first half of 2021, followed by some softening of momentum attributable to the loosening of COVID-19 restrictions, which resulted in a prolonged summer vacation period. The softening of momentum also contributed to an 18% decline in revenue for the fourth quarter of 2021, compared to the prior-year period.

The year-over-year increase in segment contribution primarily reflects the increased revenue for 2021, along with a 2.0 percentage point increase in gross margin, attributable to a more favorable product mix along with reduced air freight expense in 2021, and the fixed nature of general and administrative expenses on increased revenue.

Japan. The decline in revenue is primarily attributable to unfavorable foreign-currency fluctuations. The decline in Customers and Sales Leaders is attributable to the ongoing COVID-19 outbreak, as our Japan market is more reliant on the in-person connections.

The year-over-year decrease in segment contribution is primarily attributable to the decline in reported revenue, partially offset by a decline in general and administrative expenses from lower labor expenses in 2021.

Hong Kong/Taiwan. Our Hong Kong /Taiwan segment reported a 1% increase in revenue for 2021, with a 3% benefit from favorable foreign-currency fluctuations. Our Customers and Sales Leaders decline is primarily attributable to the continued pressure from COVID-19 and a higher reliance on in-person business.

The year-over-year increase in segment contribution is primarily attributable a 1.1 percentage point decrease in selling expenses and a $1.7 million decline in general and administrative expenses from cost saving measures and lower labor expense for the year.

Manufacturing. Our Manufacturing segment generated a 15% increase in revenue for 2021. Our previous investments in additional capacity have allowed our manufacturing companies to continue to increase revenue as the demand for nutrition and personal care products continues to expand.

The 13% decline in segment contribution primarily reflects a $4.8 million increase in inventory reserve.

Grow Tech. On December 22, 2021, we determined to exit our Grow Tech segment, which had been pursuing the commercialization of controlled-environment agriculture technology for use in the agriculture feed industry. We believe this decision will help us to focus more resources on key strategic initiatives to achieve our future growth objectives and priorities in our core business. We expect that the actions to wind down this segment's operations will be substantially completed during the first half of 2022. It is possible that certain contract terminations and legal matters might continue for additional time. During the fourth quarter of 2021, we recognized a $58.5 million pre-tax charge in connection with the exit, with $6.6 million recorded in cost of goods sold, associated with inventory write-off, $51.9 million in restructuring and impairment, and a $6.4 million income tax charge. The segment contribution for 2021 includes the $58.5 million impact from the write-off.

Consolidated Results

Revenue

Revenue for the year ended December 31, 2021 increased 4% to $2.70 billion, compared to $2.58 billion in the prior-year period. For a discussion and analysis of this increase in revenue, see "Overview" and "Segment Results," above.

Gross profit

Gross profit as a percentage of revenue increased to 75.0% in 2021, compared to 74.5% in 2020. Gross profit as a percentage of revenue for core Nu Skin increased 1.2 percentage points to 78.2%, reflecting lower freight cost as compared to 2020, when we needed to expedite more orders to meet a spike in demand. Our consolidated gross profit was negatively impacted $6.6 million from inventory write-off associated with our fourth quarter 2021 restructuring and our increase in inventory reserve at our Manufacturing segment.

Selling expenses

Selling expenses as a percentage of revenue increased to 39.6% in 2021, compared to 39.5% for 2020. Our core Nu Skin business's selling expense as a percentage of revenue increased 0.5 percentage points to 42.4% for 2021, compared to 41.9% for 2020. Selling expenses for our core Nu Skin business are driven by the specific performance of our individual Sales Leaders. Given the size of our sales force and the various components of our compensation and incentive programs, selling expenses as a percentage of revenue typically fluctuate plus or minus approximately 100 basis points from period to period.

General and administrative expenses

General and administrative expenses increased to $666.4 million in 2021, compared to $646.8 million in 2020. The $19.6 million increase primarily relates to an increase in IT expense, associated with our cloud transition and ongoing development of digital tools. As a percentage of revenue, general and administrative decreased 0.3 percentage points to 24.7% for 2021, compared to 25.0% for 2020.

Restructuring and impairment expenses

In the fourth quarter of 2021, we adopted a restructuring program. We determined to exit our Grow Tech segment, as a strategic shift to better align our resources on key strategic initiatives to achieve the future growth objectives and priorities of the core Nu Skin business. As a result of the restructuring program, we recorded $51.9 million in restructuring and impairment charges in 2021, consisting primarily of a non-cash charge of $31.9 million for impairment of goodwill, intangibles and fixed assets, and $20.0 million of cash charges, including $6.5 million for employee severance and $13.5 million for other related cash charges associated with our restructuring. The restructuring charges were recorded in the Grow Tech segment.

Other income (expense), net

Other income (expense), net for 2021 was $(1.5) million of expense, compared to $(1.3) million of expense in 2020.

Provision for income taxes

Provision for income taxes increased to $85.2 million in 2021 from $64.9 million in 2020. Our effective tax rate increased to 36.6% of pre-tax income in 2021 from 25.3% in 2020. The increase in the effective tax rate for 2021 is primarily due to the disposal of the Grow Tech segment.

For 2022, we currently anticipate that our effective tax rate will be approximately 24-30%. Our actual 2022 effective tax rate could differ materially from this estimate. Our future effective tax rates could fluctuate significantly, being affected by numerous factors, such as intercompany transactions, changes in our business operations, foreign audits, increases in uncertain tax positions, acquisitions, entry into new markets, the amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have a lower statutory rate and higher than anticipated in jurisdictions where we have a higher statutory rate, losses incurred in jurisdictions, the inability to realize tax benefits, withholding taxes, changes in foreign currency exchange rates, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation.

Net income

As a result of the foregoing factors, net income in 2021 decreased to $147.3 million, compared to $191.4 million in 2020.

2020 Compared to 2019

For a comparison of our operating results for 2020 compared to 2019, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 42 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 11, 2021.

Liquidity and Capital Resources

Historically, our principal uses of cash have included operating expenses (particularly selling expenses) and working capital (principally inventory purchases), as well as capital expenditures, stock repurchases, dividends, debt repayment and the development of operations in new markets. We have at times incurred long-term debt, or drawn on our revolving line of credit, to fund strategic transactions, stock repurchases, capital investments and short-term operating needs. We typically generate positive cash flow from operations due to favorable margins and have generally relied on cash from operations to fund operating activities. We generated $141.6 million in cash from operations during 2021, compared to $379.1 million in cash from operations during 2020. The decrease in cash flow from operations primarily reflects an increase in inventory partially attributable to our strategic decision to carry more inventory to meet customer demand for our new products and build some protection from potential supply chain disruptions, along with the first quarter of 2021 payout of the accrued commission and accrued employee incentive payments attributable to our growth in the fourth quarter of 2020.

As of December 31, 2021, cash and cash equivalents, including current investments, were $354.8 million compared to $423.9 million as of December 31, 2020. The decrease in cash and cash equivalents primarily reflects the purchases of property and equipment, our quarterly dividend payments and repurchases of our stock, partially offset by our operating cash flow described above and our net borrowings under our revolving credit facility during the year, which were primarily to fund our acquisitions, stock repurchases and other expenses for operations. Working capital as of December 31, 2021 was $343.3 million compared to $360.3 million as of December 31, 2020. The decrease in working capital was primarily attributable to the decrease in cash and cash equivalents, and borrowings under our revolving credit facility during the year, partially offset by increased inventory and lower accrued expenses, as discussed above.

Cash requirements. For 2022, we currently expect that our material cash requirements will include the following:

- Cash requirements for operating activities. Our operating expenses typically total approximately 85%-90% of our revenue, with compensation to our sales force constituting 40%-42% of our core Nu Skin revenue. These compensation expenses consist primarily of commission payments, which we generally pay to our sales force within approximately one to two months of the sale. Inventory purchases have historically constituted approximately 15%-20% of our revenue. On average, we purchase our inventory approximately three to six months prior to sale. While our actual cash usage may vary based on the timing of payments, we currently expect these approximate percentages and payment practices to continue in 2022. In addition, we expect our 2022 lease payments will be approximately $38 million.
- Cash requirements for investing activities. As discussed in more detail below, our capital expenditures are expected to be $85-105 million for 2022.
- Cash requirements for financing activities. In 2022 we are obligated to make a total of $37.5 million in quarterly principal payments plus the associated interest on our term loan. We also anticipate paying quarterly cash dividends throughout 2022, approximating $19-20 million per quarter depending on the number of shares outstanding as of record date. Additional details about our dividends and term loan are provided below.

For 2023 and onward, we currently expect the above material cash requirements will remain. See Note 6 and Note 7 to the consolidated financial statements contained in this report for our future cash requirements related to our debt principal repayment and our maturities of lease liabilities.

We intend to fund the aforementioned cash requirements with our cash from operations and draw on our revolving credit facility, as needed, to address any short-term funding requirements.

Capital expenditures. Capital expenditures in 2021 totaled $68.6 million. As with 2021, we expect that the capital expenditures in 2022 will be primarily related to:

- purchases and expenditures for computer systems and equipment, software, and application development;
- the expansion and upgrade of facilities in our various markets; and
- a new manufacturing plant in Mainland China.

We estimate that capital expenditures for the uses listed above will total approximately $85–105 million for 2022. We are currently in the building phase of the new manufacturing plant in Mainland China. We have spent approximately $37.3 million on this project through the end of 2021, and expect that our capital expenditures for this project will total approximately $52-57 million, including $15-20 million during 2022.

Credit agreement. In April 2018, we entered into a Credit Agreement (the “Credit Agreement”) with various financial institutions as lenders and Bank of America, N.A., as administrative agent. The Credit Agreement provides for a $400.0 million term loan facility and a $350.0 million revolving credit facility, each with a term of five years. We used the proceeds of the term loan and the draw on the revolving facility to pay off our previous credit agreement and the outstanding balance on our 2016 convertible notes that were converted at the election of the holder in the first quarter of 2018. The interest rate applicable to the facilities is subject to adjustments based on our consolidated leverage ratio. The term loan facility amortizes in quarterly installments in amounts resulting in an annual amortization of 5.0% during the first and second years, 7.5% during the third and fourth years and 10.0% during the fifth year after the closing date of the Credit Agreement, with the remainder payable at final maturity. As of December 31, 2021 and 2020, $70.0 million and no outstanding borrowings under our revolving credit facility, and $307.5 million and $337.5 million remaining balance on our term loan facility. The carrying value of the debt also reflects debt issuance costs of $1.2 million and $2.1 million as of December 31, 2021 and 2020, respectively, related to the Credit Agreement. The Credit Agreement requires us to maintain a consolidated leverage ratio not exceeding 2.25 to 1.00 and a consolidated interest coverage ratio of no less than 3.00 to 1.00. We are currently in compliance with all debt covenants under the Credit Agreement. We are planning to refinance our Credit Agreement during the first half of 2022.

Derivative instruments. As of December 31, 2021, we had four interest rate swaps, with a total notional principal amount of $200 million and a maturity date of July 31, 2025. We entered into these interest rate swap arrangements during the third quarter of 2020 to hedge the variable cash flows associated with our variable-rate debt under the Credit Agreement.

Stock repurchase plan. In 2018, our board of directors approved a stock repurchase plan authorizing us to repurchase up to $500.0 million of our outstanding shares of Class A common stock on the open market or in private transactions. During 2021, we repurchased approximately 1.6 million shares of our Class A common stock under the plan for $80.4 million. As of December 31, 2021, $245.4 million was available for repurchases under the plan. Our stock repurchases are used primarily to offset dilution from our equity incentive plans and for strategic initiatives.

Dividends. We paid quarterly cash dividends of $0.38 per share in March, June, September and December of 2021, for a total of $19.3 million, $19.0 million, $19.0 million and $18.9 million, respectively. In February 2022, our board of directors declared a quarterly cash dividend of $0.385 per share to be paid on March 9, 2022 to stockholders of record on February 28, 2022. Currently, we anticipate that our board of directors will continue to declare quarterly cash dividends and that the cash flows from operations will be sufficient to fund our future dividend payments. However, the continued declaration of dividends is subject to the discretion of our board of directors and will depend upon various factors, including our net earnings, financial condition, cash requirements, future prospects and other relevant factors.

Cash from foreign subsidiaries. As of December 31, 2021 and 2020, we held $354.8 million and $423.9 million, respectively, in cash and cash equivalents, including current investments. These amounts include $274.9 million and $374.7 million as of December 31, 2021 and 2020, respectively, held in our operations outside of the United States. Substantially all of our non-U.S. cash and cash equivalents are readily convertible into U.S. dollars or other currencies, subject to procedural or other requirements in certain markets, as well as an indefinite-reinvestment designation, as described below.

We typically fund the cash requirements of our operations in the United States through intercompany dividends, intercompany loans and intercompany charges for products, use of intangible property, and corporate services. However, some markets impose government-approval or other requirements for the repatriation of dividends. For example, in Mainland China, we are unable to repatriate cash from current operations in the form of dividends until we file the necessary statutory financial statements for the relevant period. As of December 31, 2021 and 2020, we had $50.3 million and $103.0 million, respectively, in cash denominated in Chinese RMB. We also have experienced delays in repatriating cash from Argentina. As of December 31, 2021 and 2020, we had $11.3 million and $10.6 million, respectively, in intercompany receivable with our Argentina subsidiary. We also have intercompany loan arrangements with some of our markets, including Mainland China, that allow us to access available cash, subject to certain limits in Mainland China and other jurisdictions. We also have drawn on our revolving line of credit to address cash needs until we can repatriate cash from Mainland China or other markets, and we may continue to do so. Except for $60 million of earnings in Mainland China that we designated as indefinitely reinvested during the second quarter of 2018, we currently plan to repatriate undistributed earnings from our non-U.S. operations as necessary, considering the cash needs of our non-U.S. operations and the cash needs of our U.S. operations for dividends, stock repurchases, capital investments, debt repayment and strategic transactions. Repatriation of non-U.S. earnings is subject to withholding taxes in certain foreign jurisdictions. Accordingly, we have accrued the necessary withholding taxes related to the non-U.S. earnings.

We currently believe that existing cash balances, future cash flows from operations and existing lines of credit will be adequate to fund our cash needs on both a short- and long-term basis. The majority of our historical expenses have been variable in nature and as such, a potential reduction in the level of revenue would reduce our cash flow needs. In the event that our current cash balances, future cash flow from operations and current lines of credit are not sufficient to meet our obligations or strategic needs, we would consider raising additional funds in the debt or equity markets or restructuring our current debt obligations. Additionally, we would consider realigning our strategic plans, including a reduction in capital spending, stock repurchases or dividend payments.

Non-GAAP Financial Measures

Constant-currency revenue change is a non-GAAP financial measure that removes the impact of fluctuations in foreign-currency exchange rates, thereby facilitating period-to-period comparisons of the Company’s performance. It is calculated by translating the current period’s revenue at the same average exchange rates in effect during the applicable prior-year period and then comparing that amount to the prior-year period’s revenue. We believe that constant-currency revenue change is useful to investors, lenders, and analysts because such information enables them to gauge the impact of foreign-currency fluctuations on our revenue from period to period.

Contingent Liabilities

Please refer to Note 16 to the consolidated financial statements contained in this report for information regarding our contingent liabilities.

Seasonality and Cyclicality

In addition to general economic factors, we are impacted by seasonal factors and trends such as major cultural events and vacation patterns. For example, most Asian markets celebrate their respective local New Year in the first quarter, which generally has a negative impact on that quarter. We believe that direct selling is also generally negatively impacted during the third quarter, when many individuals, including our sales force, traditionally take vacations.

Prior to making a key product generally available for purchase, we often do one or more introductory offerings of the product, such as a preview of the product to our Sales Leaders or other product introduction or promotion. These offerings may generate significant activity and a high level of purchasing, which can result in a higher-than-normal increase in revenue, Sales Leaders and/or Customers during the quarter and can skew year-over-year and sequential comparisons.

Recent Accounting Pronouncements

A description of new accounting pronouncements is contained in Note 2 to consolidated financial statements contained in this report..

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Risk and Exchange Rate Information

A majority of our revenue and many of our expenses are recognized outside of the United States, except for inventory purchases, a significant portion of which are primarily transacted in U.S. dollars from vendors in the United States. The local currency of each of our Subsidiaries' primary markets is considered the functional currency with the exception of our Asia product-distribution subsidiary in Singapore and, as discussed below, our subsidiary in Argentina. All revenue and expenses are translated at weighted-average exchange rates for the periods reported. Therefore, our reported revenue and earnings will be positively impacted by a weakening of the U.S. dollar and will be negatively impacted by a strengthening of the U.S. dollar. These impacts may be significant because a large portion of our business is derived from outside of the United States. Given the uncertainty of exchange rate fluctuations, it is difficult to predict the effect of these fluctuations on our future business, product pricing and results of operations or financial condition.

In the second quarter of 2018, published inflation indices indicated that the three-year cumulative inflation in Argentina exceeded 100%, and as of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiary in Argentina. Under highly inflationary accounting, Argentina's functional currency became the U.S. dollar, and its income statement and balance sheet have been measured in U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in Other income (expense), net and was not material. As of December 31, 2021, our Argentina subsidiary had a small net peso monetary position. Net sales of Argentina were less than 2% of our consolidated net sales for 2021, 2020 and 2019.

We may seek to reduce our exposure to fluctuations in foreign currency exchange rates through the use of foreign currency exchange contracts and through intercompany loans of foreign currency. We do not use derivative financial instruments for trading or speculative purposes. We regularly monitor our foreign currency risks and periodically take measures to reduce the impact of foreign exchange fluctuations on our operating results. As of December 31, 2021, and 2020, we did not hold non-designated mark-to-market forward derivative contracts to hedge foreign-denominated intercompany positions or third-party foreign debt. As of December 31, 2021 and 2020, we did not hold any forward contracts designated as foreign-currency cash flow hedges. We continue to evaluate our foreign currency hedging policy.

Following are the weighted-average currency exchange rates of U.S. $1 into local currency for each of our international or foreign markets in which revenue exceeded U.S. $5.0 million for at least one of the quarters listed:

	2021				2020			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Argentina	100.5	97.4	93.9	88.8	79.5	73.0	67.4	61.4
Australia	1.4	1.4	1.3	1.3	1.4	1.4	1.5	1.5
Canada	1.3	1.3	1.2	1.3	1.3	1.3	1.4	1.3
Colombia	3,882.7	3,840.4	3,690.7	3,560.4	3,694.6	3,717.7	3,694.6	3,515.3
Chile	827.4	773.6	716.8	724.0	757.0	780.5	818.1	801.1
Eurozone countries	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Hong Kong	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Indonesia	14,274	14,373	14,393	14,202	14,339	14,722	14,880	14,265
Japan	113.6	110.1	109.5	106.0	104.4	106.1	107.6	108.9
Mainland China	6.4	6.5	6.5	6.5	6.6	6.9	7.1	7.0
Malaysia	4.2	4.2	4.1	4.1	4.1	4.2	4.3	4.2
Mexico	20.7	20.0	20.0	20.4	20.6	22.1	23.2	19.8
Philippines	50.4	50.2	48.2	48.3	48.3	48.9	50.4	50.9
Singapore	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.4
South Africa	15.4	14.6	14.1	15.0	15.6	16.9	17.7	15.3
South Korea	1,183.8	1,159.7	1,121.2	1,115.3	1,117.2	1,188.8	1,219.9	1,192.3
Taiwan	27.8	27.9	28.0	28.1	28.4	29.3	29.9	30.1
Thailand	33.3	32.9	31.4	30.3	30.6	31.3	31.9	31.3
Vietnam	22,780	22,889	23,041	23,052	23,154	23,182	23,353	23,235

Interest Rate Risk

We are exposed to risks related to fluctuations in interest rates on our outstanding variable rate debt. As of December 31, 2021, we had $376.3 million outstanding on the term loan, net of unamortized debt issuance cost and outstanding borrowings on our revolving credit facility. Our four interest rate swaps reduce our exposure to interest rate risk on our term loan by $200.0 million as of December 31, 2021. As a result, the total variable debt of $176.3 million was exposed to market risks as of December 31, 2021. A hypothetical one percentage point increase (decrease) in interest rates on our variable rate debt would increase (decrease) our annual interest expense by approximately $1.8 million.

For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant. We have not entered into and currently do not hold derivatives for trading or speculative purposes.

LIBOR is used as a reference rate for our term loan, revolving credit facility and our interest rate swap agreements we use to hedge our interest rate exposure. In 2017, the Financial Conduct Authority announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021, and it is unclear whether new methods of calculating LIBOR will be established. Our Credit Agreement includes a provision related to the potential discontinuance of LIBOR to be replaced with one or more Secured Overnight Financing Rate (SOFR) values or another alternate benchmark rate. However, if LIBOR ceases to exist after 2021, the interest rates under the alternative rate could be higher than LIBOR. In addition, the value of derivative instruments tied to LIBOR could also be impacted if LIBOR is limited or discontinued. We continue to review the impact the LIBOR phase-out will have on the Company.

For additional information about our market risk see Note 14 to the consolidated financial statements contained in this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1. Financial Statements. Set forth below is the index to the Financial Statements included in this Item 8:

2. Financial Statement Schedules: Financial statement schedules have been omitted because they are not required or are not applicable, or because the required information is shown in the financial statements or notes thereto.

NU SKIN ENTERPRISES, INC.
Consolidated Balance Sheets
(U.S. dollars in thousands)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 339,593	$ 402,683
Current investments	15,221	21,216
Accounts receivable, net	41,299	63,370
Inventories, net	399,931	314,366
Prepaid expenses and other	76,906	101,563
Total current assets	872,950	903,198
Property and equipment, net	453,674	468,181
Operating lease right-of-use assets	120,973	155,104
Goodwill	206,432	202,979
Other intangible assets, net	76,991	89,532
Other assets	175,460	138,082
Total assets	$ 1,906,480	$ 1,957,076
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 49,993	$ 66,174
Accrued expenses	372,201	446,682
Current portion of long-term debt	107,500	30,000
Total current liabilities	529,694	542,856
Operating lease liabilities	88,759	112,275
Long-term debt	268,781	305,393
Other liabilities	106,474	102,281
Total liabilities	993,708	1,062,805
Commitments and contingencies (Notes 7 and 16)		
Stockholders' equity		
Class A common stock – 500 million shares authorized, $0.001 par value, 90.6 million shares issued	91	91
Additional paid-in capital	601,703	579,801
Treasury stock, at cost – 40.7 million and 39.7 million shares	(1,526,860)	(1,461,593)
Accumulated other comprehensive loss	(73,896)	(64,768)
Retained earnings	1,911,734	1,840,740
Total stockholders' equity	912,772	894,271
Total liabilities and stockholders' equity	$ 1,906,480	$ 1,957,076

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.
Consolidated Statements of Income
(U.S. dollars in thousands, except per share amounts)

	Year Ended December 31,		
	2021	**2020**	**2019**
Revenue	$ 2,695,669	$ 2,581,934	$ 2,420,416
Cost of sales	675,223	658,028	581,420
Gross profit	2,020,446	1,923,906	1,838,996
Operating expenses:			
Selling expenses	1,068,189	1,019,494	955,600
General and administrative expenses	666,395	646,848	615,970
Restructuring and impairment expenses	51,870	—	—
Total operating expenses	1,786,454	1,666,342	1,571,570
Operating income	233,992	257,564	267,426
Other income (expense), net (Note 17)	(1,533)	(1,332)	(12,254)
Income before provision for income taxes	232,459	256,232	255,172
Provision for income taxes	85,193	64,877	81,619
Net income	$ 147,266	$ 191,355	$ 173,553
Net income per share:			
Basic	$ 2.93	$ 3.66	$ 3.13
Diluted	$ 2.86	$ 3.63	$ 3.10
Weighted-average common shares outstanding (000s):			
Basic	50,193	52,296	55,518
Diluted	51,427	52,765	55,927

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.
Consolidated Statements of Comprehensive Income
(U.S. dollars in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income	$ 147,266	$ 191,355	$ 173,553
Other comprehensive income (loss):			
Foreign currency translation adjustment, net of taxes of $429, $(299), and $(467) respectively	(13,476)	19,708	(5,358)
Net unrealized gains/(losses) on cash flow hedges, net of taxes of $(1,166), $(220) and $—, respectively	4,225	797	—
Less: Reclassification adjustment for realized losses/(gains) in current earnings, on cash flow hedges, net of taxes of $(34), $(5), and $—, respectively	123	19	—
	(9,128)	20,524	(5,358)
Comprehensive income	$ 138,138	$ 211,879	$ 168,195

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.
Consolidated Statements of Stockholders' Equity
(U.S. dollars in thousands)

	Class A Common Stock	Additional Paid-in Capital	Treasury Stock, at cost	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at January 1, 2019	$ 91	$ 552,564	$ (1,326,605)	$ (79,934)	$ 1,635,751	$ 781,867
Cumulative effect adjustment from adoption of ASC Topic 842	—	—	—	—	657	657
Net income	—	—	—	—	173,553	173,553
Other comprehensive loss, net of tax	—	—	—	(5,358)	—	(5,358)
Repurchase of Class A common stock (Note 8)	—	—	(825)	—	—	(825)
Exercise of employee stock options (— million shares)/vesting of stock awards	—	(4,929)	2,604	—	—	(2,325)
Stock-based compensation	—	9,909	—	—	—	9,909
Cash dividends	—	—	—	—	(82,189)	(82,189)
Balance at December 31, 2019	$ 91	$ 557,544	$ (1,324,826)	$ (85,292)	$ 1,727,772	$ 875,289
Net income	—	—	—	—	191,355	191,355
Other comprehensive income, net of tax	—	—	—	20,524	—	20,524
Repurchase of Class A common stock (Note 8)	—	—	(144,334)	—	—	(144,334)
Exercise of employee stock options (0.4 million shares)/vesting of stock awards	—	(1,803)	7,567	—	—	5,764
Stock-based compensation	—	24,060	—	—	—	24,060
Cash dividends	—	—	—	—	(78,387)	(78,387)
Balance at December 31, 2020	$ 91	$ 579,801	$ (1,461,593)	$ (64,768)	$ 1,840,740	$ 894,271
Net income	—	—	—	—	147,266	147,266
Other comprehensive loss, net of tax	—	—	—	(9,128)	—	(9,128)
Repurchase of Class A common stock (Note 8)	—	—	(80,420)	—	—	(80,420)
Exercise of employee stock options (0.7 million shares)/vesting of stock awards	—	(1,292)	15,153	—	—	13,861
Stock-based compensation	—	23,194	—	—	—	23,194
Cash dividends	—	—	—	—	(76,272)	(76,272)
Balance at December 31, 2021	$ 91	$ 601,703	$ (1,526,860)	$ (73,896)	$ 1,911,734	$ 912,772

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.
Consolidated Statements of Cash Flows
(U.S. dollars in thousands)

	Year Ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities:			
Net income	$ 147,266	$ 191,355	$ 173,553
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	76,320	73,991	76,650
Non-cash lease expense	48,704	46,163	44,460
Stock-based compensation	23,194	24,060	9,909
Foreign currency (gains)/losses	7,056	(287)	3,829
Loss on disposal of assets	13,026	3,209	—
Impairment of fixed assets	31,892	—	—
Unrealized (gain)/losses on equity investments	(18,077)	—	—
Deferred taxes	5,821	(11,914)	1,965
Changes in operating assets and liabilities:			
Accounts receivable, net	20,219	(11,207)	2,746
Inventories, net	(95,320)	(31,137)	18,446
Prepaid expenses and other	15,132	(153)	(17,435)
Other assets	(19,792)	(31,616)	(67,109)
Accounts payable	(13,279)	24,836	(7,184)
Accrued expenses	(104,992)	87,452	(86,997)
Other liabilities	4,412	14,389	25,098
Net cash provided by operating activities	141,582	379,141	177,931
Cash flows from investing activities:			
Purchases of property and equipment	(68,615)	(63,823)	(66,067)
Proceeds on investment sales	15,094	14,037	11,160
Purchases of investments	(16,242)	(14,693)	(8,432)
Acquisitions (net of cash acquired)	(18,963)	(14,949)	(8,073)
Net cash used in investing activities	(88,726)	(79,428)	(71,412)
Cash flows from financing activities:			
Exercise of employee stock options and taxes paid related to the net shares settlement of stock awards	13,861	5,764	(2,325)
Payment of cash dividends	(76,272)	(78,387)	(82,189)
Repurchase of shares of common stock	(80,420)	(144,334)	(825)
Finance lease principal payments	(1,871)	(709)	—
Payments on debt	(115,000)	(142,500)	(214,455)
Proceeds from debt	155,000	115,000	145,000
Net cash used in financing activities	(104,702)	(245,166)	(154,794)
Effect of exchange rate changes on cash	(11,244)	12,506	(3,006)
Net increase (decrease) in cash and cash equivalents	(63,090)	67,053	(51,281)
Cash and cash equivalents, beginning of period	402,683	335,630	386,911
Cash and cash equivalents, end of period	$ 339,593	$ 402,683	$ 335,630

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.
Notes to Consolidated Financial Statements

1. The Company

Nu Skin Enterprises, Inc. (the "Company") is a holding company, with Nu Skin, being the primary operating unit. Nu Skin develops and distributes premium-quality, innovative beauty and wellness products that are sold worldwide under the Nu Skin, Pharmanex and ageLOC brands and a small number of other products and services. The Company reports revenue from ten segments, consisting of its seven geographic Nu Skin segments—Mainland China; Americas, which includes Canada, Latin America and the United States; South Korea; Southeast Asia/Pacific, which includes Australia, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam; Europe, Middle East and Africa ("EMEA"), which includes markets in Europe as well as Israel, Russia and South Africa; Japan; and Hong Kong/Taiwan, which also includes Macau—and three Rhyz Investments segments—Manufacturing, which includes manufacturing and packaging subsidiaries it has acquired; Grow Tech, which focused on developing controlled-environment agriculture technologies and Rhyz other, which includes other investments by its Rhyz strategic investment arm (the Company's subsidiaries operating within each segment are collectively referred to as the "Subsidiaries").

2. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company and the Subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of estimates

The preparation of these financial statements, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), required management to make estimates and assumptions that affected the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid instruments with original maturities of 90 days or less.

Accounts receivable

Accounts receivable represents amounts owed to us through our operating activities and are presented net of allowance for doubtful accounts. Accounts receivable for core Nu Skin consists primarily of credit card receivables, while accounts receivable for our Rhyz investments consist primarily of trade receivables from customer sales. For the Company's trade receivables from its Rhyz investment customers, the Company performs ongoing credit evaluations of its customers and maintains an allowance for expected credit losses. The allowance for expected credit losses represents the Company's best estimate based on current and historical information, and reasonable and supportable forecasts of future events and circumstances.

Inventories

Inventories consist primarily of merchandise purchased for resale and are stated at the lower of standard cost or net realizable value, using a standard cost method which approximates the first-in, first-out method. The Company had reserves of its inventory carrying value totaling $18.6 million and $14.2 million as of December 31, 2021 and 2020, respectively.

Inventories consist of the following (U.S. dollars in thousands):

	December 31,	
	2021	**2020**
Raw materials	$ 179,891	$ 118,877
Finished goods	220,040	195,489
Total inventory, net	$ 399,931	$ 314,366

Reserves of inventories consist of the following (U.S. dollars in thousands):

	2021	**2020**	**2019**
Beginning balance	$ 14,249	$ 12,295	$ 14,149
Additions	31,300	15,952	14,931
Write-offs	(26,906)	(13,998)	(16,785)
Ending balance	$ 18,643	$ 14,249	$ 12,295

Prepaid expense and other

Prepaid expenses and other consist of the following (U.S. dollars in thousands):

	December 31,	
	2021	2020
Deferred charges	$ 14,266	$ 10,540
Prepaid income tax	2,784	—
Prepaid inventory and import costs	6,087	4,123
Prepaid rent, insurance and other occupancy costs	3,690	9,182
Prepaid promotion and event cost	4,382	10,002
Prepaid other taxes	9,333	10,565
Prepaid software license	17,041	9,107
Deposits	1,158	33,312
Other	18,165	14,732
Total prepaid expense and other	$ 76,906	$ 101,563

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	39 years
Furniture and fixtures	5 - 7 years
Computers and equipment	3 - 5 years
Leasehold improvements	Shorter of estimated useful life or lease term
Scanners	3 years
Vehicles	3 - 5 years

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the statement of income. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Leases

On January 1, 2019, the Company adopted Topic 842 using the modified retrospective method.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, accrued expenses and operating lease liabilities on the consolidated balance sheets. Finance leases are included in other assets, accrued expenses and other liabilities on the consolidated balance sheets.

Operating lease ROU assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives and initial direct costs incurred. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less are not recorded on the balance sheet. The Company’s lease agreements do not contain any residual value guarantees.

The Company has lease agreements with lease and non-lease components. The Company accounts for the lease and non-lease components as a single lease component.

Goodwill and other intangible assets

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill and intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually on October 1. In addition, impairment testing is conducted when events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Goodwill and intangible assets with indefinite useful lives would be written down to fair value if considered impaired. Guidance under Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*, requires an entity to test goodwill for impairment on at least an annual basis. The Company had the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured. In fiscal year 2020, a quantitative assessment was performed. The Company elected to perform the qualitative assessment during fiscal years 2021 and 2019, and determined that it is not more likely than not the carrying value exceeds the fair value of the reporting units. Intangible assets with finite useful lives are amortized to their estimated residual values over such finite lives using the straight-line method and reviewed for impairment whenever events or circumstances warrant such a review.

The Company has historically evaluated its goodwill for impairment annually as of June 30 or more frequently if impairment indicators arose in accordance with Accounting Standards Codification ("ASC") Topic 350, "Intangibles - Goodwill and Other." In the fourth quarter of 2021, the Company changed the date of its annual assessment of goodwill to October 1 for all reporting units. The change in testing date for goodwill is a change in accounting principle, which management believes is preferable as the new date of the assessment better aligns with the Company's budgeting process and will create a more efficient and timely process surrounding the impairment tests. The change in the assessment date does not delay, accelerate or avoid a potential impairment charge. The Company has determined that it is impracticable to objectively determine projected cash flows and related valuation estimates that would have been used as of each October 1 of prior reporting periods without the use of hindsight. As such, the Company prospectively applied the change in annual goodwill impairment testing date from October 1, 2021. No impairment was recognized during the years ended December 31, 2020 or 2019.

As discussed further in Note 20 - Restructuring and Severance Charges, during the fourth quarter of fiscal year 2021, the Company recognized an $18.2 million goodwill and intangibles impairment charge related to the Grow Tech segment, which was included in Restructuring and impairment expenses in the consolidated statements of income.

Equity Investments

The Company holds strategic investments in other companies. These investments are accounted for under the measurement alternative described in ASC 321, *Investments - Equity Securities* ("ASC 321") for equity investments that do not have readily determinable fair values. These investments are measured at cost, less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. The Company does not exercise significant influence over these companies. These investments are carried on the consolidated balance sheets within Other Assets. Changes in fair value based on impairments or resulting from observable price changes are recorded in Other Income (expense), net on the consolidated statements of income. See Note 10 – Fair Value and Equity Investments, for further details around the Company's equity investments.

Other assets

Other assets consist of the following (U.S. dollars in thousands):

	December 31,	
	2021	2020
Deferred taxes	$ 26,483	$ 35,414
Deposits for noncancelable operating leases	17,121	20,783
Cash surrender value for life insurance policies	49,851	45,453
Right-of-use assets, Financing, net	6,477	9,385
Long-term investments	35,868	11,344
Other	39,660	15,703
Total other assets	$ 175,460	$ 138,082

Accrued expenses

Accrued expenses consist of the following (U.S. dollars in thousands):

	December 31,	
	2021	2020
Accrued sales force commissions and other payments	$ 139,793	$ 149,481
Accrued income taxes	—	13,921
Accrued other taxes	31,135	45,018
Accrued payroll and other employee expenses	53,641	65,272
Accrued payable to vendors	45,347	47,201
Short-term operating lease liability	33,427	44,981
Accrued royalties	1,095	1,008
Sales return reserve	3,513	3,978
Deferred revenue	33,139	35,054
Other	31,111	40,768
Total accrued expenses	$ 372,201	$ 446,682

Other liabilities

Other liabilities consist of the following (U.S. dollars in thousands):

	December 31,	
	2021	2020
Deferred tax liabilities	$ 2,385	$ 626
Reserve for other tax liabilities	21,774	22,731
Liability for deferred compensation plan	54,213	47,543
Contingent consideration	10,341	3,125
Finance lease liabilities	5,318	7,728
Asset retirement obligation	5,408	6,717
Other	7,035	13,811
Total other liabilities	$ 106,474	$ 102,281

Revenue recognition

Net sales include products and shipping and handling charges, net of estimates for product returns and any related sales incentives. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. The Company recognizes revenue by transferring the promised products to the customer, with revenue recognized at shipping point, the point in time the customer obtains control of the products. The Company recognizes revenue for shipping and handling charges at the time the products are delivered to or picked up by the customer. A reserve for product returns is accrued based on historical experience totaling $3.5 million and $4.0 million as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021, 2020 and 2019, the Company recorded sales returns of $52.1 million, $49.5 million and $52.2 million, respectively. The majority of the Company's contracts have a single performance obligation and are short term in nature. Sales taxes and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales.

Contract Liabilities – Customer Loyalty Programs

Contract liabilities, recorded as deferred revenue within the accrued expenses line in the consolidated balance sheets, include loyalty point program deferrals with certain customers which are accounted for as a reduction in the transaction price and are generally recognized as points are redeemed for additional products.

The balance of deferred revenue related to contract liabilities was $22.0 million and $18.2 million as of December 31, 2021, and 2020, respectively. The contract liabilities impact to revenue for the years ended December 31, 2021, 2020 and 2019 was a decrease of $3.8 million, a decrease of $5.7 million and an increase of $1.3 million, respectively.

Disaggregation of Revenue

Please refer to Note 15 - Segment Information for revenue by segment and product line.

Arrangements with Multiple Performance Obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenues to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers for individual products sales to customers.

Shipping and handling costs

Shipping and handling costs are recorded as cost of sales and are expensed as incurred.

Advertising expenses

Advertising costs are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of income. Advertising expense incurred for the years ended December 31, 2021, 2020 and 2019 totaled $15.5 million, $14.7 million and $16.3 million, respectively.

Selling expenses

Selling expenses are the Company's most significant expense and are classified as operating expenses. Selling expenses include commissions the Company pays to its Brand Affiliates, as well as salaries, service fees, benefits, bonuses and other labor and unemployment expenses the Company pays to its sales force in Mainland China. Selling expenses do not include amounts the Company pays to its sales force based on their personal purchases; rather, such amounts are reflected as reductions to revenue.The term "Brand Affiliates" refers to members of the Company's independent sales force in all of the Company's markets besides Mainland China. In each of the Company's markets, except Mainland China, Sales Leaders can earn "multi-level" compensation under the Company's global sales compensation plan, including commissions for product sales to their consumer groups as well as the product sales made through the sales network they have developed and trained. The Company does not pay commissions on sales materials.

Outside of Mainland China, the Company's Brand Affiliates may make profits by purchasing the products from the Company at a discount and selling them to consumers with a mark-up. The Company does not account for nor pay additional commissions on these mark-ups received by Brand Affiliates. In many markets, the Company also allows individuals who are not members of its sales force, referred to as "preferred customers," to buy products directly from the Company at a discount. The Company pays commissions on preferred customer purchases to the referring member of its sales force.

Research and development

Research and development costs are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of income and totaled $27.2 million, $23.3 million and $30.1 million in 2021, 2020 and 2019, respectively.

Deferred tax assets and liabilities

The Company accounts for income taxes in accordance with the Income Taxes Topic of the Financial Accounting Standards Codification. These standards establish financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. The Company takes an asset and liability approach for financial accounting and reporting of income taxes. The Company pays income taxes in many foreign jurisdictions based on the profits realized in those jurisdictions, which can be significantly impacted by terms of intercompany transactions between the Company and its foreign affiliates. Deferred tax assets and liabilities are created in this process. The Company has netted these deferred tax assets and deferred tax liabilities by jurisdiction. These deferred tax assets assume sufficient future earnings will exist for their realization, and are calculated using anticipated tax rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be ultimately realized.

Uncertain tax positions

The Company files income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. In 2009, we entered into a voluntary program with the IRS called Compliance Assurance Process ("CAP"). Under the CAP program, the IRS audits the tax position of the Company to identify and resolve any tax issues that may arise throughout the tax year. As of December 31, 2021, tax years through 2020 have been audited and are effectively closed to further examination. For tax years 2021 and 2022, the Company is in the Bridge phase of the CAP program, pursuant to which the IRS will not accept disclosures, will not conduct reviews and will not provide letters of assurance for the year. There are limited circumstances that tax years in the Bridge phase will be opened for examination. With a few exceptions, we are no longer subject to state and local income tax examination by tax authorities for the years before 2018. In major foreign jurisdictions, the Company is generally no longer subject to income tax examinations for years before 2015. However, statutes in certain markets may be as long as ten years for transfer pricing related issues. The Company is currently under examination in certain foreign jurisdictions; however, the outcomes of those reviews are not yet determinable.

A reconciliation of the beginning and ending amount of unrecognized tax benefits included in other liabilities is as follows (U.S. dollars in thousands):

	2021	2020	2019
Gross balance at January 1	$ 17,620	$ 13,507	$ 11,456
Increases related to prior year tax positions	4,146	2,958	775
Increases related to current year tax positions	1,794	3,302	2,273
Settlements	(5,494)	(1,091)	—
Decreases due to lapse of statutes of limitations	(2,409)	(1,377)	(1,051)
Currency adjustments	(567)	321	54
Gross balance at December 31	$ 15,090	$ 17,620	$ 13,507

At December 31, 2021, the Company had $15.1 million in unrecognized tax benefits of which $15.1 million, if recognized, would affect the effective tax rate. In comparison, at December 31, 2020, the Company had $17.6 million in unrecognized tax benefits of which $17.6 million, if recognized, would affect the effective tax rate. The Company's unrecognized tax benefits relate to multiple foreign and domestic jurisdictions. Due to potential changes in unrecognized tax benefits from the multiple jurisdictions in which the Company operates, as well as the expiration of various statutes of limitation, it is reasonably possible that the Company's gross unrecognized tax benefits, net of foreign currency adjustments, may increase within the next 12 months by a range of approximately $0.1 to $1.0 million.

During the years ended December 31, 2021, 2020 and 2019 the Company recognized $1.6 million, $1.5 million and $0.7 million, respectively in interest and penalties expenses related to uncertain tax positions. The Company had $6.7 million, $5.1 million and $3.6 million of accrued interest and penalties related to uncertain tax positions at December 31, 2021, 2020 and 2019, respectively. Interest and penalties related to uncertain tax positions are recognized as a component of income tax expense.

Net income per share

Net income per share is computed based on the weighted-average number of common shares outstanding during the periods presented. Additionally, diluted earnings per share data gives effect to all potentially dilutive common shares that were outstanding during the periods presented (Note 8).

Foreign currency translation

A significant portion of the Company's business operations occurs outside of the United States. The local currency of each of the Company's Subsidiaries is considered its functional currency, except for the Company's subsidiaries in Singapore and countries deemed highly inflationary where the U.S. dollar is used. All assets and liabilities are translated into U.S. dollars at exchange rates existing at the balance sheet dates, revenue and expenses are translated at weighted-average exchange rates and stockholders' equity is recorded at historical exchange rates. The resulting foreign currency translation adjustments are recorded as a separate component of stockholders' equity in the consolidated balance sheets and transaction gains and losses are included in other income (expense) in the consolidated statements of income. Net of tax, the accumulated other comprehensive loss related to the foreign currency translation adjustments are $79.1 million (net of tax of $7.5 million), $65.6 million (net of tax of $7.1 million), and $85.3 million (net of tax of $7.4 million), at December 31, 2021, 2020 and 2019, respectively.

Classification of a highly inflationary economy

A market is considered to have a highly inflationary economy if it has a cumulative inflation rate of approximately 100% or more over a three-year period as well as other qualitative factors including historic inflation rate trends (increasing and decreasing), the capital intensiveness of the operation and other pertinent economic factors. The functional currency in highly inflationary economies is required to be the functional currency of the entity's parent company, and transactions denominated in the local currency are remeasured to the functional currency. The remeasurement of local currency into U.S. dollars creates foreign currency transaction gains or losses, which the Company includes in its consolidated statements of income.

In the second quarter of 2018, published inflation indices indicated that the three-year cumulative inflation in Argentina exceeded 100 percent, and as of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiary in Argentina. Under highly inflationary accounting, Argentina's functional currency became the U.S. dollar, and its income statement and balance sheet have been measured in U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in Other income (expense), net and was not material. As of December 31, 2021, and 2020, Argentina had a small net peso monetary position. Net sales of Argentina were less than 2 percent of our consolidated net sales for the year ended December 31, 2021, 2020 and 2019.

Fair value of financial instruments

The carrying value of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair values due to the short-term nature of these instruments. The Company's current investments as of December 31, 2021 include certificates of deposits and pre-refunded municipal bonds that are classified by management as held-to-maturity as the Company had the positive intent and ability to hold to maturity. The carrying value of these current investments approximate fair values due to the short-term nature of these instruments. As of December 31, 2021 and 2020, the fair value of debt was $377.5 million and $337.5 million, respectively. The estimated fair value of the Company's debt is based on interest rates available for debt with similar terms and remaining maturities.

The FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. On a quarterly basis, the Company measures at fair value certain financial assets, including cash equivalents. Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs, other than the quoted prices in active markets, that are observable either directly or indirectly;
- Level 3 – unobservable inputs based on the Company's own assumptions.

Accounting standards permit companies, at their option, to measure many financial instruments and certain other items at fair value. The Company has elected not to apply the fair value option to existing eligible items.

Stock-based compensation

All share-based payments, including grants of stock options and restricted stock units, are required to be recognized in the Company's financial statements based upon their respective grant date fair values. The Black-Scholes option-pricing model is used to estimate the fair value of stock options. The determination of the fair value of stock options is affected by the Company's stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The Company uses historical volatility as the expected volatility assumption required in the Black-Scholes model. The expected life of the stock options is based on historical data trended into the future. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the Company's stock options. The fair value of the Company's restricted stock units is based on the closing market price of its stock on the date of grant less the Company's expected dividend yield. The Company recognizes stock-based compensation net of actual forfeitures over the requisite service period of the award.

The total compensation expense related to equity compensation plans was $23.2 million, $24.1 million and $9.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. In 2021, 2020 and 2019, these amounts reflect the reversal of none, none, and $4.3 million, respectively, for certain performance-based awards that were no longer expected to vest. For the years ended December 31, 2021, 2020 and 2019, all stock-based compensation expense was recorded within general and administrative expenses.

Reporting comprehensive income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, and it includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Derivative instruments and hedging activities

FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

In accordance with the FASB's fair value measurement guidance in ASU 2011-04, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Recent accounting pronouncements

In March 2020, the FASB issued, ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance for a limited time to ease the potential burden in accounting for the effects of reference rate reform on financial reporting. The guidance provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies only to contracts and hedging relationships that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. The amendments in ASU 2020-04 are elective and are effective upon issuance for all entities. The Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

3. Property and Equipment

Property and equipment are comprised of the following (U.S. dollars in thousands):

	December 31,	
	2021	2020
Land	$ 45,027	$ 45,242
Buildings	281,192	278,779
Construction in progress[(1)]	44,021	34,954
Furniture and fixtures	147,786	146,413
Computers and equipment	162,746	137,914
Leasehold improvements	129,675	164,963
Scanners	6,746	8,119
Vehicles	2,021	2,112
	819,214	818,496
Less: accumulated depreciation	(365,540)	(350,315)
	$ 453,674	$ 468,181

(1) Construction in progress includes $11.0 million and $13.6 million as of December 31, 2021 and 2020, respectively, of eligible capitalized internal-use software development costs which will be reclassified to computers and equipment when placed into service.

Depreciation of property and equipment totaled $62.9 million, $62.5 million and $61.7 million for the years ended December 31, 2021, 2020 and 2019, respectively. The Company recorded an impairment of $13.7 million for the year ended December 31, 2021 in connection with our fiscal year 2021 restructuring plan, see Note 20 – Restructuring and Severance Charges.

4. Goodwill

The following table presents goodwill allocated to the Company's reportable segments for the periods ended December 31, 2021 and 2020 (U.S. dollars in thousands):

	December 31,	
	2021	2020
Nu Skin		
Mainland China	$ 32,179	$ 32,179
Americas	9,449	9,449
South Korea	29,261	29,261
Southeast Asia/Pacific	18,537	18,537
EMEA	2,875	2,875
Japan	16,019	16,019
Hong Kong/Taiwan	6,634	6,634
Rhyz Investments		
Manufacturing	78,875	78,875
Grow Tech	—	9,150
Rhyz Other	12,603	—
Total	$ 206,432	$ 202,979

All of the Company's goodwill is recorded in U.S. dollar functional currency and allocated to the respective segments. Goodwill is not amortized; rather, it is subject to annual impairment tests. In connection with the Company's decision to exit the Grow Tech segment, a $9.2 million impairment charge was recorded in the year ended December 31, 2021, see Note 20 for further discussion regarding the restructuring and impairment of the Grow Tech segment.

The increase in the Rhyz Other segment goodwill during the year ended December 31, 2021 is due to an acquisition. See Note 19 for further discussion of this acquisition.

5. Other Intangible Assets

Other intangible assets consist of the following (U.S. dollars in thousands):

	Carrying Amount at December 31,	
	2021	2020
Indefinite life intangible assets:		
Trademarks and trade names	$ 24,599	$ 24,599
Other indefinite lived intangibles	—	3,763
	$ 24,599	$ 28,362

	December 31, 2021		December 31, 2020		
Finite life intangible assets:	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Weighted-average Amortization Period
Scanner technology	$ 40,716	$ 40,716	$ 40,716	$ 40,716	18 years
Developed technology	43,841	24,697	32,546	21,680	14 years
Sales force network	11,598	11,598	11,598	11,598	15 years
Trademarks	8,989	3,827	6,145	2,938	10 years
Other	51,176	23,090	71,095	23,998	10 years
	$ 156,320	$ 103,928	$ 162,100	$ 100,930	14 years

Amortization of finite-life intangible assets totaled $11.7 million, $9.8 million and $13.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The estimated annual amortization expense for each of the five succeeding fiscal years are as follows (U.S. dollars in thousands):

Year Ending December 31,	
2022	$ 9,282
2023	9,135
2024	8,625
2025	7,502
2026	7,135

Indefinite life intangible assets are not amortized, rather they are subject to annual impairment tests. Finite life intangibles are amortized over their useful lives unless circumstances occur that cause the Company to revise such lives or review such assets for impairment. In connection with the Company's decision to exit the Grow Tech segment, a $3.8 million impairment charge related to other indefinite lived intangibles and a $5.2 million impairment charge related to other finite lived intangibles was recorded in the year ended December 31, 2021, see Note 20 for further discussion restructuring and impairment of the Grow Tech segment.

6. Long-Term Debt

On April 18, 2018, the Company entered into a Credit Agreement (the "Credit Agreement") with several financial institutions as lenders and Bank of America, N.A., as administrative agent. The Credit Agreement provides for a $400 million term loan facility and a $350 million revolving credit facility, each with a term of five years. Both facilities bear interest at LIBOR, plus a margin based on the consolidated leverage ratio. The term loan facility amortizes in quarterly installments in amounts resulting in an annual amortization of 5.0% during the first and second years, 7.5% during the third and fourth years and 10.0% during the fifth year after the closing date of the Credit Agreement, with the remainder payable at final maturity. The Credit Agreement requires the Company to maintain a consolidated leverage ratio not exceeding 2.25 to 1.00 and a consolidated interest coverage ratio of no less than 3.00 to 1.00. As of December 31, 2021, the Company was in compliance with all covenants under the Credit Agreement.

The following table summarizes the Company's debt facilities as of December 31, 2021 and 2020:

Facility or Arrangement	Original Principal Amount	Balance as of December 31, 2021 (1)(2)	Balance as of December 31, 2020 (1)(2)	Interest Rate	Repayment Terms
Credit Agreement term loan facility	$400.0 million	$307.5 million	$337.5 million	Variable 30 day: 1.85%	35% of the principal amount is payable in increasing quarterly installments over a five-year period that began on June 30, 2018, with the remainder payable at the end of the five-year term.
Credit Agreement revolving credit facility		$70.0 million	—	Variable 30 day: 1.85%	Revolving line of credit expires April 18, 2023.

(1) As of December 31, 2021 and 2020, the current portion of the Company's debt (i.e. becoming due in the next 12 months) included $37.5 million and $30.0 million, respectively, of the balance of its term loan under the Credit Agreement.

(2) The carrying value of the debt reflects the amounts stated in the above table, less debt issuance costs of $1.2 million and $2.1 million as of December 31, 2021 and 2020, respectively, related to the Credit Agreement, which are not reflected in this table.

Maturities of all long-term debt at December 31, 2021, are as follows (U.S. dollars in thousands):

Year Ending December 31,	
2022	$ 37,500
2023	270,000
2024	—
2025	—
2026	—
Thereafter	—
Total (1)	$ 307,500

(1) The carrying value of the debt reflects the amounts stated in the above table less debt issuance costs of $1.2 million, which is not reflected in this table.

7. Leases

The Company has operating and finance leases for regional offices, manufacturing facilities, retail centers, distribution centers and certain equipment. The Company's leases have remaining lease terms of 1 year to 23 years, some of which include options to extend the leases for up to 20 years, and some of which include options to terminate the leases within 1 year.

As of December 31, 2021, the weighted average remaining lease term was 7.3 and 3.7 years for operating and finance leases, respectively. As of December 31, 2021, the weighted average discount rate was 3.8% and 3.8% for operating and finance leases, respectively.

The components of lease expense were as follows (U.S. dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Operating lease expense			
Operating lease cost	$ 48,447	$ 51,828	$ 51,072
Variable lease cost	5,734	4,366	3,387
Short-term lease cost	592	1,056	169
Sublease income	(5,663)	(5,052)	(5,743)
Finance lease expense			
Amortization of right-of-use assets	2,398	1,023	—
Interest on lease liabilities	319	154	—
Total lease expense	$ 51,827	$ 53,375	$ 48,885

Supplemental cash flow information related to leases was as follows (U.S. dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Operating cash outflow from operating leases	$ 51,570	$ 56,395	$ 54,993
Operating cash outflow from finance leases	$ 322	$ 138	$ —
Financing cash outflow from finance leases	$ 1,871	$ 709	$ —
Right-of-use assets obtained in exchange for operating lease obligations	$ 25,427	$ 82,662	$ 184,502
Right-of-use assets obtained in exchange for finance lease obligations	$ 74	$ 9,206	$ —

Maturities of lease liabilities were as follows (U.S. dollars in thousands):

Year Ending December 31,	Operating Leases	Finance Leases
2022	$ 35,960	$ 2,152
2023	24,806	2,064
2024	19,254	1,954
2025	14,336	1,381
2026	7,341	260
Thereafter	36,612	—
Total	138,309	7,811
Less: Finance charges	17,658	548
Total principal liability	$ 120,651	$ 7,263

The Company has additional lease liabilities of $5.2 million which have not yet commenced as of December 31, 2021, and as such, have not been recognized on the consolidated balance sheets.

8. Capital Stock

The Company's authorized capital stock consists of 25 million shares of preferred stock, par value $0.001 per share, 500 million shares of Class A common stock, par value $0.001 per share, and 100 million shares of Class B common stock, par value $0.001 per share. As of December 31, 2021 and 2020, there were no preferred or Class B common shares outstanding. Each share of Class A common stock entitles the holder to one vote on matters submitted to a vote of the Company's stockholders. Stock dividends of Class A common stock may be paid only to holders of Class A common stock. Class A common stock has no conversion rights.

Weighted-average common shares outstanding

The following is a reconciliation of the weighted-average common shares outstanding for purposes of computing basic and diluted net income per share (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Basic weighted-average common shares outstanding	50,193	52,296	55,518
Effect of dilutive securities:			
Stock awards and options	1,234	469	409
Diluted weighted-average common shares outstanding	51,427	52,765	55,927

For the years ended December 31, 2021, 2020 and 2019, other stock options totaling 0.1 million, 0.4 million and 1.4 million, respectively, were excluded from the calculation of diluted earnings per share because they were anti-dilutive.

Dividends

Quarterly cash dividends for the years ended December 31, 2021 and 2020 totaled $76.3 million and $78.4 million or $0.38 per share in all quarters of 2021 and $0.375 for all quarters of 2020. In February 2022, the board of directors has declared a quarterly cash dividend of $0.385 per share of Class A common stock to be paid on March 9, 2022 to stockholders of record on February 28, 2022.

Repurchases of common stock

In July 2018, the Company's board of directors approved a new repurchase plan with an authorization amount of $500 million. The repurchases are used primarily for strategic initiatives and to offset dilution from the Company's equity incentive plans. During the years ended December 31, 2021, 2020 and 2019, the Company purchased 1.6 million, 5.1 million and 14,000 shares under the 2018 plan for $80.4 million, $144.3 million and $0.8 million, respectively. At December 31, 2021, $245.4 million was available for repurchases under the 2018 stock repurchase plan.

9. Stock–Based Compensation

At December 31, 2021, the Company had the following stock-based employee compensation plans:

Equity Incentive Plans

In April 2010, the Company's board of directors approved the Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan (the "2010 Omnibus Incentive Plan"). This plan was approved by the Company's stockholders at the Company's 2010 Annual Meeting of Stockholders held in May 2010. The 2010 Omnibus Incentive Plan provides for granting of a variety of equity-based awards including stock options, stock appreciation rights, restricted stock, restricted stock units, other share-based awards, performance cash, performance shares and performance units to executives, other employees, independent consultants and directors of the Company and its subsidiaries. Options granted under the 2010 Omnibus Incentive Plan are generally non-qualified stock options, but the 2010 Omnibus Incentive Plan permits some stock options granted to qualify as "incentive stock options" under the U.S. Internal Revenue Code. The exercise price of a stock option generally is equal to the fair market value of the Company's common stock on the stock option grant date. The contractual term of a stock option granted under the 2010 Omnibus Incentive Plan is seven years. Currently, all shares issued upon the exercise of stock options are from the Company's treasury shares. Subject to certain adjustments, 7.0 million shares were authorized for issuance under the 2010 Omnibus Incentive Plan. On June 3, 2013, the Company's stockholders approved an Amended and Restated 2010 Omnibus Incentive Plan, which among other things increased the number of shares available for awards by 3.2 million shares. On May 24, 2016, the Company's stockholders approved a Second Amended and Restated 2010 Omnibus Incentive Plan, which among other things increased the number of shares available for awards by 3.8 million shares. On June 3, 2020, the Company's stockholders approved a Third Amended and Restated 2010 Omnibus Incentive Plan, which among other things increased the number of shares available for awards by 5.9 million shares.

The fair value of stock option awards was estimated using the Black-Scholes option-pricing model with the following assumptions and weighted-average fair values as follows:

	December 31,		
Stock Options:	**2021**	**2020**	**2019**
Weighted-average grant date fair value of grants	$ 16.10	$ 8.59	$ 19.72
Risk-free interest rate(1)	0.5%	1.4%	2.5%
Dividend yield(2)	2.9%	2.9%	2.7%
Expected volatility(3)	49.5%	40.7%	42.4%
Expected life in months(4)	56 months	59 months	60 months

(1) The risk-free interest rate is based upon the rate on a zero-coupon U.S. Treasury bill, for periods within the contractual life of the option, in effect at the time of the grant.
(2) The dividend yield is based on the average of historical stock prices and actual dividends paid.
(3) Expected volatility is based on the historical volatility of the Company's stock price, over a period similar to the expected life of the option.
(4) The expected term of the option is based on the historical employee exercise behavior, the vesting terms of the respective option, and a contractual life of either seven or ten years.

Options under the plans as of December 31, 2021 and changes during the year ended December 31, 2021 were as follows:

	Shares (in thousands)	Weighted-average Exercise Price	Weighted-average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Options activity – service based				
Outstanding at December 31, 2020	770.6	$ 38.71		
Granted	—	—		
Exercised	(188.8)	37.74		
Forfeited/cancelled/expired	(43.6)	77.71		
Outstanding at December 31, 2021	538.2	35.89	1.15	$ 8,303
Exercisable at December 31, 2021	538.2	35.89	1.15	8,303
Options activity – performance based				
Outstanding at December 31, 2020	2,398.0	$ 46.71		
Granted	877.9	41.68		
Exercised	(297.6)	32.00		
Forfeited/cancelled/expired	(758.2)	63.77		
Outstanding at December 31, 2021	2,220.1	40.87	4.62	$ 27,353
Exercisable at December 31, 2021	974.6	40.39	3.59	13,361
Options activity – all options				
Outstanding at December 31, 2020	3,168.6	$ 44.76		
Granted	877.9	41.68		
Exercised	(486.4)	34.23		
Forfeited/cancelled/expired	(801.8)	64.53		
Outstanding at December 31, 2021	2,758.3	39.90	3.95	$ 35,657
Exercisable at December 31, 2021	1,512.8	38.79	2.72	21,665

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (the difference between the Company's closing stock price on the last trading day of the respective years and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2021. This amount varies based on the fair market value of the Company's stock.

Cash proceeds, tax benefits and intrinsic value related to total stock options exercised during 2021, 2020 and 2019, were as follows (U.S. dollars in thousands):

	December 31,		
	2021	2020	2019
Cash proceeds from stock options exercised	$ 14,435	$ 7,419	$ 368
Tax (expense) / benefit realized for stock options exercised	807	(459)	430
Intrinsic value of stock options exercised	8,402	5,232	934

Nonvested restricted stock awards as of December 31, 2021 and changes during the year ended December 31, 2021 were as follows:

	Number of Shares (in thousands)	Weighted-average Grant Date Fair Value
Nonvested at December 31, 2020	931.1	$ 46.38
Granted	380.4	50.39
Vested	(307.6)	48.59
Forfeited	(119.0)	45.95
Nonvested at December 31, 2021	884.9	$ 47.39

Stock-based compensation expense is recognized on a straight-line basis, except for performance-based awards for which expense is recognized using a graded-attribution method if the results are materially different than the straight-line method. The Company recognized none, $0.3 million and $2.6 million of expense related to service condition stock options in 2021, 2020 and 2019, respectively; and $15.4 million, $13.9 million and $11.5 million of expense related to service condition restricted stock units in 2021, 2020 and 2019, respectively. For performance stock options and performance stock units, an expense is recorded each period for the estimated expense associated with the projected achievement of the performance-based targets. The Company recognized $7.8 million of expense, $9.9 million of expense and $4.1 million of income related to performance stock options in 2021, 2020 and 2019, respectively; and none, none, and $0.1 million of expense related to performance stock units in 2021, 2020 and 2019, respectively. The amount in 2019 reflects the reversal of stock compensation for awards no longer expected to vest.

As of December 31, 2021, there was $5.5 million of unrecognized stock-based compensation expense related to nonvested stock option awards. That cost is expected to be recognized over a weighted-average period of 1.3 years. As of December 31, 2021, there was $25.3 million of unrecognized stock-based compensation expense related to nonvested restricted stock awards. That cost is expected to be recognized over a weighted-average period of 2.4 years.

10. Fair Value and Equity Investments

Fair Value

The carrying value of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair values due to the short-term nature of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information.

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis (U.S. dollars in thousands):

	Fair Value at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Cash equivalents and current investments	$ 66,477	$ —	$ —	$ 66,477
Derivative financial instruments asset	—	6,590	—	6,590
Life insurance contracts	—	—	49,851	49,851
Contingent consideration	—	—	(10,341)	(10,341)
Total	$ 66,477	$ 6,590	$ 39,510	$ 112,577

	Fair Value at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Cash equivalents and current investments	$ 56,628	$ —	$ —	$ 56,628
Derivative financial instruments asset	—	1,145	—	1,145
Life insurance contracts	—	—	45,453	45,453
Derivative financial instruments liability	—	(105)	—	(105)
Contingent consideration	—	—	(3,125)	(3,125)
Total	$ 56,628	$ 1,040	$ 42,328	$ 99,996

The following methods and assumptions were used to determine the fair value of each class of assets and liabilities recorded at fair value in the consolidated balance sheets:

Cash equivalents and current investments: Cash equivalents and current investments primarily consist of highly rated money market funds with maturities of three months or less, and are purchased daily at par value with specified yield rates. Due to the high ratings and short-term nature of the funds, the Company considers all cash equivalents and current investments as Level 1. Current investments include $5.2 million and $21.2 million as of December 31, 2021 and 2020, respectively, that is restricted for the Company's voluntary participation in a consumer protection cooperative in South Korea, along with investments in corporate securities.

Life insurance contracts: ASC 820 preserves practicability exceptions to fair value measurements provided by other applicable provisions of U.S. GAAP. The guidance in ASC 715-30-35-60 allows a reporting entity, as a practical expedient, to use cash surrender value or conversion value as an expedient for fair value when it is present. Accordingly, the Company determines the fair value of its life insurance contracts as the cash-surrender value of life insurance policies held in its Rabbi Trust as disclosed in Note 13, "Deferred Compensation Plan."

Derivative financial instruments asset and liability: Derivative financial instruments are measured at fair value based on observable market information and appropriate valuation methods. See Note 14, "Derivative Financial Instruments" for more information on derivative financial instruments.

Contingent consideration: Contingent consideration represents the obligations incurred in connection with acquisitions. The estimate of fair value of the contingent consideration obligations requires subjective assumptions to be made regarding the future business results, discount rates, discount periods and probabilities assigned to various potential business result scenarios and was determined using probability assessments with respect to the likelihood of reaching various targets or of achieving certain milestones. The fair value measurement is based on significant inputs unobservable in the market and thus represents a level 3 measurement. Changes in current expectations of progress could change the probability of achieving the targets within the measurement periods and result in an increase or decrease in the fair value of the contingent consideration obligation.

The following table provides a summary of changes in fair value of the Company's Level 3 life insurance contracts (U.S. dollars in thousands):

	2021	2020
Beginning balance at January 1	$ 45,453	$ 41,707
Actual return on plan assets	5,153	3,746
Purchases and issuances	6,261	—
Sales and settlements	(7,016)	—
Transfers into Level 3	—	—
Ending balance at December 31	$ 49,851	$ 45,453

The following table provides a summary of changes in fair value of the Company's Level 3 contingent consideration (U.S. dollars in thousands):

	2021	2020
Beginning balance at January 1	$ (3,125)	$ —
Additions from acquisitions	(8,702)	(3,125)
Changes in fair value of contingent consideration	1,486	—
Ending balance at December 31	$ (10,341)	$ (3,125)

Equity Investments

The Company maintains equity investments in companies which are accounted for under the measurement alternative described in ASC 321-10-35-2 for equity securities that lack readily determinable fair values. The carrying amount of equity securities held by the Company without readily determinable fair values was $28.1 million as of December 31, 2021 and $5.0 million as of December 31, 2020. During the year ended December 31, 2021, the Company made an additional investment of $5.0 million. During the year ended December 31, 2021, the Company recognized $18.1 million of upward fair value adjustments, based on the third quarter of 2021 valuation of additional equity issued by the investee which was deemed to be an observable transaction of a similar investment under ASC 321. The gain was recorded within Other income (expense), net on the consolidated statements of income. The upward fair value adjustment represents a nonrecurring fair value measurement based on observable price changes and is classified as a level 2 fair value measurement.

11. Income Taxes

Consolidated income before provision for income taxes consists of the following for the years ended December 31, 2021, 2020 and 2019 (U.S. dollars in thousands):

	2021	2020	2019
U.S.	$ 45,371	$ 71,138	$ 24,211
Foreign	187,088	185,094	230,961
Total	$ 232,459	$ 256,232	$ 255,172

The provision for current and deferred taxes for the years ended December 31, 2021, 2020 and 2019 consists of the following (U.S. dollars in thousands):

	2021	2020	2019
Current			
Federal	$ —	$ —	$ —
State	1,458	1,629	2,213
Foreign	77,393	77,079	79,694
	78,851	78,708	81,907
Deferred			
Federal	3,705	(14,430)	(8,878)
State	(38)	(563)	(473)
Foreign	2,675	1,162	9,063
	6,342	(13,831)	(288)
Provision for income taxes	$ 85,193	$ 64,877	$ 81,619

The principal components of deferred taxes are as follows (U.S. dollars in thousands):

	Year Ended December 31,	
	2021	2020
Deferred tax assets:		
Inventory differences	$ 5,859	$ 6,181
Foreign tax credit and other foreign benefits	69,401	57,720
Stock-based compensation	9,392	8,925
Accrued expenses not deductible until paid	36,401	42,694
Foreign currency exchange	605	1,403
Net operating losses	9,479	8,667
Capitalized research and development	22,962	23,019
R&D credit carryforward	1,451	1,229
Other	34	45
Gross deferred tax assets	155,584	149,883
Deferred tax liabilities:		
Foreign withholding taxes	15,412	20,207
Intangibles step-up	4,446	4,623
Overhead allocation to inventory	3,373	2,684
Amortization of intangibles	21,936	18,551
Other	6,133	1,690
Gross deferred tax liabilities	51,300	47,755
Valuation allowance	(80,186)	(67,340)
Deferred taxes, net	$ 24,098	$ 34,788

At December 31, 2021, the Company had foreign operating loss carryforwards of $26.7 million for tax purposes, which will be available to offset future taxable income. If not used, $12.4 million of carryforwards will expire between 2022 and 2031, while $14.3 million do not expire. A valuation allowance has been placed on foreign operating loss carryforwards of $25.8 million, tax effected the valuation on the net operating loss is $9.3 million. In addition, a valuation allowance has been recorded on the foreign tax credit carryforward, and the R&D credit carryforward of $70.9 million which will expire between 2026 and 2030.

The Company uses the tax law ordering approach when determining when excess tax benefits have been realized.

The valuation allowances have been recognized for the foreign tax credit, the foreign net operating loss carryforwards, and the R&D credit carryforward. The valuation allowances were recognized for assets which it is more likely than not some portion or all of the deferred tax asset will not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary difference, projected future taxable income, tax planning strategies and recent financial operations. When the Company determines that there is sufficient positive evidence to utilize the foreign tax credits, the foreign net operating losses, or the R&D credit carryforward, the valuation will be released which would reduce the provision for income taxes.

The deferred tax asset valuation adjustments for the years ended December 31, 2021, 2020 and 2019 are as follows (U.S. dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Balance at the beginning of period	$ 67,340	$ 77,042	$ 68,697
Additions charged to cost and expenses	12,674(1)	2,154(4)	10,913(6)
Decreases	—(2)	(12,100)(5)	(3,343)(7)
Adjustments	172(3)	244(3)	775(3)
Balance at the end of the period	$ 80,186	$ 67,340	$ 77,042

(1) Increase in valuation is due primarily to $11.9 million that was recorded on the foreign tax credit carryforward due to the disposal of the Companies Grow Tech segment. The additional amount is due to net operating losses in foreign markets.
(2) No decreases in 2021.
(3) Represents the net currency effects of translating valuation allowances at current rates of exchange.
(4) Increase in valuation is due primarily to net operating losses in foreign markets.
(5) The decrease was due to the utilization of prior year foreign tax credits that had previously had a valuation allowance recorded against the asset.
(6) Increase in valuation is due primarily to $9.8 million that was recorded on the foreign tax credit carryforward. The additional amount is due to net operating losses in foreign markets.
(7) The decrease was due primarily to the utilization of foreign tax credits, and expiration of foreign net operating losses.

The components of deferred taxes, net on a jurisdiction basis are as follows (U.S. dollars in thousands):

	Year Ended December 31,	
	2021	2020
Net noncurrent deferred tax assets	$ 26,483	$ 35,414
Net noncurrent deferred tax liabilities	2,385	626
Deferred taxes, net	$ 24,098	$ 34,788

The Company is subject to regular audits by federal, state and foreign tax authorities. These audits may result in proposed assessments that may result in additional tax liabilities.

The actual tax rate for the years ended December 31, 2021, 2020 and 2019 compared to the statutory U.S. Federal tax rate is as follows:

	Year Ended December 31,		
	2021	2020	2019
Income taxes at statutory rate	21.00%	21.00%	21.00%
Excess tax benefit from equity award	(0.19)%	0.70%	0.02%
Non-U.S. income taxed at different rates	6.06%	3.37%	3.09%
Foreign withholding taxes	4.71%	5.21%	4.10%
Change in reserve for uncertain tax positions	(0.06)%	1.98%	1.07%
Valuation allowance recognized foreign tax credit & others	5.12%	(4.59)%	2.56%
Foreign-Derived Intangible Income (FDII)	(0.87)%	(2.78)%	(0.70)%
Other	0.88%	0.43%	0.85%
	36.65%	25.32%	31.99%

The decrease in the effective tax rate for 2020 reflected the strong growth in the U.S. market and Manufacturing segment, which enabled the utilization of additional foreign tax credits to offset the U.S. income taxes. The increase in the effective tax rate for 2021 was primarily caused by the disposal of the Company's Grow Tech segment which reduced the utilization of foreign tax credits and increased the Company's valuation allowance.

The cumulative amount of undistributed earnings of the Company's non-U.S. Subsidiaries held for indefinite reinvestment is approximately $60.0 million, at December 31, 2021. If this amount were repatriated to the United States, the amount of incremental taxes would be approximately $6.0 million.

12. Employee Benefit Plan

The Company has a 401(k) defined-contribution plan which permits participating employees to defer up to a maximum of 100% of their compensation, subject to limitations established by the IRS. Employees age 18 and older are eligible to contribute to the plan starting the first day of employment. Upon employment, employees are eligible to receive matching contributions from the Company. In 2021, 2020, and 2019 the Company matched employees' base pay up to 4% each year. The Company's matching contributions cliff vest after two years of service. The Company recorded compensation expense of $4.8 million, $4.4 million and $3.7 million for the years ended December 31, 2021, 2020 and 2019, respectively, related to its contributions to the plan. The Company may make additional discretionary contributions to the plan of up to 10% of employees' base pay. The Company's discretionary contributions vest 20% per year for an employee's first five years of service. For the years ended December 31, 2021, 2020 and 2019 the Company did not make any additional discretionary contributions.

13. Deferred Compensation Plan

The Company has a deferred compensation plan for select management personnel, highly compensated employees, and members of the Company's board of directors. Under this plan, the Company may make discretionary contributions to participants' deferred compensation accounts; prior to 2021, the Company historically contributed 10% of base salary for participants above a specified compensation level. In addition, each participant has the option to defer a portion of their compensation up to a maximum of 80% of their base salary and 100% of their bonuses or director fees. Participant contributions are immediately vested. Company contributions made on or prior to December 31, 2020 will vest 50% after ten years of service and 5% each year of service thereafter. In addition, any unvested company contributions will fully vest on the earlier of: (a) the participant attaining 60 years of age; and (b) death or disability.

Effective January 1, 2021, the Company amended its deferred compensation plan. Under the revision, the Company shall make matching contributions up to 5% of certain participants' base salary. The revision continues to authorize the Company to make discretionary contributions to participants' deferred compensation accounts. In view of the opportunity to receive a 5% match, the Company has reduced its discretionary contributions to 5% of base salary each year, though the Company is not obligated to make these contributions. Under the revision, the amounts contributed by the Company, adjusted for earnings and losses thereon, will vest 20% per year over five years, subject to acceleration upon the occurrence of certain events including the completion of at least 10 years of employment above a specified compensation level. All amounts a participant elects to defer, adjusted for earnings and losses thereon, are 100% vested at all times.

The Company recorded compensation expense of $4.0 million, $2.3 million and $1.8 million for the years ended December 31, 2021, 2020 and 2019, respectively, related to its contributions to the plan. The total long-term deferred compensation liability under the deferred compensation plan was $54.2 million and $47.5 million for the years ended December 31, 2021 and 2020, respectively, related to its contributions to the plan and is included in other long-term liabilities.

All benefits under the deferred compensation plan are unsecured obligations of the Company. The Company has contributed assets to a "rabbi trust" for the payment of benefits under the deferred compensation plan. As the assets of the trust are available to satisfy the claims of general creditors if the Company becomes insolvent, the amounts held in the trust are accounted for as an investment on the Company's consolidated balance sheets of $49.9 million and $45.5 million for the years ended December 31, 2021 and 2020, respectively.

14. Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. During 2021, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income and subsequently reclassified into interest expense/income in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense/income as interest payments are made/received on the Company's variable-rate debt. During the next twelve months, the Company estimates that an additional $557 thousand will be reclassified as a reduction to interest expense.

As of December 31, 2021, the Company had four outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk with a total notional amount of $200 million.

Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet:

		Fair Values of Derivative Instruments	
		December 31,	
Derivatives in Cash Flow Hedging Relationships:	**Balance Sheet Location**	**2021**	**2020**
Interest Rate Swap - Asset	Prepaid expenses and other	$ 557	$ —
Interest Rate Swap - Asset	Other assets	$ 6,033	$ 1,145
Interest Rate Swap - Liability	Accrued expenses	$ —	$ 104

Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Income

The tables below present the effect of cash flow hedge accounting on Accumulated Other Comprehensive Income.

	Amount of Gain (Loss) Recognized in OCI on Derivative		
	Year Ended December 31,		
Derivatives in Cash Flow Hedging Instruments:	**2021**	**2020**	**2019**
Interest Rate Swaps	$ 5,391	$ 1,017	$ —

		Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income		
		Year Ended December 31,		
Derivatives Designated as Hedging Instruments:	**Income Statement Location**	**2021**	**2020**	**2019**
Interest Rate Swaps	Other income/(expense)	$ (157)	$ (24)	$ —

15. Segment Information

The Company reports revenue from 10 segments, consisting of its seven geographic Nu Skin segments—Mainland China, Americas, South Korea, Southeast Asia/Pacific, EMEA, Japan, and Hong Kong/Taiwan—and three Rhyz Investments segments—Manufacturing, Grow Tech and Rhyz other. The Nu Skin other category includes miscellaneous corporate revenue and related adjustments. The Rhyz other segment includes other investments by our Rhyz strategic investment arm. These segments reflect the way the chief operating decision maker evaluates the Company's business performance and allocates resources. Reported revenue includes only the revenue generated by sales to external customers.

Profitability by segment as determined under US GAAP is driven primarily by the Company's transfer pricing policies. Segment contribution, which is the Company's segment profitability metric presented in the table below, excludes certain intercompany charges, specifically royalties, license fees, transfer pricing, discrete charges and other miscellaneous items. These charges have been included in Corporate and other expenses. Corporate and other expenses also include costs related to the Company's executive and administrative offices, information technology, research and development, and marketing and supply chain functions not recorded at the segment level.

In the first quarter of 2021, as a result of a change in the Company's transfer pricing policies in the Americas, the segment contribution calculation has been adjusted. The prior year Americas and Corporate and other has been recast to conform with the new policy.

Beginning in July 2021, the Company has changed how the chief operating decision maker manages and reports the Pacific market. The Pacific market will be now be reported with the Southeast Asia segment and no longer with the Americas segment. Segment information has been recast to reflect the move of the Pacific components from the "America/Pacific" operating segment to the "Southeast Asia/Pacific" operating segment. Consolidated financial information is not affected.

The accounting policies of the segments are the same as those described in Note 2, "Summary of Significant Accounting Policies." The Company evaluates the performance of its segments based on revenue and segment contribution. Each segment records direct expenses related to its employees and its operations.

Summarized financial information for the Company's reportable segments is shown in the following tables. Asset information is not reviewed or included with the Company's internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment.

Revenue by Segment

	Year Ended December 31,		
(U.S. dollars in thousands)	2021	2020	2019
Nu Skin			
Mainland China	$ 568,774	$ 625,538	$ 722,526
Americas	547,755	453,022	304,422
South Korea	354,252	326,478	329,978
Southeast Asia/Pacific	336,651	361,627	346,276
EMEA	283,200	230,246	167,165
Japan	266,216	273,681	260,039
Hong Kong/Taiwan	162,611	161,117	166,335
Nu Skin Other	1,549	(17)	1,621
Total Nu Skin	2,521,008	2,431,692	2,298,362
Rhyz Investments			
Manufacturing (1)	172,120	149,339	121,917
Grow Tech	2,104	903	137
Rhyz Other	437	—	—
Total Rhyz Investments	174,661	150,242	122,054
Total	$ 2,695,669	$ 2,581,934	$ 2,420,416

(1) The Manufacturing segment had $84.5 million, $39.4 million and $25.7 million of intersegment revenue for the years ended December 31, 2021, 2020 and 2019, respectively. Intersegment revenue is eliminated in the consolidated financial statements and in the table above.

Segment Contribution

	Year Ended December 31,		
(U.S. dollars in thousands)	2021	2020	2019
Nu Skin			
Mainland China	$ 151,645	$ 181,024	$ 191,570
Americas	116,265	86,386	52,135
South Korea	114,034	100,933	99,892
Southeast Asia/Pacific	81,779	87,753	90,666
EMEA	41,988	24,078	10,195
Japan	67,511	68,027	61,081
Hong Kong/Taiwan	37,330	33,466	33,569
Nu Skin contribution	610,552	573,039	539,108
Rhyz Investments			
Manufacturing	18,346	21,168	15,693
Grow Tech	(83,907)	(22,430)	(19,509)
Rhyz Other	(1,813)	—	—
Rhyz Investments contribution	(67,374)	(1,262)	(3,816)
Total segment contribution	543,178	571,777	535,292
Corporate and other	(309,186)	(314,213)	(267,866)
Operating income	233,992	257,564	267,426
Other income (expense)	(1,533)	(1,332)	(12,254)
Income before provision for income taxes	$ 232,459	$ 256,232	$ 255,172

Depreciation and Amortization

(U.S. dollars in thousands)	Year Ended December 31, 2021	2020	2019
Nu Skin			
Mainland China	$ 13,345	$ 11,056	$ 10,496
Americas	871	984	767
South Korea	3,279	3,620	5,093
Southeast Asia/Pacific	1,450	1,670	2,012
EMEA	1,106	1,017	1,260
Japan	906	1,876	3,866
Hong Kong/Taiwan	3,637	2,912	2,310
Total Nu Skin	24,594	23,135	25,804
Rhyz Investments			
Manufacturing	11,765	8,081	6,689
Grow Tech	4,888	5,092	4,008
Other Rhyz Investments	1,579	—	—
Total Rhyz Investments	18,232	13,173	10,697
Corporate and other	33,494	37,683	40,149
Total	$ 76,320	$ 73,991	$ 76,650

Capital Expenditures

(U.S. dollars in thousands)	Year Ended December 31, 2021	2020	2019
Nu Skin			
Mainland China	$ 24,382	$ 19,363	$ 14,814
Americas	714	1,061	1,283
South Korea	854	1,420	1,223
Southeast Asia/Pacific	1,330	2,197	816
EMEA	1,242	1,875	364
Japan	194	3,128	1,528
Hong Kong/Taiwan	736	708	3,203
Total Nu Skin	29,452	29,752	23,231
Rhyz Investments			
Manufacturing	14,022	14,366	6,595
Grow Tech	1,683	2,499	6,938
Other Rhyz Investments	—	—	—
Total Rhyz Investments	15,705	16,865	13,533
Corporate and other	23,458	17,206	29,303
Total	$ 68,615	$ 63,823	$ 66,067

Revenue by Major Market

A major market is defined as one with total revenue greater than 10% of consolidated total revenue. Based on this criteria, the Company has identified four major markets: Mainland China, South Korea, United States, and Japan. There are approximately 45 other markets, each of which individually is less than 10%. No single customer accounted for 10% or more of net sales for the periods presented. Sales are recorded in the jurisdiction in which the transactions occurred:

(U.S. dollars in thousands)	Year Ended December 31, 2021	2020	2019
Mainland China	$ 568,774	$ 625,538	$ 722,526
South Korea	354,252	326,478	329,978
Japan	266,216	273,681	260,039
United States	540,253	425,155	324,727
All others	966,174	931,082	783,146
Total	$ 2,695,669	$ 2,581,934	$ 2,420,416

Revenue by Product Line

(U.S. dollars in thousands)	Year Ended December 31, 2021	2020	2019
Beauty [1]	$ 1,442,659	$ 1,491,803	$ 1,423,485
Wellness [1]	1,062,549	922,553	863,125
Other [2]	190,461	167,578	133,806
Total	$ 2,695,669	$ 2,581,934	$ 2,420,416

(1) Includes sales of beauty and wellness products in the core Nu Skin business. The beauty category includes $658 million, $712 million, $618 million in sales of devices and related consumables for the years ended December 31, 2021, 2020 and 2019, respectively.
(2) Other includes the external revenue from the Rhyz companies along with a limited number of other products and services, including household products and technology services.

Long-Lived Assets by Major Market

A major market is defined as a market with long-lived assets greater than 10% of consolidated long-lived assets and also includes the Company's country of domicile (the United States). Long-lived assets in Mainland China consist primarily of property, plant and equipment related to manufacturing, distribution facilities and the Mainland China headquarters. Long-lived assets in the United States consist primarily of property, plant and equipment, including the Company's corporate offices and distribution facilities. Long-lived assets by major market are set forth below for the periods ended December 31, 2021, 2020 and 2019:

(U.S. dollars in thousands)	Year Ended December 31, 2021	2020	2019
United States	$ 335,020	$ 348,028	$ 354,410
Mainland China	149,124	152,312	136,845
South Korea	25,364	39,104	35,286
Japan	23,929	31,085	12,015
All others	47,687	62,141	59,374
Total	$ 581,124	$ 632,670	$ 597,930

16. Commitments and Contingencies

The Company is subject to government regulations pertaining to product formulation, labeling and packaging, product claims and advertising, and the Company's direct selling system. The Company is also subject to the jurisdiction of numerous foreign tax and customs authorities. Any assertions or determination that either the Company or the Company's sales force is not in compliance with existing statutes, laws, rules or regulations could have a material adverse effect on the Company's operations. In addition, in any country or jurisdiction, the adoption of new statutes, laws, rules or regulations or changes in the interpretation of existing statutes, laws, rules or regulations could have a material adverse effect on the Company and its operations. No assurance can be given that the Company's compliance with applicable statutes, laws, rules and regulations will not be challenged by foreign authorities or that such challenges will not have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company and its Subsidiaries are defendants in litigation, investigations and other proceedings involving various matters. The Company is subject to loss contingencies, including various legal and regulatory proceedings, asserted and potential claims that arise in the ordinary course of business. An estimated loss from such contingencies is recognized as a charge to income if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The Company is subject to regular audits by federal, state and foreign tax authorities. These audits may result in additional tax liabilities. The Company believes it has appropriately provided for income taxes for all years. Several factors drive the calculation of its tax reserves. Some of these factors include: (i) the expiration of various statutes of limitations; (ii) changes in tax law and regulations; (iii) issuance of tax rulings; and (iv) settlements with tax authorities. Changes in any of these factors may result in adjustments to the Company's reserves, which would impact its reported financial results.

17. Other Income (Expense), Net

Other income (expense), net was $1.5 million, $1.3 million and $12.3 million of expense in 2021, 2020 and 2019, respectively. Other income (expense), net includes $11.0 million, $13.1 million and $19.2 million in interest expense during 2021, 2020 and 2019, respectively.

18. Supplemental Cash Flow Information

Cash paid for interest totaled $8.6 million, $11.2 million and $17.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. Cash paid for income taxes totaled $96.0 million, $56.2 million and $97.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

19. Acquisitions

In December 2020, the Company acquired 100% of the outstanding equity interest of Ingredient Innovations International Company ("3i"). The purchase price for 3i was $15.7 million, net of cash acquired of $2.1 million and $0.8 million to be paid within six months, all payable in cash. In addition, there is potential for an incremental $7.0 million in contingent consideration, which becomes payable if certain performance targets are reached in 2021 and 2022. The fair value of the contingent consideration recorded on the acquisition date was $3.1 million. The Company allocated the gross purchase price of $24.5 million to the assets acquired and liabilities assumed at estimated fair values. The estimated fair value of assets acquired included $14.4 million of intangible assets, $0.3 million of property and equipment, $2.1 million of cash, $0.8 million of accounts receivable and less than $0.3 million of inventory, and the acquisition also included approximately $0.3 million of current liabilities and resulted in a deferred tax liability of $3.1 million. The excess purchase price over the aggregate fair value of assets acquired less liabilities assumed of $6.4 million was recorded as goodwill. The intangible assets acquired were comprised of $3.7 million for Customer relationships, $10.0 million for technology and $0.7 million for other intangibles, all with an assigned estimated useful life of approximately 8 years. All the goodwill was assigned to our Manufacturing segment. The allocation of the fair value of assets acquired and liabilities assumed for the acquisition was finalized during the three months ended March 31, 2021.

In April 2021, the Company acquired 100% ownership in MyFavoriteThings, Inc. ("Mavely") making Mavely a wholly owned subsidiary of the Company. The acquisition enables the Company to continue to expand its digital tools. The purchase price for Mavely was $16.8 million, net of cash acquired of $0.4 million and $0.9 million to be paid within six months, all payable in cash. In addition, there is potential for an incremental $24.0 million in contingent consideration, which becomes payable if certain revenue and profitability targets are reached in 2021, 2022 and 2023. The fair value of the contingent consideration recorded on the acquisition date was $8.7 million. The Company allocated the gross purchase price of $29.4 million to the assets acquired and liabilities assumed at estimated fair values. The estimated fair value of assets acquired included $16.4 million of intangible assets, $0.4 million of cash, $0.1 million of accounts receivable, and also resulted in a deferred tax liability of $3.5 million. The excess purchase price over the aggregate fair value of assets acquired less liabilities assumed of $12.6 million was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies. None of the goodwill is expected to be deductible for income tax purposes. The intangible assets acquired were comprised of $2.0 million for customer relationships, $11.3 million for technology, $2.8 million for trademarks and $0.3 million for other intangibles. The intangibles were assigned useful lives of 8 years for the technology and trademarks, approximately 4 years for the customer relationships and 3 years for the other intangibles. All the goodwill was assigned to our Rhyz other segment. The allocation of the fair value of assets acquired and liabilities assumed for the acquisition was finalized during the three months ended September 30, 2021.

20. Restructuring and Severance Charges

In 2021, the Company determined to exit the Grow Tech segment, to better align its resources on key strategic initiatives to achieve the future growth objectives and priorities of the core Nu Skin business. The Grow Tech segment was pursuing the commercialization of controlled-environment agriculture for use in the agriculture feed industry. This segment has been operating as part of the Company's Rhyz strategic investment arm. As a result of the restructuring program, the Company recorded a non-cash charge of $38.5 million in 2021, including $9.2 million for impairment of goodwill, $9.0 million for impairment of intangibles, $13.7 million of fixed asset impairments and $6.6 million for inventory write-off, and $20.0 million of cash charges, including $6.5 million for employee severance and $13.5 million for other related cash charges with our restructuring. As of December 31, 2021, the $20.0 million liability related to the cash charges was recorded within accrued expenses. The Company expects to pay out the remaining liability in the first half of 2022. The restructuring charges were recorded in the Grow Tech segment.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Nu Skin Enterprises, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Nu Skin Enterprises, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Income Taxes

As described in Notes 2 and 11 to the consolidated financial statements, the Company recorded a provision for income taxes of $85 million for the year ended December 31, 2021 and reported $24 million in deferred tax assets net of a valuation allowance of $80 million and $51 million in deferred tax liabilities. The Company also reported uncertain tax positions of $15 million as of December 31, 2021. The Company pays income taxes in many foreign jurisdictions based on the profits realized in those jurisdictions, which can be significantly impacted by terms of intercompany transactions between the Company and its foreign affiliates. The Company takes an asset and liability approach for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are created in this process and are calculated using anticipated tax rates and are then netted by jurisdiction. Management establishes valuation allowances when necessary to reduce deferred tax assets to the amounts expected to be ultimately realized. The Company has recorded unrecognized tax benefits related to multiple foreign and domestic jurisdictions. As disclosed by management, potential changes in unrecognized tax benefits can arise from the multiple jurisdictions in which the Company operates, as well as the expiration of various statutes of limitation and possible completion of tax examinations.

The principal considerations for our determination that performing procedures relating to income taxes is a critical audit matter are (i) the significant judgment by management when developing the provision for income taxes, deferred tax assets and the liability for unrecognized tax benefits, which in turn, led to significant auditor judgment, subjectivity and effort in performing audit procedures and evaluating audit evidence relating to these account balances and tax positions; and (ii) the audit effort included the involvement of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to income taxes. These procedures also included, among others, (i) testing the accuracy of the global income tax provision, including the rate reconciliation, return to provision adjustments, and permanent and temporary differences; (ii) evaluating management's assessment of the realizability of deferred tax assets on a jurisdictional basis; (iii) evaluating the identification of reserves for uncertain tax positions and the reasonableness of the "more likely than not determination" in consideration of the expiration of various statutes of limitations, changes in tax law and regulations, terms of intercompany agreements, and issuance of tax rulings and settlements with tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the reasonableness of management's estimates and application of local and international income tax law.

/s/ PricewaterhouseCoopers LLP
Salt Lake City, Utah
February 16, 2022

We have served as the Company's auditor since 1994, which includes periods before the Company became subject to SEC reporting requirements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the Securities and Exchange Commission under the Exchange Act, and they include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021.

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) under the Exchange Act as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed, as of December 31, 2021, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the framework *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting. There was no change during the fiscal quarter ended December 31, 2021 in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

The information required by Items 10, 11, 12, 13 and 14 of Part III will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference to our Definitive Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after our fiscal year end, except for certain information required by Item 10 with respect to our executive officers which is set forth under Item 1. Business of this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this Form 10-K:

1. Financial Statements. See Index to Consolidated Financial Statements under Item 8 of Part II.
2. Financial Statement Schedules. N/A
3. Exhibits. References to the "Company" shall mean Nu Skin Enterprises, Inc. Unless otherwise noted, the SEC file number for exhibits incorporated by reference is 001-12421.

3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed September 16, 1996, file no. 333-12073).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed March 1, 2010).
3.3	Certificate of Designation, Preferences and Relative Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, filed March 15, 2005).
3.4	Fourth Amended and Restated Bylaws of Nu Skin Enterprises, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 10, 2017).
4.1	Specimen Form of Stock Certificate for Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed May 7, 2020).
4.2	Description of the Registrant's Securities Registered Under Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed February 13, 2020).
10.1	Credit Agreement among the Company, various financial institutions, and Bank of America, N.A. as administrative agent, dated as of April 18, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 23, 2018).
#10.2	Amended and Restated Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan ("Amended & Restated 2010 Plan") (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2013).
#10.3	Form of Amended and Restated 2010 Plan Stock Option Grant Agreement (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015).
#10.4	Form of Amended and Restated 2010 Plan Performance Stock Option Grant Agreement (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed February 27, 2017).
#10.5	Form of Amended and Restated 2010 Plan Director Stock Option Grant Agreement (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015).

#10.6	Second Amended and Restated Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan ("Second Amended and Restated 2010 Plan") (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 24, 2016).
#10.7	Form of Second Amended and Restated 2010 Plan Stock Option Grant Agreement (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed February 27, 2017).
#10.8	Form of Second Amended and Restated 2010 Plan Restricted Stock Unit Grant Agreement (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed February 14, 2019).
#10.9	Form of Second Amended and Restated 2010 Plan Performance Stock Option Grant Agreement (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed February 13, 2020).
#10.10	Form of Second Amended and Restated 2010 Plan Director Stock Option Grant Agreement (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed February 27, 2017).
#10.11	Form of Second Amended and Restated 2010 Plan Non-U.S. Director Stock Option Grant Agreement (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed February 27, 2017).
#10.12	Third Amended and Restated 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed June 3, 2020, file no. 333-238908).
*#10.13	Form of Third Amended and Restated 2010 Plan Restricted Stock Unit Grant Agreement.
*#10.14	Form of Third Amended and Restated 2010 Plan Performance Restricted Stock Unit Grant Agreement.
#10.15	Form of Third Amended and Restated 2010 Plan Performance Stock Option Grant Agreement (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed February 11, 2021).
#10.16	Form of Third Amended and Restated 2010 Plan Director Restricted Stock Unit Grant Agreement (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed February 11, 2021).
#10.17	Nu Skin Enterprises, Inc. 2009 Key Employee Death Benefit Plan (incorporated by reference to Exhibit 10.58 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, filed February 23, 2011).
*#10.18	Fourth Amended and Restated Nu Skin Enterprises, Inc. Deferred Compensation Plan, effective as of January 1, 2022.
#10.19	Form of Indemnification Agreement between the Company and its Executive Officers and Directors (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, filed November 4, 2016).
*#10.20	Nu Skin Enterprises, Inc. Executive Severance Policy, amended and restated effective as of October 15, 2020.
#10.21	Employment Agreement between the Company and Joseph Y. Chang, effective as of October 15, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 20, 2020).
#10.22	Employment Letter Agreement with Connie Tang (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021, filed May 5, 2021).

*21.1	Subsidiaries of the Company.
*23.1	Consent of PricewaterhouseCoopers LLP.
*31.1	Certification by Ryan S. Napierski, Chief Executive Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification by Mark H. Lawrence, Chief Financial Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification by Ryan S. Napierski, Chief Executive Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification by Mark H. Lawrence, Chief Financial Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed or furnished herewith.
\# Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 16, 2022.

NU SKIN ENTERPRISES, INC.

By: /s/ Ryan. S. Napierski
Ryan S. Napierski
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 16, 2022.

Signatures	Capacity in Which Signed
/s/ Steven J. Lund Steven J. Lund	Executive Chairman of the Board
/s/ Ryan S. Napierski Ryan S. Napierski	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Mark H. Lawrence Mark H. Lawrence	Chief Financial Officer (Principal Financial Officer)
/s/ James D. Thomas James D. Thomas	Chief Accounting Officer (Principal Accounting Officer)
/s/ Emma S. Battle Emma S. Battle	Director
/s/ Daniel W. Campbell Daniel W. Campbell	Director
/s/ Andrew D. Lipman Andrew D. Lipman	Director
/s/ Laura Nathanson Laura Nathanson	Director
/s/ Thomas R. Pisano Thomas R. Pisano	Director
/s/ Zheqing Shen Zheqing Shen	Director
/s/ Edwina D. Woodbury Edwina D. Woodbury	Director

Exhibit 10.13

NU SKIN ENTERPRISES, INC.
THIRD AMENDED AND RESTATED 2010 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement, Participant's award information (the "Award Summary"), which can be accessed on the Morgan Stanley stock plan website (currently www.stockplanconnect.com) or the website of any other stock plan administrator selected by the Company in the future, and the Appendix for Participant's country contained in this agreement, if any, (collectively, this "Agreement") sets forth the terms and conditions of the Restricted Stock Units granted to Participant under the Third Amended and Restated Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan (the "Plan"). In the event of a conflict between (i) the terms and conditions of the Plan; and (ii) the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Unless otherwise defined herein, the capitalized terms in this Agreement shall have the same defined meaning assigned to them in the Plan.

1. Grant of Restricted Stock Units.

1.1 Grant of Restricted Stock Units. Effective as of the date of grant specified in the Award Summary (the "Grant Date"), the Company grants to Participant an award of the number of Restricted Stock Units as set forth in the Award Summary. Each Restricted Stock Unit is a bookkeeping entry representing the Company's unfunded promise to deliver one Share on the terms provided herein and in the Plan.

1.2 Vesting of Restricted Stock Units. The Restricted Stock Units shall vest on the dates (the "Vesting Dates") and in the amounts determined by the Committee and set forth in the Award Summary, except as otherwise provided in this Agreement, including pursuant to Sections 1.3 and 4.

1.3 Termination of Continuous Service. In the event Participant's Continuous Service (as defined below) is terminated for any reason prior to the full vesting of the Restricted Stock Units, the Restricted Stock Units granted hereunder shall terminate to the extent they are not vested as of the termination of Participant's Continuous Service, as determined in accordance with Section 9(h) below, and Participant shall not have any right to receive any Shares subject to such unvested Restricted Stock Units.

For purposes of this Agreement:

"Continuous Service" means that Participant's service with the Company or a Subsidiary, whether as an Employee, Director, or Consultant, is not interrupted or terminated. Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which Participant renders service to the Company or a Subsidiary as an Employee, Consultant, or Director, or a change in the entity for which Participant renders such service, provided that there is no interruption or termination of Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of a Subsidiary or a Director will not constitute an interruption of Continuous Service. Subject to the requirements of applicable law, the Committee, in its sole discretion, shall determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by the Company or a Subsidiary, including sick leave, military leave or any other personal leave.

1.4 Settlement of Restricted Stock Units. Subject to the terms of the Plan and this Agreement, Restricted Stock Units shall be settled in Shares, provided that Participant has satisfied any Tax-Related Items pursuant to Section 8 below. Shares will be issued to Participant within 70 days following the applicable Vesting Date unless subject to the terms of the Company's deferred compensation plan; provided, however, that if the Participant is subject to taxation in the U.S. (a "U.S. Taxpayer"), the Restricted Stock Units vest pursuant to Section 1.6 below and the Restricted Stock Units are considered "non-qualified deferred compensation" subject to Section 409A of the Code ("Code Section 409A," and such compensation, "Deferred Compensation"), the Shares will be issued in accordance with the following schedule: (i) if the termination event giving rise to the vesting acceleration occurs prior to the Change in Control and the Change in Control constitutes a "change in control event" (within the meaning of U.S. Treasury Regulation 1.409A-3(i)(5)(i)) (a "409A CIC"), the Shares will be issued on the date of the Change in Control, and if the Change in Control does not constitute a 409A CIC, the Shares will be issued on the date that is six months following the Participant's "separation from service" (within the meaning of Code Section 409A) (a "Separation from Service"); (ii) if the termination event giving rise to the vesting acceleration occurs on or following the Change in Control and the Change in Control constitutes a 409A CIC, then the Shares will be issued within 30 days following the Participant's Separation from Service, and if the Change in Control is not a 409A CIC, then the Shares will be issued on the date that is six months following the Participant's Separation from Service.

Notwithstanding the foregoing, for purposes of complying with Code Section 409A, if the Participant is a U.S. Taxpayer, the Restricted Stock Units are considered Deferred Compensation and the Restricted Stock Units are to be settled in connection with a termination contemplated under Section 1.6 below, the Company and the Participant shall take all steps necessary (including with regard to any post-termination services by the Participant) to ensure that a termination contemplated under Section 1.6 constitutes a Separation from Service. In addition, if the Restricted Stock Units are Deferred Compensation, the Restricted Stock Units are settled upon the Participant's Separation from Service and the Participant is a "specified employee," within the meaning of Code Section 409A, on the date the Participant experiences a Separation from Service, then the Shares will be issued on the first business day of the seventh month following the Participant's Separation from Service, or, if earlier, on the date of the Participant's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Code Section 409A.

1.5 Stockholder Rights. Unless and until Shares are issued by the Company after the Vesting Date, Participant shall have none of the rights or privileges of a shareholder of the Company (including voting, dividend and liquidation rights) with respect to the Shares covered by the Restricted Stock Units.

1.6 Change in Control. Notwithstanding any provision in this Agreement to the contrary, if, within six months prior to and in connection with a Change in Control or within two years following such Change in Control, Participant's employment is terminated (i) by the Company and its Subsidiaries without Cause, or (ii) by Participant for Good Reason, the vesting of the Restricted Stock Units governed by this Agreement shall be accelerated such that all such Restricted Stock Units shall be deemed to be vested in full immediately prior to the termination of Participant's employment.

For purposes of this Agreement:

"Cause" shall mean that Participant has engaged in any one of the following:

(a) a material breach by Participant of the Company's Key Employee Covenants, other employee covenants or any employment agreement, which breach is not cured within any applicable cure period set forth the respective document

(b) any willful violation by Participant of any material law or regulation applicable to the business of the Company or any of its Subsidiaries;

(c) Participant's conviction of, or a plea of guilty or nolo contendere to, a felony or any willful perpetration of common law fraud (or analogous violation of law in a jurisdiction outside the United States); or

(d) any other willful misconduct by Participant that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its Subsidiaries.

For purposes of the foregoing, in determining whether a "material breach" has occurred, or whether there has been a willful violation of a "material" law or regulation, the standard shall be a breach or violation that is, or will reasonably likely be, materially injurious to the financial condition or business reputation of, or is, or will reasonably likely be, otherwise materially injurious to, the Company or any of its Subsidiaries.

"Good Reason" shall mean the occurrence any of the following events that result in a material negative change to Participant:

(a) without Participant's consent, a material reduction in the scope of Participant's duties and responsibilities or the level of management to which Participant reports;

(b) without Participant's consent, a reduction in base salary (other than an across-the-board reduction of not more than 10% applicable to all similarly situated employees);

(c) without Participant's consent, a material reduction in Participant's benefits in the aggregate (in terms of benefit levels) from those provided to Participant under any employee benefit plan, program and practice in which Participant participates;

(d) without Participant's consent, a relocation of Participant's principal place of employment of more than 50 miles from Participant's primary residence;

(e) the failure of the Company to have a successor entity specifically assume this Agreement or any employment agreement within 10 business days after a Change in Control; or

(f) a material breach by the Company a successor entity of this Agreement or any employment agreement.

Notwithstanding the foregoing, Good Reason shall only be found to exist if Participant, not later than 90 days after the initial occurrence of an event deemed to give rise to a right to terminate for Good Reason, has provided 30 days written notice to the Company prior to Participant's resignation indicating and describing the event resulting in such Good Reason, and the Company does not cure such event (other than the event in clause vi), which shall not be subject to cure) within 90 days following the receipt of such notice from Participant.

2. Securities Law Compliance. Participant represents that Participant has received and carefully read a copy of the Prospectus for the Plan, together with the Company's most recent Annual Report to Stockholders. Participant hereby acknowledges that Participant is aware of the risks associated with the Shares and that there can be no assurance the price of the Shares will not decrease in the future. Participant hereby acknowledges no representations or statements have been made to Participant concerning the value or potential value of the Shares. Participant acknowledges that Participant has relied only on information contained in the Prospectus and has received no representations, written or oral, from the Company or its employees, attorneys or agents, other than those contained in the Prospectus or this Agreement. Participant acknowledges that the Company has made no representations or recommendations, and is not providing any tax, legal or financial advice, regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

3. Transfer Restrictions. Participant shall not transfer, assign, sell, encumber, pledge, grant a security interest in or otherwise dispose of the Restricted Stock Units subject to this Agreement in any manner other than by the laws of descent or distribution. Any such transfer, assignment, sale, encumbrance, pledge, security interest or disposition shall be void.

4. Forfeiture. If, at any time during Participant's Continuous Service or at any time during the 12-month period following termination of Participant's Continuous Service, Participant engages in conduct that constitutes Cause (as defined above), then at the election of the Committee, (a) this Agreement and all unvested Restricted Stock Units granted hereunder shall terminate, and (b) Participant shall return to the Company for cancellation all Shares held by Participant plus pay the Company the amount of any proceeds received from the sale of any Shares, to the extent such Shares were issued pursuant to Restricted Stock Units granted under this Agreement that vested (i) during the 12-month period immediately preceding the Cause, or (ii) on the date of or at any time after such Cause.

The forfeiture provisions of this Section 4 shall be applied by the Committee, at its discretion, to the maximum extent permitted under applicable laws. Further, these provisions are in addition to, and not in lieu of, any recoupment requirements under the Sarbanes-Oxley Act or under other applicable laws, rules, regulations or stock exchange listing standards, including, without limitation, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or Section 10D of the U.S. Securities Exchange Act of 1934, as amended, and shall apply notwithstanding anything to the contrary in this Agreement or in the Plan. Participant expressly agrees that the Company may take such actions as are necessary or appropriate to effectuate the foregoing (as applicable to Participant) or applicable law without further consent or action being required by Participant. For purposes of the foregoing and as a condition to the grant, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to Morgan Stanley (or any other stock plan service provider engaged by the Company to administer awards granted under the Plan) to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

5. Governing Plan Document. This Agreement incorporates by reference all of the terms and conditions of the Plan, as presently existing and as hereafter amended. Participant expressly acknowledges and agrees that the terms and provisions of this Agreement are subject in all respects to the provisions of the Plan. Participant also expressly:

(a) Acknowledges receipt of the Plan and represents that Participant is familiar with the provisions of the Plan, and that Participant enters into this Agreement subject to all of the provisions of the Plan;

(b) Recognizes that the Committee has been granted complete authority to administer the Plan in its sole discretion, and agrees to accept all decisions related to the Plan and all interpretations of the Plan made by the Committee as final and conclusive upon Participant and upon all persons at any time claiming any interest through Participant in the Restricted Stock Units or the Shares subject to this Agreement; and

(c) Acknowledges and understands that the establishment of the Plan and the existence of this Agreement are not sufficient, in and of themselves, to exempt Participant from the requirements of Section 16(b) of the Exchange Act and any rules or regulations promulgated thereunder, and that Participant (to the extent Section 16(b) applies to Participant) shall not be exempt from such requirements pursuant to Rule 16b-3 unless and until Participant shall comply with all applicable requirements of Rule 16b-3, including without limitation, the possible requirement that Participant must not sell or otherwise dispose of any Shares acquired pursuant to Restricted Stock Units unless and until a period of at least six months shall have elapsed between the Grant Date and the date upon which Participant desires to sell or otherwise dispose of such Shares.

6. Representations and Warranties. As a condition to the receipt of any Shares upon vesting of the Restricted Stock Units, the Company may require Participant to make any representations and warranties to the Company that legal counsel to the Company may determine to be required or advisable under any applicable law or regulation, including without limitation, representations and warranties that the Shares are being acquired only for investment and without any present intention or view to sell or distribute any such Shares.

7. Compliance With Law and Regulations. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the Restricted Stock Units prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

8. Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company or the Employer in its discretion to be an appropriate charge to Participant even if legally applicable to the Company or the Employer ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of any Shares acquired at settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

Full payment of the Tax-Related Items shall be made by any of the following, or a combination thereof, subject to the Committee's or Company's right to eliminate, prior to vesting, any of the following as permissible payment methods: (i) in cash or cash equivalents (including certified check, bank check or wire transfer of immediately available funds); (ii) by tendering previously acquired Shares (either actually or by attestation) valued at their then-Fair Market Value; (iii) by withholding Shares otherwise issuable in connection with the vesting of the RSUs; (iv) through same-day voluntary or involuntary (on Participant's behalf pursuant to this authorization) sales through a broker if permitted by the Company's Securities Trading Policy; (v) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or (vi) any combination of any of the foregoing. In the absence of Participant's timely election or in the event Section 16(b) applies to Participant, the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, the Participant authorizes and directs the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligation with regard to all Tax-Related Items by one or a combination of the methods above.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable withholding rates in Participant's jurisdiction(s) (up to the rate that will not cause an adverse accounting consequence or cost, including pursuant to ASC Topic 718, as applicable). If the Company and/or the Employer withhold more than the amount necessary to satisfy the liability for Tax-Related Items, Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares, or if not refunded, Participant may be able to seek a refund from the applicable tax authorities. If the Company and/or the Employer withhold less than the amount necessary to satisfy the liability for Tax-Related Items, Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

9. Nature of Grant. In accepting the Restricted Stock Units, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been awarded in the past;

(c) nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in the employment or service of the Employer, the Company or any Subsidiary or be interpreted as forming or amending an employment or services contract with the Employer, the Company or any Subsidiary and shall not interfere with or restrict any way the ability of the Employer, the Company or any Subsidiary, as applicable, to terminate Participant's employment or service relationship, if any;

(d) all decisions with respect to future grants of Restricted Stock Units or other grants, if any, will be at the sole discretion of the Committee and/or Company;

(e) Participant's participation in the Plan is voluntary;

(f) the future value of the underlying Shares is unknown, indeterminable and unpredictable;

(g) unless otherwise agreed with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of any entity of the Company;

(h) in the event of the termination of Participant's Continuous Service (as defined above) (for any reason whatsoever, whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), unless otherwise determined by the Company, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of the date Participant is no longer actively rendering services and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when Participant is no longer providing Continuous Service for purposes of this Agreement, including whether Participant may still be considered to be providing active service while on a leave of absence; and

(i) Restricted Stock Units and the Shares subject to Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related pay, pension or retirement or welfare benefits or similar mandatory payments;

(j) Restricted Stock Units and the Shares subject to Restricted Stock Units, and the income and value of same, are not intended to replace any pension rights or compensation;

(k) Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for service of any kind rendered to the Company or to the Employer, and Restricted Stock Units are outside of the scope of Participant's employment agreement, if any;

(*l*) no claim or entitlement to compensation or damages shall arise from forfeiture of Restricted Stock Units resulting from termination of Participant's Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and

(m) neither the Company, the Employer nor any Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

10. Data Privacy Notice and Consent. ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data, as described in this Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Employer, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that the Employer, the Company and Subsidiaries may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address, telephone number, date of birth, social security number, passport information, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares or other equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Morgan Stanley, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Morgan Stanley and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of Restricted Stock Units may be deposited. Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company may not be able to grant Restricted Stock Units or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Upon request of the Company or the Employer, Participant agrees to provide an executed data privacy form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement as requested by the Company and/or the Employer.

11. Miscellaneous Provisions.

11.1 Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the sender's local mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the latest address on file or at such other address as such party may designate by ten days advance written notice under this Section to all other parties to this Agreement.

11.2 Waiver. The failure of the Company in any instance to exercise any rights under this Agreement, including the forfeiture rights under Section 4, shall not constitute a waiver of any other rights that may subsequently arise under the provisions of this Agreement or any other agreement between the Company and Participant. Participant acknowledges that no waiver by the Company of any breach of any provision of this Agreement shall operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other Participant, whether of like or different nature.

11.3 Imposition of Other Requirements & Participant Undertaking. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out the foregoing or one or more of the obligations or restrictions imposed on either Participant or the Shares pursuant to the provisions of this Agreement.

11.4 Entire Contract. This Agreement and the Plan constitute the entire understanding and agreement of the parties with respect to the subject matter contained herein. This Agreement is made pursuant to, and incorporates by reference, the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan.

11.5 Language. Participant acknowledges that he or she is sufficiently proficient in English, or, alternatively, Participant acknowledges that he or she will seek appropriate assistance to understand the terms and conditions in this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11.6 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

11.7 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon Participant, Participant's permitted assigns and the legal representatives, heirs and legatees of Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. Participant may not assign this Agreement other than by the laws of descent and distribution.

11.8 Severability. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

11.9 Governing Law and Choice of Venue. The Restricted Stock Units and the provisions of this Agreement shall be governed by, and subject to, the laws of the State of Utah, United States, without regard to the conflict of law provisions, as provided in the Plan. For purposes of litigating any dispute that arises under this Agreement or this grant of Restricted Stock Units, the parties hereby submit to and consent to the jurisdiction of the State of Utah, agree that such litigation shall be conducted in the courts of Utah County, Utah, or the federal courts of the United States for the District of Utah, where this grant is made and/or to be performed.

11.10 Appendix. Notwithstanding any provisions in this Agreement, the Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

11.11 Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, broker's country, or where Shares are listed, Participant may be subject to insider trading and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to such shares (e.g., Restricted Stock Units) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "material nonpublic information" or "inside information" regarding the Company (as defined by the laws or regulations in the relevant jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before Participant possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy, and the requirements of applicable laws may or may not be consistent with the terms of the Company's insider trading policy. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and that Participant should speak to his or her personal advisor on this matter.

11.12 Exchange Control Tax and Foreign Asset/Account Reporting Requirements. Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage, bank account or legal entity outside Participant's country. Participant may be required to report such accounts, balances, assets and/or the related transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations and Participant should consult his or her personal legal advisor for any details. Participant agrees to take any and all actions, and consents to any and all actions taken by the Company or the Employer as may be required to allow the Company or the Employer to comply with local laws, rules and regulations in Participant's country of residence (and country of employment, if different). Finally, Participant agrees to take any and all actions as may be required to comply with Participant's personal legal and tax obligations under local laws, rules and regulations in Participant's country of residence (and country of employment, if different).

11.13 Section 409A. The Restricted Stock Units and issuance of Shares thereunder are intended to comply with Code Section 409A and the U.S. Treasury Regulations relating thereto so as not to subject the Participant to the payment of additional taxes and interest under Code Section 409A or other adverse tax consequences. In furtherance of this intent, the provisions of this Agreement will be interpreted, operated, and administered in a manner consistent with these intentions. The Committee may modify the terms of this Agreement, the Plan or both, without the consent of the Participant, in the manner that the Committee may determine to be necessary or advisable in order to comply with Code Section 409A or to mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Code Section 409A if compliance is not practical. This Section 11.12 does not create an obligation on the part of the Company to modify the terms of this Agreement or the Plan and does not guarantee that the Restricted Stock Units or the delivery of Shares upon vesting/settlement of the Restricted Stock Units will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. Nothing in this Agreement shall provide a basis for any person to take any action against the Company or any of its Subsidiaries based on matters covered by Code Section 409A, including the tax treatment of any amounts paid under this Agreement, and neither the Company nor any of its Subsidiaries will have any liability under any circumstances to the Participant or any other party if the Restricted Stock Units, the delivery of Shares upon vesting/settlement of the Restricted Stock Units or other payment or tax event hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto. Further, settlement of any portion of the Restricted Stock Units that is Deferred Compensation may not be accelerated or postponed except to the extent permitted by Code Section 409A.

By electronically accepting this Agreement and participating in the Plan, Participant agrees to be bound by the terms and conditions in the Plan and this Agreement, including the Appendix. Within six months of the Grant Date, if Participant has not electronically accepted this Agreement on Morgan Stanley's website, or the website of any other stock plan service provider appointed by the Company, and has not otherwise rejected the grant, then this award shall automatically be deemed accepted, and Participant shall be bound by the terms and conditions in the Plan and this Agreement, including the Appendix.

APPENDIX

FOR PARTICIPANTS OUTSIDE THE U.S.

NU SKIN ENTERPRISES, INC.
THIRD AMENDED AND RESTATED
2010 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

Unless otherwise defined herein, the capitalized terms in this Appendix shall have the same defined meaning assigned to them in the Plan and the Agreement.

This Appendix includes special country-specific terms and conditions that apply to Participants in the countries listed below. This Appendix is part of the Agreement. This Appendix also includes information of which Participant should be aware with respect to his or her participation in the Plan. For example, certain individual exchange control reporting requirements may apply upon vesting of the Restricted Stock Units and/or sale of Shares. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2022 and is provided for informational purposes. Such laws are often complex and change frequently, and results may be different based on the particular facts and circumstances. As a result, the Company recommends that Participant does not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time the Restricted Stock Units vest or are settled, or Participant sells Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she currently is residing and/or working, transfers employment after the Restricted Stock Units are granted to him or her, or is considered a resident of another country for local law purposes, the terms and conditions and/or notifications contained herein may not be applicable to him or her, and the Company shall, in its discretion, determine to what extent such terms and conditions contained herein shall apply to him or her.

DATA PRIVACY PROVISIONS APPLICABLE TO GRANTEES IN THE EUROPEAN UNION/EUROPEAN ECONOMIC AREA

The following provision replaces Section 10 of the Agreement:

Data Collection and Usage. Pursuant to applicable data protection laws, Participant is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Participant for the exclusive legitimate purpose of granting Restricted Stock Units and implementing, administering and managing Participant's participation in the Plan. Specifics of the data processing are described below.

Controller, EU Representative and DPO. The Company is the controller responsible for the processing of Participant's personal data in connection with the Plan. The Company's representative in the European Union is NSE Products Europe BVBA, Da Vincilaan 9, 1935 Zaventem, Belgium, telephone number +32 2 722 70 00. Participant can reach the data protection officer ("DPO") of the Company at +1 (801) 345-1505, 75 West Center Street, Provo, Utah 84601.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Participant: Participant's name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, settled, vested, unvested or outstanding in Participant's favor, which the Company receives from Participant or the Employer, as well as Participant's hire date, term date, term reason code, status, and Company's Division ("Personal Data").

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of granting Restricted Stock Units, implementing, administering and managing Participant's participation in the Plan. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Agreement and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to Morgan Stanley Smith Barney LLC and its affiliated companies (collectively, "Morgan Stanley"), an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and may share Personal Data with such service providers. As a data controller, the Company's stock plan administrator will open an account for Participant to receive and trade Shares. Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant's ability to participate in the Plan. Participant's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Participant's participation in the Plan. Participant understands that Participant may request a list with the names and addresses of any potential recipients of Personal Data by contacting Participant's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, Morgan Stanley, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in, the United States. Participant understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Participant's Personal Data may not have an equivalent level of protection as compared to Participant's country of residence.

The legal basis for the processing of the Personal Data by the Company and the third-party service providers is the necessity of the data processing for the Company to perform its contractual obligations under the Agreement and generally administering employee equity awards.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs the Personal Data, the Company will remove it from its systems. If the Company keeps data longer, it would be to satisfy tax, legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Data Subject Rights. To the extent provided by law, Participant has the right to (i) inquire whether and what kind of Personal Data the Company holds about Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, or (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements. In addition, Participant has, to the extent provided by law, the right to (iv) request the Company to restrict the processing of Personal Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Personal Data that Participant has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Participant and is carried out by automated means. In case of concerns, Participant also has the right to (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Participant's rights, raise any other questions regarding the practices described in this Agreement or to exercise his or her rights, Participant should contact his or her local human resources representative.

Contractual Requirement. Participant's provision of Personal Data and its processing as described above is required for the performance of the Company's obligations pursuant to the Plan and a condition to Participant's ability to participate in the Plan. Participant understands that, as a consequence of Participant's refusing to provide Personal Data, the Company may not be able to allow Participant to participate in the Plan, grant Restricted Stock Units to Participant or administer or maintain such Restricted Stock Units. However, Participant's participation in the Plan and his or her acceptance of this Agreement are purely voluntary. While Participant will not receive Restricted Stock Units if he or she decides against participating in the Plan or providing Personal Data as described above, Participant's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Participant may contact his or her local human resources representative.

AUSTRALIA

Nature of Plan. The Plan and the Agreement is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in the Act).

Securities Law Information. The offer of Restricted Stock Units is intended to comply with the provisions of the Corporations Act 2001, Australian Securities & Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of Restricted Stock Units to Australian Resident Participants, which will be provided to Participant with this Agreement.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant's behalf.

BELGIUM

Foreign Asset/Account Reporting Information. Participant is required to report any securities (e.g., Shares acquired under the Plan) or bank accounts established outside of Belgium on his or her annual tax return. In a separate report, Belgium residents are also required to provide the National Bank of Belgium with the account details of any such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under Kredietcentrales / Centrales des crédits caption. Participant should consult a personal tax advisor with respect to the applicable reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new "annual securities accounts tax" applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

CANADA

Restricted Stock Units Only Payable in Shares. Notwithstanding any discretion in the Plan, the Restricted Stock Units will be settled in Shares only. The grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment.

Securities Law Information. Participant acknowledges and agrees that he or she will sell Shares acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange in the United States.

Foreign Asset/Account Reporting Information. Participant is required to report any specified foreign property (including Shares) annually on Form T1135 (Foreign Income Verification Statement) if the total cost of Participant's specified foreign property exceeds C$100,000 at any time during the year. The form must be filed by April 30th of the following year. Specified foreign property includes Shares acquired under the Plan and may include Restricted Stock Units. The Restricted Stock Units must be reported−generally at a nil cost−if the C$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at vesting for Restricted Stock Units, but if Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. It is Participant's responsibility to comply with applicable reporting obligations.

The following provisions apply if Participant is resident in Quebec:

Data Privacy. Participant hereby authorizes the Company, the Employer and their representatives, including any broker(s) designated by the Company to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company and its Subsidiaries to disclose and discuss the Plan with their advisors. Participant further authorizes the Company and its Subsidiaries to record such information and to keep such information in the his or her employee file.

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

CHINA

The following provisions apply only to Participants who are subject to exchange control restrictions imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion:

Settlement of Restricted Stock Units. This provision supplements Section 1.4 of the Agreement:

The Restricted Stock Units will only vest if and when the Company has completed the registration of the Plan with SAFE and provided such registration remains effective. If the Company is unable to complete the registration or maintain the registration, the settlement of the Restricted Stock Units may be delayed. Shares issued to Participant under the Plan must be maintained in an account with Morgan Stanley or such other broker as may be designated by the Company until the Shares are sold through that broker.

Furthermore, due to regulatory requirements, Participant acknowledges and agrees that Participant must sell any Shares issued to Participant upon vesting of the Restricted Stock Units as soon as practicable following the termination of Participant's Continuous Service and in no event later than six months following the termination of Participant's Continuous Service, or within any other such time frame as may be required by SAFE. Participant agrees that if Participant continues to hold any of such Shares after this time, the Shares will be sold by the Company's designated broker on Participant's behalf at the instruction of the Company. Therefore, by accepting the Restricted Stock Units, Participant understands and agrees that the Company is authorized to, and may in its sole discretion, instruct its designated broker to assist with the mandatory sale of Shares (on Participant's behalf pursuant to this authorization) and that Participant expressly authorizes the Company's designated broker to complete the sale of such Shares. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the proceeds, less any Tax-Related Items and brokerage fees or commissions will be remitted to Participant pursuant to the procedures described in the "Exchange Control Information" section below.

Exchange Control Information. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant will be required to immediately repatriate to China the cash proceeds from the sale of the Shares issued upon the vesting of the Restricted Stock Units. Participant further understands that, under local law, such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiary in China, and Participant hereby consents and agrees that the proceeds from the sale of Shares acquired under the Plan may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant. Participant agrees to bear the risk of any currency fluctuation between the time the Shares are sold, either through voluntary sale or through a mandatory sale arranged by the Company, or proceeds are otherwise realized under the Plan and the time such proceeds are distributed to Participant through the special exchange control account.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

DENMARK

Stock Option Act. Participant acknowledges that they have received an Employer Statement in Danish which sets forth additional terms of the Restricted Stock Units, to the extent that the Danish Stock Option Act applies to the Restricted Stock Units.

Foreign Asset/Account Reporting Information. If Participant establishes an account holding Shares or an account holding cash outside Denmark, he or she must report the account to the Danish Tax Administration. The form may be obtained from a local bank.

GERMANY

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with securities (including payment of the Grant Price and the proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was made/received. The report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the *Bundesbank's* website (www.bundesbank.de) and is available in both German and English. Participant is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. German residents holding Shares must notify their local tax office if the acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year. A qualified participation is attained only in the unlikely event (i) Participant owns at least 1% of the Company and the value of the Shares acquired exceeds €150,000, or (ii) Participant holds Shares exceeding 10% of the total capital of the Company.

HONG KONG

Restricted Stock Units Only Payable in Shares. Notwithstanding any discretion in the Plan, the Restricted Stock Units will be settled in Shares only. The grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment.

Restriction on Sale of Shares. Shares received under the Plan are accepted as a personal investment. Should any portion of the Restricted Stock Units vest within six months of the Grant Date, Participant agrees that Participant will not dispose of the Shares acquired at vesting prior to the six-month anniversary of the Grant Date.

Securities Law Information. *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Participant is advised to exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, Participant should obtain independent professional advice. The Restricted Stock Units and any Shares issued pursuant to the grant do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company. The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The Restricted Stock Units and any related documentation are intended only for the personal use of each eligible employee of the Company and may not be distributed to any other person.*

HUNGARY

There are no country-specific provisions.

INDIA

Exchange Control Information. Due to exchange control restrictions in India, Participant may be required to repatriate any proceeds from the sale of Shares acquired under the Plan to India and proceeds from the receipt of any cash dividends within such time as prescribed under applicable Indian exchange control laws. Participant must obtain a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the funds and must maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Asset/Account Reporting Information. Participant is required to declare foreign bank accounts and any foreign financial assets (including Shares held outside India) in his or her annual tax return. It is Participant's responsibility to comply with this reporting obligation and Participant should consult with his or her personal tax advisor in this regard.

INDONESIA

Language Consent and Notification. A translation of the documents related to this grant into Bahasa Indonesia can be provided to Participant upon request to hroperations@nuskin.com. By accepting the grant, Participant (i) confirms having read and understood the documents relating to this grant (*i.e.*, the Plan and the Agreement) which were provided in the English language, (ii) accepts the terms of those documents accordingly, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Language Consent and Notification. Terjemahan dari dokumen-dokumen terkait dengan pemberian ini ke Bahasa Indonesia dapat disediakan untuk anda berdasarkan permintaan kepada hroperations@nuskin.com. Dengan menerima hibah, anda (i) anda mengkonfirmasi bahwa anda telah membaca dan mengerti isi dokumen yang terkait dengan pemberian ini yang disediakan untuk anda dalam bahasa Inggris, (ii) Anda menerima syarat dari dokumen-dokumen tersebut, dan (iii) anda setuju bahwa anda tidak akan mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan atau Peraturan Presiden pelaksana (ketika diterbitkan).

Exchange Control Information. If Participant remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian Bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, Participant must complete a "Transfer Report Form." The Transfer Report Form should be provided to Participant by the bank through which the transaction is made.

Foreign Asset/Account Reporting Information. Indonesian residents have the obligation to report worldwide assets (including foreign accounts and Shares acquired under the Plan) in their annual individual income tax return.

JAPAN

Foreign Asset/Account Reporting Information. Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether Participant will be required to report details of any outstanding Restricted Stock Units or Shares held by Participant in the report.

KOREA

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*e.g.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Participant should consult with his or her personal tax advisor to determine how to value Participant's foreign accounts for purposes of this reporting requirement and whether Participant is required to file a report with respect to such accounts.

MALAYSIA

Director Notification Information. If Participant is a director of a Malaysian Subsidiary, Participant is subject to certain notification requirements under the Malaysian Companies Act, 1965. Among these requirements is an obligation to notify the Malaysian Subsidiary in writing when Participant receives an interest (*e.g.*, Restricted Stock Units) in the Company or any related companies. In addition, Participant must notify the Malaysian Subsidiary when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired under the Plan). These notifications must be made within fourteen days of acquiring or disposing of any interest in the Company or any related company.

Data Privacy Notice and Consent. This provision replaces in its entirety Section 10 of the Agreement:

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data, as described in this Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Employer, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Employer, the Company and Subsidiaries may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Employer and also by me through information collected in connection with the Agreement and the Plan.

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi Peserta seperti yang diterangkan dalam Perjanjian dan bahan-bahan geran Unit Saham Terbatas yang lain oleh dan di antara, seperti yang berkenaan, Majikan, Syarikat dan Anak-anak Syarikat untuk tujuan yang eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan.

Peserta memahami bahawa Majikan, Syarikat and Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa Syer atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Unit Saham Terbatas, atau apa-apa hak lain atas Syer yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah Peserta, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data"). Data tersebut dibekalkan oleh Majikan dan juga oleh saya berkenaan dengan Perjanjian dan Pelan.

Participant understands that Data will be transferred to Morgan Stanley, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative at +60-03-2170-7700. Participant authorizes the Company, Morgan Stanley and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of Restricted Stock Units may be deposited. Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company may not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Peserta memahami bahawa Data ini akan dipindahkan kepada Morgan Stanley, atau mana-mana pembekal perkhidmatan pelan saham lain sebagaimana yang dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan peserta di +60-03-2170-7700. Peserta memberi kuasa kepada Syarikat, Morgan Stanley dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan-tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Unit Saham Terbatas mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan peserta dalam Pelan. Peserta memahami bahawa sekiranya peserta menetap di luar Amerika Syarikat, peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan. Selanjutnya, Peserta memahami bahawa peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta kemudian membatalkan persetujuannya, status pekerjaan atau perkhidmatan dan kerjaya Peserta dengan Majikan tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik persetujuan Peserta adalah bahawa Syarikat tidak akan dapat memberikan Unit Saham Terbatas atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut kepada Peserta. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan peserta boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Securities Law Information. Participant is being offered Restricted Stock Units which, if vested, allows Participant to purchase Shares in accordance with the terms of this Agreement and the Plan. The Shares, if issued, will give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors have been paid. Participant may lose some or all of Participant's investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Participant may not be given all the information usually required. Participant will also have fewer other legal protections for this investment. Participant should ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if Participant acquires Shares under the Plan, Participant may be able to sell the Shares on the NYSE if there are interested buyers. Participant may get less than Participant invested. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at http://ir.nuskin.com.

NETHERLANDS

There are no country-specific provisions.

PHILIPPINES

Securities Law Information. This offering is subject to exemption from the requirements of securities registration with the Philippines Securities and Exchange Commission, under Section 10.1(k) of the Philippine Securities Regulation Code.

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FURTHER OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, Participant may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's website at http://ir.nuskin.com. In addition, Participant may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations Department at 75 W. Center Street, Provo, Utah 84601.

Participant acknowledges he or she is permitted to dispose or sell Shares acquired under the Plan provided the offer and resale of such shares takes place outside the Philippines through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange in the United States of America.

RUSSIA

Exchange Control Information. Participant acknowledges that he or she must repatriate the proceeds from the sale of Shares and any dividends received in relation to the Restricted Stock Units within a reasonably short time of receipt. Such amounts must be initially credited to Participant through a foreign currency account opened in his or her name at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks, provided certain requirements are satisfied. Participant must notify the Russian tax authorities about the opening/closing of each foreign account within one month of the account opening/closing and provide account balances in each foreign account as of the beginning of each calendar year. ***Participant is encouraged to contact his or her personal advisor with respect to satisfying the above-described currency rules, as significant penalties may apply in the case of non-compliance with exchange control requirements and because such exchange control requirements may change.***

U.S. Transaction. Participant understands that acceptance of the grant of the Restricted Stock Units results in a contract between Participant and the Company completed in the United States and that the Agreement is governed by the laws of the State of Utah, without regard to choice of law principles thereof. Any Shares to be issued upon vesting of the Restricted Stock Units shall be delivered to Participant through a brokerage account in the U.S. Participant may hold the Shares in his or her brokerage account in the U.S.; however, in no event will Shares issued to Participant under the Plan be delivered to Participant in Russia. Participant is not permitted to sell the Shares directly to other Russian legal entities or individuals.

Securities Law Information. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of Shares in Russia. The issuance of Shares pursuant to the Restricted Stock Units described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia. Participant acknowledges and agrees that he or she will sell Shares acquired through participation in the Plan only outside of Russia through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange in the United States.

Data Privacy Notice and Consent. Participant hereby acknowledges that he or she has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 of the Agreement and, by accepting the Restricted Stock Units, Participant agrees to such terms. In this regard, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form to the Employer or the Company, or any other agreements or consents that the Company and/or the Employer may deem necessary to obtain Participant's consent to collect, process or transfer Participant's Data for purposes of administering his or her participation in the Plan under the data privacy laws in Russia, either now or in the future. Participant understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

Foreign Asset/Account Reporting. Russian residents will be required to notify the Russian tax authorities within one month of opening or closing a foreign bank account or of changing any account details. Russian residents are also required to file with the Russian tax authorities reports of the transactions in their foreign bank accounts. Russian residents should consult with their personal tax advisor for additional information about these reporting obligations.

Labor Law Information. If Participant continues to hold Shares acquired under the Plan after an involuntary termination of employment, the Participant will not be eligible to receive unemployment benefits in Russia.

Anti-Corruption Information. Anti-corruption laws prohibit certain public servants, their spouses, and their dependent children from owning any foreign source financial instruments (*e.g.*, shares of foreign companies such as the Company).

SINGAPORE

Sale Restriction. Participant agrees that any Shares acquired pursuant to the Restricted Stock Units will not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") , or pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Securities Law Information. The grant of the Restricted Stock Units is made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA and is not made to Participant with a view of the Restricted Stock Units being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirement. Directors, associate directors and shadow directors of a Singapore subsidiary or affiliate are subject to certain notification requirements under the Singapore Companies Act. The directors, associate directors and shadow directors must notify the Singapore subsidiary or affiliate in writing of an interest (*e.g.*, Performance Restricted Stock Units, Shares, etc.) in the Company or any related companies within two business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.*, when the Shares are sold), or (iii) becoming a director, associate director or shadow director.

SWEDEN

There are no country-specific provisions.

TAIWAN

Data Privacy Consent. Participant hereby acknowledges that he or she has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 of the Agreement and by participating in the Plan, Participant agrees to such terms. In this regard, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Participant's country, either now or in the future. Participant understands he or she will not be able to participate in the Plan if Participant fails to execute any such consent or agreement.

Securities Law Information. The Restricted Stock Units and the Shares to be issued pursuant to the Plan are available only to employees of the Company. The grant of the Restricted Stock Units does not constitute a public offer of securities.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of Shares or the receipt of any dividends paid on such Shares) into or out of Taiwan up to US$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

THAILAND

Exchange Control Information. If the proceeds from the sale of Shares or the receipt of any dividends paid on such Shares are equal to or greater than US$1,000,000 or more in a single transaction, Participant must repatriate the proceeds to Thailand immediately upon receipt and convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 day of remitting the proceeds to Thailand. In addition Participant must report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If Participant fails to comply with these obligations, Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, Participant should consult his or her personal advisor before selling Shares to ensure compliance with current regulations. Participant is responsible for ensuring compliance with all exchange control laws in Thailand, and neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from his or her failure to comply with applicable laws.

SCHEDULE A
DENMARK EMPLOYER STATEMENT

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret mv. i ansættelsesforhold ("Aktieoptionsloven") er medarbejderen ("Medarbejderen") berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger vedrørende incitamentsordningen Third Amended and Restated 2010 Omnibus Incentive Plan ("Planen") hos Nu Skin Enterprises, Inc. ("Selskabet").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for Medarbejderens tildeling af " Restricted Stock Units" er nærmere beskrevet i Planen, " Restricted Stock Unit Agreement" ("Aftalen") og det øvrige tildelingsmateriale, som er blevet udleveret. Begreber, der står med stort begyndelsesbogstav i denne Arbejdsgivererklæring, men som ikke er defineret heri, har samme betydning som de begreber, der er defineret i Planen eller Aftalen.

1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser

Tidspunktet for tildelingen af "Restricted Stock Units" er den dato, hvor Bestyrelsens Vederlagsudvalg ("Udvalget") godkendte tildelingen.

2. Kriterier og betingelser for tildeling af retten til senere at modtage aktier

Kun Selskabets Medarbejdere, bestyrelsesmedlemmer og konsulenter kan deltage i Planen. Tildeling af " Restricted Stock Units" i henhold til Planen sker efter Selskabets eget skøn og har til formål at give Selskabet og dets datterselskaber mulighed for at tiltrække og fastholde udvalgte medarbejdere, som forventes at bidrage til Selskabets success og opnå langsigtede mål til gavn for Selskabets aktionærer. Medarbejderen har ikke nogen ret til eller noget krav på fremover at få tildelt " Restricted Stock Units".

3. Modningstidspunkt eller -periode

Dine "Restricted Stock Units" optjenes over et antal år som fastsat i Aftalen. Dine "Restricted Stock Units"r vil ved optjeningen blive konverteret til et tilsvarende antal ordinære aktier i Selskabet. Optjeningen kan accelerere under visse andre omstændigheder som beskrevet i Aftalen.

4. Udnyttelseskurs

Der betales ingen udnyttelseskurs ved modning af "Restricted Stock Units" eller udstedelse af aktier til Medarbejderen.

5. Medarbejderens retsstilling i forbindelse med fratræden

Såfremt du fratræder din stilling, vil dine "Restricted Stock Units" blive behandlet i overensstemmelse med ophørsbestemmelserne i Aftalen, der kan opsummeres til følgende: Undtagen i tilfælde af en "Change in Control" (som beskrevet i Aftalen) hvis dit ansættelsesforhold bringes til ophør, bortfalder dine ikke-optjente "Restricted Stock Units".

6. Økonomiske aspekter ved at deltage i Planen

Tildelingen af "Restricted Stock Units" har ingen umiddelbare økonomiske konsekvenser for Medarbejderen. Værdien af "Restricted Stock Units" indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser.

Ordinære aktier er finansielle instrumenter. Den fremtidige værdi af de underliggende aktier i forbindelse med "Restricted Stock Units" kendes ikke og kan ikke forudsiges med sikkerhed.

NU SKIN ENTERPRISES, INC.
THIRD AMENDED AND RESTATED 2010 OMNIBUS INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

This Performance Restricted Stock Unit Agreement, Participant's award information (the "Award Summary"), which can be accessed on the Morgan Stanley stock plan website (currently www.stockplanconnect.com) or the website of any other stock plan administrator selected by the Company in the future, and the Appendix for Participant's country contained in this agreement, if any, (collectively, this "Agreement") set forth the terms and conditions of the Performance Restricted Stock Units granted to Participant under the Third Amended and Restated Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan (the "Plan"). In the event of a conflict between (i) the terms and conditions of the Plan; and (ii) the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Unless otherwise defined herein, the capitalized terms in this Agreement shall have the same defined meaning assigned to them in the Plan.

1. Grant of Performance Restricted Stock Units.

1.1 Grant of Performance Restricted Stock Units. Effective as of the date of grant specified in the Award Summary (the "Grant Date"), the Company grants to Participant an award of [*]% of the number of Performance Restricted Stock Units specified in the Award Summary (i.e., [*]% of the number of Performance Restricted Stock Units that would vest upon achievement of [Performance Vesting Provisions], as set forth in Section 1.2). Each Performance Restricted Stock Unit is a bookkeeping entry representing the Company's unfunded promise to deliver one Share on the terms provided herein and in the Plan.

1.2 Vesting of Performance Restricted Stock Units. The Performance Restricted Stock Units shall vest as follows, except as otherwise provided in this Agreement, including pursuant to Sections 1.3 and 4:

(a) The Performance Restricted Stock Units shall be divided into [*] tranches. The percentage of each respective tranche that shall vest shall be determined in accordance with paragraph (b) below. Such percentage of each tranche shall vest on [Performance Vesting Provisions].

(b) The percentage of each respective tranche that shall vest shall be as described in Schedule A below.

1.3 Termination of Continuous Service. In the event Participant's Continuous Service (as defined below) is terminated for any reason prior to the full vesting of the Performance Restricted Stock Units, the Performance Restricted Stock Units granted hereunder shall terminate to the extent they are not vested as of the termination of Participant's Continuous Service, as determined in accordance with Section 9(h) below, and Participant shall not have any right to receive any Shares subject to such unvested Performance Restricted Stock Units.

For purposes of this Agreement:

"Continuous Service" means that Participant's service with the Company or a Subsidiary, whether as an Employee, Director, or Consultant, is not interrupted or terminated. Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which Participant renders service to the Company or a Subsidiary as an Employee, Consultant, or Director, or a change in the entity for which Participant renders such service, provided that there is no interruption or termination of Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of a Subsidiary or a Director will not constitute an interruption of Continuous Service. Subject to the requirements of applicable law, the Committee, in its sole discretion, shall determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by the Company or a Subsidiary, including sick leave, military leave or any other personal leave.

1.4 Settlement of Performance Restricted Stock Units. Subject to the terms of the Plan and this Agreement, Performance Restricted Stock Units shall be settled in Shares, provided that Participant has satisfied any Tax-Related Items pursuant to Section 8 below. Shares will be issued to Participant within 70 days following the vesting of each tranche of Performance Restricted Stock Units unless subject to the terms of the Company's deferred compensation plan; provided, however, that if the Participant is subject to taxation in the U.S. (a "U.S. Taxpayer"), the Performance Restricted Stock Units vest pursuant to Section 1.6 below and the Performance Restricted Stock Units are considered "non-qualified deferred compensation" subject to Section 409A of the Code ("Code Section 409A," and such compensation, "Deferred Compensation"), the Shares will be issued in accordance with the following schedule: (i) if the termination event giving rise to the vesting acceleration occurs prior to the Change in Control and the Change in Control constitutes a "change in control event" (within the meaning of U.S. Treasury Regulation 1.409A-3(i)(5)(i)) (a "409A CIC"), the Shares will be issued on the date of the Change in Control, and if the Change in Control does not constitute a 409A CIC, the Shares will be issued on the date that is six months following the Participant's "separation from service" (within the meaning of Code Section 409A) (a "Separation from Service"); (ii) if the termination event giving rise to the vesting acceleration occurs on or following the Change in Control and the Change in Control constitutes a 409A CIC, then the Shares will be issued within 30 days following the Participant's Separation from Service, and if the Change in Control is not a 409A CIC, then the Shares will be issued on the date that is six months following the Participant's Separation from Service.

Notwithstanding the foregoing, for purposes of complying with Code Section 409A, if the Participant is a U.S. Taxpayer, the Performance Restricted Stock Units are considered Deferred Compensation and the Performance Restricted Stock Units are to be settled in connection with a termination contemplated under Section 1.6 below, the Company and the Participant shall take all steps necessary (including with regard to any post-termination services by the Participant) to ensure that a termination contemplated under Section 1.6 constitutes a Separation from Service. In addition, if the Performance Restricted Stock Units are Deferred Compensation, the Performance Restricted Stock Units are settled upon the Participant's Separation from Service and the Participant is a "specified employee," within the meaning of Code Section 409A, on the date the Participant experiences a Separation from Service, then the Shares will be issued on the first business day of the seventh month following the Participant's Separation from Service, or, if earlier, on the date of the Participant's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Code Section 409A.

1.5 Stockholder Rights. Unless and until Shares are issued by the Company after the vesting of Performance Restricted Stock Units, Participant shall have none of the rights or privileges of a shareholder of the Company (including voting, dividend and liquidation rights) with respect to the Shares covered by the Performance Restricted Stock Units.

1.6 Change in Control. Notwithstanding any provision in this Agreement to the contrary, if, within six months prior to and in connection with a Change in Control or within two years following such Change in Control, Participant's employment is terminated (i) by the Company and its Subsidiaries without Cause, or (ii) by Participant for Good Reason, the vesting of outstanding Performance Restricted Stock Units governed by this Agreement shall be accelerated such that the number of Performance Restricted Stock Units specified in the Award Summary (i.e., the number of Performance Restricted Stock Units that would vest upon achievement of [Performance Vesting Provisions], as set forth in Section 1.2) shall be deemed to be vested in full immediately prior to the termination of Participant's employment.

For purposes of this Agreement:

"Cause" shall mean that Participant has engaged in any one of the following:

(a) a material breach by Participant of the Company's Key Employee Covenants, other employee covenants or any employment agreement, which breach is not cured within any applicable cure period set forth in the respective document;

(b) any willful violation by Participant of any material law or regulation applicable to the business of the Company or any of its Subsidiaries;

(c) Participant's conviction of, or a plea of guilty or nolo contendere to, a felony or any willful perpetration of common law fraud (or analogous violation of law in a jurisdiction outside the United States); or

(d) any other willful misconduct by Participant that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its Subsidiaries.

For purposes of the foregoing, in determining whether a "material breach" has occurred, or whether there has been a willful violation of a "material" law or regulation, the standard shall be a breach or violation that is, or will reasonably likely be, materially injurious to the financial condition or business reputation of, or is, or will reasonably likely be, otherwise materially injurious to, the Company or any of its Subsidiaries.

"Good Reason" shall mean the occurrence any of the following events that result in a material negative change to Participant:

(a) without Participant's consent, a material reduction in the scope of Participant's duties and responsibilities or the level of management to which Participant reports;

(b) without Participant's consent, a reduction in base salary (other than an across-the-board reduction of not more than 10% applicable to all similarly situated employees);

(c) without Participant's consent, a material reduction in Participant's benefits in the aggregate (in terms of benefit levels) from those provided to Participant under any employee benefit plan, program and practice in which Participant participates;

(d) without Participant's consent, a relocation of Participant's principal place of employment of more than 50 miles from Participant's primary residence;

(e) the failure of the Company to have a successor entity specifically assume this Agreement or any employment agreement within 10 business days after a Change in Control; or

(f) a material breach by the Company a successor entity of this Agreement or any employment agreement.

Notwithstanding the foregoing, Good Reason shall only be found to exist if Participant, not later than 90 days after the initial occurrence of an event deemed to give rise to a right to terminate for Good Reason, has provided 30 days written notice to the Company prior to Participant's resignation indicating and describing the event resulting in such Good Reason, and the Company does not cure such event (other than the event in clause vi), which shall not be subject to cure) within 90 days following the receipt of such notice from Participant.

2. Securities Law Compliance. Participant represents that Participant has received and carefully read a copy of the Prospectus for the Plan, together with the Company's most recent Annual Report to Stockholders. Participant hereby acknowledges that Participant is aware of the risks associated with the Shares and that there can be no assurance the price of the Shares will not decrease in the future. Participant hereby acknowledges no representations or statements have been made to Participant concerning the value or potential value of the Shares. Participant acknowledges that Participant has relied only on information contained in the Prospectus and has received no representations, written or oral, from the Company or its employees, attorneys or agents, other than those contained in the Prospectus or this Agreement. Participant acknowledges that the Company has made no representations or recommendations, and is not providing any tax, legal or financial advice, regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

3. Transfer Restrictions. Participant shall not transfer, assign, sell, encumber, pledge, grant a security interest in or otherwise dispose of the Performance Restricted Stock Units subject to this Agreement in any manner other than by the laws of descent or distribution. Any such transfer, assignment, sale, encumbrance, pledge, security interest or disposition shall be void.

4. Forfeiture. If, at any time during Participant's Continuous Service or at any time during the 12-month period following termination of Participant's Continuous Service, Participant engages in conduct that constitutes Cause (as defined above), then at the election of the Committee, (a) this Agreement and all unvested Performance Restricted Stock Units granted hereunder shall terminate, and (b) Participant shall return to the Company for cancellation all Shares held by Participant plus pay the Company the amount of any proceeds received from the sale of any Shares to the extent such Shares were issued pursuant to Performance Restricted Stock Units granted under this Agreement that vested (i) during the 12-month period immediately preceding the Cause, or (ii) on the date of or at any time after such Cause.

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, the Committee may terminate any Performance Restricted Stock Units granted hereunder or require Participant to reimburse the Company the amount of any payment or benefit received with respect to any Performance Restricted Stock Units granted hereunder to the extent the Performance Restricted Stock Units would not have been earned or accrued after giving effect to the accounting restatement.

The forfeiture and recoupment provisions of this Section 4 shall be applied by the Committee, at its discretion, to the maximum extent permitted under applicable laws. Further, these provisions are in addition to, and not in lieu of, any recoupment requirements under the Sarbanes-Oxley Act or under other applicable laws, rules, regulations or stock exchange listing standards, including, without limitation, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or Section 10D of the U.S. Securities Exchange Act of 1934, as amended, and shall apply notwithstanding anything to the contrary in this Agreement or in the Plan. Participant expressly agrees that the Company may take such actions as are necessary or appropriate to effectuate the foregoing (as applicable to Participant) or applicable law without further consent or action being required by Participant. For purposes of the foregoing and as a condition to the grant, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to Morgan Stanley (or any other stock plan service provider engaged by the Company to administer awards granted under the Plan) to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

5. Governing Plan Document. This Agreement incorporates by reference all of the terms and conditions of the Plan, as presently existing and as hereafter amended. Participant expressly acknowledges and agrees that the terms and provisions of this Agreement are subject in all respects to the provisions of the Plan. Participant also expressly:

(a) Acknowledges receipt of the Plan and represents that Participant is familiar with the provisions of the Plan, and that Participant enters into this Agreement subject to all of the provisions of the Plan;

(b) Recognizes that the Committee has been granted complete authority to administer the Plan in its sole discretion, and agrees to accept all decisions related to the Plan and all interpretations of the Plan made by the Committee as final and conclusive upon Participant and upon all persons at any time claiming any interest through Participant in the Performance Restricted Stock Units or the Shares subject to this Agreement; and

(c) Acknowledges and understands that the establishment of the Plan and the existence of this Agreement are not sufficient, in and of themselves, to exempt Participant from the requirements of Section 16(b) of the Exchange Act and any rules or regulations promulgated thereunder, and that Participant (to the extent Section 16(b) applies to Participant) shall not be exempt from such requirements pursuant to Rule 16b-3 unless and until Participant shall comply with all applicable requirements of Rule 16b-3, including without limitation, the possible requirement that Participant must not sell or otherwise dispose of any Shares acquired pursuant to Performance Restricted Stock Units unless and until a period of at least six months shall have elapsed between the Grant Date and the date upon which Participant desires to sell or otherwise dispose of such Shares.

6. Representations and Warranties. As a condition to the receipt of any Shares upon vesting of the Performance Restricted Stock Units, the Company may require Participant to make any representations and warranties to the Company that legal counsel to the Company may determine to be required or advisable under any applicable law or regulation, including without limitation, representations and warranties that the Shares are being acquired only for investment and without any present intention or view to sell or distribute any such Shares.

7. Compliance With Law and Regulations. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the Performance Restricted Stock Units prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

8. Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company or the Employer in its discretion to be an appropriate charge to Participant even if legally applicable to the Company or the Employer ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Performance Restricted Stock Units, the subsequent sale of any Shares acquired at settlement and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Performance Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

Full payment of the Tax-Related Items shall be made by any of the following, or a combination thereof, subject to the Company's right to eliminate, prior to vesting, any of the following as permissible payment methods: (i) in cash or cash equivalents (including certified check, bank check or wire transfer of immediately available funds); (ii) by tendering previously acquired Shares (either actually or by attestation) valued at their then-Fair Market Value; (iii) by withholding Shares otherwise issuable in connection with the vesting of the Performance Restricted Stock Units; (iv) through same-day voluntary or involuntary (on Participant's behalf pursuant to this authorization) sales through a broker if permitted by the Company's Securities Trading Policy; (v) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or (vi) any combination of any of the foregoing. In the absence of Participant's timely election or in the event Section 16(b) applies to Participant, the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, the Participant authorizes and directs the Company and/or Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligation with regard to all Tax-Related Items by one or a combination of the methods above.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable withholding rates in Participant's jurisdiction(s) (up to the rate that will not cause an adverse accounting consequence or cost, including pursuant to ASC Topic 718, as applicable). If the Company and/or the Employer withhold more than the amount necessary to satisfy the liability for Tax-Related Items, Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares or, if not refunded, Participant may be able to seek a refund from the applicable tax authorities. If the Company and/or the Employer withhold less than the amount necessary to satisfy the liability for Tax-Related Items, Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested Performance Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

9. Nature of Grant. In accepting the Performance Restricted Stock Units, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of Performance Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Restricted Stock Units, or benefits in lieu of Performance Restricted Stock Units even if Performance Restricted Stock Units have been awarded in the past;

(c) nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in the employment or service of the Employer, the Company or any Subsidiary or be interpreted as forming or amending an employment or services contract with the Employer, the Company or any Subsidiary and shall not interfere with or restrict any way the ability of the Employer, the Company or any Subsidiary, as applicable, to terminate Participant's employment or service relationship, if any;

(d) all decisions with respect to future grants of Performance Restricted Stock Units or other grants, if any, will be at the sole discretion of the Committee and/or Company;

(e) Participant's participation in the Plan is voluntary;

(f) the future value of the underlying Shares is unknown, indeterminable and unpredictable;

(g) unless otherwise agreed with the Company, the Performance Restricted Stock Units and the Shares subject to the Performance Restricted Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of any entity of the Company;

(h) in the event of the termination of Participant's Continuous Service (as defined above) (for any reason whatsoever, whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), unless otherwise determined by the Company, Participant's right to vest in the Performance Restricted Stock Units under the Plan, if any, will terminate as of the date Participant is no longer actively rendering services and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when Participant is no longer providing Continuous Service for purposes of this Agreement, including whether Participant may still be considered to be providing active service while on a leave of absence;

(i) Performance Restricted Stock Units and the Shares subject to Performance Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related pay, pension or retirement or welfare benefits or similar mandatory payments;

(j) Performance Restricted Stock Units and the Shares subject to Performance Restricted Stock Units, and the income and value of same, are not intended to replace any pension rights or compensation;

(k) Performance Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for service of any kind rendered to the Company or to the Employer, and Performance Restricted Stock Units are outside of the scope of Participant's employment agreement, if any;

(l) no claim or entitlement to compensation or damages shall arise from forfeiture of Performance Restricted Stock Units resulting from termination of Participant's Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); and

(m) neither the Company, the Employer nor any Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of Performance Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Performance Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

10. Data Privacy Notice and Consent. ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data, as described in this Agreement and any other Performance Restricted Stock Unit grant materials by and among, as applicable, the Employer, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that the Employer, the Company and Subsidiaries may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social security number, passport information, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Performance Restricted Stock Units or any other entitlement to Shares or other equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Morgan Stanley, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Morgan Stanley and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of Performance Restricted Stock Units may be deposited. Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company may not be able to grant Performance Restricted Stock Units or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Upon request of the Company or the Employer, Participant agrees to provide an executed data privacy form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement as requested by the Company and/or the Employer.

11. Miscellaneous Provisions.

11.1 Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the sender's local mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the latest address on file or at such other address as such party may designate by ten days advance written notice under this Section to all other parties to this Agreement.

11.2 Waiver. The failure of the Company in any instance to exercise any rights under this Agreement, including the forfeiture rights under Section 4, shall not constitute a waiver of any other rights that may subsequently arise under the provisions of this Agreement or any other agreement between the Company and Participant. Participant acknowledges that no waiver by the Company of any breach of any provision of this Agreement shall operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other Participant, whether of like or different nature.

11.3 Imposition of Other Requirements & Participant Undertaking. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Performance Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out the foregoing or one or more of the obligations or restrictions imposed on either Participant or the Shares pursuant to the provisions of this Agreement.

11.4 Entire Contract. This Agreement and the Plan constitute the entire understanding and agreement of the parties with respect to the subject matter contained herein. This Agreement is made pursuant to, and incorporates by reference, the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan.

11.5 Language. Participant acknowledges that he or she is sufficiently proficient in English, or, alternatively, Participant acknowledges that he or she will seek appropriate assistance to understand the terms and conditions in this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11.6 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

11.7 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon Participant, Participant's permitted assigns and the legal representatives, heirs and legatees of Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. Participant may not assign this Agreement other than by the laws of descent and distribution.

11.8 Severability. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

11.9 Governing Law and Choice of Venue. The Performance Restricted Stock Units and the provisions of this Agreement shall be governed by, and subject to, the laws of the State of Utah, United States, without regard to the conflict of law provisions, as provided in the Plan. For purposes of litigating any dispute that arises under this Agreement or this grant of Performance Restricted Stock Units, the parties hereby submit to and consent to the jurisdiction of the State of Utah, agree that such litigation shall be conducted in the courts of Utah County, Utah, or the federal courts of the United States for the District of Utah, where this grant is made and/or to be performed.

11.10 Appendix. Notwithstanding any provisions in this Agreement, the Performance Restricted Stock Units shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

11.11 Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, broker's country, or where Shares are listed, Participant may be subject to insider trading and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to such shares (e.g., Performance Restricted Stock Units) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "material nonpublic information" or "inside information" regarding the Company (as defined by the laws or regulations in the relevant jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before Participant possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy, and the requirements of applicable laws may or may not be consistent with the terms of the Company's insider trading policy. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and that Participant should speak to his or her personal advisor on this matter.

11.12 Exchange Control Tax and Foreign Asset/Account Reporting Requirements. Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage, bank account or legal entity outside Participant's country. Participant may be required to report such accounts, balances, assets and/or the related transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations and Participant should consult his or her personal legal advisor for any details. Participant agrees to take any and all actions, and consents to any and all actions taken by the Company or the Employer as may be required to allow the Company or the Employer to comply with local laws, rules and regulations in Participant's country of residence (and country of employment, if different). Finally, Participant agrees to take any and all actions as may be required to comply with Participant's personal legal and tax obligations under local laws, rules and regulations in Participant's country of residence (and country of employment, if different).

11.13 Section 409A. The Performance Restricted Stock Units and issuance of Shares thereunder are intended to comply with Code Section 409A and the U.S. Treasury Regulations relating thereto so as not to subject the Participant to the payment of additional taxes and interest under Code Section 409A or other adverse tax consequences. In furtherance of this intent, the provisions of this Agreement will be interpreted, operated, and administered in a manner consistent with these intentions. The Committee may modify the terms of this Agreement, the Plan or both, without the consent of the Participant, in the manner that the Committee may determine to be necessary or advisable in order to comply with Code Section 409A or to mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Code Section 409A if compliance is not practical. This Section 11.12 does not create an obligation on the part of the Company to modify the terms of this Agreement or the Plan and does not guarantee that the Performance Restricted Stock Units or the delivery of Shares upon vesting/settlement of the Performance Restricted Stock Units will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. Nothing in this Agreement shall provide a basis for any person to take any action against the Company or any of its Subsidiaries based on matters covered by Code Section 409A, including the tax treatment of any amounts paid under this Agreement, and neither the Company nor any of its Subsidiaries will have any liability under any circumstances to the Participant or any other party if the Performance Restricted Stock Units, the delivery of Shares upon vesting/settlement of the Performance Restricted Stock Units or other payment or tax event hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto. Further, settlement of any portion of the Performance Restricted Stock Units that is Deferred Compensation may not be accelerated or postponed except to the extent permitted by Code Section 409A.

By electronically accepting this Agreement and participating in the Plan, Participant agrees to be bound by the terms and conditions in the Plan and this Agreement, including the Appendix. Within six months of the Grant Date, if Participant has not electronically accepted this Agreement on Morgan Stanley's website, or the website of any other stock plan service provider appointed by the Company, and has not otherwise rejected the grant, then this award shall automatically be deemed accepted, and Participant shall be bound by the terms and conditions in the Plan and this Agreement, including the Appendix.

APPENDIX

FOR PARTICIPANTS OUTSIDE THE U.S.

NU SKIN ENTERPRISES, INC.
THIRD AMENDED AND RESTATED 2010 OMNIBUS INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Unless otherwise defined herein, the capitalized terms in this Appendix shall have the same defined meaning assigned to them in the Plan and the Agreement.

This Appendix includes special country-specific terms and conditions that apply to Participants in the countries listed below. This Appendix is part of the Agreement. This Appendix also includes information of which Participant should be aware with respect to his or her participation in the Plan. For example, certain individual exchange control reporting requirements may apply upon vesting of the Performance Restricted Stock Units and/or sale of Shares. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2022 and is provided for informational purposes. Such laws are often complex and change frequently, and results may be different based on the particular facts and circumstances. As a result, the Company recommends that Participant does not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time the Performance Restricted Stock Units vest or are settled, or Participant sells Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she currently is residing and/or working, transfers employment after the Performance Restricted Stock Units are granted to him or her, or is considered a resident of another country for local law purposes, the terms and conditions and/or notifications contained herein may not be applicable to him or her, and the Company shall, in its discretion, determine to what extent such terms and conditions contained herein shall apply to him or her.

DATA PRIVACY PROVISIONS APPLICABLE TO GRANTEES IN THE EUROPEAN UNION/EUROPEAN ECONOMIC AREA

The following provision replaces Section 10 of the Agreement:

Data Collection and Usage. Pursuant to applicable data protection laws, Participant is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Participant for the exclusive legitimate purpose of granting Restricted Stock Units and implementing, administering and managing Participant's participation in the Plan. Specifics of the data processing are described below.

Controller, EU Representative and DPO. The Company is the controller responsible for the processing of Participant's personal data in connection with the Plan. The Company's representative in the European Union is NSE Products Europe BVBA, Da Vincilaan 9, 1935 Zaventem, Belgium, telephone number +32 2 722 70 00. Participant can reach the data protection officer ("DPO") of the Company at +1 (801) 345-1505, 75 West Center Street, Provo, Utah 84601.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Participant: Participant's name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Performance Restricted Stock Units or any other entitlement to Shares awarded, canceled, settled, vested, unvested or outstanding in Participant's favor, which the Company receives from Participant or the Employer, as well as Participant's hire date, term date, term reason code, status, and Company's Division ("Personal Data").

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of granting Performance Restricted Stock Units, implementing, administering and managing Participant's participation in the Plan. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Agreement and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to Morgan Stanley Smith Barney LLC and its affiliated companies (collectively, "Morgan Stanley"), an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and may share Personal Data with such service providers. As a data controller, the Company's stock plan administrator will open an account for Participant to receive and trade Shares. Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant's ability to participate in the Plan. Participant's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Participant's participation in the Plan. Participant understands that Participant may request a list with the names and addresses of any potential recipients of Personal Data by contacting Participant's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, Morgan Stanley, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in, the United States. Participant understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Participant's Personal Data may not have an equivalent level of protection as compared to Participant's country of residence.

The legal basis for the processing of the Personal Data by the Company and the third-party service providers is the necessity of the data processing for the Company to perform its contractual obligations under the Agreement and generally administering employee equity awards.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs the Personal Data, the Company will remove it from its systems. If the Company keeps data longer, it would be to satisfy tax, legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Data Subject Rights. To the extent provided by law, Participant has the right to (i) inquire whether and what kind of Personal Data the Company holds about Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, or (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements. In addition, Participant has, to the extent provided by law, the right to (iv) request the Company to restrict the processing of Personal Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Personal Data that Participant has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Participant and is carried out by automated means. In case of concerns, Participant also has the right to (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Participant's rights, raise any other questions regarding the practices described in this Agreement or to exercise his or her rights, Participant should contact his or her local human resources representative.

Contractual Requirement. Participant's provision of Personal Data and its processing as described above is required for the performance of the Company's obligations pursuant to the Plan and a condition to Participant's ability to participate in the Plan. Participant understands that, as a consequence of Participant's refusing to provide Personal Data, the Company may not be able to allow Participant to participate in the Plan, grant Performance Restricted Stock Units to Participant or administer or maintain such Performance Restricted Stock Units. However, Participant's participation in the Plan and his or her acceptance of this Agreement are purely voluntary. While Participant will not receive Performance Restricted Stock Units if he or she decides against participating in the Plan or providing Personal Data as described above, Participant's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Participant may contact his or her local human resources representative.

AUSTRALIA

Nature of Plan. The Plan and the Agreement is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in the Act).

Securities Law Information. The offer of the Performance Restricted Stock Units is intended to comply with the provisions of the Corporations Act 2001, Australian Securities & Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of Performance Restricted Stock Units to Australian Resident Participants, which will be provided to Participant with this Agreement.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant's behalf.

Data Privacy Notice and Consent. This provision supplements Section 10 of the Agreement:

Participant's personal information will be held in accordance with the Employer's privacy policy, a copy of which Participant can obtain by contacting the Employer at the address indicated below. The Employer's privacy policy contains, among other things, details of how Participant can access and seek correction of personal information held in connection with the Performance Restricted Stock Unit, how Participant can complain about a breach of the Australian Privacy Principles and how the Employer will deal with such a complaint. The Company can be contacted at +1 (801) 345-1000. Participant's employer can be contacted at +61-2-9491-0900.

Data may be transferred to recipients located outside of Australia, including the United States and any other country where the Company has operations. Employees are (and Participant acknowledges that he or she has been) provided with a list of the Company's global offices as part of their data privacy training. The latest list can be accessed from time to time at insider.nuskin.com.

BELGIUM

Foreign Asset/Account Reporting Information. Participant is required to report any securities (*e.g.*, Shares acquired under the Plan) or bank accounts established outside of Belgium on his or her annual tax return. In a separate report, Belgium residents are also required to provide the National Bank of Belgium with the account details of any such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under Kredietcentrales / Centrales des crédits caption. Participant should consult a personal tax advisor with respect to the applicable reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new "annual securities accounts tax" applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

CANADA

Performance Restricted Stock Units Only Payable in Shares. Notwithstanding any discretion in the Plan, the Performance Restricted Stock Units will be settled in Shares only. The grant of Performance Restricted Stock Units does not provide any right for Participant to receive a cash payment.

Securities Law Information. Participant acknowledges and agrees that he or she will sell Shares acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange in the United States.

Foreign Asset/Account Reporting Information. Participant is required to report any specified foreign property (including Shares) annually on Form T1135 (Foreign Income Verification Statement) if the total cost of Participant's specified foreign property exceeds C$100,000 at any time during the year. The form must be filed by April 30th of the following year. Specified foreign property includes Shares acquired under the Plan and may include Performance Restricted Stock Units. The Performance Restricted Stock Units must be reported–generally at a nil cost–if the $100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at vesting for Performance Restricted Stock Units, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. It is Participant's responsibility to comply with applicable reporting obligations.

The following provisions apply if Participant is resident in Quebec:

Data Privacy. Participant hereby authorizes the Company, the Employer and their representatives, including any broker(s) designated by the Company to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company and its Subsidiaries to disclose and discuss the Plan with their advisors. Participant further authorizes the Company and its Subsidiaries to record such information and to keep such information in the his or her employee file.

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

CHINA

The following provisions apply only to Participants who are subject to exchange control restrictions imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion:

Settlement of Performance Restricted Stock Units. This provision supplements Section 1.4 of the Agreement:

The Performance Restricted Stock Units will only vest if and when the Company has completed the registration of the Plan with SAFE and provided such registration remains effective. If the Company is unable to complete the registration or maintain the registration, the settlement of the Performance Restricted Stock Units may be delayed. Shares issued to Participant under the Plan must be maintained in an account with Morgan Stanley or such other broker as may be designated by the Company until the Shares are sold through that broker. Due to local regulatory requirements, Participant agrees that the Company may force the sale of any Shares obtained at vesting. The sale may occur immediately upon vesting or within any other time frame as the Company determines to be necessary or advisable for legal or administrative reasons.

Furthermore, due to regulatory requirements, Participant acknowledges and agrees that Participant must sell any Shares issued to Participant upon vesting of the Performance Restricted Stock Units as soon as practicable following the termination of Participant's Continuous Service and in no event later than six months following the termination of Participant's Continuous Service, or within any other such time frame as may be required by SAFE. Participant agrees that if Participant continues to hold any of such Shares after this time, the Shares will be sold by the Company's designated broker on Participant's behalf at the instruction of the Company. Therefore, by accepting the Performance Restricted Stock Units, Participant understands and agrees that the Company is authorized to, and may in its sole discretion, instruct its designated broker to assist with the mandatory sale of Shares (on Participant's behalf pursuant to this authorization) and that Participant expressly authorizes the Company's designated broker to complete the sale of such Shares. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the proceeds, less any Tax-Related Items and brokerage fees or commissions will be remitted to Participant pursuant to the procedures described in the "Exchange Control Information" section below.

Exchange Control Information. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant will be required to immediately repatriate to China the cash proceeds from the sale of the Shares issued upon the vesting of the Performance Restricted Stock Units. Participant further understands that, under local law, such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiary in China, and Participant hereby consents and agrees that the proceeds from the sale of Shares acquired under the Plan may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant. Participant agrees to bear the risk of any currency fluctuation between the time the Shares are sold, either through voluntary sale or through a mandatory sale arranged by the Company, or proceeds are otherwise realized under the Plan and the time such proceeds are distributed to Participant through the special exchange control account.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

DENMARK

Danish Stock Option Act. Participant acknowledges that they have received an Employer Statement in Danish which sets forth additional terms of the Performance Restricted Stock Units, to the extent that the Danish Stock Option Act applies to the Performance Restricted Stock Units.

Foreign Asset/Account Reporting Information. If Participant establishes an account holding Shares or an account holding cash outside Denmark, he or she must report the account to the Danish Tax Administration. The form may be obtained from a local bank.

GERMANY

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with securities (including payment of the Grant Price and the proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was made/received. The report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the *Bundesbank's* website (www.bundesbank.de) and is available in both German and English. Participant is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. German residents holding Shares must notify their local tax office if the acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year. A qualified participation is attained only in the unlikely event (i) Participant owns at least 1% of the Company and the value of the Shares acquired exceeds €150,000, or (ii) Participant holds Shares exceeding 10% of the total capital of the Company.

HONG KONG

Performance Restricted Stock Units Only Payable in Shares. Notwithstanding any discretion in the Plan, the Performance Restricted Stock Units will be settled in Shares only. The grant of Performance Restricted Stock Units does not provide any right for Participant to receive a cash payment.

Restriction on Sale of Shares. Shares received under the Plan are accepted as a personal investment. Should any portion of the Performance Restricted Stock Units vest within six months of the Grant Date, Participant agrees that Participant will not dispose of the Shares acquired at vesting prior to the six-month anniversary of the Grant Date.

Securities Law Information. Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Participant is advised to exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, Participant should obtain independent professional advice. The Performance Restricted Stock Units and any Shares issued pursuant to the grant do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company . The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The Performance Restricted Stock Units and any related documentation are intended only for the personal use of each eligible employee of the Company and may not be distributed to any other person.

HUNGARY

There are no country-specific provisions.

INDONESIA

Language Consent and Notification. A translation of the documents related to this grant into Bahasa Indonesia can be provided to Participant upon request to hroperations@nuskin.com. By accepting the grant, Participant (i) confirms having read and understood the documents relating to this grant (*i.e.*, the Plan and the Agreement) which were provided in the English language, (ii) accepts the terms of those documents accordingly, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Language Consent and Notification. Terjemahan dari dokumen-dokumen terkait dengan pemberian ini ke Bahasa Indonesia dapat disediakan untuk anda berdasarkan permintaan kepada hroperations@nuskin.com. Dengan menerima hibah, anda (i) anda mengkonfirmasi bahwa anda telah membaca dan mengerti isi dokumen yang terkait dengan pemberian ini yang disediakan untuk anda dalam bahasa Inggris, (ii) Anda menerima syarat dari dokumen-dokumen tersebut, dan (iii) anda setuju bahwa anda tidak akan mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan atau Peraturan Presiden pelaksana (ketika diterbitkan).

Exchange Control Information. If Participant remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian Bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, Participant must complete a "Transfer Report Form." The Transfer Report Form should be provided to Participant by the bank through which the transaction is made.

Foreign Asset/Account Reporting Information. Indonesian residents have the obligation to report worldwide assets (including foreign accounts and Shares acquired under the Plan) in their annual individual income tax return.

JAPAN

Foreign Asset/Account Reporting Information. Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether Participant will be required to report details of any outstanding Performance Restricted Stock Units or Shares held by Participant in the report.

KOREA

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*e.g.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Participant should consult with his or her personal tax advisor to determine how to value Participant's foreign accounts for purposes of this reporting requirement and whether Participant is required to file a report with respect to such accounts.

MALAYSIA

Director Notification Information. If Participant is a director of a Malaysian Subsidiary, Participant is subject to certain notification requirements under the Malaysian Companies Act, 1965. Among these requirements is an obligation to notify the Malaysian Subsidiary in writing when Participant receives an interest (*e.g.*, Performance Restricted Stock Units) in the Company or any related companies. In addition, Participant must notify the Malaysian Subsidiary when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired under the Plan). These notifications must be made within fourteen days of acquiring or disposing of any interest in the Company or any related company.

Data Privacy Notice and Consent. This provision replaces in its entirety Section 10 of the Agreement:

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data, as described in this Agreement and any other Performance Restricted Stock Unit grant materials by and among, as applicable, the Employer, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Employer, the Company and Subsidiaries may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Performance Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Employer and also by me through information collected in connection with the Agreement and the Plan.

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi Peserta seperti yang diterangkan dalam Perjanjian dan bahan-bahan geran Unit Saham Terbatas yang lain oleh dan di antara, seperti yang berkenaan, Majikan, Syarikat dan Anak-anak Syarikat untuk tujuan yang eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan.

Peserta memahami bahawa Majikan, Syarikat and Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa Syer atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Unit Saham Terbatas, atau apa-apa hak lain atas Syer yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah Peserta, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data"). Data tersebut dibekalkan oleh Majikan dan juga oleh saya berkenaan dengan Perjanjian dan Pelan.

Participant understands that Data will be transferred to Morgan Stanley, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative at +60-03-2170-7700. Participant authorizes the Company, Morgan Stanley and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of Performance Restricted Stock Units may be deposited. Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company may not be able to grant Participant Performance Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Peserta memahami bahawa Data ini akan dipindahkan kepada Morgan Stanley, atau mana-mana pembekal perkhidmatan pelan saham lain sebagaimana yang dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan peserta di +60-03-2170-7700. Peserta memberi kuasa kepada Syarikat, Morgan Stanley dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan-tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Unit Saham Terbatas mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan peserta dalam Pelan. Peserta memahami bahawa sekiranya peserta menetap di luar Amerika Syarikat, peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan. Selanjutnya, Peserta memahami bahawa peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta kemudian membatalkan persetujuannya, status pekerjaan atau perkhidmatan dan kerjaya Peserta dengan Majikan tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik persetujuan Peserta adalah bahawa Syarikat tidak akan dapat memberikan Unit Saham Terbatas atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut kepada Peserta. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan peserta boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Securities Law Information. Participant is being offered Performance Restricted Stock Units which, if vested, allows Participant to acquire Shares in accordance with the terms of this Agreement and the Plan. The Shares, if issued, will give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors have been paid. Participant may lose some or all of Participant's investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Participant may not be given all the information usually required. Participant will also have fewer other legal protections for this investment. Participant should ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if Participant acquires Shares under the Plan, Participant may be able to sell the Shares on the NYSE if there are interested buyers. Participant may get less than Participant invested. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at http://ir.nuskin.com

SINGAPORE

Sale Restriction. Participant agrees that any Shares acquired pursuant to the Performance Restricted Stock Units will not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such offer or sale is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"), or pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Securities Law Information. The grant of the Performance Restricted Stock Units is being made pursuant to the "Qualifying Person exemption" under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirement. Directors, associate directors and shadow directors of a Singapore subsidiary or affiliate are subject to certain notification requirements under the Singapore Companies Act. The directors, associate directors and shadow directors must notify the Singapore subsidiary or affiliate in writing of an interest (*e.g.*, Performance Restricted Stock Units, Shares, etc.) in the Company or any related companies within two business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.*, when the Shares are sold), or (iii) becoming a director, associate director or shadow director.

TAIWAN

Data Privacy Consent. Participant hereby acknowledges that he or she has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 of the Agreement and by participating in the Plan, Participant agrees to such terms. In this regard, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Participant's country, either now or in the future. Participant understands he or she will not be able to participate in the Plan if Participant fails to execute any such consent or agreement.

Securities Law Information. The Performance Restricted Stock Units and the Shares to be issued pursuant to the Plan are available only to employees of the Company. The grant of the Performance Restricted Stock Units does not constitute a public offer of securities.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of Shares or the receipt of any dividends paid on such Shares) into or out of Taiwan up to US$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

THAILAND

Exchange Control Information. If the proceeds from the sale of Shares or the receipt of any dividends paid on such Shares are equal to or greater than US$1,000,000 or more in a single transaction, Participant must repatriate the proceeds to Thailand immediately upon receipt and convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 day of remitting the proceeds to Thailand. In addition Participant must report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If Participant fails to comply with these obligations, Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, Participant should consult his or her personal advisor before selling Shares to ensure compliance with current regulations. Participant is responsible for ensuring compliance with all exchange control laws in Thailand, and neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from his or her failure to comply with applicable laws.

SCHEDULE A

[Performance Vesting Schedule]

SCHEDULE B
DENMARK EMPLOYER STATEMENT

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK

ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret mv. i ansættelsesforhold ("Aktieoptionsloven") er medarbejderen ("Medarbejderen") berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger vedrørende incitamentsordningen Third Amended and Restated 2010 Omnibus Incentive Plan ("Planen") hos Nu Skin Enterprises, Inc. ("Selskabet").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for Medarbejderens tildeling af " Performance Restricted Stock Units" er nærmere beskrevet i Planen, "Performance Restricted Stock Unit Agreement" ("Aftalen") og det øvrige tildelingsmateriale, som er blevet udleveret. Begreber, der står med stort begyndelsesbogstav i denne Arbejdsgivererklæring, men som ikke er defineret heri, har samme betydning som de begreber, der er defineret i Planen eller Aftalen.

1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser

Tidspunktet for tildelingen af "Performance Restricted Stock Units" er den dato, hvor Bestyrelsens Vederlagsudvalg ("Udvalget") godkendte tildelingen.

2. Kriterier og betingelser for tildeling af retten til senere at modtage aktier

Kun Selskabets Medarbejdere, bestyrelsesmedlemmer og konsulenter kan deltage i Planen. Tildeling af " Performance Restricted Stock Units" i henhold til Planen sker efter Selskabets eget skøn og har til formål at give Selskabet og dets datterselskaber mulighed for at tiltrække og fastholde udvalgte medarbejdere, som forventes at bidrage til Selskabets success og opnå langsigtede mål til gavn for Selskabets aktionærer. Medarbejderen har ikke nogen ret til eller noget krav på fremover at få tildelt "Performance Restricted Stock Units".

3. Modningstidspunkt eller -periode

Dine "Performance Restricted Stock Units" optjenes over et antal år som fastsat i Aftalen. Dine "Performance Restricted Stock Units"r vil ved optjeningen blive konverteret til et tilsvarende antal ordinære aktier i Selskabet. Optjeningen kan accelerere under visse andre omstændigheder som beskrevet i Aftalen.

4. Udnyttelseskurs

Der betales ingen udnyttelseskurs ved modning af "Performance Restricted Stock Units" eller udstedelse af aktier til Medarbejderen.

5. Medarbejderens retsstilling i forbindelse med fratræden

Såfremt du fratræder din stilling, vil dine "Performance Restricted Stock Units" blive behandlet i overensstemmelse med ophørsbestemmelserne i Aftalen, der kan opsummeres til følgende: Undtagen i tilfælde af en "Change in Control" (som beskrevet i Aftalen) hvis dit ansættelsesforhold bringes til ophør, bortfalder dine ikke-optjente "Performance Restricted Stock Units".

6. Økonomiske aspekter ved at deltage i Planen

Tildelingen af "Performance Restricted Stock Units" har ingen umiddelbare økonomiske konsekvenser for Medarbejderen. Værdien af "Performance Restricted Stock Units" indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser.

Ordinære aktier er finansielle instrumenter. Den fremtidige værdi af de underliggende aktier i forbindelse med "Performance Restricted Stock Units" kendes ikke og kan ikke forudsiges med sikkerhed.

Exhibit 10.18

FOURTH AMENDED AND RESTATED
NU SKIN ENTERPRISES, INC.

DEFERRED COMPENSATION PLAN

Effective as of January 1, 2022

NU SKIN ENTERPRISES, INC.
DEFERRED COMPENSATION PLAN

PREAMBLE

Nu Skin Enterprises, Inc., (the "Company") has previously established the Nu Skin Enterprises, Inc. Deferred Compensation Plan (the "Plan"). The purpose of the Plan is to provide a select group of management, highly compensated employees, or Directors of the Company (and certain affiliates) with the opportunity to defer a portion of their compensation. The Plan is intended to constitute an unfunded "top hat" plan described in Section 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As a "top hat" plan, the Plan is not subject to ERISA's eligibility, vesting, funding, or fiduciary responsibility requirements. The Plan has made a notice filing with the United States Department of Labor (the "DOL") and is required to provide information to the DOL on request.

The Plan has been, and shall continue to be, administered in good faith compliance with Section 409A and interim guidance issued thereunder from December 15, 2005 until January 1, 2008. This Plan was first amended and restated effective as of January 1, 2008 to comply with final regulations issued under Section 409A of the Code. This Plan was subsequently amended and restated effective January 1, 2009, January 1, 2015, and January 1, 2021.

ARTICLE 1

DEFINITIONS

The following words and phrases used in the Plan with the initial letter capitalized shall have the meanings set forth in this Article, unless a clearly different meaning is required by the context in which the word or phrase is used:

1.1. "**Account**" means all of such accounts as are established under this Plan from time to time.

1.2. "**Affiliate**" means (a) a corporation that is a member of the same control group of corporations (within the meaning of Section 414(b) of the Code) as is the Company, (b) any other trade or business (whether or not incorporated) controlling, controlled by, or under common control (within the meaning of Section 414(c) of the Code) with the Company, and (c) any other corporation, partnership, or other organization that is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) with the Company or which is otherwise required to be aggregated with the Company under Section 414(o) of the Code.

1.3. "**Base Salary**" means a Participant's annual base salary, excluding bonuses, commissions, incentive and all other remuneration for services rendered to the Company and prior to reduction for any salary deferrals, including but not limited to, deferrals under plans established pursuant to Section 125 of the Code or qualified pursuant to Section 401(k) of the Code.

1.4. "**Beneficiary**" means the person or entity that a Participant, in Participant's most recent written designation filed with the Plan Administrator has designated to receive Participant's benefit under the Plan in the event of Participant's death. Changes in designations of Beneficiaries may be made upon written notice to the Plan Administrator in any form as the Plan Administrator may prescribe.

1.5. "**Board of Directors**" or "**Board**" means the Board of Directors of the Company.

1.6. "**Bonus**" means the additional cash compensation paid to a Participant by the Company or an Affiliate pursuant to any incentive or bonus plan, program, or practice of the Company or an Affiliate.

1.7. "**Cause.**" Termination of employment or service for "Cause" shall mean the termination of a Participant's employment with or service to the Company (for purposes of this Section 1.7, "Company" shall refer to the Company and any affiliates or subsidiaries of the Company) because of:

(a) a material breach by the Participant of any of the Participant's obligations under the Company's Key Employee Covenants or any Employment Agreement, which breach is (i) not cured within any applicable cure period set forth in the Key Employee Covenants or employment agreement, and (ii) materially injurious to the Company;

(b) any willful violation by the Participant of any material law or regulation applicable to the business of the Company, which is materially injurious to the Company, or the Participant's conviction of, or a plea of nolo contendre to, a felony or any willful perpetration of common law fraud; or

(c) any other willful misconduct by the Participant that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its subsidiaries or affiliates.

1.8. "**Change of Control**" means a "change in the ownership of the Employer," a "change in effective control of the Employer," and/or a "change in the ownership of a substantial portion of the Employer's assets" as defined under Treasury Regulation § 1.409A-3(i)(5).

1.9. "**Code**" means the Internal Revenue Code of 1986, as amended.

1.10. "**Company**" means NU SKIN ENTERPRISES, INC. and any successor corporations.

1.11. "**Company Contribution**" means any of the contributions by the Company pursuant to Section 3.2 of this Plan.

1.12. "**Company Contribution Account**" means the bookkeeping account maintained by or for the Company for each Participant that is credited with an amount equal to the Company Contributions Amount, if any, and earnings and losses credited on such amounts pursuant to Section 4.2. The Company Contribution Account may be divided into one or more subaccounts in the discretion of the Plan Administrator.

1.13. "**Compensation**" means Base Salary or Director Fees earned in such Plan Year, Bonuses earned in such Plan Year (whether payable during such Year or the following Year), that the Participant is entitled to receive for services rendered to the Company.

1.14. "**Compensation Committee**" means the Compensation and Human Capital Committee appointed by the Board of Directors, which includes select members of the Board of Directors.

1.15. "**Deferral Account**" means the bookkeeping account maintained by or for the Plan Administrator for each Participant, which account is credited with amounts equal to the portion of the Participant's Compensation that he or she elects to defer, and the earnings and losses pursuant to Section 4.1.

1.16. "**Deferral Contributions**" means contributions by a Participant pursuant to Section 3.1 or Section 3.2 of this Plan.

1.17. "**Director**" means a non-employee director of the Company.

1.18. "**Director Fees**" means all Board and committee meeting fees payable to a Director, and any annual retainer payable for a Plan Year, determined in each case before reduction for amounts deferred under the Plan. Director Fees do not include expense reimbursements, incentive stock awards or any form of noncash compensation or benefits.

1.19. "**Disability**" or "**Disabled**" shall mean (consistent with the requirements of Code Section 409A) that the Participant (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer. For purposes of this Plan, a Participant shall generally be considered Disabled if the Participant is (a) determined to be totally disabled by the Social Security Administration, or (b) determined to be disabled in accordance with the applicable disability insurance program of such Participant's employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements of this definition. Notwithstanding the foregoing, the Company reserves the right to have the Plan Administrator (or its representative) make a determination of a Participant's "Disability," in which case the claims procedures set forth in Section 10.3 of this Plan will apply.

1.20. "**Distributable Amount**" means the vested balance in Participant's Deferral Account and Company Contribution Account.

1.21. "**Effective Date**" means the effective date of this restatement, which shall be January 1, 2022. The original effective date of the Plan was December 14, 2005 and the Plan was previously amended and restated effective as of January 1, 2009, January 1, 2015, and January 1, 2021.

1.22. "**Employee**" means (1) each person receiving remuneration, or who is entitled to remuneration, for services rendered to the Company or an Affiliate as a common-law employee, or (2) a Director of the Company or an Affiliate.

1.23. "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

1.24. "**Fund**" means one or more of the investment funds selected by the Plan Administrator pursuant to Section 3.3.

1.25. "**Interest Rate**" means, for each Fund, an amount equal to the net gain or loss on the assets of such Fund during each month, as determined by the Plan Administrator.

1.26. "**Matching Contributions**" means, Company Contributions that are contingent on a Participant's yearly Deferral Contributions.

1.27. "**Participant**" means an Employee who has been selected to participate under Section 2.1, who has elected to participate under Section 2.2, and whose participation has not been terminated. If indicated by the context, the term Participant also includes former Participants whose active participation in the Plan has terminated but who have not received all amounts to which they are entitled under the Plan.

1.28. "**Participation Agreement**" means the agreement entered into by the Company and a Participant as set forth in Section 2.2.

1.29. "**Plan**" means the Nu Skin Enterprises, Inc. Deferred Compensation Plan, as amended from time to time.

1.30. "**Plan Administrator**" means the Compensation Committee or its designated agents (to the extent such authority has been designated by the Compensation Committee).

1.31. "**Plan Year**" shall mean the calendar year.

1.32. **"Qualified Plan"** shall mean the Nu Skin Enterprises, Inc. 401(k) Plan, effective January 1, 2015, as amended from time to time, or such other Company-sponsored qualified plan as may be designated by the Plan Administrator.

1.33. "**Reasonable Time**" shall mean any date within the same calendar year as the applicable distribution event (*e.g.*, Separation from Service) or, if later, by the 15th day of the third calendar month following the occurrence of such distribution event.

1.34. "**Restricted Stock Units**" shall mean rights to receive shares of Stock selected by the Plan Administrator in its sole discretion and awarded to the Participant under an equity incentive plan, and the deferred amount shall be calculated using the closing price of Stock at the end of the business day closest to the date such Restricted Stock Unit would otherwise vest, but for the election to defer. The portion of any Restricted Stock Unit deferred shall, at the time the Restricted Stock Unit would otherwise vest under the terms of the applicable equity incentive plan, but for the election to defer, be reflected on the books of the Company as an unfunded, unsecured promise to deliver to the Participant a specific number of actual shares of Stock in the future.

1.35. "**Scheduled Withdrawal**" means the distribution date elected by the Participant for an in-service withdrawal from such Deferral Accounts deferred in a given Plan Year, and earnings and losses attributable thereto, as set forth on the election form for such Plan Year.

1.36. "**Separation from Service**" means a severance of a participant's employment relationship with the Company and all Affiliates for any reason other than the participant's death. Whether a Separation from Service has occurred is determined under Section 409A of the Code and Treasury Regulation 1.409A-1(h) (*i.e*., whether the facts and circumstances indicate that the Employer and the employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the employee would perform after such date (whether as an employee or independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services to the employer if the employee has been providing services to the employer less than 36 months)). Separation from Service shall not be deemed to occur while the employee is on military leave, sick leave or other bona fide leave of absence if the period does not exceed six (6) months or, if longer, so long as the employee retains a right to reemployment with the Company or an affiliate under an applicable statute or by contract. For this purpose, a leave is bona fide only if, and so long as, there is a reasonable expectation that the employee will return to perform services for the Company or an affiliate. Notwithstanding the foregoing, a 29 month period of absence will be substituted for such 6 month period if the leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of no less than 6 months and that causes the employee to be unable to perform the duties of his or her position of employment.

1.37. "**Stock**" shall mean the Company's Class A common stock, $0.001 par value per share, or any other equity securities of the Company designated by the Plan Administrator.

1.38. "**Trust Agreement**" means any trust agreement established pursuant to Section 8.1 between the Company and the Trustee or any trust agreement hereafter established.

1.39. "**Trustee**" means the Trustee under the Trust Agreement.

1.40. "**Trust Fund**" means all assets of whatsoever kind or nature held from time to time by the Trustee pursuant to the Trust Agreement and forming a part of this Plan, without distinction as to income and principal and without regard to source, i.e., Participant contributions, earnings, or forfeitures.

ARTICLE 2

ELIGIBILITY

2.1. **General**. For purposes of Title I of ERISA, the Plan is intended to be an unfunded plan of deferred compensation covering a select group of management, highly compensated employees, and Directors. As a result, participation in the Plan shall be limited to Employees who are properly included in one or all of these categories. The Plan Administrator shall designate the individuals who are eligible to participate in the Plan. The Plan Administrator, in the exercise of its discretion, may exclude an Employee who otherwise meets the requirements of this Section 2.1 from participation in the Plan if it concludes that excluding the Employee is necessary to satisfy these requirements. The Plan Administrator also may exclude an Employee who otherwise meets the requirements of this Section 2.1 for any other reason, or for no reason, as the Plan Administrator deems appropriate.

2.2. **Participation**. Each Employee who is designated as eligible to participate in the Plan by the Plan Administrator may become a Participant by completing and signing an enrollment form provided by the Plan Administrator and delivering the form to the Plan Administrator. The Employee must designate on the form the amount of Deferral Contributions and must authorize the Company or an Affiliate to reduce Participant's Compensation in an amount equal to Participant's Deferral Contributions.

2.3. **Timing of Participation**.

(a) After an Employee has been selected by the Plan Administrator to participate in the Plan for the first time (and does not participate in or has not previously participated in another voluntary deferral plan of the Company or an Affiliate), the Employee has 30 days to notify the Plan Administrator whether he will participate in the Plan. If the Employee timely notifies the Plan Administrator of Participant's intent to participate in the Plan, the Employee's participation will commence on the first payroll period following or coinciding with the first day of the calendar month after the Plan Administrator is so notified.

(b) If the Employee does not timely notify the Plan Administrator of Participant's intent to participate in the Plan, the Employee's participation may commence on the first payroll period following or coinciding with the first day of any later Plan Year by notifying the Plan Administrator prior to the first day of such Plan Year and provided further that the Plan Administrator determines that the Employee remains eligible to participate in the Plan under Section 2.1.

2.4. **Discontinuance of Participation**. Once an Employee is designated as a Participant, he will continue as such for all future Plan Years unless the Plan Administrator specifically discontinues participation. The Plan Administrator may discontinue an individual's participation in the Plan at any time for any or no reason. If an individual's participation is discontinued, the individual will no longer be eligible to make future deferral elections or receive Company Contributions. The Employee will not be entitled to receive a distribution, however, until the occurrence of one of the events listed in Article 6, or as permitted in Article 7.

ARTICLE 3

DEFERRAL ELECTIONS

3.1. **Elections to Defer Compensation**.

3.1.1. **Deferral of Base Salary**. For any Plan Year, a Participant may elect to defer a portion of the Base Salary otherwise payable to him. Any such deferrals shall be in whole percentages or a specific dollar amount of the Participant's Base Salary, as specified in an election form approved by the Plan Administrator.

3.1.2. **Deferral of Bonuses**. A Participant may also elect to defer a portion of any Bonus which might be payable to him by the Company. Any such deferrals shall be in whole percentages or a specific dollar amount of the Participant's Bonus, as specified in an election form approved by the Plan Administrator.

3.1.3. **Deferral of Director Fees**. For any Plan Year, a Participant may elect to defer a portion of the Director Fees otherwise payable to him. Any such deferrals shall be in whole percentages or a specific dollar amount of the Participant's Director Fees, as specified in an election form approved by the Plan Administrator.

3.1.4. **Deferral of Restricted Stock Units**. For any Plan Year prior to January 1, 2021, a Participant may elect to defer a portion of the Restricted Stock Units that may be granted to him or her in a Plan Year, as specified in an election form approved by the Plan Administrator.

3.1.5. **Limitations on Deferrals**. A Participant may elect to defer up to 80% of Participant's Base Salary and 100% of Participant's Bonus and Director Fees for each Plan Year, provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy any employment tax, income tax and employee benefit plan withholding requirements as determined in the sole and absolute discretion of the Plan Administrator. For purposes of this Section 3.1.5, a Participant who participates in the Plan for less than the full Plan Year, such as if they begin participating pursuant to Section 2.3(a), "Base Salary," "Bonus," and "Director Fees" shall be limited to the amounts attributable to the portion of the Plan Year during which they participated. There is no minimum deferral amount. The Plan Administrator reserves the right to change such limits from time to time.

3.1.6. **Duration of Compensation Deferral Election**. An Employee's initial election to defer Compensation must be made within the time frame established by the Plan Administrator, which shall be prior to the taxable year in which the election relates and is to be effective with respect to Compensation earned for services performed after such deferral election is processed. Such election shall specify the time and method of distribution of the annual deferral amount in accordance with Articles 6 and 7. A Participant may increase, decrease or terminate a deferral election with respect to Compensation for any subsequent Plan Year by filing a new election within the time frame established by the Plan Administrator but in no event later than December 31 in the year prior to the beginning of the next Plan Year, which election shall be effective on the first day of the next following Plan Year. In the absence of a Participant making a new election, the last election on file will apply to deferrals for the new Plan year.

In the case of an employee who first becomes eligible to participate in the Plan after January 1, 2006 (and does not participate in or has not previously participated in another voluntary deferral plan of the Company or an Affiliate), such Employee shall have 30 days from the date he becomes eligible to make an election with respect to Compensation earned for services performed subsequent to the election. Such election shall be for the remainder of the Plan Year (and future Plan Years, unless subsequently changed prior to the commencement of a given Plan year) in the event the Plan Year has commenced. Such election shall specify the time and method of distribution of the annual deferral amount in accordance with Articles 6 and 7.

Notwithstanding the foregoing, with respect to Restricted Stock Units (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Plan Administrator may determine that an irrevocable deferral election for such Restricted Stock Units may be made by timely delivering Participant election(s) to the Plan Administrator in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the Restricted Stock Units, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. §1.409A-2(a)(5). Any deferral election(s) made in accordance with the preceding sentence shall become irrevocable no later than the 30th day after the Participant obtains the legally binding right to the Restricted Stock Units subject to such deferral election(s).

3.1.7. **Elections Other Than Initial Election**. Any Employee or Director who has terminated a prior Compensation deferral election may elect to again defer Compensation by completing and signing an enrollment form provided by the Plan Administrator and delivering the form to the Plan Administrator within the time frame established by the Plan Administrator but in no event later than December 31 of the year prior to the beginning of the Plan Year to which such deferral election relates. An election to defer Compensation must be filed in a timely manner in accordance with Section 3.1(d). Such election shall apply to Compensation for services performed in the Plan Year to which such deferral election relates. Such election shall specify the time and method of distribution of the annual deferral amount in accordance with Articles 6 and 7.

3.2. **Company Contribution**.

3.2.1. Discretionary Company Contributions. The Company shall have the discretion to make Company Contributions to the Plan at any time and in any amount on behalf of any Participant. Company Contributions shall be made in the complete and sole discretion of the Company and no Participant shall have the right to receive any Company Contribution in any particular Plan Year regardless of whether Company Contributions are made on behalf of other Participants. Any such Company Contributions shall be credited to the Plan as of the date or dates determined by the Plan Administrator in its sole discretion.

3.2.2. Company Matching Contributions. As of January 1, 2021, the Company shall make a Matching Contribution equal to the amount of Participant's Deferral Contribution for the Plan Year up to 5% of Participant's Base Salary. Matching Contributions shall be made available for all employees whose job level is at least E1–E5 or P7 (or equivalent, including Grade 17 and above under the Company's job architecture prior to 2022) who were Participants in the Plan at any time during the Plan Year. Any such Matching Contributions shall be credited to the Plan as of the date or dates determined by the Plan Administrator in its sole discretion. For purposes of this Section 3.2.2, in the case of a Participant who participates in the Plan for less than the full Plan Year, such as if they begin participating pursuant to Section 2.3(a), "Base Salary" shall be limited to the amount attributable to the portion of the Plan Year during which they participated.

3.2.3. Company Qualified Plan Makeup Contributions. The Company may, in its sole discretion, make a Company Contribution on behalf of the Participant for each Plan Year in which the Participant makes a deferral under this Plan which shall equal the maximum company contributions that would have been provided to the Participant under the Company's Qualified Plan had the Participant made no elective deferral under this Plan. The Company Contribution for Qualified Plan makeup each Plan Year shall be reduced by the amount of company contributions actually credited to the Participant under the Qualified Plan for such Plan Year. Any such Company Contributions shall be credited to the Plan as of the date or dates determined by the Plan Administrator in its sole discretion.

3.3. **Investment Elections**.

3.3.1 At the time of making the deferral elections described in Section 3.1, Participant shall designate, on a form provided by the Plan Administrator, the types of investment funds in which Participant's Account will be deemed to be invested for purposes of determining the amount of earnings and losses to be credited to that Account. In making the designation pursuant to this Section 3.3, Participant may specify that all or any percentage of Participant's Account is to be deemed invested, in whole percentage increments, in one or more of the types of investment funds deemed to be provided under the Plan, as communicated from time to time by the Plan Administrator. A Participant may change the designation made under this Section 3.3 by filing an election, on a form provided by the Plan Administrator at such time or times as may be permitted by the Plan Administrator**.** If a Participant fails to elect a type of fund under this Section 3.3, he or she shall be deemed to have elected the money market type of investment fund.

3.3.2 Although a Participant may designate the type of investments, the Plan Administrator shall not be bound by such designation. The Plan Administrator may select from time to time, in its sole and absolute discretion, commercially available investments of each of the types communicated by the Plan Administrator to the Participant pursuant to Section 3.3.1 above to be the Funds. The Interest Rate of each such commercially available investment fund shall be used to determine the amount of earnings or losses to be credited to Participant's Account under Article 4.

3.3.3 Company Stock Unit Fund.

(i) A Participant's Restricted Stock Unit deferrals will be automatically and irrevocably allocated to a Fund that tracks the performance of the Company's Stock (the "**Company Stock Unit Fund**"). Participants may not select any other Fund to be used to determine the amounts to be credited or debited to their Restricted Stock Unit deferrals. Furthermore, no other portion of the Participant's Accounts can be either initially allocated or re-allocated to the Company Stock Unit Fund. Amounts allocated to the Company Stock Unit Fund shall only be distributable in actual shares of Stock.

(ii) Any stock dividends, cash dividends or other non-cash dividends that would have been payable on the Stock credited to a Participant's Accounts shall be credited to the Participant's Accounts in the form of additional shares of Stock and shall automatically and irrevocably be deemed to be re-invested in the Company Stock Unit Fund until such amounts are distributed to the Participant. The number of shares credited to the Participant for a particular stock dividend shall be equal to (A) the number of shares of Stock credited to the Participant's Account as of the payment date for such dividend in respect of each share of Stock, multiplied by (B) the number of additional or fractional shares of Stock actually paid as a dividend in respect of each share of Stock. The number of shares credited to the Participant for a particular cash dividend or other non-cash dividend shall be equal to (A) the number of shares of Stock credited to the Participant's Account as of the payment date for such dividend in respect of each share of Stock, multiplied by (B) the fair market value of the dividend, divided by (C) the "fair market value" of the Stock on the payment date for such dividend.

(iii) The number of shares of Stock credited to the Participant's Account may be adjusted by the Committee, in its sole discretion, to prevent dilution or enlargement of Participants' rights with respect to the portion of his or her Account allocated to the Company Stock Unit Fund in the event of any reorganization, reclassification, stock split, or other unusual corporate transaction or event which affects the value of the Stock, provided that any such adjustment shall be made taking into account any crediting of shares of Stock to the Participant under this Section.

(iv) For purposes of this Section 3.3.3, the fair market value of the Stock shall be, in the event the Stock is traded on a recognized securities exchange, an amount equal to the closing price of the Stock on such exchange on the date set for valuation or, if no sales of Stock were made on said exchange on that date, the closing price of the Stock on the next preceding day on which sales were made on such exchange; or, if the Stock is not so traded, the value determined, in its sole discretion, by the Committee in compliance with Section 409A.

ARTICLE 4

DEFERRAL ACCOUNTS

4.1. **Deferral Accounts**. The Plan Administrator shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by the Participant pursuant to Section 3.3. A Participant's Deferral Account shall be credited as follows:

(a) Within a reasonable time after amounts are withheld and deferred from a Participant's Compensation, the Plan Administrator shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to Compensation deferred by the Participant in accordance with the Participant's election under Section 3.3; that is, the portion of the Participant's deferred Compensation that the Participant has elected to be deemed to be invested in a certain type of investment fund shall be credited to the investment fund subaccount corresponding to that investment fund;

(b) Each business day, each investment fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the prior day plus contributions credited that day to the investment fund subaccount by the Interest Rate for the corresponding fund selected by the Company pursuant to Section 3.3.

(c) In the event that a Participant elects for a given Plan Year's deferral of Compensation to have a Scheduled Withdrawal, all amounts attributed to the deferral of Compensation for such Plan Year shall be accounted for in a manner which allows separate accounting for the deferral of Compensation and investment gains and losses associated with such Plan Year's deferral of Compensation.

4.2. **Company Contribution Account**. The Plan Administrator shall establish and maintain a Company Contribution Account for each Participant under the Plan. Each Participant's Company Contribution Account shall be further divided into separate investment fund subaccounts corresponding to the investment fund elected by the Participant pursuant to Section 3.3. A Participant's Company Contribution Account shall be credited as follows:

(a) As soon as reasonably practicable after a Company Contribution, the Plan Administrator shall credit the investment fund subaccounts of the Participant's Company Contribution Account with an amount equal to the Company Contribution, if any, applicable to that Participant, that is, the proportion of the Company Contribution, if any, which the Participant elected to be deemed to be invested in a certain type of investment fund shall be credited to the corresponding investment fund subaccount; and

(b) Each business day, each investment fund subaccount of a Participant's Company Contribution Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the prior day plus contributions credited that day to the investment fund subaccount by the Interest Rate for the corresponding Fund selected by the Company pursuant to Section 3.3

4.3. **Schedule A Accounts for Pre-Existing Deferred Compensation Obligations**. Prior to the Effective Date of the Plan, the Company and/or certain of its Affiliates had entered into non-qualified deferred compensation arrangements with certain Participants employed by the Company and/or its Affiliates. The terms of such arrangements are set forth in individual "plans" or agreements signed by the Company and/or an Affiliate and the employee. The deferred compensation arrangements identified on Schedule A attached hereto ("Schedule A Arrangements") are incorporated herein by reference. It is intended that the Schedule A Arrangements will comply with Code Section 409A. Effective January 1, 2005, the rights and obligations of the parties to those arrangements will be governed by the terms of this Plan, and will not be governed by the terms of the Schedule A Arrangements, except as otherwise provided hereafter. The Plan Administrator will establish and maintain under this Plan a "Schedule A Account" for each Participant who is party to a Schedule A Arrangement ("Schedule A Participant') and will credit to such Schedule A Account for each Schedule A Participant the value as of January 1, 2006 of the respective Schedule A Participant's Compensation Account(s) as established under the applicable Schedule A Arrangement. For greater clarity, generally the Compensation Accounts under the Schedule A Arrangements are divided into two sub-accounts (Employee Compensation Sub-Account and Company Compensation Sub-Account), and this distinction will be maintained under the Schedule A Accounts. The Company Compensation Sub-Account will continue to vest in accordance with the terms of the applicable Schedule A Arrangement. In addition, the Plan Administrator may further divide the sub-accounts under the Schedule A Accounts into separate investment fund sub-accounts corresponding to the investment fund elected by the Participant pursuant to Section 3.3. Schedule A Participants will elect, prior to December 31, 2006, the form of distribution for their Schedule A Accounts and such elections will comply with IRC Section 409A and applicable guidance thereunder. If a Schedule A Participant has not designated a form or payment for his or her Schedule A Account on or before December 31, 2006, the form of payment designated in the applicable Schedule A Arrangement will be the default form of payment for such Schedule A Account(s). After December 31, 2006, any change in the form of payment as to a Schedule A Account must be in accordance with the requirements of Section 6.5(f) of this Plan respecting election changes for forms of payment. The timing of distributions of Schedule A Accounts will be governed by the terms of this Plan.

4.4. **Accounting**. At the end of each quarter, the Company shall notify each Participant as to the amount, if any, of Participant's Deferral Account and Company Contribution Account. The accounting shall specify the vested portion of amounts held pursuant to the Plan.

4.5. **Preservation of Accounts**. A Participant shall not be deemed to have had a Separation from Service for purposes of preservation of all Deferral Accounts and Company Contribution Accounts in the event of a bona fide approved leave of absence from the Company for a prolonged period of time for:

(a) Service as a full-time missionary for any legally recognized ecclesiastical organization, or

(b) United States Military duty.

Notwithstanding the foregoing, a Separation from Service shall be deemed to occur six months after commencement of the leave in the absence of a contractual or statutory right to re-employment.

ARTICLE 5

VESTING

5.1. **Vesting in Deferral Account**. Subject to Section 5.3, Participant shall be 100% vested in his or her Deferral Account at all times.

5.2. **Vesting in Company Contribution Account**.

5.2.1. Company Contributions. Subject to Section 5.3, each Participant shall become vested in Participant's Company Contributions credited to the Plan under Section 3.2. after January 1, 2021, in accordance with the following schedule:

December 31 of the Following Years In Relation to the Respective Company Contribution:	The Vested Portion of Participant's Company Contribution under Section 3.2 Will Be:
Calendar year of the contribution	20%
Calendar year after the contribution	40%
2nd calendar year after the contribution	60%
3rd calendar year after the contribution	80%
4th calendar year after the contribution	100%

The vesting schedule above is intended to be a rolling vesting schedule that will apply separately to Company Contributions credited to the Plan each Plan Year. For example, Company Contributions that are credited to the Plan anytime during 2022 shall vest 20% on December 31 of each of 2022, 2023, 2024, 2025, and 2026.

Subject to Section 5.3, each Participant shall become vested in Participant's discretionary Company Contributions credited to the Plan prior to January 1, 2021 under Section 3.2.1 in accordance with the following schedule:

When the Participant Has Completed the Following Years Employment:	The Vested Portion of Participant's Company Contribution of Account under Section 3.2.1 Will Be:
Less than 10 years	0%
10 years but less than 11 years	50%
11 years but less than 12 years	55%
12 years but less than 13 years	60%
13 years but less than 14 years	65%
14 years but less than 15 years	70%
15 years but less than 16 years	75%
16 years but less than 17 years	80%
17 years but less than 18 years	85%
18 years but less than 19 years	90%
19 years but less than 20 years	95%
20 years or more	100%

Notwithstanding any of the foregoing provisions for progressive vesting of Company Contribution Accounts related to contributions pursuant to Section 3.2, such Company Contributions shall become fully vested upon the earliest occurrence of any of the following events while in the employment of the Company:

(a) Participant attains 60 years of age;

(b) Participant's death or Disability as defined in the Plan;

(c) The Plan Administrator may, in its discretion, accelerate vesting of a Participant's Company Contribution Account; or

(d) For Company Contributions credited to the Plan after January 1, 2021, Participant has completed 10 years of employment with the Company at a job level of at least E1–E5 or P7 (or equivalent, including Grade 17 and above under the Company's job architecture prior to 2022).

5.2.2. Company Qualified Plan Makeup Contributions. Subject to Section 5.3, each Participant shall become vested in his or her Company Contributions for Qualified Plan makeup credited to the Plan under Section 3.2.3 in accordance with the vesting schedule provided under the Qualified Plan.

5.3. **Forfeiture**.

5.3.1. Restricted Stock Units. Notwithstanding Section 5.1 above, a Participant's deferrals into this Plan of Restricted Stock Units shall remain subject to any and all forfeiture, "clawback" or similar restrictive covenants or terms and conditions under the applicable equity incentive plan under which such Restricted Stock Units were initially granted.

5.3.2. Company Contribution Account. Notwithstanding Sections 5.2 above, Participant shall forfeit all amounts in the Company Contribution Account (and none of such amounts shall be distributed pursuant to Section 6 below) if the Administrator elects to terminate Participant's rights to those amounts upon the occurrence of the following events:

(a) the Participant's employment or service is terminated for Cause; or

(b) the Participant, directly or indirectly, enters into the employment of, owns any interest in, or engages or participates in (individually or as an officer, director, shareholder, consultant, partner, member, joint venturer, agent, equity owner, distributor or in any other capacity whatsoever) any company, corporation or business in the direct selling or multi-level marketing industry (including any subsidiary or affiliate thereof) that operates in any territory where the Company or any of its affiliates or subsidiaries engages in business;

ARTICLE 6

DISTRIBUTION OF BENEFITS

6.1. **Separation From Service**. A Participant who incurs a Separation from Service with the Company and all Affiliates for any reason other than death or Disability is entitled to distribution of amounts vested and credited to Participant's Account at the time and in the manner provided in Section 6.5.

6.2. **Disability**. A Participant who experiences a Disability and who has satisfied all of the covenants, conditions and promises contained in this Plan (to the extent applicable) is entitled to a distribution of amounts vested and credited to Participant's Account as provided in Section 6.5. Subject to Section 6.5, the payments may commence as of the date of the Participant's Disability.

6.3. **Death**.

(a) **Benefit**. If a Participant dies before the day on which Participant's benefit payments commence, the Participant's Beneficiary is entitled, at the time and in the manner provided in Section 6.5, the following:

(1) the amount of Participant's Deferral Account, including any earnings thereon; and

(2) for Participants that have been credited with Company Contributions pursuant to Section 3.2, the greater of (i) the vested portion of Participant's Company Contribution Account, including any earnings thereon, as of the date of Participant's death; or (ii) an amount equal to five times the average of Participant's Base Salary for the three most recent years. Notwithstanding, this Section 6.3(a)(2) shall not apply to any Participant who did not receive Company Contributions pursuant to Section 3.2 prior to January 1, 2015.

(b) **Death After Commencement of Benefits**. If a former Participant dies after the day on which his or her benefit payments commence, but prior to the complete distribution of all amounts to which such Participant is entitled, the Participant's Beneficiary is entitled to receive any remaining amounts to which Participant would have been entitled had the Participant survived at the time and in the manner provided in Section 6.5. The Plan Administrator may require and rely upon such proofs of death and the right of any Beneficiary to receive benefits under this Section 6.3 as the Plan Administrator may reasonably determine, and its determination of death and the right of such Beneficiary to receive payment is binding and conclusive upon all persons.

6.4. **Change of Control**. In the event of a Change of Control, the Plan Administrator may, in its discretion, accelerate vesting of a Participant in his or her Company Contribution Account.

6.5. **Time and Method of Distribution of Benefits**. Payment shall commence within a Reasonable Time following the earliest to occur of the following events in (a), (b) or (c) below:

(a) **Termination**.

(1) Distribution of Deferral Account. Other than Restricted Stock Units, payment of amounts vested and credited in a Deferral Account other than the portion attributable to deferrals of Restricted Stock Units to a Participant who is entitled to benefits under Section 6.1 will commence within a Reasonable Time following the Participant's Separation from Service (except that, in the event that the Participant is a "Specified Employee," as defined under Treasury Regulation § 1.409A-1(i), payment to the Participant will begin no earlier than six months following Participant's Separation from Service (or upon the Participant's death, if earlier)).

(2) Distribution of Restricted Stock Units. Payment of amounts vested and credited in a Deferral Account that are attributable to deferrals of Restricted Stock Units to a Participant who is entitled to benefits under Section 6.1 will commence within a Reasonable Time following the one-year anniversary of the Participant's Separation from Service, subject to the requirements under Section 5.3.

(3) Distribution of Company Contribution Account. Payment of amounts vested and credited in a Company Contribution Account to a Participant who is entitled to benefits under Section 6.1 (subject to any forfeiture under Section 5.3) will commence within a Reasonable Time following the one-year anniversary of the Participant's Separation from Service. Notwithstanding the foregoing, if the Participant's Separation from Service occurs at or after the Participant's attainment of age 60 or after the Participant has completed twenty years of employment, then payment will commence within a Reasonable Time following the Participant's Separation from Service (except that, in the event that the Participant is a "Specified Employee," as defined under Treasury Regulation § 1.409A-1(i), payment to the Participant will begin no earlier than six months following Participant's Separation from Service (or upon the Participant's death, if earlier)).

(4) Distribution Following Change in Control. Notwithstanding any Participant election under Section 6.5(e) below to the contrary, in the event that a Participant's Separation from Service occurs within two (2) years following a Change in Control, such Participant's Accounts shall be distributed in the form of a lump sum without regard to any election as to the form of payment that may have been submitted in accordance with Section 6.5(e) below.

(b) **Disability**.

(1) For amounts attributable to Plan Years that commenced prior to January 1, 2015, payment to a Participant who is entitled to benefits under Section 6.2 will commence within a Reasonable Time after the Participant's Disability.

(2) For amounts attributable to Plan Years commencing on or after January 1, 2015, Participants may make an election as to the form of payment that will be applicable in the event of the Participant's Disability. The form of payment shall be elected in accordance with Section 6.5(e) below and a separate election may be submitted that will apply to each Plan Year. A Participant who experiences a Disability and is entitled to benefits under Section 6.2 shall receive such benefits within a Reasonable Time after the Participant's Disability.

(c) **Death**. Payment to the Beneficiary of a Participant who is entitled to benefits under Section 6.3 will commence within a Reasonable Time after the Participant's death.

(d) **Death After Commencement of Payments**. If a Participant dies after the day on which his or her benefit payments commence but before the complete distribution to such Participant of the benefits payable to him under the Plan, any remaining benefits will continue to be distributed to the Participant's Beneficiary in the same manner as elected by the Participant under Section 6.5(e). Payments to the Beneficiaries entitled to payments pursuant to Section 6.3 will be made within a Reasonable Time following the death of Participant.

(e) **Form of Payment**. Except as otherwise determined by the Plan Administrator in its sole discretion, any distribution paid from the Plan to a Participant or Beneficiary from a Participant's Account will be paid in cash or, in the case of distributions from the Company Stock Unit Fund, shares of Stock. Except as otherwise provided in Section 6.4, such distribution will be paid in either a lump sum payment or in monthly, quarterly, or annual installments over a period not to exceed 15 years; provided that if the value of the Participant's Account at the time of distribution is less than $50,000, such distribution shall be paid in the form of a lump sum distribution. Notwithstanding the foregoing, no elections for monthly distributions may be made with respect to Plan Years commencing on or after January 1, 2015. With respect to each annual deferral amount (including both Participant deferrals and Company contribution amounts for such Plan Year), a Participant must elect which form of payment to receive in his or her initial or annual deferral election form, which election may be changed by the Participant at any time so long as (i) the election does not take effect until at least 12 months after the date in which the election is made, (ii) the first payment for which the election is made will be deferred for a period of 5 years from the date such payment would otherwise have been made (other than for payments triggered by the Participant's death or Disability), and (iii) the change is received by the Plan Administrator at least 12 months prior to the Participant's first scheduled payment date. In the absence of a Participant making a distribution election, the default form of payment shall be lump sum. Participant's Account shall continue to be credited with earnings pursuant to Sections 4.1 and 4.2 of the Plan until all amounts credited to his or her Account under the Plan have been distributed.

6.6. **Designation of Beneficiary**. Each Participant has the right to designate, on forms supplied by and delivered to the Plan Administrator, a Beneficiary or Beneficiaries to receive Participant's benefits in the event of Participant's death. For each Participant who is married, the Beneficiary will be deemed to be Participant's spouse, unless the Participant's spouse consents to the Participant's Beneficiary designation to the contrary. Such consent must be in writing, must acknowledge the effect of the Beneficiary designation and the spouse's consent thereto. Subject to the foregoing, each Participant may change their Beneficiary designation from time to time in the manner described above and the change will be effective upon receipt by the Plan Administrator, whether or not the Participant is living at the time the notice is received. There is no liability on the part of the Plan Administrator with respect to any payment authorized by the Plan Administrator in accordance with the most recent valid Beneficiary designation of the Participant in the Plan Administrator's possession before receipt of a more recent and valid Beneficiary designation. If no designated Beneficiary is living when benefits become payable, or if there is no designated Beneficiary, the Beneficiary will be Participant's spouse; or if no spouse is then living, such Participant's issue, including any legally adopted child or children, in equal shares by right of representation; or if no such designated Beneficiary and no such spouse or issue, including any legally adopted child or children, is living upon the death of a Participant, or if all such persons die prior to the full distribution of such Participant's benefits, then the Beneficiary shall be the estate of the Participant.

6.7. **Payments to Disabled**. If a person entitled to any payment is under a legal disability, or in the sole judgment of the Plan Administrator is otherwise unable to apply such payment to his or her own interest and advantage, the Plan Administrator in the exercise of its discretion may make any such payment in any one or more of the following ways: (a) directly to such person, (b) to Participant's legal guardian or conservator, or (c) to Participant's spouse or to any person charged with the legal duty of Participant's support, to be expended for Participant's benefit. The decision of the Plan Administrator will in each case be final and binding upon all persons in interest.

6.8. **Underpayment or Overpayment of Benefits**. In the event that, through misstatement or computation error, benefits are underpaid or overpaid, there is no liability for any more than the correct benefit sums under the Plan. Overpayments may be deducted from future payments under the Plan, and underpayments may be added to future payments under the Plan, subject to applicable limitations under Section 409A of the Code.

6.9. **Inability to Locate Participant**. In the event that the Plan Administrator is unable to locate a Participant or Beneficiary within two years following the required payment date, the amount allocated to the Participant's Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit shall be reinstated without interest or earnings.

ARTICLE 7

WITHDRAWALS

7.1. **Scheduled Withdrawals**.

(a) In the case of a Participant who has elected a Scheduled Withdrawal for a distribution while still in the employ of the Company, such Participant shall receive Participant's Distributable Amount, but only with respect to those vested deferrals and earnings from the Participant's Deferral Account that have been elected by Participant to be subject to the Scheduled Withdrawal in accordance with this Section 7.1(a) of the Plan. A Participant's Scheduled Withdrawal can be no earlier than two years from the last day of the Plan Year for which Participant's deferrals are made. Any distribution made pursuant to a Scheduled Withdrawal shall be made in either a lump-sum payment or annual installment payments up to 5 years. These payments will be made in February of the year(s) selected. By way of clarification, Scheduled Withdrawals shall not be available from the Company Contribution Account.

(b) A Participant may extend the Scheduled Withdrawal for any Plan Year, provided such extension occurs at least one year before the Scheduled Withdrawal and is for a period of not less than five years from the Scheduled Withdrawal. In the event a Participant separates from service with the Company prior to, or during the distribution of, a Scheduled Withdrawal for any reason, then the portion (or remaining portion) of Participant's Account associated with a Scheduled Withdrawal that has not been distributed prior to such separation, shall be distributed, along with any remaining portion of the annual deferral amount not subject to the Scheduled Withdrawal, in the form selected by the Participant in accordance with Section 6.5. If no such election was made under Section 6.5 for such annual deferral amount, such Scheduled Withdrawal shall be paid in a lump sum.

7.2. **Hardship**. In the event of an unforeseeable financial emergency, a Participant may make a written request to the Plan Administrator for a hardship withdrawal from his or her Account. For purposes of this Plan, an "unforeseeable financial emergency" is defined as a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as such term is defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The granting of a Participant's request for a hardship withdrawal shall be left to the absolute discretion of the Plan Administrator and the Plan Administrator may deny such request even if an unforeseeable financial emergency clearly exists. A request for a hardship withdrawal must be made in writing at least 30 days in advance, on a form provided by the Plan Administrator, and must be expressed as a specific dollar amount. The amount of a hardship withdrawal may not exceed the lesser of the amount required to meet Participant's unforeseeable financial emergency or Participant's vested Account balance. A hardship withdrawal will not be permitted to the extent that the hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, liquidation of the Participant's assets to the extent that such liquidation would not itself cause a severe financial hardship, or by the cessation of Deferral Contributions.

7.3. **Acceleration of Benefits**. The Plan Administrator may accelerate the distribution of a Participant's vested Account balance in order to (a) satisfy a domestic relations order; (b) pay employment taxes on amounts deferred under the Plan; (c) permit an automatic lump sum payment of not more than $10,000 upon the termination of a Participant's entire interest in the Plan; or (d) any other permitted acceleration under Section 409A of the Code and the regulations thereof, including a Change of Control. In the event an accelerated distribution is requested by a Participant to satisfy a domestic relations order, the Plan Administrator shall make payments to someone other than Participant, as directed by the qualified domestic relations order.

7.4. **Crediting of Withdrawals**. Withdrawals and other distributions shall be charged pro rata to the Funds in which the Account of the Participant is invested, pursuant to Participant's designation under Sections 4.1 and 4.2 hereof.

ARTICLE 8

ADMINISTRATION OF THE PLAN

8.1. **Adoption of Trust**. The Company may enter into a Trust Agreement with the Trustee, to which the Company or any adopting Affiliate may, in its sole discretion, contribute cash or other property to provide for the payment of benefits under the Plan. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust Agreement shall govern the rights of the Company, adopting Affiliates, Participants and the creditors of the Company and adopting Affiliates to the assets transferred to the Trust Fund. All obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust Agreement, and any such distribution shall reduce the obligations under the Plan.

8.2. **Powers of the Plan Administrator**.

(a) The Plan Administrator shall have the power and discretion to perform the administrative duties described in this Plan or required for proper administration of the Plan and shall have all powers necessary to enable it to properly carry out such duties. Without limiting the generality of the foregoing, the Plan Administrator shall have the power and discretion to construe and interpret this Plan, to hear and resolve claims relating to this Plan, and to decide all questions and disputes arising under this Plan. The Plan Administrator shall determine, in its discretion, the status and rights of a Participant, and the identity of the Beneficiary or Beneficiaries entitled to receive any benefits payable hereunder on account of the death of a Participant.

(b) Except as is otherwise provided hereunder, the Plan Administrator shall determine the manner and time of payment of benefits under this Plan. All benefit disbursements by the Trustee shall be made upon the instructions of the Plan Administrator.

(c) The decision of the Plan Administrator upon all matters within the scope of its authority shall be binding and conclusive upon all persons.

(d) The Plan Administrator shall file all reports and forms lawfully required to be filed by the Plan Administrator and shall distribute any forms, reports or statements to be distributed to Participants and others.

(e) The Plan Administrator shall keep itself advised with respect to the investment of the Trust Fund and shall report to the Company regarding the investment and reinvestment of the Trust Fund not less frequently than annually.

8.3. **Creation of Committee**. The Compensation Committee may appoint a separate committee to perform its duties as Plan Administrator by the adoption of appropriate resolutions of the Compensation Committee. The committee must consist of at least two (2) members, and they shall hold office during the pleasure of the Compensation Committee. The committee members shall serve without compensation but shall be reimbursed for all expenses by the Company. The committee shall conduct itself in accordance with the provisions of this Article 8. The members of the committee may resign with 30 days notice in writing to the Company and may be removed immediately at any time by written notice from the Company.

8.4. **Chairman and Secretary**. The committee shall elect a chairman from among its members and shall select a secretary who is not required to be a member of the committee and who may be authorized to execute any document or documents on behalf of the committee. The secretary of the committee or his or her designee shall record all acts and determinations of the committee and shall preserve and retain custody of all such records, together with such other documents as may be necessary for the administration of this Plan or as may be required by law.

8.5. **Appointment of Agents**. The committee may appoint such other agents, who need not be members of the committee, as it may deem necessary for the effective performance of its duties, whether ministerial or discretionary, as the committee may deem expedient or appropriate. The compensation of any agents who are not employees of the Company shall be fixed by the committee within any limitations set by the Board of Directors.

8.6. **Majority Vote and Execution of Instruments**. In all matters, questions and decisions, the action of the committee shall be determined by a majority vote of its members. They may meet informally or take any ordinary action without the necessity of meeting as a group. All instruments executed by the committee shall be executed by a majority of its members or by any member of the committee designated to act on its behalf.

8.7. **Allocation of Responsibilities**. The committee may allocate responsibilities among its members or designate other persons to act on its behalf. Any allocation or designation, however, must be set forth in writing and must be retained in the permanent records of the committee.

8.8. **Conflict of Interest**. No member of the committee who is a Participant shall take any part in any action in connection with his or her participation as an individual. Such action shall be voted or decided by the remaining members of the committee.

8.9. **Indemnity**. To the extent permitted by applicable state law, the Company shall indemnify and hold harmless the Plan Administrator, the committee and each member thereof, the Board of Directors, and any delegate of the committee or Plan Administrator who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

ARTICLE 9

ADOPTION OF PLAN BY AFFILIATES

The adoption of this Plan by any Affiliate shall not be effective without the written consent of the Company. Any adoption shall be evidenced by certified copies of the resolution of the foregoing board of directors indicating the adoption. The resolution shall define the effective date for the purpose of the Plan as adopted by the corporation or Affiliate. Upon the adoption by any Affiliate, the term “Company” shall include such Affiliate.

ARTICLE 10

CLAIM REVIEW PROCEDURE

10.1. **Non-Disability Initial Claims**. This Section shall apply to any claim that does not base benefits of a determination of Disability. A Participant or Beneficiary entitled to benefits need not file a written claim to receive benefits. If a Participant, Beneficiary or any other person (all of whom are referred to in this Section as a "Claimant") is dissatisfied with the determination of his or her benefits, eligibility, participation or any other right or interest under this Plan, such person may file a written statement setting forth the basis of the claim with the Plan Administrator. The Plan Administrator will notify the Claimant of the disposition of the claim within 90 days after the request is filed with the Plan Administrator. The Plan Administrator may have an additional period of up to 90 days to decide the claim if the Plan Administrator determines that special circumstances require an extension of time to decide the claim and the Plan Administrator advises the Claimant in writing of the need for an extension (including an explanation of the special circumstances requiring the extension) and the date on which it expects to decide the claim. If, following the review, the claim is denied, in whole or in part, the notice of disposition shall set forth:

(a) the specific reason(s) for denial of the claim;

(b) reference to the specific Plan provisions upon which the determination is based;

(c) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's appeal procedures, and an explanation of the time limits applicable to the Plan's appeal procedures.

10.2. **Non-Disability Appeal of Adverse Benefit Determination**. This Section shall apply to any claim that does not base benefits on a determination of Disability.

(a) Within 60 days after receiving the written notice of the disposition of the claim described in paragraph (a), the Claimant, or the Claimant's authorized representative, may appeal such denied claim. The Claimant may submit a written statement of his or her claim (including any written comments, documents, records and other information relating to the claim) and the reasons for granting the claim to the Plan Administrator. The Plan Administrator shall have the right to request of and receive from the Claimant such additional information, documents or other evidence as the Plan Administrator may reasonably require. If the Claimant does not request an appeal of the denied claim within 60 days after receiving written notice of the disposition of the claim as described in paragraph (a), the Claimant shall be deemed to have accepted the disposition of the claim and such written disposition will be final and binding on the Claimant and anyone claiming benefits through the Claimant, unless the Claimant shall have been physically or mentally incapacitated so as to be unable to request review within the 60-day period. The appeal shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such documents, records or other information were submitted or considered in the initial benefit determination or the initial review.

(b) A decision on appeal to the Plan Administrator shall be rendered in writing by the Plan Administrator ordinarily not later than 60 days after the Claimant requests review. A written copy of the decision shall be delivered to the Claimant. If special circumstances require an extension of the ordinary period, the Plan Administrator shall so notify the Claimant of the extension with such notice containing an explanation of the special circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision. Any such extension shall not extend beyond 60 days after the ordinary period. The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the provisions of paragraph (b)(1) above, without regard to whether all the information necessary to make a decision on appeal accompanies the filing.

If the appeal to the Plan Administrator is denied, in whole or in part, the decision on appeal referred to in the first sentence of this paragraph (b) shall set forth:

(1) the specific reason(s) for denial of the claim;

(2) reference to the specific Plan provisions upon which the determination is based;

(3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; and

(4) a statement of the Claimant's right to bring a civil action.

10.3. **Disability Initial Claims.**

(a) This Section shall only apply to any claim made which bases benefits on a determination of Disability and the Plan Administrator (or its representative) is responsible for making the determination of Disability. In accordance with Department of Labor Regulations 29 C.F.R. § 2560.503-1, all claims and appeals for Disability benefits will be adjudicated in a manner designed to ensure the independence and impartiality of the persons involved with making the decision. To the extent the provider of the Company's long-term disability insurance or the Social Security Administration is responsible for making the determination of a Participant's Disability, their respective claims procedures will apply.

(b) A Claimant entitled to benefits need not file a written claim to receive benefits. If a claim for benefits based on a determination of Disability is denied in whole or in part, the Claimant shall receive written or electronic notification of the "adverse benefit determination" as defined in 29 C.F.R. § 2560.503-1 in a culturally and linguistically appropriate manner. A denial notice shall explain the reason(s) for the denial, refer to the Section(s) of the Plan on which the denial is based, and provide the claim appeal procedures. The denial notice must also comply with any additional requirements described in Department of Labor Regulations 29 C.F.R. § 2560.503-1. Among other requirements, that regulation requires denial notices for Disability claims to include:

(1) A discussion of the decision, including, if applicable the basis for disagreeing with or not following the views of health care and vocational professionals who evaluated the Claimant, the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the Claimant's adverse benefit determination, or which Disability benefit determination regarding the Claimant made by the Social Security Administration;

(2) The internal rules, guidelines, protocols, standards or other similar criteria of the Plan that were relied upon in denying the claim, or alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist;

(3) If applicable, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request; and

(4) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits.

Claimant will receive adverse benefit determinations within a reasonable period of time, but no later than 45 days after the Plan Administrator's receipt of the claim. The Plan Administrator may extend this period for up to 30 additional days provided the Plan Administrator determines that the extension is necessary due to matters beyond the Plan Administrator's control and the Claimant is notified of the extension before the end of the initial 45-day period and is also notified of the date by which the Plan Administrator expects to render a decision. The 30-day extension can be extended by an additional 30 days if the Plan Administrator determines that, due to matters beyond its control, it cannot make a decision within the original extended period. Any notice of extension must be sent to the Claimant before the end of the initial 30-day period, and shall explain the circumstances requiring the extension, the date by which the Plan Administrator expects to render a decision, the standards on which the Claimant's entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information, if any, the Claimant must submit. The Claimant shall be provided with at least 45 days to provide the additional information. The period from which the Claimant is notified of the additional required information to the date the Claimant responds is not counted as part of the determination.

10.4. **Appeal of Disability Adverse Benefit Determination.**

(a) This Section shall apply to any claim made which bases benefits on a determination of Disability and the Plan Administrator (or its representative) is responsible for making the determination of Disability. The Claimant shall have 180 days to appeal an adverse benefit determination. The Claimant shall have the right to review and respond to any new or additional evidence or rationales considered, relied upon, or generated by the Plan or other person making the benefit determination before the Plan issues an adverse benefit determination on appeal. The review of an appeal of an adverse benefit determination will be conducted by an appropriate named fiduciary who is not the individual who made the initial denial and is not a subordinate of that individual. For determinations regarding whether a treatment is experimental or not medically necessary, the named fiduciary must consult with an independent medical expert (i.e., a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment and was neither consulted in connection with the initial denial nor subordinate of that individual.) If the advice of medical or vocational experts was obtained by the Plan in connection with the initial denial, the review procedures must provide for their identification without regard to whether their advice was relied upon. The Claimant will be automatically provided with any new evidence or rationale considered, relied on, or generated by the Plan or decisionmaker in connection with the claim.

(b) The Claimant shall be notified of the Plan Administrator's decision upon review within a reasonable period of time, but no later than 45 days after the Plan Administrator receives the Claimant's appeal request.

The 45-day period may be extended for an additional 45-day period if the Plan Administrator determines that special circumstances (such as the need to hold a hearing) require an extension of time and provided that the Claimant is notified of the extension prior to the expiration of the initial 45-day period. Such notice shall state the special circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision.

(c) If an appeal based on a determination of Disability is denied in whole or in part, the Claimant shall receive written or electronic notification of the "adverse benefit determination" as defined in 29 C.F.R. § 2560.503-1 in a culturally and linguistically appropriate manner. The denial notice must also comply with any requirements described in Department of Labor Regulations 29 C.F.R. § 2560.503-1. Among other requirements, that regulation requires denial notices for Disability claims to include:

(1) The specific reason(s) for the benefit denial;

(2) Reference to the specific Plan provision(s) on which the denial is based;

(3) Discussion of the decision, including reasons for disagreeing with views of treating professionals, medical, or vocational experts consulted or a determination by the Social Security Administration;

(4) The specific internal rules, guidelines, protocols, or similar criteria relied on or a statement that such internal guidelines or criteria do not exist;

(5) If the denial was based on medical necessity, experimental treatment, or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances (or a statement that such an explanation will be provided free and on request.)

(6) A statement that the Claimant is entitled to receive, free and on request, reasonable access to and copies of all documents, records, and other information relevant to the claim;

(7) A statement of the Claimant's right to bring an action under ERISA § 502 (a).

(d) In the case of a claim based on a determination of Disability, if the Plan fails to strictly adhere to all of the requirements of this section with respect to a claim, the Claimant is deemed to have exhausted the administrative remedies available under the Plan. Notwithstanding the foregoing, the administrative remedies available under the Plan with respect to a claim based on a determination of Disability will not be deemed exhausted based on de minimis violations that do not cause, and are not likely to cause, prejudice or harm to the claimant so long as the Plan demonstrates that the violation was for good cause or due to matters beyond the control of the Plan and that the violation occurred in the context of an ongoing, good faith exchange of information between the Plan and the Claimant. This exception is not available if the violation is a part of a pattern or practice of violations by the Plan. The Claimant may request a written explanation of the violation from the Plan, and the Plan must provide such an explanation within 10 days, including a specific description of its bases, if any, for asserting that the violation should not cause administrative remedies available under the Plan to be deemed exhausted. If a court rejects the Claimant's request for immediate review under this section on the basis that the Plan met the standards for the exception outlined in this Section, the claim shall be considered as re-filed upon the Plan's receipt of the decision of the court. Within a reasonable tie after receipt of the decision, the Plan shall provide the Claimant with notice of the resubmission.

10.5. **Right to Examine Plan Documents and to Submit Materials.**. In connection with the determination of a claim, or in connection with review of a denied claim or appeal pursuant to this Section, the Claimant may examine this Plan and any other pertinent documents generally available to Participants relating to the claim and may submit written comments, documents, records and other information relating to the claim for benefits. The Claimant also will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits with such relevance to be determined in accordance with Section 10.6 (Relevance).

10.6. **Relevance**. For purpose of this Section, documents, records, or other information shall be considered "relevant" to a Claimant's claim for benefits if such documents, records or other information:

(a) were relied upon in making the benefit determination;

(b) were submitted, considered, or generated in the course of making the benefit determination, without regard to whether such documents, records or other information were relied upon in making the benefit determination; or

(c) demonstrate compliance with the administrative processes and safeguards required pursuant to this Section regarding the making of the benefit determination.

10.7. **Decisions Final; Procedures Mandatory**. To the extent permitted by law, a decision on review or appeal shall be binding and conclusive upon all persons whomsoever. To the extent permitted by law, completion of the claims procedures described in this Section shall be a mandatory precondition that must be complied with prior to commencement of a legal or equitable action in connection with the Plan by a person claiming rights under the Plan or by another person claiming rights through such a person. The Plan Administrator may, in its sole discretion, waive these procedures as a mandatory precondition to such an action.

10.8. **Time for Filing Legal or Equitable Action**. Any legal or equitable action filed in connection with the Plan by a person claiming rights under the Plan or by another person claiming rights through such a person must be commenced not later than the earlier of: (1) the shortest applicable statute of limitations provided by law; or 2 years from the date the written copy of the Plan Administrator's decision on review is delivered to the Claimant in accordance with Section 10.2 (Appeal of Adverse Benefit Determination) or Section 10.4 (Appeal of Disability Adverse Benefit Determination).

ARTICLE 11

LIMITATION OF RIGHTS, CONSTRUCTION

11.1. **Limitation of Rights**. Neither this Plan, any Trust Agreement, nor membership in the Plan shall give any employee or other person any right except to the extent that the right is specifically fixed under the terms of the Plan. The establishment of the Plan shall not be construed to give any individual a right to be continued in the service of the Company or as interfering with the right of the Company to terminate the service of any individual at any time.

11.2. **Construction**. The masculine gender, where appearing in the Plan, shall include the feminine gender (and vice versa), and the singular shall include the plural, unless the context clearly indicates to the contrary. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced in accordance with the laws of the State of Utah.

ARTICLE 12

LIMITATION ON ASSIGNMENT; PAYMENTS TO LEGALLY INCOMPETENT DISTRIBUTEE

12.1. **Anti-Alienation Clause**. No benefit which shall be payable under the Plan to any person shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of the same shall be void. No benefit shall in any manner be subject to the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachment or legal process for or against any person, except to the extent as may be required by law.

12.2. **Permitted Arrangements**. Section 12.1 shall not preclude arrangements for the withholding of taxes from benefit payments, arrangements for the recovery of benefit overpayments, arrangements for the transfer of benefit rights to another plan, or arrangements for direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided that such arrangement is not part of an arrangement constituting an assignment or alienation). Additionally, Section 12.1 shall not preclude arrangements for the distribution of the benefits of a Participant or Beneficiary pursuant to the terms and provisions of a "domestic relations order" in accordance with such procedures as may be established from time to time by the Plan Administrator.

12.3. **Payment to Minor or Incompetent**. Whenever any benefit which shall be payable under the Plan is to be paid to or for the benefit of any person who is then a minor or determined by the Plan Administrator to be incompetent by qualified medical advice, the Plan Administrator need not require the appointment of a guardian or custodian, but shall be authorized to cause the same to be paid over to the person having custody of the minor or incompetent, or to cause the same to be paid to the minor or incompetent without the intervention of a guardian or custodian, or to cause the same to be paid to a legal guardian or custodian of the minor or incompetent if one has been appointed or to cause the same to be used for the benefit of the minor or incompetent.

ARTICLE 13

AMENDMENT, MERGER, AND TERMINATION

13.1. **Amendment**. The Company shall have the right at any time, by an instrument in writing duly executed, acknowledged and delivered to the Plan Administrator, to modify, alter or amend this Plan, in whole or in part, prospectively or retroactively; provided, however, that the duties and liabilities of the Plan Administrator and any Trustee hereunder shall not be substantially increased without its written consent; and provided further that the amendment shall not reduce any Participant's interest in the Plan, calculated as of the date on which the amendment is adopted. If the Plan is amended by the Company after it is adopted by an Affiliate, unless otherwise expressly provided, it shall be treated as so amended by such Affiliate without the necessity of any action on the part of the Affiliate. Any Affiliate or other corporation adopting this Plan hereby delegates the authority to amend the Plan to the Company. An Affiliate or other corporation that has adopted this Plan may terminate its future participation in the Plan at any time.

13.2. **Merger or Consolidation of Company**. The Plan shall not be automatically terminated by the Company's acquisition by or merger into any other employer, but the Plan shall be continued after such acquisition or merger if the successor employer elects and agrees to continue the Plan. All rights to amend, modify, suspend, or terminate the Plan shall be transferred to the successor employer, effective as of the date of the merger.

13.3. **Termination of Plan or Discontinuance of Contributions**. It is the expectation of the Company that this Plan and the payment of contributions hereunder will be continued indefinitely. However, continuance of the Plan is not assumed as a contractual obligation of the Company, and the right is reserved at any time to terminate this Plan or to reduce, temporarily suspend or discontinue contributions hereunder; provided, however, that the termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Section 409A of the Code generally prohibits the acceleration of the payment of benefits under the Plan. As a result, except as otherwise permitted by Treasury Regulation Section 1.409A-3(j)(4)(ix), the termination of this Plan may not result in the acceleration of any payment to any Participant or Beneficiary.

13.4. **Limitation of Company's Liability**. The adoption of this Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any employee or Participant or to be consideration for, an inducement to, or a condition of the employment of any employee. A Participant, employee, or Beneficiary shall not have any right to retirement or other benefits except to the extent provided herein.

ARTICLE 14

GENERAL PROVISIONS

14.1. **Status of Participants as Unsecured Creditors**. All benefits under the Plan shall be the unsecured obligations of the Company as applicable, and, except for those assets which may be placed in any Trust Fund established in connection with this Plan, no assets will be placed in trust or otherwise segregated from the general assets of the Company or each Company, as applicable, for the payment of obligations hereunder. To the extent that any person acquires a right to receive payments hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

14.2. **Heirs and Successors**. All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefits hereunder, and their heirs and legal representatives.

14.3. **Section 409A**. Under no circumstances may the time or schedule of any payment made or benefit provided pursuant to this Plan be accelerated or subject to a further deferral except as otherwise permitted or required pursuant to regulations and other guidance issued pursuant to Section 409A of the Code and the provisions of this Plan. If a payment is not made due to a dispute with respect to such payment, the payment may be delayed in accordance with Treasury Regulation Section 1.409A-3(g). If the Company fails to make any payment under this Plan, either intentionally or unintentionally, within the time period specified in the Plan, but the payment is made within the same calendar year, such payment will be treated as made within the time period specified in the Plan pursuant to Treasury Regulation Section 1.409A-3(d). This Plan shall be operated in compliance with Section 409A of the Code and each provision of the Plan shall be interpreted, to the extent possible, to comply with Section 409A of the Code. Nevertheless, the Company cannot, and does not, guarantee any particular tax effect or treatment of the amounts due under the Plan. Except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to the Participants, the Company will not be responsible for the payment of any applicable taxes on compensation paid or provided to any Participant.

To signify its adoption of this Plan document, the Company has caused this Plan document to be executed by a duly authorized officer of the Company, effective on the 1st day of January, 2022.

NU SKIN ENTERPRISES, INC.

By: /s/ Ryan Napierski

Its: CEO

SCHEDULE A

Nu Skin International, Inc. Deferred Compensation Plan (Adams, Mark)

Nu Skin International, Inc. Deferred Compensation Plan (Allen, Charles)

Deferred Compensation Plan (New Participant Form) (Averett, Claire)

Deferred Compensation Plan 2004b (Averett, Claire)

Nu Skin International, Inc. Deferred Compensation Plan (Bush, Lori)

Deferred Compensation Plan 2004b (Bush, Lori)

Nu Skin International, Inc. Deferred Compensation Plan (Cerqueira, Luiz)

Nu Skin International, Inc. Deferred Compensation Plan (Chang, Joseph)

Deferred Compensation Plan 2004b (Chang, Joseph)

Deferred Compensation Plan (New Participant Form) (Chard, Dan)

Nu Skin International, Inc. Deferred Compensation Plan (Conlee, Robert)

Nu Skin International, Inc. Deferred Compensation Plan (Dorny, Matt)

Deferred Compensation Plan (New Participant Form) (Durrant, Jodi)

Nu Skin International, Inc. Deferred Compensation Plan (Ford, Joe)

Nu Skin International, Inc. Deferred Compensation Plan (Fralick, John)

Nu Skin International, Inc. Deferred Compensation Plan (Frary, Jim)

Deferred Compensation Plan (New Participant Form) (Garrett, Gary)

Deferred Compensation Plan (New Participant Form) (Hartvigsen, Rich)

Deferred Compensation Plan 2004b (Hartvigsen, Rich)

Deferred Compensation Plan (New Participant Form) (Henderson, Sid)

Deferred Compensation Plan 2004b (Henderson, Sid)

Deferred Compensation Plan (New Participant Form) (Howe, Keith)

Nu Skin International, Inc. Deferred Compensation Plan (Hunt, Truman)

Deferred Compensation Plan (New Participant Form) (King, Richard)

Deferred Compensation Plan 2004b (King, Richard)

Deferred Compensation Plan (New Participant Form) (Lindley, Corey)

Nu Skin International, Inc. Deferred Compensation Plan (Lords, Brian)

Deferred Compensation Plan (New Participant Form) (MacFarlene, Larry V.)

Nu Skin International, Inc. Deferred Compensation Plan (Mangum, Bart)

Deferred Compensation Plan (New Participant Form) (Messick, Owen)

Deferred Compensation Plan (New Participant Form) (Morris, Brad)

Nu Skin International, Inc. Deferred Compensation Plan (Nielson, Chris)

Nu Skin International, Inc. Deferred Compensation Plan (Nelson, Brett)

Nu Skin International, Inc. Deferred Compensation Plan (Peterson, Jack)

Deferred Compensation Plan (New Participant Form) (Schultz, Tom)

Deferred Compensation Plan (New Participant Form) (Schwerdt, Scott)

Nu Skin International, Inc. Deferred Compensation Plan (Smidt, Carsten)

Deferred Compensation Plan (New Participant Form) (Smith, Michael)

Nu Skin International, Inc. Deferred Compensation Plan (Thibaudeau, Elizabeth)

Nu Skin International, Inc. Deferred Compensation Plan (Treharne, Alex)

Deferred Compensation Plan (New Participant Form) (Van Pelt, Dane)

Deferred Compensation Plan 2004b (Van Pelt, Dane)

Nu Skin International, Inc. Deferred Compensation Plan (Wayment, Brad)

Deferred Compensation Plan (New Participant Form) (Wolfert, Mark)

Nu Skin International, Inc. Deferred Compensation Plan (Wood, Ritch)

Nu Skin International, Inc. Deferred Compensation Plan (Young, Rob)

Exhibit 10.20

NU SKIN ENTERPRISES, INC.

EXECUTIVE SEVERANCE POLICY

Amended and Restated Effective as of October 15, 2020

TABLE OF CONTENTS

NU SKIN ENTERPRISES, INC.
EXECUTIVE SEVERANCE POLICY

This Nu Skin Enterprises, Inc. Executive Severance Policy has been adopted by the Executive Compensation Committee ("Committee") of the Board of Directors of the Company to apply to selected Executives of the Company. Eligible Executives will be eligible for coverage under the Policy for the payment of severance benefits upon termination of employment under certain circumstances, subject to the conditions set forth below. This Policy shall be effective as of the Effective Date as provided herein.

This Policy supersedes any prior plan, policy, agreement or practice involving the payment of severance benefits to eligible Executives. While the Policy is in effect, any severance benefits provided to an eligible Executive must be paid pursuant to this Policy or pursuant to another express written agreement between Company and the eligible Executive entered into after the effective date of this Policy.

Section 1. Definitions.

As used herein, the following terms shall have the following respective meanings:

1.1 "Accrued Rights" shall have the meaning given in Section 3.3 hereof.

1.2 "Annual Target Bonus" means the aggregate Bonuses that Executive is eligible to earn for the incentive periods in the fiscal year in which Executive's Date of Termination occurs, assuming attainment of such corporate targets at the "target level" (100% performance level), and disregarding any individual performance targets and regardless of whether any such Bonus has already been paid, as shall be established by the Committee for such fiscal year. For the avoidance of doubt, the Annual Target Bonus shall be determined assuming satisfaction of the aforementioned corporate targets, irrespective of whether such targets are actually achieved and whether any Bonus for a period in the fiscal year has already been paid.

1.3 "Bonus" means the cash incentive bonuses payable to Executive under the Third Amended and Restated Nu Skin Enterprises, Inc. 2010 Omnibus Incentive Plan (as may be amended from time to time), or such other or successor bonus program in which Executive participates from time to time.

1.4 "Base Salary" means the annual base salary in effect for the payroll period during which Executive's employment is terminated. Bonuses, incentive pay and any taxable or nontaxable fringe benefits or payments are not included in the calculation of Base Salary. Base Salary shall be determined before any deferrals to any qualified or nonqualified plans of the Company and before any reduction in salary that would constitute Good Reason.

1.5 "Cause" means, subject to the conditions below, that Executive has engaged in any one of the following: (i) a material breach of this Policy or the Company's Key Employee Covenants attached hereto as Exhibit B; (ii) any willful violation by Executive of any material law or regulation applicable to the business of the Company or any of its subsidiaries; (iii) Executive's conviction of, or a plea of guilty or nolo contendere to, a felony or any willful perpetration of common law fraud; or (iv) any other willful misconduct by Executive that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its subsidiaries. For purposes of the foregoing, in determining whether a "material breach" has occurred, or whether there has been a willful violation of a "material" law or regulation, the standard shall be a breach or violation that is, or will reasonably likely be, materially injurious to the financial condition or business reputation of, or is, or will reasonably likely be, otherwise materially injurious to, the Company or any of its subsidiaries.

1.6 "Change in Control" means the consummation of any of the following transactions effecting a change in ownership or control of the Company:

(i) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board of Directors of the Company (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board of Directors of the Company (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board of Directors of the Company shall be deemed to be an Incumbent Director;

(ii) Any "person" (as such term is defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company ("Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction, as defined in paragraph (iii), or (E) by any person of Company Voting Securities from the Company, if a majority of the Incumbent Directors approves in advance the acquisition of beneficial ownership of fifty percent (50%) or more of Company Voting Securities by such person;

(iii) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its subsidiaries that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) more than fifty percent (50%) of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least ninety percent (90%) of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board of Directors of the Company's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale of all or substantially all of the Company's assets.

1.7 "Company" means Nu Skin Enterprises, Inc., a Delaware corporation.

1.8 "Code" means the Internal Revenue Code of 1986, as amended.

1.9 "Committee" means the Executive Compensation Committee of the Board of Directors of the Company.

1.10 "Date of Termination" means the effective date of the relevant Executive's termination of employment with the Company.

1.11 "Disability" means a physical or mental impairment which, the Committee determines, after consideration and implementation of reasonable accommodations, precludes the Executive from performing Executive's essential job functions for a period longer than three (3) consecutive months or a total of one hundred twenty (120) days in any twelve (12) month period.

1.12 "Effective Date" means, with respect to this amendment and restatement of the Policy, October 15, 2020, or such later date as determined by the Committee with respect to an Executive. The original Effective Date of the Policy was March 8, 2018.

1.13 "Executive" means the executive employees of the Company who are eligible to participate in the Policy as set forth in Schedule A to this Policy, as it may be amended from time to time. Schedule A may be amended at any time to add additional executive employees or to remove executive employees from eligibility to participate in this Policy as Executives.

1.14 "Good Reason" means Executive's voluntary resignation for any of the following events that result in a material negative change to Executive: (i) without Executive's consent, a material reduction in the scope of Executive's duties and responsibilities or the level of management to which Executive reports; (ii) without Executive's consent, a reduction in Base Salary (other than an across-the-board reduction of not more than ten percent (10%) applicable to all senior executive officers); (iii) without Executive's consent, a material reduction in Executive's benefits in the aggregate (in terms of benefit levels, other than an across-the-board reduction) from those provided to Executive under any employee benefit plan, program and practice in which only the Executives (and no other employees of the Company) participate, provided that such material reduction occurs within six (6) months immediately prior to or following the consummation of a Change in Control; (iv) without Executive's consent, a relocation of Executive's principal place of employment of more than fifty (50) miles from Executive's primary residence, (v) a material breach of any provision of this Policy by the Company, or (vi) the failure of the Company to have a successor entity specifically assume this Policy within ten (10) business days after the Change in Control. Notwithstanding the foregoing, Good Reason shall only be found to exist if Executive, not later than ninety (90) days after the initial occurrence of an event deemed to give rise to a right to terminate for Good Reason, has provided thirty (30) days written notice to the Company prior to Executive's resignation indicating and describing the event resulting in such Good Reason, and the Company does not cure such event (other than the event in clause (vi)), which shall not be subject to cure) within ninety (90) days following the receipt of such notice from Executive.

1.15 "Policy" means this Nu Skin Enterprises, Inc. Executive Severance Policy.

1.16 "Pro Rata Earned Bonus" means the pro-rata portion of the Executive's earned bonus, if any, for each outstanding bonus cycle as of the date on which termination of employment occurs, based upon attainment of such corporate targets, and disregarding any individual performance targets, as shall be established by the Committee for such bonus cycle (determined by multiplying the amount of the actual earned bonus that would be payable for the bonus cycle by a fraction, the numerator of which is the number of days during the bonus cycle that the Executive is employed by the Company and the denominator of which is the full number of days in the bonus cycle); provided, however, Executive shall not be entitled to a Pro Rata Earned Bonus for an annual bonus cycle if Executive's termination date is earlier than March 31st of the year of termination.

Section 2. Term of Policy.

The term of this Policy shall begin on the Effective Date and shall continue in effect until modified or terminated by the Company pursuant to Section 13 hereof.

Section 3. Termination by Company without Cause or by Executive for Good Reason.

If the Company terminates Executive's employment during the term of the Policy without Cause, or if Executive terminates his or her employment during the term of the Policy for Good Reason, then, subject to Sections 7 and 8 below, Executive shall be entitled to the following rights and benefits under this Section 3:

3.1 Lump Sum Payment. Executive shall be entitled to either the lump sum payment described in Section 3.1(i) or the lump sum payment described in Section 3.2(ii).

(i) Termination without Cause or for Good Reason in Connection with Change in Control.

In the event that the Company terminates the employment of Executive during the term of the Policy without Cause or Executive terminates his or her employment during the term of the Policy for Good Reason, and the applicable Date of Termination occurs (A) within six (6) months prior to and in connection with a Change in Control (as determined by the Committee), or (B) within two (2) years following such Change in Control, then the Company will pay Executive a lump sum payment equal to the product of: (I) the sum of (A) Executive's Base Salary as of the Date of Termination plus (B) the Annual Target Bonus; and (II) the Multiplier specified in Schedule A.

The lump sum amount described above in this Section 3.1(i) shall be paid in a lump sum payment within 30 days of the Date of Termination, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs. In addition, the Company shall pay Executive the Pro Rata Earned Bonus. The Pro Rata Earned Bonus shall be paid to Executive at the same time as bonuses are paid to other executive officers of the Company for each outstanding bonus period that is considered part of the Pro Rata Earned Bonus, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs.

(ii) Other Termination without Cause or for Good Reason.

If the Company terminates Executive's employment during the term of the Policy without Cause, or if Executive terminates his or her employment during the term of the Policy for Good Reason, and Executive is not eligible for payment pursuant to Section 3.1(i), then the Company will pay Executive a lump sum payment equal to the product of: (A) Executive's Base Salary as of the Date of Termination and (B) the Multiplier specified in Schedule A.

The lump sum payment described above in this Section 3.1(ii) shall be paid in a lump sum payment within 30 days after the Date of Termination, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs. In addition, the Company shall pay Executive the Pro Rata Earned Bonus. The Pro Rata Earned Bonus shall be paid to Executive at the same time as bonuses are paid to other executive officers of the Company for each outstanding bonus period that is considered part of the Pro Rata Earned Bonus, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs. For the avoidance of doubt, Executive shall not be eligible for payment pursuant to this Section 3.1(ii) if Executive is eligible for payment pursuant to Section 3.1(i).

3.2 COBRA Payment. Executive shall be eligible for continuation of coverage for Executive and Executive's eligible dependents under the Company's group health plan(s) as required under COBRA, at Executive's sole expense at the applicable COBRA rate for such plan(s), subject to the following: the Company shall pay to Executive a lump sum payment equal to the aggregate employer and employee cost of twelve (12) months of health care continuation coverage under the Company's medical, dental, prescription drug and vision care group health plans as in effect from time to time. The lump sum payment contemplated under this Section 3.2 shall be paid to Executive as soon as administratively practicable following the Date of Termination, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs.

3.3 Accrued Rights. As soon as administratively practicable following the Date of Termination, or as otherwise provided below, the Company will pay or provide Executive with (i) all accrued but unpaid base salary through the Date of Termination, (ii) any previously awarded but unpaid Bonus for a completed bonus cycle prior to the Date of Termination, payable at the time such Bonuses regularly are paid, (iii) any unreimbursed business expenses that are reimbursable under the Company's business expense policy, (iv) all rights and benefits under the employee benefit plans of the Company in which Executive is then participating, payable at the times set forth in such plans, and (v) any other payments as may be required under applicable law (collectively, the "Accrued Rights").

3.4 Treatment of Equity Awards. The vesting and exercise of any equity awards that may be held by Executive as of the Date of Termination shall be determined in accordance with the applicable equity incentive plan and grant documentation for that Executive.

3.5 No Additional Rights. Except as provided in this Section 3, Executive's participation under any benefit plan, program, policy or arrangement sponsored or maintained by the Company shall cease and be terminated on the Date of Termination. Without limiting the generality of the foregoing, Executive's eligibility for and active participation in any tax qualified retirement or pension plans maintained by the Company will end as of the Date of Termination and Executive will earn no additional benefits under those plans after that date. Executive shall be treated as a terminated employee for purposes of all such benefit plans and programs effective as of the Date of Termination, and shall receive all payments and benefits due under such plans and programs in accordance with the terms and conditions thereof.

Section 4. Termination by Reason of Death or Disability.

In the event that the employment of Executive is terminated during the term of the Policy by reason of Executive's death or Disability, then, subject to Sections 7 and 8 below, Executive shall be entitled to the following rights and benefits under this Section 4:

4.1 Salary Continuation (Disability Only). In the event that the employment of Executive is terminated during the term of the Policy by reason of Executive's Disability, the Company will pay Executive salary continuation at an annual rate equal to Executive's then-current Base Salary until the earlier of (i) the date Executive is eligible for disability payments under the Company's group disability policies (as determined by the Company) or (ii) ninety (90) days following the Date of Termination by reason of Disability. Salary continuation under this Section 4.1 shall be paid in equal bi-monthly installments in accordance with the Company's customary payroll practices.

4.2 Bonus. The Company will pay the Pro Rata Earned Bonus, which shall be paid on the date that Bonuses are normally paid, but in no event earlier than the date the Separation and Release Agreement described in Section 7 becomes effective, or later than March 15th of the year following the year in which the Date of Termination occurs.

4.3 Accrued Rights. As soon as administratively practicable following the Date of Termination, the Company will pay or provide Executive with the Accrued Rights.

4.4 Treatment of Equity Awards. The vesting and exercise of any equity awards that may be held by Executive as of the Date of Termination shall be determined in accordance with the applicable equity incentive plan and grant documentation for that Executive.

Section 5. Termination by the Company for Cause.

The Company may terminate Executive's employment for any reason and at any time, with or without Cause. In the event that the Company terminates the employment of Executive during the term of the Policy for Cause, the Company will pay or provide Executive with the Accrued Rights and no other benefits.

Section 6. Voluntary Termination without Good Reason; Retirement.

Executive shall not be entitled to any payments or benefits under this Policy (other than Accrued Rights) by reason of Executive's voluntary termination of employment from the Company without Good Reason. This Policy shall have no effect on the rights and benefits to which an Executive may be entitled upon retirement under (without limitation) any retirement or savings plan of the Company, nor under any of the Company's equity incentive or cash incentive plans (including applicable award agreements), non-qualified deferred compensation plans, key employee death plans, and other health and miscellaneous benefit plans, each of which shall be governed exclusively by the terms of such plans and agreements, as applicable. Notwithstanding the foregoing, Company shall pay Executive a lump sum equal to 75% of Executive's base salary under the terms of the Key Employee Covenants if Company elects, in its sole discretion, to enforce the non-compete.

Section 7. Separation and Release Agreement.

To the extent permitted under applicable law, as a condition precedent to receiving any payments and benefits as provided under this Policy, Executive must execute a general release of claims (the "Separation and Release Agreement"), substantially in the form attached as Exhibit A hereto, and such Separation and Release Agreement must become irrevocable, by the sixtieth (60^{th}) day following the Date of Termination. If Executive fails to execute and deliver the Separation and Release Agreement, or revokes the Separation and Release Agreement, Executive shall not be entitled to receive the payments and benefits described herein (other than Accrued Rights). For purposes of this Policy, the Separation and Release Agreement shall be considered to have been executed by Executive if it is signed by Executive's legal representative in the case of legal incompetence or on behalf of Executive's estate in the case of Executive's death.

Section 8. Restrictive Covenants.

8.1 Key Employee Covenants Agreement. In consideration of Executive's employment by the Company and the additional rights and benefits provided to Executive by this Policy, on the Effective Date or such later date when an individual becomes an Executive, Executive will agree to and execute the Key Employee Covenants Agreement substantially in the form attached as Exhibit B hereto or in such other form approved by the Committee.

8.2 Transfer of Duties. Upon termination of employment, Executive must cooperate with the orderly transfer of his or her duties as requested by the Company.

8.3 Return of Property. Upon termination of employment, Executive must return all Company property by a date specified by the Company.

Section 9. Compliance with Section 409A.

9.1 Notwithstanding any other provision of this Policy to the contrary, the parties agree that this Policy is intended to comply with or be exempt from Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A"), and all provisions of this Policy shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and Executive intend that, to the maximum extent possible, any amounts paid pursuant to this Policy shall qualify as a short-term deferral pursuant to Section 409A or as separation pay exempt from Section 409A. In no event will the Company or its affiliates be liable for any additional tax, interest or penalties that may be imposed on Executive under Section 409A or any damages for failing to comply with Section 409A.

9.2 Notwithstanding any other provision of this Policy to the contrary, to the extent that any payment under this Policy constitutes "nonqualified deferred compensation" under Section 409A, the following shall apply to the extent Section 409A is applicable to such payment:

(i) Any payable that is triggered upon the Executive's termination of employment shall be paid only if such termination of employment constitutes a "separation from service" under Section 409A.

(ii) All in-kind benefits, expenses or other reimbursements paid pursuant to this Policy that are taxable income to Executive shall be paid no later than the end of the calendar year next following the calendar year in which Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (a) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (c) such payments shall be made on or before the last day of Executive's taxable year following the taxable year in which the expense occurred.

(iii) In the event that Executive is deemed on the date of termination to be a "specified employee" as defined in Section 409A, then with regard to any payment or the provision of any benefit that is subject to Section 409A and is payable on account of a separation from service (as defined in Section 409A), such payment or benefit shall be delayed for until the earlier of (a) the first business day of the seventh calendar month following such termination of employment, or (b) Executive's death. Any payments delayed by reason of the prior sentence shall be paid in a single lump sum, without interest thereon, on the date indicated by the previous sentence and any remaining payments due under this Policy shall be paid as otherwise provided herein.

9.3 For purposes of Section 409A, Executive's right to receive any installment payments under this Policy (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment.

9.4 To the extent required to avoid the imposition of additional taxes and penalties under Section 409A, amounts payable under this Policy on termination of employment will not be paid until Executive experiences a separation from service within the meaning of Section 409A as specified above.

9.5 Notwithstanding any provision of this Policy to the contrary, in no event shall the timing of Executive's execution of the Separation and Release Agreement, directly or indirectly, result in Executive designating the calendar year of payment, and if a payment pursuant to this Policy that is subject to execution of the Separation and Release Agreement could be made in more than one taxable year, based on timing of the execution of the Separation and Release Agreement, payment shall be made in the later taxable year.

Section 10. Withholding Taxes.

All compensation payable pursuant to this Policy shall be subject to all applicable federal, state and local tax withholding.

Section 11. Parachute Payments.

Notwithstanding anything in this Policy to the contrary, in the event the Company determines that any payment or distribution in the nature of compensation (within the meaning of Code Section 280G(b)(2)) to or for the benefit of Executive, whether paid or payable pursuant to this Policy or otherwise would be subject to the excise tax imposed by Code Section 4999, then Executive shall be entitled to receive (i) the greatest amount so that no portion the payments shall be an excess parachute payment (the "Limited Amount"), or (ii) if the amount of payments otherwise paid or provided (without regard to clause (i)) reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Code Section 4999) would be greater than the Limited Amount reduced by all taxes applicable thereto, then the amount of payments shall be the amount otherwise payable. Any reductions described in the preceding sentence shall be done in the manner that is least economically disadvantageous to Executive. Where the decision to cut back between two amounts is economically equivalent, but the amounts are payable at different times, the amounts will be reduced on a pro rata basis.

Section 12. Administration.

The Committee is responsible for the administration of this Policy and shall have all powers and duties necessary to fulfill its responsibilities. The Committee shall have full power and discretion to interpret the Policy and related documents, to resolve ambiguities, inconsistencies and omissions, to determine any question of fact, and to determine the rights and benefits, if any, of any Executive or other employee, in accordance with the provisions of the Policy. The Committee shall also have the authority to waive any restrictions with respect to participation in the Policy or the maturity of benefits under the Policy for any specific Executive where, in the opinion of the Committee, it is reasonable to do so and does not prejudice the rights of the particular Executive under the Policy and it does not cause the Executive to be subject to adverse tax treatment under Section 409A. The Committee's decision with respect to any matter shall be final and binding on all parties concerned. The Committee may, from time to time, by action of its appropriate officers, delegate to designated persons, committees, or entities the right to exercise any of its powers or the obligation to carry out its duties under the Policy.

Section 13. Amendment and Termination.

The Company reserves the right to amend or terminate this Policy at any time and in any manner, subject to the following: (i) no amendment or termination of this Policy made during the period beginning six (6) months prior to a Change in Control and continuing until the second anniversary of the Change in Control, shall become effective until the second anniversary of a Change in Control, provided that the Company shall have the ability to make any amendment required under applicable law (including without limitation any amendments necessary to comply with Section 409A) at any time; (ii) if any modification of this Policy decreases the benefits available to an Executive through this Policy (such modification, an "Adverse Change"), the Company shall give written notice to the impacted Executive of the Adverse Change; and (iii) the Adverse Change shall not be effective with respect to the Executive any sooner than one (1) year from the date on which the notice described in (ii) above was provided to the impacted Executive. Notwithstanding the foregoing, (x) no amendment or termination of the Policy shall affect the rights of an Executive whose Date of Termination has occurred prior to the date of such amendment or termination of the Policy and who remains entitled to severance payments or benefits under this Policy, and (y) the requirements described in (ii) and (iii) above, with respect to an Executive impacted by an Adverse Change, may be waived in writing by the Executive.

Section 14. Other Provisions.

14.1 Acknowledgment. Executive acknowledges that this Policy does not constitute a contract of employment or impose on the Company any obligation to retain Executive as an employee and that this Policy does not prevent Executive from terminating employment at any time.

14.2 Non-Duplication of Benefits. The benefits under this Policy are not intended to duplicate any other benefits provided by the Company in connection with the termination of an employee's employment, such as wage replacement benefits, pay-in-lieu-of-notice, severance pay, or similar benefits under any other benefit plans, severance programs, employment contracts, or applicable federal or state laws, such as the WARN Acts. Should such other benefits be payable, the benefits under this Policy will be reduced accordingly or, alternatively, benefits previously paid under this Policy will be treated as having been paid to satisfy such other benefit obligations. In either case, the Company will determine how to apply this provision and may override other provisions in this Policy in doing so.

14.3 Construction. This Policy shall be governed and enforced in accordance with the laws of the State of Utah, and any litigation between the parties relating to this Policy shall be conducted in the courts of Utah County.

14.4 Severability. If any provision of this Policy, or the application of such provision to any person or in any circumstance, is found by a court of competent jurisdiction to be unenforceable for any reason, such provision may be modified or severed from this Policy to the extent necessary to make such provision unenforceable against such person or in such circumstance. Neither the unenforceability of such provision nor the modification or severance of such provision will affect (i) the enforceability of any other provision of this Policy or (ii) the enforceability of such provision against any person or in any circumstance other than those against or in which such provision is found to be unenforceable.

14.5 Records. The records of the Company with respect to the determination of eligibility, employment history, Accrued Rights, Base Salary, Bonus, and any and all other relevant matters shall be conclusive for all purposes of this Policy.

14.6 Entire Agreement. The Company and Executive understand and agree that this Policy shall constitute the entire understanding between them regarding the subject matter contained herein, and that all prior understandings regarding these matters are hereby superseded and replaced, unless specifically provided otherwise in this Policy.

SCHEDULE A

Executives (updated 1/31/2022)

Name and Title of Executive	Multiplier for Section 3.1(i)	Multiplier for Section 3.1(ii)
• Ryan Napierski, President and Chief Executive Officer	2	1.5
• Connie Tang, Executive Vice President and Chief Global Growth and Customer Experience Officer • Mark Lawrence, Executive Vice President and Chief Financial Officer • Chayce Clark, Executive Vice President and General Counsel • Joseph Chang, Executive Vice President and Chief Scientific Officer • Steven Hatchett, Executive Vice President and Chief Product Officer	1.5	1.25

EXHIBIT A

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (this "Agreement") is entered into effective as of _____, by and between Nu Skin Enterprises, Inc., a Delaware corporation (the "Company") and _____, an individual ("Employee"). The Company and Employee are sometimes hereinafter referred to as "party" or "parties."

RECITALS

A. Employee's employment with the Company terminated on _____ (the "Employment Termination Date").

B. The Company and Employee mutually agree it is in the best interests of both to enter into a mutual understanding, settlement and compromise of all claims and disputes, if any, between them.

AGREEMENT

In consideration of the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, the parties hereby mutually agree as follows:

1. The Company agrees to make certain payments to Employee as set forth in the Nu Skin Enterprises, Inc. Executive Severance Policy (the "Severance Policy"). Except as expressly set forth in this Agreement, or in a specific plan document (e.g. 401(k) plan etc., stock option plan etc.), Employee shall not be entitled to any further compensation or benefits from the Company.

2. In consideration for the payments set forth in Section 1 hereof, Employee, and all persons and entities claiming by, through or under Employee, hereby completely release the Company and any person or entity that controls, is controlled by or is under common control with the Company, including without limitations, any direct or indirect parent or subsidiary of the Company or any officer, director, shareholder, employee, attorney, or agent of the Company from all claims, charges, demands, grievances, and/or causes of action which Employee had, has, or may claim to have based on, arising from, or relating to Employee's employment with the Company or the termination thereof, including, without limitation, any claims, charges, demands, grievances, and/or causes of action under:

- the Equal Pay Act;
- the Fair Labor Standards Act;
- the National Labor Relations Act;
- Title VII of the Civil Rights Act of 1964;
- the Post-Civil War Reconstruction Acts (42 U.S.C. §§ 1981-1988);
- any claim of retaliation or whistleblower discrimination;
- any claim of wrongful discharge against public policy;
- the Americans with Disabilities Act of 1990;
- the Rehabilitation Act of 1973;
- the Employee Retirement Income Security Act of 1974;
- the Family and Medical Leave Act of 1993;
- any claim in tort or contract, or for promissory estoppel or violation of a covenant of good faith and fair dealing;
- any and all claims for attorneys' fees, costs, and/or penalties;
- and any other claim arising out of common law or federal, state, or local law.
- the Genetic Information Nondiscrimination Act of 2008;
- the Utah Antidiscrimination Act;
- any other federal or state statute;
- any claim for unpaid compensation or benefits;

The foregoing release also includes, without limitation, release of any claims for wrongful discharge, breach of express or implied contract of employment, employment-related torts, personal injury (whether physical or mental), or any other claims in any way related to Employee's employment with or separation from the Company. Employee acknowledges and agrees that Employee has not been discriminated against in any manner prohibited by law during Employee's employment with the Company or with regard to Employee's separation from employment with the Company.

Notwithstanding the foregoing, Employee does not waive any rights to unemployment insurance benefits or worker's compensation benefits. Employee further understands that nothing in this Section 2 prohibits Employee from paying COBRA premiums to maintain Employee's participation in the Company's group health plan to the extent allowed by law and subject to the terms, conditions, and limitations set forth in the Company's group health plan.

3. Employee acknowledges that Employee is waiving and releasing any rights Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the effective date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that Employee has been advised by this writing that:

a. Employee should consult with an attorney prior to executing this Agreement;

b. Employee has at least 21 days within which to consider this Agreement, although Employee may accept the terms of this Agreement at any time within those 21 days, provided that changes to this Agreement shall not extend or restart the running of the 21-day period;

c. Employee has at least seven days following the execution of this Agreement by the parties to revoke this Agreement; and

d. this Agreement will not be effective until the revocation period has expired.

4. Employee acknowledges that Employee's obligations under the Key Employee Covenants Agreement continue after the termination of Employee's employment for any reason.

5. At the time of termination of Employee's employment, Employee shall return to the Company all confidential information, computers, laptops, cell phones, passwords, and all other equipment or materials owned by the Company in the possession of Employee.

6. Nothing in this Agreement waives or releases any rights or claims that, by law, cannot be waived or released. For example, nothing in this Agreement shall be construed to prohibit Employee from volunteering information or documents, filing a charge with, or otherwise participating in any investigation or proceedings conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission, or any other federal, state, or local government agency or commission (collectively "Government Agencies" and each a "Government Agency") charged with enforcement of any law. Further, nothing in this Agreement affects claims under statutes that prohibit an employee from waiving or releasing such claims, including but not limited to claims for unemployment benefits, workers' compensation benefits, vested benefits under an ERISA plan, or statutory claims which, in accordance with the statutes creating such claims, may not be waived or released. Notwithstanding the foregoing, Employee agrees that by executing this Agreement he/she affirms that the payment received pursuant to Section 1 of this Agreement are the only legal remedy he/she may receive as compensatory damages or for lost back or front wages and waives any right to recover personally, monetary damages or any other individual relief as a result of any charge, complaint, or lawsuit filed by Employee or by anyone, including but not limited to a Government Agency, on his/her behalf. This Agreement does not limit Employee's right to receive any award unrelated to any claim for damages for information provided to any Government Agency.

7. Employee represents that he/she has no lawsuits, claims, or actions pending in his/her name, or on behalf of any other person or entity, against the Company in any state or federal court, any arbitral forum, or any state, federal, or local administrative or governmental agency. Employee also promises to opt out of any class or representative action and to take such other steps as he/she has the power to take to disassociate him/herself from and waive any rights or remedies that might be received from any class or representative action seeking relief against the Company and/or any other Released Party regarding any of the released Claims.

8. This Agreement is a negotiated settlement of all claims, charges, demands, grievances, and/or causes of action, if any, between the parties. This Agreement does not constitute an admission by the Company, and the Company specifically denies that the Company has violated any contract, law, or regulation or that it has discriminated against Employee or otherwise infringed upon Employee's rights and privileges or done any other wrongful act.

9. This Agreement is confidential information owned by the Company. No party may disclose the contents of this Agreement except to the extent required by law. Notwithstanding the foregoing, Employee may disclose the terms of the Agreement to Employee's attorney or accountants for the purposes of obtaining advice or professional services or to Employee's immediate family (spouse and children). If Employee discloses the terms of this Agreement to Employee's attorney, accountant, or his/her immediate family, Employee will advise such individuals that they must not disclose the terms of this Agreement except to the extent required by law.

10. If Employee violates or breaches this Agreement, then this Agreement shall remain in full force and effect except that the Company will be entitled to recover from Employee the monies paid pursuant to Section 1 above, attorneys' fees and any other remedy available to the Company pursuant to this Agreement or otherwise.

11. Should Employee return to work for the Company prior to the elapse of time being compensated for under this Agreement, there will be a pro-rata return of such severance payment in a lump sum by the Employee to the Company before any re-employment will be permitted to take place.

12. The provisions of this Agreement are severable. Should any provision hereof be voidable or unenforceable under applicable law, such voidable, or unenforceable provision shall not affect the validity of any other clause or provision, which shall remain in full force and effect. In addition, it is the intention and agreement of the parties that all of the terms and conditions hereof be enforced to the fullest extent permitted by law.

13. The validity of this Agreement and the interpretation and performance of all of its terms shall be governed by the substantive and procedural laws of the State of Utah. Each party expressly submits and consents to exclusive personal jurisdiction and venue in the courts of Utah County, State of Utah or in any Federal District Court in Utah.

14. This Agreement, the Key Employee Covenants Agreement, the Severance Policy, the agreements related to the Company's deferred compensation plan, the Company's 401(k) plan, and Employee's stock option agreements (the "Sole Agreements"), constitute the entire and sole agreements between Employee and the Company and its affiliates. No other promises or agreements have been made to Employee or the Company other than those contained in the Sole Agreements. Employee and the Company acknowledge that they have read this Agreement carefully, fully understand the meaning of the terms of this Agreement, and are signing this Agreement knowingly and voluntarily. This Agreement may not be modified except by an instrument in writing signed by all of the parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above.

NU SKIN ENTERPRISES, INC.

By:
Its:

EMPLOYEE

EXHIBIT B

EMPLOYEE COVENANTS AGREEMENT

_____ "Employee"
(PRINT NAME)

Nu Skin Enterprises, Inc. and its affiliated companies (collectively "Company") operate in the highly competitive direct selling marketplace competing for product market share as well as recruitment and retention of independent distributors. The success of Company depends on maintaining a competitive edge in this industry through the introduction of innovative products and attracting and retaining distributors. Accordingly, as a condition of and in consideration of employment or continued employment with Company, Company and Employee hereby acknowledge and agree as follows.

1. **Conflict of Interest**: During employment with Company, Employee shall not have any personal interest that is incompatible with the loyalty and responsibility Employee owes to Company. Employee must discharge Employee's responsibility solely on the basis of what is in the best interest of Company and independent of personal considerations or relationships. Employee shall maintain impartial relationships with vendors, suppliers and distributors. Should Employee have any questions regarding this matter, Employee should consult with Employee's director or supervisor or with the Human Resources Department ("HR"). If any actual or potential conflict of interest arises, the Employee must notify Employee's director or supervisor and HR as promptly as possible after such conflict of interest arises, and seek an appropriate waiver or resolution of such conflict of interest. Although it is difficult to identify every activity that might give rise to a conflict of interest, the following provisions address some examples of conflicts of interest:

   1.1 **Related Party Transactions.** Employee shall not have a direct or indirect ownership or financial interest in vendors or suppliers of Company or in any person or entity doing or seeking to do business with Company. Employee shall also not have a direct or indirect financial or other interest in any transaction involving the Company. In the event such a conflict arises, Employee must notify Employee's director or supervisor and HR, and Company may not do business with such vendor or supplier, or enter into any such transaction, unless it has been approved (a) in accordance with Company's policy with respect to related party transactions; or, if such policy does not apply, (b) by Employee's manager.

   1.2 **Other Employment.** Employee shall not be employed by, or perform services of any kind, whether compensated or not, for any person or entity doing or seeking to do business with Company. Employee shall not be employed by, or perform services of any kind, whether compensated or not, for any person or entity that competes with Company. Employee shall not allow employment by, or performance of services for, any other person or entity to detract from Employee's job performance; use Company's time, resources, or personnel in connection therewith; or expend such long hours in connection therewith as to adversely affect Employee's physical or mental effectiveness. Further, neither Employee's spouse, nor any member of Employee's household, shall be employed by another direct sales or multilevel marketing company without the prior written consent of Company.

1.3 **Distributorships.** While employed by Company and for a period of three months after termination of an employment relationship with Company for any reason, Employee shall not have a direct or indirect ownership or financial interest in a Company distributorship or similar account. Additionally, during the course of employment, neither Employee's spouse, nor any member of Employee's household, shall have a direct or indirect ownership or financial interest in, or otherwise be affiliated with, a Company distributorship without the prior written consent of Company. Further, neither Employee's spouse, nor any member of Employee's household, shall have a direct or indirect ownership or financial interest in, or otherwise be affiliated with, another direct sales or multilevel marketing distributorship without the prior written consent of Company. Any pre-existing ownership, financial interests, or employment covered in these subparagraphs must be disclosed to Company at the time of the execution of this Agreement.

2. **Inventions**:

2.1 Attached hereto as Exhibit A is a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were conceived, developed, reduced to practice, or created by Employee prior to Employee's employment with Company, which belong to Employee, and which are not assigned to Company hereunder (collectively referred to as "Prior Inventions"). If nothing is listed on Exhibit A, or if no such list is attached, Employee represents that there are no such Prior Inventions. If, in the course of Employee's employment with Company, Employee incorporates into a Company product, process, service, or other work a Prior Invention owned by Employee or in which Employee has an interest, Employee hereby grants to Company and Company shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, sell, offer to sell, copy, reproduce, distribute, make derivative works of and publicly display or perform such Prior Invention as part of or in connection with such product, process, service, or other work and to practice any method related thereto and to sublicense the foregoing rights.

2.2 Employee agrees to promptly make full written disclosure to Company, will hold in trust for the sole right and benefit of Company, and hereby assigns to Company, or its designee, all of Employee's right, title, and interest in and to any and all inventions, original works of authorship, developments, improvements, concepts, processes, designs, discoveries, ideas, technology advances, unique solutions to business problems, trademarks, or trade secrets, whether or not patentable, and whether or not registrable under copyright or other federal or state laws, which Employee may solely or jointly conceive, develop, create, or reduce to practice, or cause to be conceived, developed, created or reduced to practice, and which also satisfy any one of the following: (i) was within the scope of Employee's employment; (ii) was on Company's time; (iii) was with the aid, assistance, or use of any of Company's property, equipment, facilities, supplies, resources, or intellectual property; (iv) was the result of any work, services, or duties performed by Employee for Company; (v) was related to Company's industry or trade; and/or (vi) was related to the current or demonstrably anticipated business, research, or development of Company (collectively referred to as "Inventions").

2.3 Employee further acknowledges that all original works of authorship that are made by Employee (solely or jointly with others) within the scope of and during the period of employment with Company and that are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act.

2.4 Employee understands and agrees that the decision whether or not to commercialize or market any Inventions developed by Employee solely or jointly with others is within Company's sole discretion and for Company's sole benefit and that no royalty will be due to Employee as a result of Company's efforts to commercialize or market any such Invention.

2.5 Employee agrees to keep and maintain adequate and current written records of all Inventions made by Employee (solely or jointly with others) during the term of employment with Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by Company. The records will be available to and remain the sole property of Company at all times.

2.6 Employee agrees to assist Company, or its designee, at Company's expense, in every proper way to secure, obtain, maintain, reissue, defend, and enforce Company's rights in the Inventions and any copyrights, patents, trademarks, trade secrets, mask work rights or any other intellectual property rights whatsoever relating thereto in any and all countries, including the disclosure to Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, and all other instruments that Company shall deem necessary in order to apply for, obtain, maintain, reissue, defend, and enforce such rights (including, but not limited to, improvements, renewals, extensions, continuations, divisions or continuations in part thereof) and in order to assign and convey to Company, its successors, assigns, and nominees the sole and exclusive right, title, and interest in and to such Inventions, and any copyrights, patents, trademarks, trade secrets, mask work rights or any other intellectual property rights whatsoever relating thereto. Employee further agrees that Employee's obligation to execute or cause to be executed, when it is in Employee's power to do so, any such instrument or papers shall continue after the termination of this Agreement. If Company is unable because of Employee's mental or physical incapacity or for any other reason to secure Employee's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to Company as above, or execute any of the other above instruments or papers, then Employee hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Employee's agent and attorney in fact, to act for and in Employee's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution, maintenance, reissue, defense, enforcement, and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Employee.

3. **Non-Disclosure and Assignment**:

3.1 Employee acknowledges that during the term of employment with Company, Employee will have access or be exposed to, or learn or develop, Confidential Information. Employee understands that "Confidential Information" means any Company information, data, or physical property that relates to the actual or anticipated business or research and development of Company, Company proprietary information, technical data, trade secrets, or know-how, including, but not limited to: research; formulas; business plans; strategic plans; product and marketing plans; sales compensation plans; sales methods; financial information; vendor information (both actual and potential), including, without limitation, vendor lists, and vendor contact, volume, and pricing information; supplier information (both actual and potential), including, without limitation, supplier lists, and supplier contact, volume, and pricing information; distributor information (both actual and potential), including, but not limited to; distributor lists, and distributor contact information, volume, sales, ability, performance, compensation, downline, upline, and personally identifiable information; employee information (both actual and potential), including, but not limited to, employee lists, and employee contact information, experience, qualification, ability, performance, compensation, and personally identifiable information; markets; market development strategies; sales strategies; strategies for the acquisition, retention, acquisition, and growth of distributors; software and computer programs; specifications; reports; designs; drawings; prototypes; procedures; inventions; operations; procedures; manufacturing techniques, engineering processes; technology; unpublished patent applications and invention disclosures; production planning information; sales and purchasing quantities, prices, or quotations; budget plans; contracts; risk analysis; correspondence with distributors, suppliers, and vendors; and other business information disclosed to me by Company, directly or indirectly, that is proprietary, confidential, or secret, whether in digital, hard copy, verbal, visual, tangible, intangible, or other form.

3.2 During and after Employee's employment, Employee shall hold the Confidential Information and/or Inventions in strictest confidence and shall protect them with utmost care. Employee shall not disclose, copy, remove from Company's premises, or permit any person to disclose or copy any of the Confidential Information and/or Inventions, and Employee shall not use any of the Confidential Information and/or Inventions, except for the exclusive benefit of Company and only as necessary to perform Employee's duties as an employee of Company.

3.3 During employment with Company, Employee shall not improperly use or disclose any confidential or proprietary information or trade secrets of any former or concurrent employer or previously obtained from or provided by any other person or entity. On signing this Agreement, Employee shall disclose to Company the existence of agreements Employee has with prior employers or such other persons or entities, and shall comply with the terms of all such agreements with respect to confidential or proprietary information or trade secrets. Employee agrees and represents that Employee's employment with Company does not cause Employee to be in breach of any contract or agreement with any former or concurrent employer.

3.4 Employee recognizes that Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Employee agrees to hold all such confidential or proprietary information in the strictest confidence and to not use or disclose it except as necessary in carrying out Employee's work for Company consistent with Company's agreement with such third party.

3.5 This Agreement will not be interpreted to prevent the use or disclosure of information that: (a) is required by law to be disclosed, but only to the extent that such disclosure is legally required, (b) becomes a part of the public knowledge other than by a breach of an obligation of confidentiality, or (c) is rightfully received from a third party not obligated to hold such information confidential. The Federal Defend Trade Secrets Act provides immunity to individuals under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceedings, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. If Employee brings suit against Company in connection with Employee's employment relationship with Company, Employee may disclose Confidential Information to Employee's attorney and use the Confidential Information in the court proceeding, if Employee files any document containing Confidential Information under seal and does not disclose the Confidential Information, except pursuant to court order. Other than as described or addressed in this subparagraph, or as outlined in Paragraph 16 below, Employee must advise Company prior to disclosure of Confidential Information to be communicated pursuant to law so that Company may obtain a protective order as necessary to protect its confidentiality interests.

4. **Future Inventions**: Employee recognizes that inventions, original works of authorship, developments, improvements, and trade secrets that relate to Employee's activities while working for Company, and which are conceived, developed, reduced to practice, or created by Employee, whether alone or with others, within one year after termination of Employee's employment ("future inventions"), may constitute Inventions as that term is defined above. Accordingly, Employee agrees that Company's rights and Employee's obligations with respect to Inventions apply to future inventions, unless and until Employee has established the contrary.

5. **Ethical Standards**: Employee agrees to maintain the highest ethical and legal standards in Employee's conduct, to be scrupulously honest and straightforward in all of Employee's dealings, and to avoid all situations which might create the appearance or perception of unethical or illegal conduct.

6. **Product Resale**: As an employee of Company, Employee may receive Company products and materials either at no charge or at a discount as specified from time to time by Company in its sole discretion. Employee agrees that the products and materials received shall be used strictly in accordance with the applicable policies of Company and shall not be sold, distributed, or transferred in any manner that would violate such policies.

7. **Gratuities**: Employee shall neither seek nor retain gifts, gratuities, entertainment, or other forms of compensation, benefit, or persuasion from suppliers, distributors, vendors, or their representatives except in compliance with Company policy.

8. **Non-Solicitation**: Employee shall not in any way, directly or indirectly, on Employee's own behalf or on behalf of others, either alone or with, assisting, or through others, at any time during employment or within one year after either a voluntary or involuntary employment termination: (a) solicit, divert, take away, or interfere with Company's distributors, employees, suppliers, or vendors, including, without limitation, inducing, facilitating, recruiting, or encouraging Company's distributors, employees, suppliers, or vendors to terminate or alter their relationship with Company or to do business with any person or entity that competes with Company, regardless of whether or not Employee initiates any such contact; or (b) attempt to do any of the foregoing.

9. **Non-Disparagement**: Subject to Paragraph 16 below, Employee shall not in any way, directly or indirectly, at any time during employment or after either voluntary or involuntary employment termination, disparage Company, Company products, Company employees, or Company distributors, including, without limitation, the business, reputation, practices, or conduct of any of the foregoing.

10. **Non-Competition**: In exchange for the benefits of continued employment by Company, Employee shall not, without the prior written consent of Company: (i) serve in any capacity whatsoever, including, but not limited to, as a partner, joint venturer, employee, distributor, consultant, principal, officer, director, manager, member, affiliate, representative, agent, associate, contractor, inventor, advisor, licensor, licensee, promoter, or investor for; (ii) directly or indirectly, own, purchase, organize or take preparatory steps for the organization of; or (iii) build, design, finance, acquire, lease, operate, manage, control, invest in, participate in, work or consult for or otherwise join or participate in or affiliate with or provide service to any direct selling or multilevel marketing company or entity, including, without limitation, any direct or indirect affiliate or subsidiary of such company or entity, that competes with the business of Company whether for market share of products or for independent distributors; provided, however, Employee may own publicly traded securities of a company whose securities are publicly traded on a national securities exchange that is registered with the Securities and Exchange Commission if Employee's ownership interest is less than 1% of the total outstanding securities of such company. The foregoing covenant shall cover Employee's activities in every part of the Territory. "Territory" shall mean: (i) all states of the United States of America; and (ii) any other countries in which Company maintains non-trivial operations or facilities, provides goods or services, has customers or distributors, or otherwise conducts business during the time of employment. Employee shall not engage in activities that may require or inevitably require disclosure of Confidential Information. The restrictions set forth in this paragraph shall remain in effect during Employee's employment with Company.

11. **Acknowledgement**: Employee acknowledges that Employee's fulfillment of the obligations contained in this Agreement, including, but not limited to, Employee's confidentiality, non-solicitation, non-disparagement, and non-competition covenants in Paragraphs 3 and 8-10 above, are fair and reasonable, are necessary to protect the Company's Confidential Information and, consequently, to preserve the value and goodwill of the Company, and should be construed to apply to the fullest extent possible by applicable laws. Employee further acknowledges the time, geographic, and scope limitations of these obligations are reasonable, and that Employee will not be precluded from gainful employment if obligated not to compete with Company during the period and within the Territory as described in this Agreement. Employee has carefully read this Agreement, has consulted with independent legal counsel to the extent Employee deems appropriate, and has given careful consideration to the restraints imposed by the Agreement. Employee acknowledges that the terms of this Agreement are enforceable regardless of the manner in which Employee's employment is terminated, whether voluntary or involuntary. In the event that Employee is to be employed as an attorney for a competitive business, Company and Employee acknowledge that Paragraph 10 is not intended to restrict the right of Employee to practice law in violation of any applicable rules of professional conduct.

12. **Separate Covenants:** Employee's confidentiality, non-solicitation, non-disparagement, and non-competition covenants in Paragraphs 3 and 8-10 above shall be construed as a series of separate covenants, one for each city, county, and state of any geographic area in the Territory. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenants contained above. If, in any judicial or arbitral proceeding, a court or arbitrator refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be revised, or if revision is not permitted it shall be eliminated from this Agreement, to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of Paragraphs 3 and 8-10 above are deemed to exceed the time, geographic, or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic, or scope limitations, as the case may be, then permitted by such law. In the event that the applicable court or arbitrator does not exercise the power granted to it in the prior sentence, Employee and Company agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business, and other purposes of such invalid or unenforceable term.

13. **Return of Equipment and Information upon Termination**: On Company's request at any time, and in any event on the termination of employment for any reason, Employee shall promptly deliver to Company (and will not keep in Employee's possession, in hard copy or digital form, or recreate, copy, or deliver to anyone else) any and all Confidential Information and Inventions, including, but not limited to, any distributor, supplier, and vendor contact information and notes or summaries thereof. Employee will also deliver to the Company (and will not keep in Employee's possession, in hard copy or digital form, or recreate, copy, or deliver to anyone else) any and all devices, assets, equipment, property, passwords, documents, records, data, notes, reports, proposals, lists, correspondence, formulae, specifications, drawings, or any other items or materials whatsoever (or any copies or reproductions of any of the aforementioned items), developed by Employee pursuant to Employee's employment with Company or otherwise belonging to Company. Employee understands and agrees that compliance with this paragraph may require that data be removed from Employee's personal computer equipment and electronic storage devices of any kind, and Employee agrees to give the qualified personnel of Company or its contractors access to such computer equipment or devices for that purpose.

14. **Remedies and Enforcement of Restrictive Covenants**: Employee acknowledges that: (a) compliance with the provisions of the restrictive covenants contained in this Agreement is necessary to protect the business and goodwill of Company; and (b) a breach of such provisions will result in irreparable and continuing harm to Company, for which money damages will not provide adequate relief. Consequently, Employee agrees that, in the event Employee breaches or threatens to breach any of such provisions, Company shall be entitled to temporary, preliminary, and/or permanent injunctive relief to prevent the threatened harm or the continuation of harm. Employee agrees that Company does not need to post a bond to obtain an injunction and waives Employee's right to require such a bond. The seeking and/or obtaining of such injunctive relief shall be without prejudice to, and are in addition to, Company's right to seek any other remedies available to Company for such breach or threatened breach, including the recovery of damages from Employee, and remedies available under federal and state laws, including, but not limited to, the Federal Defend Trade Secrets Act, and the parties agree that all remedies are cumulative. It is further recognized and agreed that the provisions of Paragraphs 3, 8, 9, or 10 of this Agreement and [Paragraphs 3 and 5] of the Addendum are for the purpose of restricting Employee's activities to the extent necessary for the protection of the legitimate business interests of Company and that Employee agrees that said provisions do not and will not preclude Employee from engaging in activities sufficient for the purposes of earning a living. Unless prohibited by law, Employee also agrees that any breach by Employee of the provisions of Paragraphs 3, 8, 9, or 10 of this Agreement and [Paragraphs 3 and 5] of the Addendum during employment by Company shall be grounds for forfeiture of any accrued bonuses or commissions as liquidated damages, which shall be in addition to and not exclusive of any and all other rights and remedies Company may have against Employee.

15. **Attorney's Fees**: If any party to this Agreement breaches any of the terms of this Agreement, then that party shall pay to the non-defaulting party all of the non-defaulting party's costs and expenses, including reasonable attorney's fees, incurred by that party in enforcing the terms of this Agreement.

16. **Protected Activity.** Nothing in this Agreement is intended, or should be interpreted, to restrict, impede, or otherwise limit the rights of all employees to report possible violations of law or regulation to any governmental agency or entity tasked with enforcing such laws and regulations, including but not limited to the United States Department of Justice, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Department of Labor, Congress, and any agency Inspector General, or to participate in an investigation by any such agencies or entities; nor is this Agreement intended to limit employees' rights to discuss among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern, as protected by the National Labor Relations Act or other law. Employee is not required to notify Company of his or her intention to file such a report or participate in such an investigation prior to contacting the agency or entity.

17. **Severability**: If any provision, paragraph, or subparagraph of this Agreement is adjudged by any court or administrative agency to be void or unenforceable in whole or in part, this adjudication shall not affect the validity of the remainder of the Agreement, including any other provision, paragraph, or subparagraph. Each provision, paragraph, and subparagraph of this Agreement is severable from every other provision, paragraph, and subparagraph and constitutes a separate and distinct covenant.

18. **Governing Law and Forum**: This Agreement shall be governed and enforced in accordance with the laws of the State of Utah, excepting its choice of law rules, and any litigation between the parties relating to this Agreement shall be conducted in the state or federal courts in or for Utah County in the State of Utah.

19. **Employment At Will**: Employee understands that employment with Company is at-will, meaning that employment with Company is completely voluntary and for an indefinite term and that either Employee or Company is free to terminate the employment relationship at any time, with or without cause or advance notice. Employee further understands that any representation to the contrary is unauthorized and not valid unless obtained in writing and approved by the Company's board of directors.

20. **Employment Subject to Company's Policies and Procedures**: The parties acknowledge and agree that Company has established, and may establish, various workplace policies and procedures, which Company may modify in its sole discretion from time to time. Employee acknowledges such policies and procedures, and agrees to abide by such policies and procedures, as they may be implemented or modified from time to time.

21. **Entire Agreement**: Company and Employee understand and agree that this Agreement shall constitute the entire agreement between them regarding the subject matter contained herein, and that all prior understandings or agreements regarding these matters are hereby superseded and replaced, including, without limitation, any written agreements previously signed by the parties. Any amendment or addendum to, or modification or supplementation of, this Agreement must be in writing signed by the parties hereto and stating the intent of the parties to amend or modify this Agreement.

22. **Survivability of Obligations**: This Agreement sets forth several obligations which continue after the termination of Employee's employment with Company, including, without limitation, those obligations set forth in Paragraphs 1, 2, 3, 4, 6, 8, 9, and 11, and the parties specifically acknowledge and agree that such obligations shall survive the termination of Employee's employment for any reason.

THIS AGREEMENT HAS BEEN READ, UNDERSTOOD, AND FREELY ACCEPTED BY:

_____ Dated: _____

Employee

EXHIBIT A

LIST OF PRIOR INVENTIONS

Title *Date* *Identifying Number or Brief Description*

_____ No inventions or improvements

_____ Additional Sheets Attached

Signature of Employee: _____

Print Name of Employee: _____

Date: _____

ADDENDUM TO EMPLOYEE COVENANTS AGREEMENT

FOR KEY EMPLOYEES

Company and Employee entered an Employee Covenants Agreement dated _____. ("Employee Covenants Agreement"). As a condition of and in consideration of employment or continued employment with Company, Company and Employee hereby acknowledge and agree to modify and/or supplement the terms of the Employee Covenants Agreement as follows:

1. **Terms of Employee Covenants Agreement:** Company and Employee agree that the defined terms in the Employee Covenants Agreement shall have the same meaning in this Addendum. Company and Employee further agree that all terms of the Employee Covenants Agreement remain in full force and effect, except as modified herein. To the extent of a conflict between terms of the Employee Covenants Agreement and this Addendum, the applicable portion or portions of this Addendum shall control.

2. **Conflict of Interest:** All references in Paragraph 1 and subparagraphs 1.1 through 1.3 of the Employee Covenants Agreement to Employee's "director," "supervisor," and "HR" shall be replaced with Company's General Counsel. For example, and without limiting the provisions of that Paragraph and subparagraphs, Employee shall direct questions concerning conflicts of interest to, report actual or potential conflicts of interest to, seek an appropriate waiver or resolution of such conflict of interest from, and provide any required notifications or disclosures to, Company's General Counsel. The General Counsel shall direct questions concerning conflicts of interest to, report actual or potential conflicts of interest to, seek an appropriate waiver or resolution of such conflict of interest from, and provide any required notifications or disclosures to, the Chair of the Compensation and Human Capital Committee.

3. **Non-Competition:** Employee agrees that the restrictions in Paragraph 10 of the Employee Covenants Agreement shall remain in effect during a period of one year following termination of Employee's employment for any reason. In the event of any breach or violation of these restrictions prior to or during this one-year period, or a good faith allegation by Company of Employee's breach or violation of these restrictions, this one-year period shall be extended until such breach or violation of these restrictions, or dispute related to an allegation by Company that Employee has breached or violated these restrictions, has been duly cured or resolved, as applicable.

4. **Other Employment:** Subject to the limitations in the Employee Covenants Agreement and this Addendum, should Employee obtain other employment or service as a director during Employee's employment with Company, or within one year immediately following Employee's termination for any reason, Employee shall provide written notice to the Company's General Counsel of the name and address of the new employer, the position Employee expects to hold, and a general description of Employee's expected duties and responsibilities, at least three days prior to starting such employment or service. Employee shall also provide a copy of the Employee Covenants Agreement and this Addendum to the new employer.

5. **[Non-Endorsement**: Employee shall not in any way, directly or indirectly, at any time during employment or within one year after either a voluntary or involuntary employment termination, endorse any sales compensation plan of another person or entity that competes with Company or any products of Company, promote or speak on behalf of any person or entity whose products compete with those of Company, or allow Employee's name or likeness to be used in any way to promote any person, entity, or product that competes with Company or any products of Company.]*[Paragraph to be included for employees as deemed appropriate by the Company]*

6. **Acknowledgment:** In addition to the acknowledgment of Paragraph 11 of the Agreement, Employee further acknowledges that Employee's position and work activities with the Company are "key" and vital to the on-going success of Company's operation in each product category and in the Territory. In addition, Employee acknowledges that Employee's employment or involvement with any other direct selling or multilevel marketing company in particular would create the impression that Employee has left Company for a "better opportunity," which could damage Company by this perception in the minds of Company's employees, distributors, or other persons. Therefore, Employee acknowledges that Employee's non-competition covenant in this Addendum is fair and reasonable, is necessary to protect the Company's Confidential Information and, consequently, to preserve the value and goodwill of the Company, and should be construed to apply to the fullest extent possible by applicable laws. Employee further acknowledges the time, geographic, and scope limitations of this obligation are reasonable, and that Employee will not be precluded from gainful employment if obligated not to compete with Company during the period and within the Territory as described in the Agreement and this Addendum. Employee has carefully read this Addendum, has consulted with independent legal counsel to the extent Employee deems appropriate, and has given careful consideration to the restraints imposed by this Addendum. Employee acknowledges that the terms of this Addendum are enforceable regardless of the manner in which Employee's employment is terminated, whether voluntary or involuntary. In the event that Employee is to be employed as an attorney for a competitive business, Company and Employee acknowledge that this Addendum is not intended to restrict the right of Employee to practice law in violation of any applicable rules of professional conduct.

THIS ADDENDUM TO EMPLOYEE COVENANTS AGREEMENT FOR KEY EMPLOYEES HAS BEEN READ, UNDERSTOOD, AND FREELY ACCEPTED BY:

_____ Dated: _____

Employee

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Big Planet, Inc., a Delaware corporation

Corner Canyon Canada, Inc., an Ontario corporation

Corner Canyon Manufacturing, Inc., a Utah corporation

Elevate Nutraceuticals LLC, a Utah limited liability company

Grōv Technologies, LLC, a Utah limited liability company

Grow Solutions Tech LLC, a Utah limited liability company

Guangdong Xingchuang Daily-Use & Health Products Co. Ltd., a Chinese company

Ingredient Innovations International Company, a Delaware corporation

Innuvate Health Sciences LLC, a Utah limited liability company

L&W Holdings, Inc., a Utah corporation

MyFavoriteThings, Inc., a Delaware corporation

NOX Technologies, Inc., a Delaware corporation

NSE Asia Products, Pte. Ltd., a Singapore corporation

NSE Investments, Inc., a Delaware corporation

NSE Products Europe BV, a Belgium private limited liability company

NSE Products, Inc., a Delaware corporation

NSEMC, Inc., a Delaware corporation

NSJ Ltd., a Japan corporation

Nu Berry, LLC, a Utah limited liability company

Nu Skin (China) Daily-Use & Health Products Co., Ltd., a Chinese company

Nu Skin (Malaysia) Sdn. Bhd., a Malaysia corporation

Nu Skin Argentina, Inc., a Utah corporation

Nu Skin Asia Holdings, Pte. Ltd., a Singapore corporation

Nu Skin Asia Investment, Inc., a Delaware corporation

Nu Skin Beauty and Wellness Co. Ltd., a Chinese company

Nu Skin Brazil, Ltda., a Brazil limited liability company

Nu Skin Canada, Inc., a Utah corporation

Nu Skin Colombia, Inc., a Delaware corporation

Nu Skin Czech Republic, s.r.o., a Czech Republic limited liability company

Nu Skin Eastern Europe Kft., a Hungary limited liability company

Nu Skin El Salvador, S.A. de C.V., an El Salvador corporation

Nu Skin Enterprises (Thailand) Limited, a Delaware corporation

Nu Skin Enterprises (Thailand) Limited, a Thailand corporation

Nu Skin Enterprises Australia, Inc., a Utah corporation

Nu Skin Enterprises Chile Ltda., a Chile limited liability company

Nu Skin Enterprises de Venezuela, C.A., a Venezuela corporation

Nu Skin Enterprises Hong Kong, LLC, a Delaware limited liability company

Nu Skin Enterprises New Zealand, Inc., a Utah corporation

Nu Skin Enterprises Philippines, LLC, a Delaware limited liability company

Nu Skin Enterprises Poland Sp. z o.o., a Poland limited liability company

Nu Skin Enterprises RS, LLC, a Russia limited liability company

Nu Skin Enterprises Singapore Pte. Ltd., a Singapore corporation

Nu Skin Enterprises South Africa (Proprietary) Limited, a South Africa proprietary limited company

Nu Skin Enterprises SRL, a Romania limited liability company

Nu Skin Enterprises Ukraine, LLC, a Ukraine limited liability company

Nu Skin Enterprises United States, Inc., a Delaware corporation

Nu Skin Enterprises Vietnam Limited Liability Company, a Vietnam limited liability company

Nu Skin France, SRL, a France limited liability company

Nu Skin Germany, GmbH, a Germany limited liability company

Nu Skin Guatemala, S.A., a Guatemala corporation

Nu Skin Honduras, S.A., a Honduras corporation

Nu Skin International Management Group, Inc., a Utah corporation

Nu Skin International, Inc., a Utah corporation

Nu Skin Islandi ehf., an Iceland private limited liability company

Nu Skin Israel, Inc., a Delaware corporation

Nu Skin Italy, Srl, an Italy limited liability company

Nu Skin Japan Company, Limited, a Japan corporation

Nu Skin Korea Ltd., a Korea corporation

Nu Skin Malaysia Holdings Sdn. Bhd., a Malaysia corporation

Nu Skin Mexico, S.A. de C.V., a Mexico corporation

Nu Skin Netherlands, B.V., a Netherlands private limited liability company

Nu Skin New Caledonia EURL, a France limited company

Nu Skin Norway AS, a Norway private limited liability company

Nu Skin Peru S.A.C., a Peru company

Nu Skin Scandinavia A/S, a Denmark stock-based corporation

Nu Skin Slovakia s.r.o., a Slovak Republic limited liability company

Nu Skin Taiwan, LLC, a Utah limited liability company

Nu Skin United Kingdom Ltd, a United Kingdom private company

NuSkin Belgium, NV, a Belgium limited liability company

NuSkin Pharmanex (B) Sdn. Bhd, a Brunei corporation

Pharmanex (Huzhou) Health Products Co., Ltd., a Chinese company

Pharmanex Electronic-Optical Technology (Shanghai) Co., Ltd., a Chinese company

Pharmanex, LLC, a Delaware limited liability company

PT. Nu Skin Distribution Indonesia, an Indonesia corporation

PT. Nusa Selaras Indonesia, an Indonesia corporation

RHYZ Analytical, Inc., a Utah corporation

RHYZ Inc., a Delaware corporation

Shanghai Nuskin Chuangxing Daily-Use & Health Product Co. Ltd., a Chinese company

Stellar Smart Energy Solutions, LLC, a Utah limited liability company

Treviso, LLC, a Utah limited liability company

Vertical Eden LLC, a Utah limited liability company

Wasatch Product Development, LLC, a Utah limited liability company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-130304, 333-167690, 333-190508, 333-211617, 333-238908 and 333-252976) of Nu Skin Enterprises, Inc. of our report dated February 16, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Salt Lake City, Utah
February 16, 2022

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Ryan. S. Napierski, certify that:

1. I have reviewed this annual report on Form 10-K of Nu Skin Enterprises, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2022

/s/ Ryan. S. Napierski
Ryan. S. Napierski
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mark H. Lawrence, certify that:

1. I have reviewed this annual report on Form 10-K of Nu Skin Enterprises, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2022

/s/ Mark H. Lawrence
Mark H. Lawrence
Chief Financial Officer

EXHIBIT 32.1

SECTION 906 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

In connection with the annual report of Nu Skin Enterprises, Inc. (the "Company") on Form 10-K for the period ended December 31, 2021 (the "Report"), I, Ryan. S. Napierski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2022

/s/ Ryan. S. Napierski
Ryan. S. Napierski
Chief Executive Officer

EXHIBIT 32.2

SECTION 906 CERTIFICATION OF CHIEF FINANCIAL OFFICER

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

In connection with the annual report of Nu Skin Enterprises, Inc. (the "Company") on Form 10-K for the period ended December 31, 2021 (the "Report"), I, Mark H. Lawrence, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2022

/s/ Mark H. Lawrence
Mark H. Lawrence
Chief Financial Officer