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, 2024

or

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

For the transition period from _____to _____

Commission File No. **000-24657**

MANNATECH, INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Texas	**75-2508900**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1410 Lakeside Parkway, Suite 200, **Flower Mound, Texas** (Address of Principal Executive Offices)	**75028** (Zip Code)

Registrant's Telephone Number, including Area Code: **(972) 471-7400**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	MTEX	The Nasdaq Stock Market LLC

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 Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicated 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. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

At June 30, 2024, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the common stock held by non-affiliates of the Registrant was $7,792,238 based on the closing sale price of $6.79, as reported on The Nasdaq Capital Market.

The number of shares of the Registrant's common stock outstanding as of March 18, 2025 was 1,900,930 shares.

Documents Incorporated by Reference

Mannatech, Incorporated incorporates information required by Part III (Items 10, 11, 12, 13, and 14) of this report by reference to its definitive proxy statement for its 2025 annual shareholders' meeting to be

filed pursuant to Regulation 14A no later than 120 days after the end of its fiscal year.

Auditor Firm Id: 243 Auditor Name: BDO USA, P.C. Auditor Location: Dallas, Texas, USA

TABLE OF CONTENTS

		Page
Special Note Regarding Forward-Looking Statements		1
	Part I	
Item 1	Business	3
Item 1A	Risk Factors	22
Item 1B	Unresolved Staff Comments	36
Item 1C	Cybersecurity	38
Item 2	Properties	39
Item 3	Legal Proceedings	40
Item 4	Mine Safety Disclosures	40
	Part II	
Item 5	Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	41
Item 6	[Reserved]	41
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 7A	Quantitative and Qualitative Disclosures About Market Risk	53
Item 8	Financial Statements and Supplementary Data	54
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	54
Item 9A	Controls and Procedures	54
Item 9B	Other Information	55
Item 9C	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	55
	Part III	
Item 10	Directors, Executive Officers, and Corporate Governance	55
Item 11	Executive Compensation	55
Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	55
Item 13	Certain Relationships and Related Transactions, and Director Independence	55
Item 14	Principal Accountant Fees and Services	55
	Part IV	
Item 15	Exhibits and Financial Statement Schedule	55
Item 16	Form 10-K Summary	55
	Signatures	59

Special Note Regarding Forward-Looking Statements

Certain disclosures and analysis in this Form 10-K, including information incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 that are subject to various risks and uncertainties. Opinions, forecasts, projections, guidance, or other statements other than statements of historical fact are considered forward-looking statements and reflect only current views about future events and financial performance. Some of these forward-looking statements include statements regarding:

- management's plans and objectives for future operations;
- existing cash flows being adequate to fund future operational needs;
- future plans related to budgets, future capital requirements, market share growth, and anticipated capital projects and obligations;
- the realization of net deferred tax assets;
- the ability to curtail operating expenditures;
- global statutory tax rates remaining unchanged;
- the impact of future market changes due to exposure to foreign currency translations;
- the possibility of certain policies, procedures, and internal processes minimizing exposure to market risk;
- the impact of new accounting pronouncements on financial condition, results of operations, or cash flows;
- the outcome of new or existing litigation matters;
- the outcome of new or existing regulatory inquiries or investigations; and
- other assumptions described in this report underlying such forward-looking statements.

Although we believe that the expectations included in these forward-looking statements are reasonable, these forward-looking statements are subject to certain events, risks, assumptions, and uncertainties, including those discussed below and in the "Risk Factors" section in Item 1A of this Form 10-K, and elsewhere in this Form 10-K and the documents incorporated by reference herein. If one or more of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results and developments could materially differ from those expressed in or implied by such forward-looking statements. For example, any of the following factors could cause actual results to vary materially from our projections:

- overall growth or lack of growth in the nutritional supplements industry;
- plans for expected future product development;
- changes in our contract manufacturing costs;
- shifts in the mix of packs and products;
- the future impact of any changes to global associate career and compensation plans or incentives or the regulations governing such plans and incentives;
- the ability to attract and retain independent associates and preferred customers;
- new regulatory changes that may affect operations, products or compensation plans and incentives;
- ability of our outside suppliers and manufacturers to supply products in sufficient quantities and comply with our product safety and quality standards or applicable law;
- the competitive nature of our business with respect to products and pricing; and
- publicity related to our products or network marketing.

Forward-looking statements generally can be identified by use of phrases or terminology such as "may," "will," "should," "could," "would," "expects," "plans," "intends," "anticipates," "believes," "estimates," "approximates," "predicts," "projects," "hopes," "potential," and "continues" or other similar words or the negative of such terms and other comparable terminology. Similarly, descriptions of Mannatech's objectives, strategies, plans, goals, or targets contained herein are also considered forward-looking statements. Readers are cautioned when considering these forward-looking statements to keep in mind these risks, assumptions, and uncertainties and any other cautionary statements in this report, as all of the forward-looking statements contained herein speak only as of the date of this report.

Unless stated otherwise, all financial information throughout this report and in the Consolidated Financial Statements and related Notes include Mannatech, Incorporated and all of its subsidiaries on a consolidated basis and may be referred to herein as "Mannatech," "the Company," "its," "we," "our," "us," or "their."

Our products are not intended to diagnose, cure, treat, or prevent any disease, and any statements about our products contained in this report have not been evaluated by the Food and Drug Administration, also referred to herein as the "FDA."

PART I

Item 1. Business

Overview

Mannatech, Incorporated ("Mannatech" or the "Company") is a global wellness solution provider, which was incorporated and began operations in November 1993. We develop and sell innovative, high quality, proprietary nutritional supplements, skin care and anti-aging products, and weight-management products that target optimal health and wellness. We currently sell our products in three regions: (i) the Americas (the United States, Canada and Mexico); (ii) Europe/the Middle East/Africa ("EMEA") (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Thailand, Taiwan, Hong Kong, and China). We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland. During the second quarter of 2024, the Company liquidated its entity in Sweden, Mannatech Sverige AB.

We sell our products principally through network marketing distribution channels via our active associates ("independent associate" or "associates" or "distributors") and to our "preferred customers," which we believe is the most cost-effective way to introduce our products and communicate information about our business to the global marketplace quickly and effectively. Network marketing minimizes upfront costs, as compared to conventional marketing methods, and allows us to be more responsive to the ever-changing overall market conditions, as well as continue to research and develop high quality products and focus on controlled successful international expansion. We believe the network marketing channel also allows us to effectively communicate the potential benefits and unique properties of our proprietary products to our consumers. In addition, network marketing provides our associates with an avenue to supplement their income by building their own business centered on our business philosophies and unique products. As of December 31, 2024, we had approximately 133,000 active associate and preferred customer positions held by individuals in our network associated with the purchase of our products and packs and/or payment of associate fees within the last 12 months. At the time of purchase, a customer may choose to sign up as a "preferred customer" to receive the same pricing on our products as our associates and to receive emails about our products and promotions. Preferred customers do not participate in the Company's compensation plan.

The Company also operates a non-direct selling business in mainland China. In 2016, we formed our China subsidiary, Meitai Daily Necessities & Health Products Co., Ltd. ("Meitai"). Unlike Mannatech's business operations in other markets, Meitai operates under a cross-border e-commerce model, where consumers in China can buy Mannatech products manufactured overseas via Meitai's website. Meitai is currently not a direct selling company in China nor can it operate under a multi-level marketing model in China. Products purchased on Meitai's website are for personal use and not for resale. Meitai offers a rewards program to incentivize existing customers to refer other customers to purchase products from Meitai's website. Customs regulations in China include purchase limits to ensure that purchased products are for personal consumption.

In July 2024, the Company ceased operating its tiered affiliate program in the United States which conducted business under the brand name, "Trulu™" ("Trulu") and was operated by our wholly owned subsidiary, New Economy Marketing Opportunities, LLC. The affiliate program business was separate from our network marketing business. Trulu affiliates earned commissions on the sale of Trulu products under a commission plan that was separate from the Mannatech network marketing commission plan.

Our common stock trades on The Nasdaq Capital Markets ("Nasdaq") under the symbol "MTEX." Information for each of our two most recent fiscal years, with respect to our net sales, results of operations, and identifiable assets is set forth in the Consolidated Financial Statements of this report.

Available Information

On our website (https://www.mannatech.com), we make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and certain other information filed or furnished with the Securities and Exchange Commission (the "SEC") as soon as reasonably practicable after electronically filing or furnishing such material. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including Mannatech, that electronically file with the SEC at http://www.sec.gov. Additionally, such materials are available in print upon the written request of any shareholder to our principle executive office located at 1410 Lakeside Parkway, Suite 200, Flower Mound, Texas 75028, Attention: Investor Relations, or by contacting our investor relations department at (972) 471-6512 or IR@mannatech.com.

Business Segment, Products and Product Development

Business Segment. We operate in the nutritional supplement industry. The Company's sole reporting segment is one where we sell proprietary nutritional supplements, skin care and anti-aging products, and weight-management and fitness products operating in twenty-five markets. The Company sells its products in most markets through network marketing distribution channels. Mannatech's subsidiary in China, Meitai, operates under a cross-border e-commerce model, where consumers in China can buy Mannatech products directly from Meitai via the internet.

Products. Scientists have discovered that a healthy body consists of many sophisticated components working in harmony to achieve optimal health and wellness and requires cellular communication to function at an optimal level. Scientists also discovered that there are more than 200 monosaccharides that form naturally. Specific monosaccharides are considered vital components for cellular communication in the human body. Furthermore, scientists discovered that these monosaccharides attach themselves to certain proteins, which then form a molecule called *glycoprotein* or *glycans*. Harper's Biochemistry, a leading and nationally recognized biochemistry reference, has recognized that these molecules are found in human glycoproteins, and are believed to be essential in helping to promote and provide effective cell-to-cell communication in the human body.

The history of our proprietary ingredients and products is as follows:

- In 1994, we developed and began selling our first products containing Manapol® powder, an ingredient formulated to support cell-to-cell communication.
- In 1996, we enhanced our products based on the study of glycoproteins and our scientists developed our own proprietary compound, Ambrotose® complex, which we patented. Our Ambrotose® complex is a blend of polysaccharides (composed of monosaccharides) designed to help provide support for the immune system.
- In 2001, we broadened our proprietary ingredients by developing the Ambroglycin® blend, a balanced food-mineral matrix designed to help deliver nutrients to the body and which is used in our proprietary Catalyst™ and Glycentials™ vitamin/mineral supplements.
- In 2004, we introduced our proprietary blend of antioxidant nutrients, MTech AO Blend® ingredient, which is used in our proprietary antioxidant Ambrotose AO® product.
- In 2006, we introduced a unique blend of plant-based minerals, natural vitamins, and standardized phytochemicals for use in our proprietary PhytoMatrix® product. We also introduced a compound used in reformulated Advanced Ambrotose® complex. This compound allows a more potent concentration of the full range of mannose-containing polysaccharides occurring naturally in aloe to be produced in a stable powdered form.
- In 2008, we introduced a proprietary proteolytic enzyme and phytosterol dietary supplement designed to support the body's natural recovery processes associated with physical activity in our BounceBack® capsules. We also introduced a proprietary version of whey protein peptide technology designed to assist targeted fat loss when combined with exercise and a healthy diet in our OsoLean® powder.
- In 2009, we introduced our Omega-3, which features EPA/DHA essential acids, PhytoBurst™ Nutritional Chews formulated with vitamins, minerals, and phytonutrients from food-sourced ingredients, and GI-ProBalance™ Slimstick, which is a symbiotic digestive product containing probiotics, prebiotics, and digestive enzymes. In addition, we improved our Ambrotose® products to include beta-Carotene.
- In 2011, we introduced our reformulated version of our Omega-3 supplement, which now includes Vitamin D3 and features EPA/DHA essential acids. We expanded several previously launched products from our domestic line to our international markets.
- In 2013, we launched Uth® skin cream, a breakthrough in anti-aging that incorporates Mannatech's glyconutrient technology along with a microsphere delivery system that supports more thorough delivery of the active ingredients to all levels of the skin.
- In 2014, we launched GlycoBOOM™ Advanced Immune Support Supplement (now known as MannaBoom®), packed with nutrients that are designed to support the body's natural defenses.
- In 2015, Mannatech introduced a new brain supplement, Cognitate™, featuring a proprietary blend of natural ingredients designed to aid memory, recall and cognition.
- In 2016, Mannatech rebranded the Company, including all new packaging and labels, and introduced an innovative, natural fat-loss system, TruHealth™. Included in the system is the TruPLENISH™ Nutritional Shake, TruPURE® Cleanse Slimsticks and TruSHAPE™ Fat-Loss Capsules.

- In 2017, Mannatech launched several new products, including GlycoCafé®, a glyconutritional coffee made with the whole coffee fruit, and Luminovation, a line of mass-market and premium Korean beauty products.
- In 2018, Mannatech launched a unique fitness drink, EMPACT+®, combining fueling, hydration and recovery in one product. Mannatech also introduced significant enhancements to its signature Ambrotose® product with the launch of Ambrotose Life®, with more than double the Manapol® of its Advanced Ambrotose® formula along with additions of modified citrus pectin, and stabilized rice bran. Ambrotose Life® is available in a bulk canister (unflavored), along with flavored single serving sachets.
- In 2019, Mannatech's key product launches were: Eye Support, TruPlenish Chocolate and Vanilla sachets, New Catalyst, Liver Support, and Sleep Support products in various markets.
- In 2020, Mannatech's key product launches included a product suite to address microbiome health: new GI-Defense™ intestinal support product, improved GI-ProBalance pre/pro-biotic product and improved GI-Zyme digestive enzyme product, reformulated ImmunoStart and MannaBOOM products, and a re-launch of its MannaBears gummies.
- In 2021, Mannatech introduced Liver Support to the North American market, providing detox support for healthy liver function. In addition, Mannatech introduced Sugar Balance, Inner Beauty Collagen, and Luminovation to Korea, and, in Mexico, Mannatech introduced a drink mix, MannaZen con Aloe Prime.
- In 2022, Mannatech introduced existing products into new markets. Mannatech added the South African and Australian product Superfood Greens and Reds in the United States, launched Korean Luminovation skincare line in Hong Kong and Japan, and brought Manapol® and Ambrotose Life® to Canada. There were also reformulations for the purpose of enhancing existing products, such as the relaunch of EMPACT+ and Enzyme ProBalance. Mannatech introduced two unique drink mixes in Mexico, MannaForce+ and M Gold+.
- In 2023, Mannatech's latest product launches included our Korean Luminovation skincare line in the United States and Australia. Sleep and Stress Support gummies were introduced in the United States as part of the Essentials product line. Korea had numerous product launches, including: MannaTea, MultiVItaGummy, Immune Jelly, Luminovation Glyco, Collagen Capsule Kit, Waterfull Sun milk and Pet Food. Additionally, our subsidiary, NEMO, launched the Trulu AM/PM product.
- In 2024, Mannatech's latest product launches included TruEdge Coffee, TruEdge Energy and TruHealth Satiety in the United States. Women's Premier All-in-One was launched in Korea. Luminovation was launched in multiple markets including Thailand, Mexico, Australia and South Africa. Osolin launched in Thailand.

Mannatech offers products that include glycan nutrients, a unique category of nutrients sourced from plants and designed to provide a variety of health benefits. We focus on producing products that are from natural sources, as well as other scientifically based efficacious sources in the following product categories:

Integrative Health, which offers a variety of nutritional supplements that are designed to aid in optimizing overall health and wellness. This category includes a variety of daily nutritional supplements, health solutions for children, and additional nutrients designed to support the body's optimal levels.

Targeted Health, which is designed to give the human body an extra edge with products designed to target specific areas and provide additional nutrients that help support body system health.

Weight and Fitness, which offers products designed to curb appetite and burn fat, build lean muscle tissue, and support recovery from overexertion.

Skin Care, which offers a K-Beauty inspired line, designed to enhance skin vitality through advanced Korean skincare principles. Focused on deep hydration, moisture retention, and barrier support, these formulations help promote a naturally radiant, youthful complexion, while reducing the appearance of fine lines and wrinkles.

Essentials, a sub-category of Targeted Health, offers a variety of dietary supplements that are formulated with a simpler ingredient profile, at a price point that is intended to be a value-add for preferred customers and associates.

The following table summarizes our global product offerings, by category:

Product Category	Representative Products
Integrative Health	Ambrotose® Complex, Ambrotose AO®, Advanced Ambrotose®, Ambrotose Life® Catalyst™, Cognitate®, Manapol® Powder, MannaBears®, MultiKids, Nutriverus™, Optimal Support Packets, PhytoMatrix®, PLUS™, Chaga Cafe, Glycentials™, MannaTea™, PhytoCleanse, MightyBears®, MannaGel™, Tru-C™, TruCoffee®, TruEdge Coffee and TruEdge Energy
Targeted Health	BounceBack®, CardioBALANCE®, GI-ProBalance®, GI-Zyme®, GI-Defense®, Blood Sugar ProBalance, ImmunoSTART®, Manna-C ™, MannaBOOM®, MannaCLEANSE™, Omega-3 with Vitamin D3, PhytAloe®, I-Start, MannaAloe® with AloePrime®, Chlorophyll, MANNAGEL™, MegaKids, GlyCollagen con Aloe Prime, M Gold+ con aloe Prime™ and GlycoForce + con aloePrime™, EnzymeProBalance, Luminivation Collagen Glaze, M Gold+, Men's Prime 7 and Women's Premier All-in-One
Weight and Fitness	OsoLean®, SPORT™, TruHealth™ Fat Loss System, including: TruHealth™ Shake, TruHealth™ Cleanse, TruSHAPE™, EM·PACT® and Mannashake™, EMPACT Plus TruHealth Satiety™ and Yogurt Nuts Protein Bar
Skin Care	Emprizone®, FIRM with Ambrotose®, FreshDen® and Luminovation™
Essentials	Catalyst™ Multivitamin, Eye Support, Liver Support, Joint Support SUPERFOOD, Sleep Support gummies and Stress Support gummies

A significant portion of our revenue is derived from our Ambrotose Life®, TruHealth™, Ambrotose, and Optimal Support Packets products.

Product Development. Our product development team continues to focus on potential new products and compounds that help target or promote overall health and wellness. When considering new products and compounds, our product development team considers the following criteria:

- marketability and proprietary nature of the product;
- demand for the product;
- competitors' products;
- regulatory considerations;
- availability of ingredients; and
- data supporting claims of efficacy and safety.

To maintain a flexible operating strategy and the ability to increase production capacity, we contract with third parties to manufacture all of our products, which allows us to effectively respond to fluctuations in demand with minimal investment and helps control our operating costs. We believe our suppliers and manufacturers are capable of meeting our current and projected inventory requirements over the next several years. However, as a safety measure, we continue to identify and approve alternative suppliers and manufacturers to ensure that our global demands are met in a timely manner and to help minimize any risk of business interruption.

We procure select products from single vendors who control certain product formulations, ingredients, or other intellectual property rights associated with such products. Certain of our supply agreements contain exclusivity clauses for the supply of certain raw materials and products, some of which are conditioned upon compliance with minimum purchase requirements. In the event we become unable to source any products or ingredients from our suppliers, we believe that we would be able to replace those products with alternate suppliers, except Arabinogalactan. Due to the unique nature of this ingredient and important components used in the formulation of our Ambrotose products, we are unable to identify an alternative supplier at this time for this ingredient.

Industry Overview

Nutrition Industry. We operate in the nutritional supplement industry and distribute and primarily sell our products through our own global network marketing channel. The nutritional supplement industry is fast paced, highly fragmented, and intensely competitive. It includes companies that manufacture and distribute products that are intended to support the body's performance and well-being. Nutritional supplements include vitamins, minerals, dietary supplements, herbs, botanicals, and compounds derived therefrom. Prior to 1990, all dietary supplements in the United States were tightly regulated by the FDA and only included essential nutrients such as vitamins, minerals, and proteins. In 1990, the Nutrition Labeling and Education Act expanded the category to include "herbs or similar nutritional substances," but the FDA maintained control over pre-market approval. However, in 1994, the Dietary Supplement Health and Education Act of 1994 ("DSHEA") was passed in the United States, drastically changing the dietary supplement marketplace. DSHEA was instrumental in expanding the category of dietary supplements to further include herbal and botanical supplements and ingredients such as ginseng, fish oils, enzymes, and various mixtures of these ingredients. Under DSHEA, vendors of dietary supplements are now able to educate consumers regarding the effects of certain component ingredients.

Nutritional supplements are available through mass-market retailers, drug stores, supermarkets, discount stores, health food stores, direct-to-consumer companies, and direct sales organizations. Direct selling, of which network marketing is a significant segment, has grown significantly and has been enhanced in the past decade as a distribution channel due to advancements in technology and communications resulting in improved product distribution and faster dissemination of information.

Direct Selling/Network Marketing Channel. Since the 1990s, the direct selling and network marketing sales channel has grown in popularity and general acceptance, including acceptance by prominent investors and capital investment groups who have invested in direct selling companies. This has provided direct selling companies with additional recognition and credibility in the growing global marketplace. In addition, many large corporations have diversified their marketing strategy by entering the direct selling arena. Several consumer-product companies have launched their own direct selling businesses with international operations often accounting for the majority of their revenues. Consumers and investors realize that direct selling provides unique opportunities and a competitive advantage in today's markets. Businesses are able to quickly communicate and develop strong relationships with their customers, bypass expensive ad campaigns, and introduce products and services that would otherwise be difficult to promote through traditional distribution channels such as retail stores. We believe direct selling is a channel of distribution with healthy cash flow, high return on invested capital, and long-term prospects for global expansion. According to the worldwide direct sales data published by the World Federation of Direct Selling Associations, in 2023, approximately 103 million global direct sellers collectively generated annual retail sales of $167.6 billion.

Operating Strengths

High-Quality, Innovative, Proprietary Products. We base our product concept on the scientific findings that certain glyconutrients, also known as glycans, monosaccharides and polysaccharides, are essential for maintaining a healthy immune system. We believe the addition of effective nutritional supplements to a well-balanced diet, coupled with an effective exercise and sleep program, will enhance and help maintain optimal health and wellness. We focus on producing products by developing scientifically sound, and innovative wellness solutions, with safe ingredients that are designed to use nutrients working through normal physiology to help achieve and maintain optimal health and wellness.

We believe that our proprietary blends and formulas distinguish us as a leader in the global nutritional supplements industry. We also believe the use of unique compounds found in our products allows us to effectively differentiate and distinguish our products from those of our competitors.

Research and Development Efforts. We are steadfast in our commitment to quality-driven research and development. We use systematic processes for the research and development of our unique proprietary product formulas, as well as the identification of quality suppliers and manufacturers. Our research and quality assurance programs are outlined on our corporate websites, www.mannatech.com and www.allaboutmannatech.com.

Mannatech's team of experienced researchers and scientists continually reviews the latest published research data, attends scientific conferences, and draws upon its vast knowledge and expertise to develop new products and support existing ones. In addition, this team works in collaboration with other research firms, universities, institutions, and scientists. Our products have been the focus of numerous preclinical and clinical studies.

To support our research and development efforts, we have strategic alliances with our suppliers, consultants, and manufacturers that allow us to effectively identify and develop high-quality, innovative, proprietary products that increase our competitive advantage in the marketplace.

These efforts include developing and maintaining quality standards, supporting development efforts for new ingredients and compounds, and improving or enhancing existing products or ingredients. In addition, our research and development team identify other quality-driven suppliers and manufacturers for both our global and regional needs.

Research and development efforts include new product development, enhancement of existing products, clinical studies and trials, FDA compliance, safety monitoring/adverse event reporting and science and substantiation of products.

Quality Assurance Program. Mannatech uses only qualified manufacturing contractors to produce, test, and package our finished products. These contractors must be compliant and current with required certifications and they must strictly adhere to our own quality standards for all markets. Certifications and guidelines that our contract manufacturers are required to carry and/or follow include:

- the FDA's current Good Manufacturing Practices (as defined below) for manufacturing, packaging, labeling, and holding of dietary supplements;
- the FDA's Good Manufacturing Practices for human food;
- the requirements of the Natural Health Products Directorate of Canada;
- the Korean Food and Drug Administration;
- certification by the Therapeutic Goods Administration of Australia, when necessary;
- the Taiwan Food and Drug Administration;
- the Japan Ministry of Health Labor and Welfare;
- the Singapore Health Sciences Authority;
- the South African Department of Health and the South African Health Products Regulatory Authority Board;
- the Hong Kong Food and Environmental Hygiene Department and Department of Health Drug Office; and
- Thailand Food and Drug Administration

We have an established quality assurance program designed to ensure our manufacturers' compliance with these certifications and guidelines, and to ensure that proper controls are maintained during the manufacturing, evaluation, packaging, storage, and distribution of our products. These controls include a comprehensive supplier audit and surveillance program, third-party certifications, and continuous product monitoring.

A team of professionals, some of whom have extensive experience in the pharmaceutical industry, leads our in-house quality assurance program and continually monitors the quality of our products, including the production process. In addition, they work with suppliers and manufacturers to develop quality standards for raw material components and products, and perform tests and inspections to ensure that finished products are safe and of high quality prior to release.

We require our dietary supplements to be packaged with seals to help minimize the risk of tampering. We also perform select stability studies under both controlled ambient and accelerated temperature storage conditions to ensure label claims throughout the shelf life of our products. To further ensure product quality, our third-party manufacturers are predominately certified as NSF facilities according to the NSF/ANSI 173 Dietary Supplement Standard, which is the only American national standard for dietary supplements. This certification is designed to ensure that Good Manufacturing Practices are used in the manufacturing facility. All of Mannatech's dietary supplements have been confirmed to be gluten-free.

High-Caliber, Industry-Leading Independent Associates. Our global team of independent associates is comprised of dedicated, hard-working, high-caliber individuals, many of whom have been associated with the network marketing industry for decades and have been loyal to us since our beginning in 1993. To capitalize on their wealth of knowledge and experience, we sponsor panels of independent associates in councils and forums based around the world which help identify and effectively relay the needs of our independent business-building associates to us. These advisory councils meet periodically with our team of senior management to recommend changes, discuss issues, and provide new ideas or concepts, including a full spectrum of innovative ideas for additional quality-driven nutritional supplements aimed at maintaining optimal health and wellness.

Support Philosophy for Our Independent Associates and Preferred Customers. We are fully committed to providing the highest level of support services to our independent associates and preferred customers and believe that we meet expectations and build customer loyalty through the following:

- offering highly personalized and responsive customer service;
- offering a satisfaction guarantee product return policy;

- providing comprehensive corporate websites that provide instant access to Internet ordering, marketing, technical and educational information, and unique and innovative marketing tools (including www.mannatech.com, www.allaboutmannatech.com, library.mannatech.com, mannatech.ai, training.mannatech.com, events.mannatech.com, and www.mannafest.com);
- maintaining online platforms and reporting using industry-focused partnerships that provides access to downline organization reporting and sales reporting for our independent associates;
- providing MannaGO, an app and web-based platform that provides a vast library of marketing resources, which are easily shareable and maintain full attribution to the associate who shares the resource. This app is a hub for the associates' business, providing prompts to help with delivering excellent customer care and maintaining a person connection with customers and downline members.
- offering, in the United States and Canada, an effective compilation of online marketing and training tools;
- offering updated compliance programs for our independent associates;
- providing strategically based distribution fulfillment centers to ensure products are shipped on time and at minimal cost; and
- sponsoring marketing events, designed to provide information, education, and motivation for our dedicated business-building associates and to help stimulate business development. These events provide an interactive venue for introducing new products and services and allow interaction between our management teams, outside researchers, and independent associates.

Experience and Depth of Our Management Team and Board of Directors. We believe that our team of executives has extensive experience in every aspect of business operations and is highly focused on our success. At December 31, 2024, our Board of Directors is composed of six directors, including three independent directors. We believe our board members have a wealth of knowledge and experience in all aspects of our business operations and are especially well versed in network marketing, finance, nutritional products, regulatory matters, and corporate governance. Our entire management team is committed to delivering high-quality products and superior service.

Business Strategy

Our long-term goal is to be one of the world's leading direct sellers of nutritional supplements founded on the best science-based proprietary products by incorporating a powerful global independent network distribution model and our charitable giving program. To achieve our goal, we believe we must focus on the following business priorities:

Strengthening our Financial Results and Adding Value to Our Shareholders and Independent Associates. We focus on improving financial results by striving to increase our revenues in both our domestic and foreign operations and to control our operating costs.

Attracting New Independent Associates and Retaining Existing Independent Associates. We continually examine our global associate career and compensation plan and periodically offer incentives in order to attract, motivate, and retain independent associates. We believe our global associate career and compensation plan encourages greater associate retention, motivation, and productivity.

Carefully Planning and Executing New Market Entries. In order to expand efficiently around the globe, we must continue to present maximum opportunity to our current independent associates as well as those who will join us in the future.

Developing New Products and Enhancing Existing Products. We continue to focus on new areas for future product development. We continue our research efforts and strive to ensure that all of our products are made from high quality, effective ingredients in which many formulas contain one or more of our proprietary compounds or a combination of ingredients, which we believe supports our goal to be a cutting-edge industry leader. We expect that any future products we develop will further complement and enhance our existing products.

Providing Outstanding Product Value and Results to Customers. We work to ensure that all associates and their customers have a great experience with each of our products that deliver tangible results, are supported by science, and are backed by a powerful satisfaction guarantee. Mannatech has created a culture around "customer obsession." Our customers are at the center of everything we do.

Intellectual Property

Trademarks. We pursue registrations for various trademarks associated with our key products and branding initiatives. As of December 31, 2024, we had 38 registered trademarks in the United States and three trademark applications pending with the United States Patent and Trademark Office. As of December 31, 2024, we had 532 registered trademarks in 35 foreign jurisdictions and 28 trademark applications pending in 10 foreign jurisdictions. Globally, the protection available in foreign jurisdictions may not be as extensive as the protection available to us in the United States. Where available, we rely on common law trademark rights to protect our unregistered trademarks, even though such rights do not provide us with the same level of protection as afforded by a United States federal trademark registration. Common law trademark rights are limited to the geographic area in which the trademark is actually used. A United States federal trademark registration enables us to stop infringing use of the trademark by a third-party anywhere in the United States provided the unauthorized third-party user does not have superior common law rights in the trademark within a specific geographical area of a particular state or region prior to the date our mark federally registers. In the United States (and in many foreign jurisdictions) a registered trademark is valid for ten years and may be renewed subject to the trademark owner demonstrating continued use of the mark in commerce.

Patents. The Company applies for patent protection in various countries for the technology related to our product formulations. As of December 31, 2024, we had 17 patents for technology related to our Ambrotose® formulation, all of which are in 15 foreign jurisdictions. Overall, as of December 31, 2024, 74 patents have been assigned, issued, granted or validated to Mannatech in major global markets for the technology relating to our Ambrotose®, Ambrotose AO®, Ambrotose Life®, GI-ProBalance™, PhytoMatrix®, and NutriVerus™ product formulations, as well as in the field of biomarker assays. Currently, we have two patent applications pending in two foreign jurisdictions relating to the technology supporting many of the above listed products. Patent protection means that the patented invention cannot be commercially made, used, distributed or sold without the patent owner's consent. These patent rights are usually enforced in a court, which, in most jurisdictions, holds the authority to stop patent infringement. The protection is granted for a limited period, generally 20 years. In most jurisdictions, renewal annuities or maintenance fees must be paid regularly during the term of the patent to keep the patent in force.

Associate Distribution System

Overview. Our sales philosophy is to distribute our products to consumers for personal consumption or resale. We principally distribute our products through network marketing channels where independent associates and preferred customers purchase our products at a discounted value. Independent associates are eligible to participate in our global associate career and compensation plan. All of our associates are independent contractors. We provide each new independent associate with our policies and procedures that require the independent associates to comply with regulatory guidelines and act in a consistent and professional manner.

Our revenues are heavily dependent upon the retention and productivity of independent associates who help us achieve long-term growth. We believe the introduction of innovative incentives, such as travel incentives, will continue to motivate our independent associates and help expand our global purchasing base. We remain actively committed to expanding the number of our independent associates through recruitment, support, motivation, and incentives. We had approximately 133,000 and 145,000 active associate and preferred customer positions held by individuals that purchased our products and/or packs or paid associate fees during the years ended December 31, 2024, and 2023, respectively. We have a loyalty program through which consumers earn loyalty points from qualified automatic orders, which can be applied to future purchases.

Independent Associate Development. Network marketing consists of enrolling individuals who build a network of independent associates, preferred customers, and retail customers who purchase products. We support our independent associates by providing an array of support services that can be tailored to meet individual needs, including:

- offering educational meetings and corporate-sponsored events that emphasize business-building and compliance related information;
- sponsoring various informative and science-based conference calls, web casts, and seminars;
- providing automated services through the Internet, mobile app and telephone that offer a full spectrum of information and business-building tools;
- maintaining an efficient decentralized ordering and distribution system;
- providing highly personalized and responsive order processing and customer service support accessible by multiple communication channels including telephone, Internet, or e-mail;
- offering 24-hour, seven days a week access to information and ordering through the Internet;
- offering an extensive business-building genealogy system, which contains sales reporting, graphs, maps, alerts, rank advancement guidance, and business volume reports;

- offering, in the United States and Canada, a compilation of online marketing and training tools, including personalized web pages; and
- providing a wide assortment of business-building and educational materials to help stimulate product sales and simplify enrollment.

We provide product and network marketing training and education for new independent associates. This includes a unique global training/orientation program that uses audio, video and web components to familiarize new associates with the Company, and includes short, segmented trainings on how to succeed as part of the sales force. We also regularly provide training on using online tools, such as social media and our own suite of web marketing tools specifically designed for associates to use. In addition, we offer a variety of printable brochures, monthly newsletters delivered electronically, and other promotional materials to assist in sales efforts, training, and continuing education. We continually update our training and promotional materials to provide our associates with the most current information and motivational tools.

Our global associate career and compensation plan consists of 19 independent associate achievement levels; from lowest to highest, these include Associate, Silver Associate, Gold Associate, Director, Silver Director, Gold Director, Executive, Silver Executive, Gold Executive, Presidential, Bronze Presidential, Silver Presidential, Gold Presidential, Platinum Presidential, 1-Star Platinum, 2-Star Platinum, 3-Star Platinum, 4-Star Platinum and Crown Platinum Ambassador. These achievement levels are determined by the growth and volume of the independent associates' direct and indirect commissionable net sales, as well as expanding their networks, which are all assigned a point volume. Promotional materials and training aids are not assigned a point volume. This point volume system, referred to as our global associate career and compensation plan, allows independent associates to build their network by expanding their existing downlines into all international markets except China. Our global associate career and compensation plan is intended to comply with all applicable governmental regulations that govern the various aspects of payments to independent associates in each country.

Based upon our knowledge of industry-related network marketing compensation plans, we believe our global associate career and compensation plan remains strong in the industry. Together, our commissions and incentives range from 35% to 43% of our consolidated net sales.

Our global associate career and compensation plan pays various types of commissions and incentives based upon a point system that calculates a percentage of the independent associate's commissionable direct and indirect net product sales and the attainment of certain associate achievement levels. All commissions are earned from the sale of our products. All payments to our independent associates are made after they have earned their commissions. We believe our global associate career and compensation plan fairly compensates our independent associates at every stage of building their business by quickly rewarding our independent associates for their sales and the sales of those in their downline organization.

Our global associate career and compensation plan identifies and pays six types of commissions to our qualified independent associates, which are based on the following:

- generating product sales to preferred customers from an independent associate's global downline to earn certain achievement levels;
- generating product sales from newly enrolled independent associates or preferred customers who place a product order;
- obtaining certain achievement levels and enrolling other independent associates who place or sell qualifying orders;
- obtaining and developing certain achievement levels within their downline organizations through product sales to qualify for additional bonuses; and
- various other sales incentive programs.

Management of Independent Associates. We actively monitor our independent associates' activities related to sales of our products and the promotion of certain business opportunities by requiring our independent associates to abide by our policies and procedures. However, we have limited control over the actions of our independent associates. To aid in our monitoring efforts, we provide each independent associate with a copy of our policies and procedures prior to or upon signing up as an independent associate. We engage a third-party service provider to assist in managing our compliance monitoring process. We also use various media formats to distribute changes to our mandatory policies and procedures, including our corporate website, conference calls, educational meetings, corporate events, seminars, and webcasts.

Our program also provides our independent associates with a standardized and anonymous complaint process. When a complaint is filed against an independent associate, our business ethics department conducts a mandatory investigation of the allegations to determine whether a violation of the policies and procedures has occurred. If a violation is found, the complaint moves through the compliance process where the person against whom the complaint has been filed has an opportunity to respond to the allegations. Depending on the nature of the violation, we may impose various sanctions, including written

warnings, mandatory training, probation, withholding commissions, and termination of associate status. We will terminate any associate's agreement for making claims that our products can treat, cure, mitigate or prevent any disease, unless such claim is found to be de minimis and isolated.

Product Return Policy. We stand behind our products and believe we offer a reasonable and industry-standard product return policy to all of our customers. We do not resell returned products. Refunds are not processed until proper approval is obtained. Refunds are processed and returned in the same form of payment that was originally used in the sale. Each country in which we operate has specific product return guidelines. However, we allow our associates and preferred customers to exchange products as long as the products are unopened and in good condition. Our return policies for our retail customers and our associates and preferred customers are as follows:

- ***Retail Customer Product Return Policy.*** This policy allows a retail customer to return any of our products to the original associate who sold the product and receive a full cash refund from the associate for the first 180 days following the product's purchase if located in the United States and Canada, and for the first 90 days following the product's purchase in other countries where we sell our products. The associate may return or exchange the product based on the associate product return policy. In China, where we sell our products under a cross-border e-commerce model, we have a 14-day return policy.
- ***Associate and Preferred Customer Product Return Policy.*** This policy allows the associate or preferred customer to return an order within one year of the purchase date upon voluntarily terminating his/her account. If an associate or preferred customer returns a product unopened and in good condition, he/she may receive a full refund minus any shipping cost, if applicable. We may also allow the associate or preferred customer to receive a full satisfaction guarantee refund if they have tried the product and are not satisfied for any reason, excluding promotional materials. This satisfaction guarantee refund applies in the United States and Canada, only for the first 180 days following the product's purchase and applies in other countries where we sell our products for the first 90 days following the product's purchase; however, any commissions earned by an associate will be deducted from the refund. If we discover abuse of the refund policy, we may terminate the associate's or preferred customer's account.

Artificial Intelligence

We utilize advanced artificial intelligence ("AI") algorithms and technologies to enhance various aspects of our operations. These enhancements include improving customer experience, optimizing our marketing execution, and enabling more effective analysis and use of our operating and financial data. Given the evolving nature and complexity of AI technologies, there remains inherent operational and legal risks. For more details, refer to Item 1A – Risk Factors – "We may use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations," which highlights potential challenges in managing AI use, including reputational harm, competitive harm, legal liability and potential adverse effects on our results of operations.

Information Technology Systems

Our information technology and e-commerce systems include a transaction-processing database, financial systems, an associate management system, and comprehensive management tools that are designed to:

- minimize the time required to process orders and distribute products;
- provide customized ordering information;
- quickly respond to information requests, including providing detailed and accurate information to independent associates about qualification and downline activity;
- provide detailed reports about paid commissions and incentives;
- support order processing and customer service departments; and
- help monitor, analyze, and report operating and financial results.

To complement our transaction database, we developed a comprehensive management tool called Success Tracker ™ that is used both internally and by our independent associates to manage and optimize their business organizations. With this tool, independent associates have constant access to graphs, maps, alerts, and reports on the status of their individual organizations, which may help to optimize their earnings.

We also maintain a written business continuity plan, which was developed using the guidelines published by the National Institute of Standards of Technology, to minimize the risk of data loss due to any interruption in business. Our business continuity plan encompasses all critical aspects of our business and identifies contacts and resources. Additionally, we perform daily backup procedures using a combination of onsite and cloud-based services to ensure all data is recoverable. We proactively monitor various software, hardware, and network infrastructure systems to ensure optimal performance and security. We also perform routine maintenance procedures and periodically upgrade our software and hardware to help ensure that our systems are secure and work efficiently and effectively to minimize the risk of business interruption. Although we

maintain an extensive business continuity plan, a long-term failure or impairment of any of our information technology systems could adversely affect our ability to conduct day-to-day business. For information regarding technology-related risks, see the information in "Item 1A: Risk Factors - Risks Affecting Our Business and Industry- If our information technology system fails or if the implementation of new information technology systems is not executed efficiently and effectively, our business, financial position and operating results could be adversely affected."

We continue to enhance our information technology, websites, and e-commerce platforms to remain competitive, efficient and secure.

Government Regulations

Domestic Regulations. In the United States, governmental regulations, laws, administrative determinations, court decisions, and similar legal requirements at the federal, state, and local levels regulate companies such as ours and network marketing activities. Such regulations address, among other things:

- direct selling and network marketing systems;
- transfer pricing and similar regulations affecting the amount of foreign taxes and customs duties paid;
- taxation of independent associates and requirements to collect taxes and maintain appropriate records;
- how a company manufactures, packages, labels, distributes, imports, sells, and stores products;
- product ingredients;
- product claims;
- income claims;
- marketing and advertising; and
- the extent to which companies may be responsible for claims made by independent associates.

The following governmental agencies regulate various aspects of our business and our products in the United States:

- the FDA;
- the Federal Trade Commission (the “FTC”);
- the Consumer Product Safety Commission;
- the Department of Agriculture;
- the Environmental Protection Agency;
- the United States Postal Service;
- state attorney general offices; and
- various agencies of the states and localities in which our products are sold.

The FDA regulates the formulation, manufacturing, packaging, storage, labeling, promotion, distribution, and sale of foods, dietary supplements, over-the-counter drugs, medical devices, cosmetics, and pharmaceuticals. In January 2000, the FDA issued a final rule called “Statements Made for Dietary Supplements Concerning the Effect of the Product on the Structure or Function of the Body”. In the rule and its preamble, the FDA distinguished between permitted claims under the Federal Food, Drug and Cosmetic Act (the “FFDC Act”) relating to the effect of dietary supplements on the structure or functions of the body, and impermissible direct or implied claims of the effect of dietary supplements on any disease. In June 2007, the FDA issued a rule, as authorized under the FFDC Act, that defined current Good Manufacturing Practices in the manufacture and holding of dietary supplements (the “Good Manufacturing Practices”). Effective January 1, 2006, legislation required specific disclosures in labeling where a food, including a dietary supplement, contains an ingredient derived from any of eight named allergens. Legislation passed at the end of 2006 now requires us to report to the FDA any reports of “serious adverse events” associated with the use of a dietary supplement or an over-the-counter drug that is not covered by new drug approval reporting. The FDA created the Office of Dietary Supplements (“ODSP”) on December 21, 2015. The creation of this new office elevates the FDA’s program from its previous status as a division under the Office of Nutrition and Dietary Supplements. ODSP will continue to monitor the safety of dietary supplements.

The Dietary Supplement Health and Education Act of 1994, referred to as DSHEA, revised the provisions of the FFDC Act concerning the composition and labeling of dietary supplements and statutorily created a new class entitled “dietary supplements.” Dietary supplements include vitamins, minerals, herbs, amino acids, and other dietary substances used to supplement diets. A majority of our products are considered dietary supplements as outlined in the FFDC Act, which requires us to maintain evidence that a dietary supplement is reasonably safe. A manufacturer of dietary supplements may make statements concerning the effect of a supplement or a dietary ingredient on the structure or any function of the body, in

accordance with the regulations described above. As a result, we make such statements with respect to our products. In some cases, such statements must be accompanied by a statutory statement that the claim has not been evaluated by the FDA and that the product is not intended to treat, cure, mitigate, or prevent any disease, and the FDA must be notified of such claim within 30 days of first use.

The FDA oversees product safety, manufacturing, and product information, such as claims on a company's website, product's label, package inserts, and accompanying literature. The FDA has promulgated regulations governing the labeling and marketing of dietary and nutritional supplement products. The regulations include:

- the identification of dietary or nutritional supplements and their nutrition and ingredient labeling;
- requirements related to the wording used for claims about nutrients, health claims, and statements of nutritional support;
- labeling requirements for dietary or nutritional supplements for which "high potency," "antioxidant," and "trans-fatty acids" claims are made;
- notification procedures for statements on dietary and nutritional supplements; and
- pre-market notification procedures for new dietary ingredients in nutritional supplements.

The Modernization of Cosmetics Regulation Act of 2022, ("MoCRA"), was signed into law in December 2022. MoCRA expands the FDA's oversight of the cosmetic industry. MoCRA requires adverse event recordkeeping and reporting, manufacturer facility registration, product listing, records supporting safety substantiation, minor label modifications including contact information for adverse event reporting and labeling of fragrance allergens. MoCRA also grants the FDA the authority to initiate mandatory product recalls as well as the authority to suspend facility registration when warranted. Cosmetic manufacturers are required to comply with cosmetics specific current Good Manufacturing Processes.

We develop and maintain product substantiation dossiers, which contain the scientific literature pertinent to each product and its ingredients. An independent scientist reviews these dossiers, which provide the scientific basis for product claims. We periodically update our substantiation program for evidence for each of our product claims and notify the FDA of certain types of performance claims made in connection with our products.

In certain markets, including the United States, specific claims made with respect to a product may change the regulatory status of a product. For example, a product sold as a dietary supplement but marketed as a treatment, prevention, or cure for a specific disease or condition would likely be considered by the FDA or other regulatory bodies as unapproved and thus an illegal drug. To maintain the product's status as a dietary supplement, its labeling and marketing must comply with the provisions in DSHEA and the FDA's extensive regulations. As a result, we have procedures in place designed to promote and assure compliance by our employees and independent associates related to the requirements of DSHEA, the FFDC Act, and various other regulations.

Dietary supplements are also subject to the Nutrition, Labeling and Education Act and various other acts that regulate health claims, ingredient labeling, and nutrient content claims that characterize the level of nutrients in a product. These acts prohibit the use of any specific health claim for dietary supplements unless the health claim is supported by significant scientific research and is pre-approved by the FDA.

The FTC and other regulators regulate marketing practices and advertising of a company and its products. In the past several years, regulators have instituted various enforcement actions against numerous dietary supplement companies for false and/or misleading marketing practices, as well as misleading advertising of products. These enforcement actions have resulted in consent decrees and significant monetary judgments against the companies and/or individuals involved. Regulators require a company to convey product claims clearly and accurately and further require marketers to maintain adequate substantiation for their claims. More specifically, the FTC requires such substantiation to be competent and reliable scientific evidence and requires a company to have a reasonable basis for the expressed and implied product claim before it disseminates an advertisement. A reasonable basis is determined based on the claims made, how the claims are presented in the context of the entire advertisement, and how the claims are qualified. The FTC's standard for evaluating substantiation is designed to ensure that consumers are protected from false and/or misleading claims by requiring scientific substantiation of product claims at the time such claims are first made. The failure to have this substantiation violates the Federal Trade Commission Act.

Due to the diverse scope of regulations applicable to our products and the various regulators enforcing these requirements, determining how to conform to all requirements is often open to interpretation and debate. However, our policy is to fully cooperate with any regulatory agency in connection with any inquiries or other investigations. We can make no assurances that regulators will not question our actions in the future, even though we continue to make efforts to comply with all applicable regulations, inquiries, and investigations.

International Regulations. We are also subject to extensive regulations in each country in which we operate. Currently we sell our products in three regions: (i) the Americas (the United States, Canada and Mexico); (ii) EMEA (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, China and Thailand). Some of the country-specific regulations include the following:

- the National Provincial Laws, Natural Health Product Regulations of Canada, and the Federal Competition Act in Canada;
- the Therapeutic Goods Administration and the Trade Practices Act in Australia;
- federal and state regulations in Australia;
- national regulations including the Local Trading Standards Offices in the United Kingdom;
- regulations from the Ministry of International Trade and Industry in Japan;
- regulations from the Commerce Commission and the Fair Trade Act of 1993 in New Zealand;
- the Fair Trade Commission, which oversees the Door to Door Sales Act and the Health and Functional Food Act enforced by the Korea Food and Drug Administration in the Republic of Korea;
- the Fair Trade Law, which is enforced by the Taiwan Fair Trade Commission and the Administration of Food Hygiene, Health Food Products Administration Act enforced by the Taiwan Department of Health;
- the Danish Health Board, the Danish Marketing Practice Act, the Danish Consumer Ombudsman, the Danish Executive Order on Dietary Supplements, the Guidelines for food supplements, and the Danish Act on Foodstuffs in Denmark;
- the German Unfair Competition Act, German Regulation on food supplements, and German Law on food and feed;
- the Vitamins and Dietary Supplement industry in South Africa falls under the legislation covering Complementary and Alternative Medicines, which is currently regulated under the Medicines and Related Substances Act, 1965 (Act No. 101 of 1965);
- the Consumer Protection Act, the Sale of Food Act, and various regulations that are governed by the Ministry of Trade and Industry in Singapore;
- the Austrian Trade Law (1994), the Food Safety and Consumer Protection Law (2006), and the Food Code in Austria;
- the Food and Consumer Products and the Unfair Trade Practices Act, Door to Door Selling Act and Provisions of the General Dutch Civil Code relating to terms and conditions and misleading advertising in the Netherlands;
- the Consumer Sales Act, Marketing Practices Act, Distance and Doorstep Sales Act, the Product Liability Act, Product Safety Act, the Companies Act and the Food Act in Sweden;
- the Law on Marketing and Contract Conditions, the Law on Repentance Right, the Statutory Order on Self Inspection of Food Provisions, the Law on Food products and Food Safety, and various guidelines from the Norwegian Consumers Agency on telephone selling and internet marketing, in Norway;
- the Health Law and various Official Mexican Standards, the consumer protection law, the Mexican Corporate law, the Foreign Investment Law, the Federal Labor law in Mexico, as well as various municipal and state regulations and codes;
- various Business, Civil, and Labor Codes in the Czech Republic as well as the Consumer Protection Act, and regulations and edicts of various government agencies such as The Ministry of Health, National Institute of Public Health, State Institute of Drug Control and the Czech Agriculture and Food Inspection Authority;
- the Consumer Protection Act in Estonia, and in the area of food supplements the Veterinary and Food Board also enforces local legislation including Estonia Food Act and Medicine Act;
- the Finnish Food Act, the Finnish Food Packaging and Consumer Protection Acts, Act on Unfair Business Practice Act, Decrees and other regulations in Finland;
- the Consumer Protection Act of 2007, the Distance Selling Regulations Act of 2001 in Ireland;
- various European Union (“EU”) regulations and pronouncements, subject to local statutes and regulations, address both our selling activities and the sale of food supplements in EU member nations, including, primarily, the EU Food Supplement Directive (2002/46/EC) and Nutrition and Health Claims Regulations (2006/1924/EC);

- the Food and Drugs (Composition and Labeling) Regulations, the Pyramid Schemes Prohibition Ordinance, the Personal Data (Privacy) Ordinance, and the Import and Export Ordinance in Hong Kong;
- the Retail Trade Act of January 15, 1996, regulating both multi-level marketing (article 22) and pyramid sales (article 23), and Spanish Law 1/2007 on Consumer Protection ("Spanish Consumers Act"), regulating consumer protection, including warranties and product liability, in Spain;
- the Food Act (B.E. 2551 and 2561), regulating the production, importation and distribution of food and dietary supplements, the Direct Selling and Direct Marketing Act (B.E. 2545) and its Third Amendment (B.E. 2560); and the Royal Ordinance on Fisheries (B.E. 2558) in Thailand; and
- the Regulation on the Prohibition of Pyramid Selling, the Regulation on Administration of Direct Sales, the Law on Protection of Consumer Rights, the Food Safety Law, and the Anti-Unfair Competition Law in China.

Regulations Regarding Network Marketing System and Our Products. Our network marketing system and our global associate career and compensation plan are also subject to a number of governmental regulations including various federal and state statutes administered by the FTC, various state authorities, and foreign government agencies. The legal requirements governing network marketing organizations are directed, in part, to ensure that product sales are ultimately made to consumers. In addition, earnings within a network marketing company must be based on the sale of products rather than compensation for (i) the recruitment of distributors or associates, (ii) investments in the organization, or (iii) other non-retail sales-related criteria. For instance, some countries limit the amount associates may earn from commissions on sales by other distributors or independent associates that are not directly sponsored by that distributor or independent associate. Prior to expanding our operations into any foreign jurisdiction, we must first obtain regulatory approval for our network marketing system in jurisdictions requiring such approval. To help ensure regulatory compliance, we rely on the advice of our outside legal counsel and regulatory consultants in each specific country.

In the United States, the FTC has jurisdiction to regulate direct selling companies under the Federal Trade Commission Act (the "FTC Act"). The FTC's interpretation of the applicable direct selling laws and regulations has evolved over the last several years as represented in various consent orders between the FTC and certain direct selling companies, informal guidance issued by the FTC to the direct selling channel, and informal communications from the FTC to the channel. The FTC, through these consent orders, guidance and communications, has addressed a variety of consumer protection issues, including misleading earnings representations by a company's independent distributors, as well as the fairness and legal validity of a company's business model and distributor compensation plan. The consent orders, guidance and communication from the FTC have also created ambiguity and uncertainty regarding the proper interpretation of the laws, regulations and judicial precedent applicable to direct selling, and more specifically network marketing, in the United States.

Additionally, in the United States, we are also subject to regulatory oversight, including routine inquiries and enforcement actions, from various state attorneys general offices. Each state has specific acts referred to as Little FTC Acts. Each state act is similar to the federal laws. As a result, each state may perform its own inquiries about our organization and business practices, including allegations related to distributors or independent associates. To combat such industry-specific risk, we provide a copy of our published associate policies and procedures to each independent associate, publish these policies on our corporate website, and provide educational seminars and publications. In addition, we maintain a legal and business ethics department to cooperate with all regulatory agencies and investigate allegations of improper conduct by our independent associates.

In Canada, our network marketing system is regulated by both national and provincial laws. Under Canada's Federal Competition Act, we must make sure that any representations relating to compensation to our independent associates or made to prospective new independent associates constitute fair, reasonable, and timely disclosure and that such representations meet other legal requirements of the Federal Competition Act. All Canadian provinces and territories, other than Ontario, have legislation requiring that we register or become licensed as a direct seller within that province to maintain the standards of the direct selling industry and to protect consumers. Some other Canadian provinces require that both we and our independent associates be licensed as direct sellers.

In Mexico, as in many other markets, there are no specific regulations directly related to the direct selling or network marketing industry. However, all product sales and business offerings must comply with the Consumer Protection Law, which is enforced by the Consumer Protection Agency. Food supplements and medicines are subject to the Health Law and various Official Mexican Standards, which are enforced by the Health Ministry and The Federal Commission for Protection Against Sanitary Risk. Mexican Customs Law and its regulations govern the general importation of our products into Mexico. We are subject to the Mexican Corporate Law, which is enforced by the Mexican courts and to the Federal Labor Law enforced by the Labor Courts. In Mexico, we are also subject to the Foreign Investment Law and its regulations administered by the Ministry of Economy. We are required to register before the Mexican System for Business Information at the appropriate Business Chamber under the Organizations Law.

In Australia, our network marketing system is subject to Australia's federal and local regulations. Our global associate career and compensation plan is designed to comply with Australian law and the requirements of Australia's Trade Practices Act. The Australian Trade Practices Administration and various other governmental entities regulate our business and trade practices, as well as those of our independent associates. Australia's Therapeutic Goods Act, together with the Trade Practices Act, regulates any claims or representations relating to our products and our global associate career and compensation plan.

In New Zealand, our network marketing system and our operations are subject to regulations of the Commerce Commission and the Ministry of Health, New Zealand Medical Devices Safety Authority, the Unsolicited Goods Act of 1975, the Privacy Act of 1993, and the Fair Trading Act of 1993. These regulations enforce specific kinds of business or trade practices and regulate the general conduct of network marketing companies. The Commerce Commission also enforces the Consumer Guarantees Act, which establishes specific rights and remedies with respect to transactions involving the provisions of goods and services to consumers. Finally, the New Zealand Commerce Commission and the Ministry of Health both enforce the Door-to-Door Sales Act of 1967 and the NZ Medicines Act, which govern the conduct of our independent associates.

In Japan, our network marketing system, overall business operations, trade practices, global associate career and compensation plan, and our independent associates are governed by Japan's Door-to-Door Sales Law as enacted in 1976 by the Ministry of International Trade and Industry. Our global associate career and compensation plan is designed to meet Japan's governmental requirements. Our product claims are subject to the Pharmaceutical Affairs Law, which prohibits the making and publication of "drug effectiveness" claims regarding products that have not received approval from Japan's Ministry of Health, Welfare and Labor.

In Singapore, the network marketing industry is governed by the Multi-Level Marketing and Pyramid Selling (Prohibition) (Amendment) Act and the accompanying Pyramid Selling (Excluded Schemes and Arrangements) Order 2000 and Order 2001. General business practices and advertising are regulated under the Consumer Protection (Fair Trading) Act 2003, as amended, and its accompanying regulations. The products are classified as food and supplements of a food nature, which are governed by the Sale of Food Act and the Singapore Food Regulations. Cosmetics and products that rise to the level of medicinal and other health-related products are regulated under various regulations such as the Medicines Act, the Poisons Act, the Sale of Drugs Act, the Medicines (Advertisement and Sale) Act and the Misuse of Drug Regulations.

In the Republic of Korea, the primary body of law applicable to our operations is the Door-to-Door Sales Act, which governs the behavior of network marketing companies and affiliated distributors. The Door-to-Door Sales Act is enforced by the Fair Trade Commission. In the Republic of Korea, our products are categorized as health and functional foods and are regulated by the Health and Functional Food Act of 2004, with which the Company complies.

In Taiwan, our network marketing system, overall operations and trade practices are governed by the Fair Trade Law and the Consumer Protection Law. Such laws contain a wide range of provisions covering trade practices. Our products are governed by the Taiwan Department of Health and various legislation in Taiwan including the Health Food Control Act of 1999. This Act was enacted to enhance the management and supervision of matters relating to health, food, protecting the health of people and safeguarding the rights and interests of consumers.

In Hong Kong, our network marketing system, overall operations and trade practices are governed by a number of Ordinances including the Sale of Goods Ordinance, the Control of Exemption Clauses Ordinance, the Pyramid Schemes Prohibition Ordinance and the Personal Data (Privacy) Ordinance. Such Ordinances include a number of consumer protections (including data privacy) and regulate trading practices. Importation and registration of our products permitting their sale in Hong Kong are controlled by the Import and Export Ordinance and its subsidiary legislation, the Import and Export (Registration) Regulations.

In China, multi-level marketing is prohibited by the Regulation on the Prohibition of Pyramid Selling. While selling products via a direct sales channel is permitted, persons or entities conducting direct selling activities must have a direct selling license per the Regulation on the Administration of Direct Sales. In addition, under the Food Safety Law, most of our dietary supplements are not allowed to be sold in physical stores unless registered with the China Food Safety Administration. However, those products are allowed to be sold under a retail cross-border e-commerce model. Lastly, overall operations and trade practices are governed by the Consumer Protection Law and the Anti-Unfair Competition Law.

In the United Kingdom, our network marketing system is subject to national regulations of the United Kingdom. Our global associate career and compensation plan is designed to comply with the United Kingdom's national requirements, the requirements of the Fair Trading Act of 1973, the Data Protection Act of 1998, the Trading Schemes Regulations of 1997, and other similar regulations. The U.K. Code of Advertising and Sales Promotion regulates our business and trade practices and the activities of our independent associates, while the Trading Standards Office regulates any claims or representations relating to our operations. Our products are regulated by the Medicines and Healthcare Products Regulatory Agency.

In Denmark, the notion of door-to-door selling is prohibited. As a result, under Danish law, the trader is not allowed to contact the consumer at his home, place of work, or other non-public place in order to conclude a contract on certain subjects. However, the prohibition has an exemption when the consumer asks the trader for a contact in writing or upon written prior consent. In addition, the Danish Marketing Practices Act, the Guidelines from the Danish Consumer Ombudsman and the rules contained in the Danish Consumer Contracts Act govern our network marketing system. There is no requirement for pre-approval of our products in Denmark; however, our products are subject to a yearly inspection carried out by the Food authorities. Further, all our activities are subject to Self Inspection, the results of which are also controlled once a year by the Food authorities. The rules for marketing and sale of dietary supplements are covered by the Danish Executive Order on Food Supplements, as well as by the Danish Act on Foodstuffs and various EU-regulations. Denmark also subjects the marketing of a company's food supplements to a notification procedure (with a pre-market approval process for certain substances), before a product may be lawfully marketed in Denmark. Full product compliance with all Danish provisions is reviewed by the Food authorities once a year.

In Germany, there is no specific legal regulation covering network marketing company practices. However, under certain circumstances network marketing systems may have to follow the German Unfair Competition Act. Our independent associates' conduct is subject to the German statute that governs the conduct of a commercial agent. In addition, direct selling operations are governed by the Industrial Code, which requires direct sellers to hold itinerant trader's cards. The German Regulation on food supplements and the German Law on food and feed govern vitamin and mineral substances and herbs and other substances, respectively.

In Austria, the Austrian Trade Law of 1994 (Novelle 2002) prohibits the offer of direct sale to an individual consumer of food supplement and cosmetic products. The provision, however, has generally not been enforced in recent years and sales made via the Internet or mail order or made to a non-consumer distributor do not fall under this prohibition. The Austrian Trade Law is predominantly administered through the National Ministry of Economy and Labor. Our business operations within Austria are conducted from beyond the borders of Austria, which is the common practice in our industry. Our distributors qualify as "traders" for purposes of Austrian state and municipal laws. Traders are regulated by the local chambers of commerce and must obtain licenses from the respective chambers of commerce. Regulation of food supplements and cosmetics is generally harmonized throughout the EU and must conform to EU standards. Austrian-specific food regulations include the Food Safety and Consumer Protection Law (2006), supporting ordinances to this law, the Food Supplement Law, and the Austrian Food Codex, which is primarily administered by the National Ministry of Health, Office for Health and Food Security, and the Local Health Authority.

In Sweden, various provisions of the Consumer Sales Act (1990), the Marketing Practices Act (2008), the Distance and Doorstep Sales Act (2005), the Product Liability Act (1992), the Product Safety Act (2004), and the Companies Act (2005) all serve to govern our multi-level marketing and business activities. The Food Act (2006) provides regulations and guidelines for the sale of food and food supplements. We are subject to the authority of the Swedish Consumer Office, the Swedish Companies Registration Office, the Swedish Tax Office, Swedish Customs, Medical Products Agency, and the National Food Administration. As in all EU countries, various EU regulations and guidelines apply.

In the Netherlands, the Food and Consumer Product and the Unfair Trade Practices Act are the most relevant legislations relating to our business practices. The first is enforced by the Food and Consumer Product Safety Authority and the latter is enforced by the Consumer Authority. Furthermore, various EU regulations apply as well as the Dutch Door to Door Selling Act, and all provisions of the Dutch Civil Code with particular emphasis to those regulations dealing with general terms and conditions, and those regarding misleading advertising.

Norway exercises a border control of products and their composition upon importation. Import products must be registered in an Import Reporting Registry, and the regulations are enforced by the customs authorities. Our products must be compliant with Norwegian regulations in order to be admitted for admission through customs into Norway. In Norway, door-to-door selling is allowed, provided the Guidelines from the Norwegian Consumer Agency are followed. Likewise, telephone-selling is allowed provided the agency's guidelines are followed. Home-selling in Norway is also allowed. All of our sales in Norway are subject to a 14-day right to cancel by the consumers.

In the Czech Republic, there are no specific regulations or special legislation that limit the network marketing industry. Network marketing is considered to be a specific form of general sale and is generally subject to various provisions of the Business Code (Act. Nr. 513/1992 Coll.), Civil Code (Act. Nr. 40/1964 Coll.), Labor Code (Act. No. 262/2006 Coll.), Trade License Act (Act. Nr. 455/1991 Coll.), Consumer Protection Act (Act. Nr. 634/1992 Coll.) and related legislation. The status of independent contractor/sales distributor is primarily regulated by the Trade License Act (Act. Nr. 455/1991 Coll), which requires sales distributors to maintain a trade license. Additionally, the regulation of food supplements is harmonized throughout the EU and, therefore, the supplements must conform to the EU standards. Enforcement of Czech-specific regulations is undertaken by the Ministry of Health, National Institute of Public Health, State Institute of Drug Control and the Czech Agriculture and Food Inspection Authority.

In Estonia, there are no specific regulations governing the network marketing business, but the business is generally regulated under the Consumer Protection Act. Also, independent distributors are required to register as sole proprietors with the Tax and Customs Board before entry into associate agreements. Mannatech must also comply with various EU regulations. The Veterinary and Food Board also enforces local legislation including Estonia Food Act and Medicine Act.

In Finland, the Finnish Food Act, the Finnish Food Packaging and Consumer Protection Acts, Act on Unfair Business Practice Act, Decrees and other regulations, as well as applicable EU regulations, regulate Mannatech products, product information, and the way Mannatech promotes its products. Additionally, certain principles applicable to multi-level marketing under the Money Collection Act (255/2006) apply to Mannatech's activities. Lastly, persons engaged in the manufacture, commission of manufacture or import of food supplements must submit a written notification to the Finnish Food Safety Authority when marketing and selling in Finland. A notification is also required when the composition of preparation changes in terms of characteristics of substances or the preparation is withdrawn from the market.

In the Republic of Ireland, the primarily relevant legislation is the Consumer Protection Act of 2007, the Distance Selling Regulations Act of 2001, and the codes of practice of the Direct Selling Association of Ireland and the Advertising Standards Authority for Ireland. There is no equivalent in Irish law to the UK Trading Schemes Regulations, but the Direct Selling Association of Ireland codes, while not as prescriptive, contain many similar requirements. Lastly, the regulation of food and food supplements are generally harmonized throughout the EU and must conform to EU standards.

In Spain, our network marketing system, overall operations, and trade practices are governed by the Retail Trade Act and the Spanish Consumers Act. Such laws contain a wide range of provisions covering trade practices, including multi-level marketing, pyramid sales, warranties and product liability. While regulation of food supplements and cosmetics is generally harmonized throughout the EU and must conform to EU standards, the Spanish Agency for Medicines and Health Products oversees cosmetics and the Spanish Agency for Consumer Affairs, Food Safety and Nutrition oversees food supplements.

In South Africa, the Consumer Affairs Act 1988, the Competition Act 1998, and the Advertising Standards Authority Code of Advertising Practice (a voluntary code enforced by the media) govern business practices. The Foodstuffs, Cosmetics and Disinfectants Act 1972, and the Medicines and Related Substances Act 1965 currently apply.

Other Regulations. Our operations are also subject to a variety of other regulations, including:

- social security taxes;
- value-added taxes;
- goods and services taxes;
- sales taxes;
- consumption taxes;
- income taxes;
- customs duties;
- employee/independent contractor regulations;
- employment, service pay, retirement pay, and profit sharing requirements;
- data security and data privacy regulations;
- import/export regulations;
- federal securities laws; and
- antitrust laws.

In many markets, we are limited by the types of rules we can impose on our independent associates, including rules in connection with cooling off periods and termination criteria. If we do not comply with these requirements, we may be required to pay social security, unemployment benefits, workers' compensation, or other tax or tax-type assessments on behalf of our independent associates and may incur severance obligations if we terminate one of our independent associates.

In some countries, including the United States, we are also governed by regulations concerning the activities of our independent associates. Regulators may find that we are ultimately responsible for the conduct of our independent associates and may request or require that we take additional steps to ensure that our independent associates comply with these regulations. The types of conduct governed by these types of regulations may include:

- claims made about our products;
- promises or claims of income or other promises or claims by our independent associates; and

- sales of products in markets where the products have not been approved or licensed.

In some markets, including the United States, improper product claims by independent associates could result in our products being scrutinized by regulatory authorities. This review could result in our products being re-classified as drugs or classified into another product category that requires stricter regulations or labeling changes.

We continuously research and monitor the laws governing the conduct of our independent associates, our operations, our global associate career and compensation plan, and our products and sales aids within each of the countries in which we sell our products. We provide education for our independent associates regarding acceptable business conduct in each market through our policies and procedures, seminars, and other training materials and programs. However, we cannot guarantee that our independent associates will always abide by our policies and procedures and/or act in a professional and consistent manner.

Competition

Other Nutritional Supplement Companies. The nutritional supplement industry is steadily gaining momentum and is intensely competitive. Our current direct competitors selling similar nutritional products include:

- AdvoCare International;
- GNC Holdings, Inc.;
- Herbalife Nutrition Ltd.;
- Nature's Sunshine Products, Inc.;
- NOW Foods;
- Nu Skin Enterprises, Inc.;
- Reliv International, Inc.;
- Solgar Vitamin and Herb Company, Inc.;
- Swanson Health Products;
- Usana Health Sciences, Inc.; and
- Vitamin Shoppe Industries, Inc.

Network Marketing. Nutritional supplements are offered for sale in a variety of ways. Network marketing has a limited number of individuals interested in participating in the industry, and we must compete for those types of individuals. We believe network marketing is the best sales approach to sell our products for the following reasons:

- our products can be introduced into the global marketplace at a much lower up-front cost than through conventional methods;
- our key ingredients and differential components found in our proprietary products can be better explained through network marketing;
- the network marketing approach can quickly and easily adapt to changing market conditions;
- consumers appreciate the convenience of ordering from home, through a sales person, by telephone, or on the Internet; and
- network marketing enables independent associates to earn financial rewards.

We compete with other direct selling and network marketing companies for new independent associates and for retention of continuing independent associates. Some of our competitors have longer operating histories, are better known, or have greater financial resources. These companies include:

- Amway Corporation;
- Forever Living Products, Inc.;
- Herbalife Nutrition Ltd.;
- Mary Kay, Inc.;
- Nature's Sunshine Products, Inc.;
- Nu Skin Enterprises, Inc.;
- Shaklee Worldwide; and
- Usana Health Sciences, Inc.

The availability of independent associates decreases when other network marketing companies successfully recruit and retain independent associates for their operations. We believe we can successfully compete for independent associates by emphasizing the following:

- our exclusive, proprietary blend of high-quality products;
- our 30 year track record in the business of selling nutritional products;
- our business model which does not require our independent associates to carry inventory or accounts receivable;
- our unique and financially rewarding global associate compensation plan;
- our innovative marketing and educational tools; and
- our easy and convenient delivery system.

Employees

At December 31, 2024 and 2023, we employed 189 and 213 people, respectively, as set forth below:

	2024	2023
Americas	107	123
Asia/Pacific	75	83
EMEA	7	7
Total	**189**	**213**

	2024	2023
Full-time employees	189	213
Total	**189**	**213**

These numbers do not include our independent associates, who are independent contractors and are not employees.

Item 1A. Risk Factors

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

Risks Affecting Our Business and Industry

If we are unable to attract and retain independent associates, our business may suffer.

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

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

The loss of key high-level independent associate leaders could negatively impact our associate growth and our revenue.

As of December 31, 2024, we had approximately 133,000 active associates and preferred customer positions held by individuals who purchased our products and/or packs or paid associate fees within the last 12 months, of which 155 occupied the highest associate levels under our global compensation plan. These independent associate leaders are important in maintaining and growing our revenue. As a result, the loss of a high-level independent associate or a group of leading associates in the independent associates' networks of downlines, whether by their own choice or through disciplinary actions by us for violations of our policies and procedures, could negatively impact our associate growth and our revenue.

Changes to our associate compensation arrangements could be viewed negatively by some independent associates, could cause failure to achieve desired long-term results and have a negative impact on revenue.

Our associate compensation plan includes components that differ from market to market. We modify components of our compensation plan from time to time in an attempt to remain competitive and attractive to existing and potential independent associates, including such modifications:

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

However, changes could be viewed negatively by some independent associates, could cause failure to achieve desired long-term results and have a negative impact on revenue.

An increase in the amount of commissions and incentives paid to independent associates could adversely affect our earnings.

The payment of commissions and incentives, including bonuses and prizes, is our most significant expense. Together, our commissions and incentives range from 35% to 43% of our consolidated net sales. We closely monitor the amount of commissions and incentives as a percentage of net sales and may periodically adjust our compensation plan to better manage these costs. There can be no assurance that changes to the compensation plan will be successful in achieving target levels of commissions and incentives as a percentage of net sales and preventing these costs from having a significant adverse effect on our earnings. Furthermore, such changes may make it difficult to attract and retain independent associates or cause us to lose some of our existing independent associates.

The loss of key management personnel could adversely affect our business, financial condition, results of operations or independent associate relations.

We depend on the continued services of our executive officers and senior management team as they work closely with independent associate leaders and are responsible for our day-to-day operations. Our success depends in part on our ability to retain our executive officers, to compensate our executive officers at attractive levels, and to continue to attract additional qualified individuals to our management team. Although we have entered into employment agreements with certain senior executive officers, and do not believe that any of them are planning to leave or retire in the near term, we cannot assure you that our senior executive officers or members of our senior management team will remain with us. The loss or limitation of the services of any of our executive officers or members of our senior management team, including our regional and country managers, or the inability to attract additional qualified management personnel could have a material adverse effect on our business, financial condition, results of operations, or independent associate relations.

If we are unable to protect the proprietary rights of our products, our business could suffer.

Our success and competitive position largely depend on our ability to protect the following proprietary rights:

- our Ambrotose® complex, a glyconutritional dietary supplement consisting of a blend of monosaccharides, or sugar molecules, which is a stand-alone product and also used as an ingredient in many of our products;
- the MTech AO Blend® formulation, our proprietary antioxidant technology used in the Ambrotose AO® product; and
- a compound used in our reformulated Advanced Ambrotose® complex that allows for a more potent concentration of the full range of mannose-containing polysaccharides occurring naturally in aloe.

We have filed patent applications for the technology relating to our Ambrotose®, Ambrotose AO®, Ambrotose Life®, PhytoMatrix®, NutriVerus™, and GI-ProBalance® products in the United States and certain foreign countries. As of December 31, 2024, we had 17 patents for the technology relating to our Ambrotose® formulation, all of which were issued, granted, and validated in 15 foreign jurisdictions. In addition, we have entered into confidentiality agreements with our independent associates, suppliers, manufacturers, directors, officers, and consultants to help protect our proprietary rights. Nevertheless, we continue to face the risk that our pending patent applications for our products may not issue or that the patent protection granted is more limited than originally requested. As a precaution, we consult with outside legal counsel and consultants to help ensure that we protect our proprietary rights. However, our business, profitability, and growth prospects could be adversely affected if we fail to receive adequate protection of our proprietary rights.

Our inability to develop and introduce new products that gain independent associate, preferred customer, and market acceptance could harm our business.

A critical component of our business is our ability to develop new products that create enthusiasm among our independent associates and preferred customers. If we are unable to introduce new products, our independent associate productivity could be harmed. In addition, if any new products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, this would harm our results of operations. Factors that could affect our ability to continue to introduce new products include, among others, government regulations, the inability to attract and retain qualified research and development staff, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit our ability to offer comparable products, and the difficulties in anticipating changes in consumer tastes and buying preferences.

Our failure to appropriately respond to changing consumer preferences and demand for new products or product enhancements could significantly harm our relationship with independent associates and preferred customers, our product sales, as well as our financial condition and operating results.

Our business is subject to changing consumer trends and preferences, including rapid and frequent changes in demand for products, new product introductions, and enhancements. Our failure to accurately predict these trends could negatively impact consumer opinion of our products, which in turn could harm our independent associate and preferred customer relationships and cause the loss of sales. The success of our new product offerings and enhancements depends upon a number of factors, including our ability to:

- accurately anticipate consumer needs;
- innovate and develop new products or product enhancements that meet these needs;
- successfully commercialize new products or product enhancements in a timely manner;
- price our products competitively;
- manufacture and deliver our products in sufficient volumes and in a timely manner; and
- differentiate our product offerings from those of our competitors.

If we do not introduce new products or make enhancements to meet the changing needs of our independent associates and preferred customers in a timely manner, some of our products could be rendered obsolete, which could negatively impact our revenues, financial condition, and operating results.

If our outside suppliers and manufacturers fail to supply products in sufficient quantities and in a timely fashion or fail to comply with our product safety and quality standards or applicable law, our business could suffer.

Outside manufacturers produce all of our products. Our profit margins and timely product delivery are dependent upon the ability of our outside suppliers and manufacturers to supply us with products in a timely and cost-efficient manner. Our ability to enter new markets and sustain satisfactory levels of sales in each market depends on the ability of our outside suppliers and manufacturers to provide required levels of ingredients and products and to comply with all applicable regulations. As a precaution, we have approved alternate suppliers and manufacturers for our products. However, the failure of our primary suppliers or manufacturers to supply ingredients or produce our products could adversely affect our business operations.

We believe we have dependable third-party manufacturers. Our business depends in large part on our ability to maintain consumer confidence in the safety and quality of our products. We have rigorous product safety and quality standards, which we expect our third-party contract manufacturers to meet. However, despite our commitment to product safety and quality, our contract manufacturers may not always meet these standards, particularly as we expand our manufacturing operations and product offerings. Further, our manufacturing operations are subject to numerous regulations, including food and drug, environmental, and labor regulations, which continue to expand and evolve and require substantial expenditures. If our contract manufacturers fail to comply with our product safety and quality standards or applicable law, or if our products are or become contaminated, damaged, adulterated, mislabeled, or misbranded, whether caused by us or someone in our supply chain or events outside of our or their control, we may be required to undertake costly remediation efforts, which may include product recalls, formulation changes, the destruction of inventory, and supply chain interruption, and may become subject to negative publicity, regulatory action or fines, and product liability claims, which could materially harm our reputation, business, financial condition, and operating results.

The loss of suppliers, shortages of raw materials or our failure to satisfy minimum purchase requirements could have an adverse effect on our business, financial condition, or results of operations.

We depend on outside suppliers for raw materials. Our contract manufacturers acquire all of the raw materials for manufacturing our products from third-party suppliers. In the event we were to lose any significant suppliers and have trouble in finding or transitioning to alternative suppliers, it could result in product shortages or product back orders, which could harm our business. There can be no assurance that suppliers will be able to provide our contract manufacturers the raw materials in the quantities and at the appropriate level of quality that we request or at a price that we are willing to pay. We are also subject to delays caused by any interruption in the production of these materials including weather, disease, crop conditions, climate change, energy costs, currency fluctuations, logistics service capacities, transportation interruptions, and natural disasters or other catastrophic events.

We maintain supply agreements with our suppliers and manufacturers. One of our supply agreements, under which the supplier provides us with certain aloe vera-based raw materials, requires us to purchase raw materials in an aggregate amount of $1.1 million through 2025. Failure to purchase minimum amounts could adversely affect our business and operating results.

If we are exposed to product liability claims, we may be liable for damages and expenses, which could affect our overall financial condition, results of operations and cash flows.

We could face financial liability from product liability claims if the use of our products results in significant loss or injury. We can make no assurances that we will not be exposed to any substantial future product liability claims. Such claims may include claims that our products contain contaminants, that we provide our independent associates and consumers with inadequate instructions regarding product use, or that we provide inadequate warnings concerning side effects or interactions of our products with other substances. We believe that we, our suppliers, and our manufacturers maintain adequate product liability insurance coverage. However, a substantial future product liability claim could exceed the amount of insurance coverage or could be excluded under the terms of an existing insurance policy, which could adversely affect our overall future financial condition.

Several years ago, a discovery of Bovine Spongiform Encephalopathy ("BSE"), which is commonly referred to as "Mad Cow Disease", has caused concern among the general public. As a result, some countries have banned the importation or sale of products that contain bovine materials sourced from locations where BSE has been identified. We have changed many of our capsules to a vegetable base. However, if a vegetable base is not available or practical for use, certifications are required to ensure the capsule material is BSE-free. The higher costs could affect our financial condition, results of operations, and our cash flows.

Concentration Risk

A significant portion of our revenue is derived from our Ambrotose Life®, TruHealth™, Ambrotose, and Optimal Support Packets products. A decline in sales value of such products could have a material adverse effect on our earnings, cash flows, and financial position.

Our business is not currently exposed to customer concentration risk given that no independent associate has ever accounted for more than 10% of our consolidated net sales.

Currently, the Republic of Korea is our largest market. An economic decline in the market, a shift in consumer demand for our products or business opportunity, or regulatory changes affecting our business model, products, or compensation plan in this market could have a material adverse effect on our earnings, cash flows, and financial position.

If we incur substantial liability from litigation, complaints, or enforcement actions or incur liabilities or penalties resulting from misconduct by our independent associates, our financial condition could suffer and could have a negative impact on our profitability and growth prospects.

Routine enforcement actions and complaints are common in our industry. Although we believe we fully cooperate with regulatory agencies and use various means to address misconduct by our independent associates, including maintaining policies and procedures to govern the conduct of our independent associates and conducting training seminars, it is still difficult to detect and correct all instances of misconduct. Violations of our policies and procedures by our independent associates could lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or foreign regulatory authorities against us and/or our independent associates in each country. Because we have expanded into foreign countries, our policies and procedures for our independent associates differ depending on the different legal requirements of each country in which an independent associate does business. Any future litigation, complaints, and enforcement actions involving us and/or our independent associates could consume considerable amounts of financial and other corporate resources, which could have a negative impact on our business, profitability, and growth prospects.

The global nutrition and skin care industries are intensely competitive and the strengthening of any of our competitors could harm our business.

The global nutrition and skin care industries are intensely fragmented and competitive. We compete for independent associates with other network marketing companies outside the global nutrition and skin care industries. Many of our competitors have greater name recognition and financial resources, which may give them a competitive advantage. Our competitors may also be able to devote greater resources to marketing, promotional, and pricing campaigns that may influence our continuing and potential independent associates and preferred customers to buy products from competitors rather than from us. Such competition could adversely affect our business and current market share.

A downturn in the economy, could affect consumer purchases of discretionary items such as the health and wellness products that we offer, which could have an adverse effect on our business, financial condition, profitability, and cash flows.

We appeal to a wide demographic consumer profile and offer a broad selection of health and wellness products. A downturn in the economy could adversely impact consumer purchases of discretionary items such as health and wellness products. The United States and global economies may slow dramatically as a result of a variety of problems, including turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, the state of the

housing markets, volatility in worldwide stock markets, or another pandemic. In the event of such economic downturn, the U.S. and global economies could become significantly challenged in a recessionary state for an indeterminate period of time. These economic conditions could cause many of our existing and potential associates to delay or reduce purchases of our products for some time, which in turn could harm our business by adversely affecting our revenues, results of operations, cash flows and financial condition. We cannot predict these economic conditions or the impact they would have on our consumers or business.

Adverse or negative publicity could cause our business to suffer.

Our business depends, in part, on the public's perception of our integrity and the safety and quality of our products. Any adverse publicity could negatively affect the public's perception about our industry, our products, or our reputation and could result in a significant decline in our operations and/or the number of our independent associates. Specifically, we are susceptible to adverse or negative publicity regarding:

- the nutritional supplements industry;
- skeptical consumers;
- competitors;
- the safety and quality of our products and/or our ingredients;
- regulatory investigations of our products or our competitors' products;
- the actions of our independent associates;
- the direct selling/network marketing industry; and
- scandals or regulatory investigations regarding the business practices or products or our competitors, specifically those competitors within the direct selling channel.

If our information technology system fails or if the implementation of new information technology systems is not executed efficiently and effectively, our business, financial position, and operating results could be adversely affected.

Like many companies, our business is heavily dependent upon our information technology infrastructure to effectively manage and operate many of our key business functions, including:

- order processing;
- supply chain management;
- customer service;
- product distribution;
- commission processing;
- cash receipts and payments; and
- financial reporting.

These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Although we maintain an extensive security system and business continuity program that was developed under the guidelines published by the National Institute of Standards of Technology, a long-term failure or impairment of any of our information technology systems could adversely affect our ability to conduct day-to-day business.

Occasionally information technology systems must be upgraded or replaced and if this system implementation is not executed efficiently and effectively, the implementation may cause interruptions in our primary management information systems, which may make our website or services unavailable thereby preventing us from processing transactions, which would adversely affect our financial position or operating results.

The regulatory climate for data privacy and protection continues to grow in scope and complexity both domestically and in the international markets in which we operate. Although there is no single federal law in the United States imposing a cross-sectoral data breach notification obligation, virtually every state has enacted breach notification requirements. Additionally, many U.S. states and countries in which we operate have proposed or enacted laws or regulations on the appropriate use and disclosure of financial and personal data. The EU adopted the General Data Protection Regulation ("GDPR") on April 27, 2016. The GDPR went into effect on May 25, 2018. The GDPR applies to organizations based in the EU and organizations based outside of the EU that offer products or services to individuals in the EU or that otherwise monitor individuals in the EU. While U.S. state laws generally cover specific categories of sensitive personal data (e.g., social security numbers, bank account numbers, and credit card numbers), the GDPR notification requirements will apply to incidents involving any personal data, meaning any data related to an identified person.

Other countries have enacted and will be enacting similar laws. In Canada, the Personal Information Protection and Electronic Documents Act ("PIPEDA") went into effect on November 1, 2018. PIPEDA applies to foreign organizations with a real and substantial link to Canada that collect, use, or disclose the personal information of Canadians in the course of their commercial activities. Under PIPEDA, an organization must notify individuals of any breach of the security of safeguards involving their personal information if it is reasonable to believe that the breach creates a "real risk of significant harm." Concurrently, the organization must also report to the Privacy Commissioner of Canada. On December 31, 2024, the South Korean Personal Information Protection Commission announced draft Consolidated Guidelines on Personal Information Processing for the recently amended Personal Information Protection Act. The South Africa Protection of Personal Information Act ("POPI") went effective on July 1, 2021. POPI shares similarities with both the EU GDPR and the California Consumer Privacy Act ("CCPA"). On August 20, 2021, the Personal Information Protection Law ("PIPL") became effective in China. PIPL is designed to protect online users' data privacy. Regarded as China's version of the GDPR, PIPL lays out a comprehensive set of rules on how business operators should collect, use, process, share, and transfer personal information in China. Our failure or inability to comply with data protection regimes domestically and in foreign countries could result in fines, penalties, injunctions, or material litigation expenditures.

As noted above, many states have enacted data protection requirements. California enacted CCPA, effective on January 1, 2020, as amended by the California Privacy Rights Act to provide enhanced data privacy protections to California residents. CCPA applies to companies with annual gross revenues in excess of $25 million and other thresholds.Virginia, Colorado, Connecticut, Utah, Iowa, Indiana, Tennessee, Montana, Texas, Florida, Delaware, and Oregon all have adopted laws introducing privacy obligations and many other states are considering similar legislation. A broad range of legislative measures also have been introduced at the federal level. The FTC and state attorneys general also review privacy and data protection for consumers.

With increased frequency in recent years, cyber-attacks against companies have resulted in breaches of data security. Our business requires the storage and transmission of suppliers' data and our independent associates' and customers' personal, credit card, and other confidential information. Our information technology systems are susceptible to a growing and evolving threat of cybersecurity risk. If our third-party vendors do not maintain adequate security measures, do not require their sub-contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber-attacks, we may experience breach of customer data or operational difficulties and increased costs, which could materially and adversely affect our business. Any substantial compromise of our data security, whether externally or internally, or misuse of associate, customer, or employee data, could cause considerable damage to our reputation, cause the public disclosure of confidential information, and result in lost sales, significant costs, and litigation, which would negatively affect our financial position and results of operations. Although we maintain policies and processes surrounding the protection of sensitive data, which we believe to be adequate, there can be no assurances that we will not be subject to such claims in the future.

We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We incorporate various artificial intelligence ("AI") solutions into our digital infrastructure, services, offerings and features, and these applications are becoming important in our operations. We have not established definitive policies regarding the use of AI platforms and algorithms in our business and with our data and information, and we do not have systems in place that inventory all of the AI-based applications that may be in use in our enterprise. Our competitors or other third parties may incorporate AI into their products and operations more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, search results or recommendations that AI applications assist in producing are, or are alleged to be, deficient, inaccurate, biased or in violation of third parties' intellectual property rights, our business, reputation, financial condition, and results of operations could be adversely affected.

The use of AI applications may result in cybersecurity incidents that implicate the personal data of consumers. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues, such as the proper use of copyrighted material with AI applications, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the government regulation of AI, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact.

Interruption or failure of our information technology and communications systems could impair the delivery of our service and harm our business.

We rely on our own systems and systems of third party vendors to assist our business. Any degradation in the quality, or any failure, of our systems could reduce our revenues, cause us to lose customers and damage our brands. Although we have implemented practices designed to maintain the availability of the information technology and service delivery systems we rely on and mitigate the harm of any unplanned interruptions, we cannot anticipate all eventualities. We occasionally experience

unplanned outages or technical difficulties. We could also experience loss of data or processing capabilities, which could cause us to lose customers and could harm our reputation and operating results.

We rely on internal systems and external systems maintained by manufacturers, distributors and service providers to take, fulfill and handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems could prevent us from servicing customers or cause data to be unintentionally disclosed. Our services have experienced, and we expect them to continue to experience, periodic service interruptions and delays involving our own systems and those of our vendors.

Our data centers and our information technology and communications systems are vulnerable to damage or interruption from natural disasters, malicious attacks, fire, power loss, telecommunications failures, computer viruses or other attempts to harm our systems. The occurrence of any of these events could result in interruptions in our services and unauthorized access to, or alteration of, the content and data contained on our systems and that these third party vendors store and deliver on our behalf.

Damage or interruption to data centers and information technology and communications centers could expose us to data loss or manipulation, disruption of service, monetary and reputational damages, competitive disadvantage and significant increases in compliance costs and costs to improve the security and resiliency of our computer systems. The compromise of personal, confidential or proprietary information could also subject us to legal liability or regulatory action under evolving cybersecurity, data protection and privacy laws and regulations enacted by the U.S. federal and state governments or other foreign jurisdictions or by various regulatory organizations. As a result, our ability to conduct our business and our results of operations might be adversely affected.

We rely upon our existing cash balances and cash flow from operations to fund our business and meet our contractual obligations. In the event that we do not generate adequate cash flow from operations, we will need to raise money through a debt or equity financing, if available, or curtail operations.

The adequacy of our cash resources to continue to meet our future operational needs depends, in large part, on our ability to increase product sales and/or reduce operating costs and some of these costs are fixed contractual obligations. As of December 31, 2024 and 2023, cash and cash equivalents held in bank accounts in foreign countries totaled $5.1 million and $3.5 million, respectively.

If we are unsuccessful in generating positive cash flow from operations, we could exhaust our available cash resources and be required to secure additional funding through a debt or equity financing, transfer cash in a manner that could be taxed, significantly scale back our operations, and/or discontinue many of our activities, which could negatively affect our business and prospects. Additional funding may not be available or may only be available on unfavorable terms.

We have outstanding debt with our directors. Such indebtedness could adversely affect our cash flow and our ability to pursue desirable business opportunities.

On April 23, 2024, we entered into an unsecured Loan and Promissory Note agreements with three related parties, who are members of our Board of Directors, and who are current stockholders, in an aggregate principal amount of $3.6 million. The purpose of the borrowing was to provide funds for general working capital needs, including payment to vendors, expansion of the non-US operations, technology investment primarily for improving the customer ordering process and software updates to improve visibility of sales associate activity. As of December 31, 2024, the aggregate outstanding principal balance was $2.9 million and the interest payable was $0.1 million. See Note 10, *NOTES PAYABLE, for more information*

We may also incur additional indebtedness in the future, Our current debt service obligations require us to use a portion of our cash flow to pay interest and principal on debt instead of for other corporate purposes. If our cash flow and capital resources are insufficient to service our debt obligations, we may be forced to seek additional equity or debt capital or restructure our debt. However, these measures might be unsuccessful or inadequate in permitting us to meet scheduled debt service obligations.

We are subject to liquidity risk, which could adversely affect our financial condition and results of operations

Effective liquidity management is essential for the operation of our business. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated, changes in assets and liabilities, under various economic conditions, an inability to raise capital through operations and other sources could have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the direct selling industry in general. Factors that could detrimentally

impact our access to liquidity sources include credit availability through commercial banking, foreign exchange controls, limitations on the repatriation of funds, and changes in currency policies or practices of foreign jurisdictions. Deterioration in economic conditions may increase our cost of funding and limit our access to some sources of liquidity.

Risks Related to Our International Operations

If our international markets are not successful, our business could suffer.

We currently sell our products in the international markets of Canada, Mexico, Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, Netherlands, Norway, South Africa, Spain, Sweden, the United Kingdom, Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, Thailand and China. We operate in China on a non-direct selling business model instead of our traditional network marketing model. In China, multi-level marketing is prohibited by the Prohibition of Pyramid Selling and direct selling without a license is prohibited by the Regulation on the Administration of Direct Sales. Our international operations could experience changes in legal and regulatory requirements, as well as difficulties in adapting to new foreign cultures and business customs. If we do not adequately address such issues, our international markets may not meet growth expectations. Our international operations and future expansion plans are subject to political, economic, and social uncertainties, including:

- inflation;
- the renegotiation or modification of various agreements;
- increases in custom duties and tariffs;
- changes and limits in export controls;
- complex U.S. and foreign laws, treaties and regulations, including without limitation, tax laws, the U.S. Foreign Corrupt Practices Act, and similar anti-bribery and corruption acts and regulations in many of the markets in which we operate;
- trademark availability and registration issues;
- changes in exchange rates;
- changes in taxation;
- wars, civil unrest, acts of terrorism, conflicts and other hostilities;
- political, economic, and social conditions;
- a pandemic;
- changes to trade practice laws or regulations governing direct selling and network marketing;
- increased government scrutiny surrounding direct selling and network marketing;
- changes in the perception of network marketing; and
- risk of our independent associates offering business opportunities in China.

In February 2022, following Russia's invasion of Ukraine, the U.S. and the EU imposed various economic sanctions against Russia. If Russia responds with retaliatory measures such as restrictions on the sale of oil or other energy resources from Russia to other countries in the region, that could result in an increase in our global shipping expenses, reduce our sales, or otherwise have an adverse effect on our European operations. Additionally, escalation by Russia beyond Ukraine and into other countries within the region, could also reduce our sales and have a negative effect on our European operations.

The risks outlined above could adversely affect our ability to sell products, obtain international customers, or to operate our international business profitably, which would have a negative impact on our overall business and results of operations. Furthermore, any negative changes in our distribution channels may force us to invest significant time and money related to our distribution and sales to maintain our position in certain international markets.

Currency exchange rate fluctuations could reduce our overall profits.

For the year ended December 31, 2024, we recognized 76.3% of net sales in markets outside of the United States and 66.3% in markets outside of the Americas. For the year ended December 31, 2023, we recognized 77.2% of net sales in markets outside of the United States and 67.6% in markets outside of the Americas. In preparing our consolidated financial statements, we are required to translate certain financial information from foreign currencies to the United States dollar using either the spot rate or the weighted-average exchange rate. If the United States dollar changes relative to applicable local currencies, there is a risk our reported sales, operating expenses, and net income could significantly fluctuate. For example, our 2024 net sales decreased 8.6% on a Constant dollar basis (see Item 7, *Non-GAAP Financial Measures*), and unfavorable foreign exchange caused a $2.7 million decrease in GAAP net sales as compared to 2023. In other words, 2024 sales would have been $2.7

million higher than the reported value, except for the impact of foreign exchange. There can be no assurance that foreign currency fluctuations will not have a material adverse effect on our business, assets, financial condition, liquidity, results of operations or cash flows. We are not able to predict the degree of exchange rate fluctuations, nor can we estimate the effect any future fluctuations may have upon our future operations. To date, we have not entered into any hedging contracts or participated in any hedging or derivative activities.

Risks Related to Regulation

If government regulations regarding network marketing change or are interpreted or enforced in a manner adverse to our business, we may be subject to new enforcement actions and material limitations regarding our overall business model.

Network marketing is always subject to extensive governmental regulations, including foreign, federal, and state regulations. Any change in legislation and regulations could affect our business. Furthermore, significant penalties could be imposed on us for failure to comply with various statutes or regulations. Violations may result from:

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

On January 4, 2018, the FTC issued "Business Guidance Concerning Multi-Level Marketing" a non-binding guidance in question-and-answer format clarifying the FTC's enforcement position regarding multi-level marketing. The guidance focuses on the characteristics of multi-level marketing and delineates the factors that the FTC staff is likely to consider in assessing whether or not a compensation structure is problematic. The FTC has broad enforcement authority and, while it issues guidance on how it interprets the applicable law, that guidance is not ultimately binding on the FTC. As a result, the FTC could decide to investigate or bring an enforcement action regarding practices that we interpret to be in line with applicable law and/or FTC guidance. For example, the FTC has challenged the distributor compensation plans used by other multi-level-marketing companies over the last few years. The FTC obtained consent decrees with those companies requiring those companies to (i) discontinue using all, or certain components of, their compensation plans; and (ii) implement a compensation plan that received prior approval from the FTC. In 2019, the FTC continued to challenge compensation plans and structures within the direct selling channel. In October 2019, following ongoing discussions with the FTC pertaining to an enforcement action, one of our competitors changed its business model from multi-level-marketing to direct-to-consumer as part of a stipulated order for permanent injunction. While consent decrees and orders entered into by our competitors are not binding on the Company, it does provide an insight into the FTC's priorities regarding its interpretation and enforcement of regulations pertaining to the multi-level-marketing business model. While we prioritize ensuring that our business and compensation model are compliant, we cannot be certain that the FTC or similar regulatory body in another country will not modify or otherwise amend its guidance, laws, or regulations or interpret in a way that would render our current practices inconsistent with the same.

FTC determinations such as these have created ambiguity regarding the proper interpretation of the law and regulations applicable to direct selling companies, and in particular, companies that use a multi-level-marketing business model, in the United States. While a consent order between the FTC and a specific company does not represent judicial precedent and is not legally binding on other companies, FTC officials have indicated that companies within the direct selling channel should look to these consent orders for guidance. Additionally, while communications and guidance from the FTC to the direct selling channel in 2019 and 2018 reinforce the principles contained in these consent orders, these communications have also created ambiguity and uncertainty regarding the proper interpretation of the laws, regulations and judicial precedent applicable to direct selling in the United States. We continue to analyze the consent orders, guidance and other communications issued by the FTC. Although we strive to ensure that our overall business model and compensation plans are regulatory compliant in each of our markets, we cannot assure you that a regulator, if it were to review our business, would agree with our assessment and would not require us to change one or more aspects of our operations. Any action against us in the future by the FTC or another regulator could materially and adversely affect our operations.

On October 28, 2021, the Company received a letter from the FTC regarding "Notices of Penalty Offenses Concerning Money-Making Opportunities and Endorsement and Testimonials." The Company was among 1,100 other companies to receive the letter which put companies on notice that they should be aware of what constitutes false or misleading income, earning, or product claims. As the FTC made clear in the letter, receipt of the letter is not a determination of wrongdoing. From a procedural standpoint, the FTC would still have to file a formal action if they determine the Company is in violation of the parameters laid out in the letter and then undergo an administrative hearing process. The letter is the first step in a process for the FTC to impose "civil monetary penalties of up to $43,792 per violation." Nearly all Direct Selling Association ("DSA") member companies received the notice along with non-members of the DSA in the direct selling channel, gig companies, franchise companies, and other companies offering business opportunities.

In January 2025, the FTC issued a Notice of Proposed Rulemaking: Earnings Claim Rule Regarding Multi-Level Marketing, which proposes to ensure that prospective distributors have an accurate understanding of their potential for earnings under a multi-level marketing company's compensation plan. Additionally, in January 2025, the FTC issued an Advanced Notice of Public Rulemaking: Earnings Claim Rule Regarding Multi-Level Marketing (Additional Provisions), which seeks comment on whether the proposed rule should include additional provisions such as a net earnings disclosure requirement and a "cooling off" period. Additionally, in January 2025, the FTC issued a Notice of Public Rulemaking regarding changes to the Business Opportunity Rule, which would expand the scope to cover money-making opportunities and proposed a definition of "earnings" and "earnings claims" and includes recordkeeping and substantiation requirements. As a direct selling company, we are currently exempt from the Business Opportunity Rule. A potential rule on the use of earnings claims by us or our independent associates or an expansion of the business opportunity rule to include direct selling companies could have a negative effect on our business by requiring burdensome administrative disclosure obligations that could prevent individuals from engaging in our business.

We cannot predict what effect additional governmental regulations, judicial decisions, or administrative orders, when and if promulgated, would have on our business. Failure by us, or our associates, to comply with these laws, regulations, or guidance, could have a material adverse effect on our business in a particular market or in general. Finally, the continuation of regulatory challenges, investigations and litigation against other direct selling companies could harm our business and the direct selling channel if the laws and regulations are interpreted in a way that results in additional restrictions on direct selling companies in general.

Independent associates could fail to comply with our associate policies and procedures or make improper product, compensation, marketing or advertising claims that violate laws or regulations, which could result in claims against us that could harm our financial condition and operating results.

We sell our products worldwide to a sales force of independent associates. The independent associates are independent contractors and, accordingly, we are not in a position to provide the same direction, motivation, and oversight as we would if associates were our own employees. As a result, there can be no assurance that our associates will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our associate policies and procedures. All independent associates sign a written contract and agree to adhere to our policies and procedures, which prohibit associates from making false, misleading or other improper claims regarding products or income potential from the distribution of the products. However, independent associates may from time to time, without our knowledge and in violation of our policies, make non-compliant statements, create promotional materials, or otherwise provide information that does not accurately describe our products or marketing program. In addition to policies prohibiting improper product claims, we also have policies that prohibit our independent associates from selling our products or otherwise conducting business in markets outside of the countries in which we operate or in a manner inconsistent with how we operate in a specific country.

There is a possibility that some jurisdictions could seek to hold us responsible for independent associate activities that violate applicable laws or regulations, which could result in government or third-party actions or fines against us, which could harm our financial condition and operating results. For example, Meitai does not operate as a direct selling company in mainland China and does not hold a direct selling license in China. Additionally, direct selling regulations in China prevent persons who are not Chinese nationals from engaging in direct selling in China. While we have policies that prohibit our independent associates from conducting business in markets other than those in which we currently operate and we have provided information on how Meitai operates in China as a non-direct selling business under an e-commerce model, we cannot guarantee that our independent associates will not violate our policies or violate Chinese law or other applicable regulations, and therefore, might result in regulatory action and adverse publicity, which would harm our business in China or our business generally.

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

Our independent associates are subject to taxation and, in some instances, legislation or governmental agencies impose an obligation on us to collect taxes, such as value added taxes, and to maintain appropriate tax records. In addition, we are subject to the risk in some jurisdictions of being responsible for social security and similar social taxes with respect to our distributors. In the event that local laws and regulations require us to treat our independent distributors as employees, or if our distributors are deemed by local regulatory authorities to be our employees, rather than independent contractors, we may be held responsible for social security and/or related social taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results. Laws regarding independent contractor status in certain jurisdictions, including the U.S., continue to evolve and have been applied unfavorably to gig economy companies, platform companies, and some of our counterparts in the direct selling channel.

If federal, state, or local laws and regulations or the interpretation of those laws and regulations require us to treat our independent associates as employees, or if they are deemed by local regulatory authorities in one or more of the jurisdictions in

which we operate to be our employees rather than independent contractors, under existing laws and interpretations, we may be deemed to be responsible for a variety of obligations that are imposed upon employers relating to their employees, including social security and related taxes in those jurisdictions, wages, employee benefits, plus any related assessments and penalties, which could harm our financial position and operations.

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

We may be subject to challenges by private parties, including our independent associates and preferred customers, to the form of our network marketing system or elements of our business. In the United States, the network marketing industry and regulatory authorities have relied on the implementation of distributor rules and policies designed to promote retail sales to protect consumers, prevent inappropriate activities, and distinguish between legitimate network marketing distribution plans and unlawful pyramid schemes. We have adopted rules and policies based on case law, rulings of the FTC, discussions with regulatory authorities in several states, and domestic and global industry standards. As a member of the U.S. DSA, we are required to adhere to a code of ethics that protects our associates and their customers, and ensures all DSA members remain accountable to regulators, consumers, independent distributors, and the public.

On January 4, 2019, the DSA established a third party self-regulatory program administered by the Council of Better Business Bureaus. The new entity, the Direct Selling Self-Regulatory Council ("DSSRC"), monitors the entire direct selling marketplace, including websites and social media of direct selling companies and their respective independent distributors in the areas of income representations and product claims. The DSSRC reports potentially non-compliant companies to the appropriate government agencies and manages consumer/company complaint resolution.

Legal and regulatory requirements concerning network marketing systems, however, involve a high level of subjectivity, are inherently fact-based, and are subject to judicial interpretation. Because of this, we can provide no assurance that we would not be harmed by the application or interpretation of statutes or regulations governing network marketing, particularly in any civil challenge by a current or former independent associate or preferred customer.

If our network marketing activities do not comply with government regulations, our business could suffer.

Many governmental agencies regulate our network marketing activities. A government agency's determination that our business or our independent associates have significantly violated a law or regulation could adversely affect our business. The laws and regulations for network marketing intend to prevent fraudulent or deceptive schemes. Our business faces constant regulatory scrutiny due to the interpretive and enforcement discretion given to regulators, periodic misconduct by our independent associates, adoption of new laws or regulations, and changes in the interpretation of new or existing laws or regulations.

In addition, in the past, and because of the industry in which we operate, we have experienced inquiries regarding specific independent associates.

The Company may, directly or indirectly, be affected by government laws and regulations related to climate change.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as Aloe Vera and other plant-based raw materials used in our products. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw materials, lower recoveries of usable raw materials, increase the prices of our raw materials, increase our cost of storing and transporting our raw materials, or disrupt production schedules.

If we violate governmental regulations or fail to obtain necessary regulatory approvals, our operations could be adversely affected.

Our operation is subject to extensive laws, governmental regulations, administrative determinations, court decisions, and similar constraints at the federal, state, and local levels in our domestic and foreign markets. These regulations primarily involve the following:

- the formulation, manufacturing, packaging, labeling, distribution, importation, sale, and storage of our products;
- the health and safety of dietary supplements, cosmetics and foods;
- trade practice laws and network marketing laws (e.g., licensing and registration requirements; regulations pertaining to commission payments);
- our product claims and advertising by our independent associates;
- our network marketing system;

- pricing restrictions regarding transactions with our foreign subsidiaries or other related parties and similar regulations that affect our level of foreign taxable income;
- the assessment of customs duties;
- further taxation of our independent associates, which may obligate us to collect additional taxes and maintain additional records; and
- export and import restrictions.

Any unexpected new regulations or changes in existing regulations could significantly restrict our ability to continue operations, which could adversely affect our business. For example, changes regarding health and safety and food and drug regulations for our nutritional products could require us to reformulate our products to comply with such regulations.

Between October 2022 and September 2024, the Company's Ambrotose Life® and and Ambrotose® Complex products and its manufacturer Natural Aloe de Costa Rica ("NACR") were placed on two separate import alerts requiring the goods to be detained without physical examination ("Import Alert(s)"). The first Import Alert for Ambrotose Life powder asserted that formatting issues on the supplement facts panel. The formatting issues, which were immediately corrected, centered on stating "O g" or "0%" instead of "< 1g" or less than "< 1%" for sugar and sodium, respectively. We were also asked to remove the statement, "Not a significant source of saturated fat, trans fat, cholesterol, protein, vitamin D, calcium, or iron." The FDA's second Import Alert asserted there was an improper claim for Ambrotose Complex powder on our website. While we reasoned that we held the requisite substantiation for that claim, the Company opted to remove the claim from its website to expedite release of the product. While both the labeling issues and the claim issue raised by the FDA were promptly addressed, we continued to experience FDA holds due to the Import Alerts. The FDA released the Company's Ambrotose Life product and NACR from the first Import Alert on February 6, 2024. The FDA released the Company's Ambrotose Complex product and NACR from the second Import Alert on September 23, 2024. Future holds and requested changes by the FDA could cause delays within our supply chain resulting in potential back orders, which could reduce associate and customer confidence and have a negative impact on our sales.

In some foreign countries, nutritional products are considered foods, while other countries consider them drugs. Future health and safety or food and drug regulations could delay or prevent our introduction of new products or suspend or prohibit the sale of existing products in a given country or marketplace. In addition, if we expand into other foreign markets, our operations or products could also be affected by the general stability of such foreign governments and the regulatory environment relating to network marketing and our products. If our products are subject to high customs duties, our sales and competitive position could suffer as compared to locally produced goods. Furthermore, import restrictions in certain countries and jurisdictions could limit our ability to import products from the United States.

We operate a non-direct selling business in mainland China. In 2016, we formed our China subsidiary, Meitai. Unlike Mannatech's business operations in other markets, Meitai operates under a cross-border e-commerce model, where consumers in China can buy Mannatech products manufactured overseas via Meitai's website. Meitai is currently not a direct selling company in China nor can it operate under a multi-level marketing model in China. Products purchased on Meitai's website are for personal use and not for resale. Meitai offers a rewards program to incentivize existing customers to refer other customers to purchase products from Meitai's website. Customs regulations in China include purchase limits to ensure that purchased products are for personal consumption. Regulators in China may change how they interpret and enforce regulations regarding e-commerce sales and how goods are imported through the free trade zone for sale to consumers in China. As a result, there can be no assurance that the Chinese government's current or future interpretation and application of existing and new regulations will not negatively impact our business in China, result in regulatory investigations, or lead to fines or penalties against us.

On January 8, 2019, China's State Administration of Market Regulation, along with 12 other government ministries and agencies, jointly launched a nationwide "100-day campaign" to crack down on illegal practices involving health products, and in particular, those operating in the direct selling channel. The campaign was initiated amid growing controversies surrounding, Quanjian, a licensed direct selling company suspected of operating a pyramid scheme and engaging in marketing practices that exaggerated the effectiveness of its health products. Other direct selling firms operating in China were cautioned to stop making false or exaggerated health claims through public advertising and their distributors. As part of the 100-day campaign, China also suspended the registration, approval, and issuance of direct selling licenses. The 100-day campaign was completed on April 18, 2019. Subsequent to the campaign, Quanjian was fined approximately $14.0 million and its founder and chairman was sentenced to nine years in prison and assessed a fine of approximately $7.0 million. The suspension of issuing direct selling licenses continues. The Chinese government has not re-opened the application review process for direct selling licenses and has not indicated when or if it plans to do so. The Chinese government's scrutiny of the direct selling industry remains high following the 2019 review.

Many direct selling companies operating in China are still experiencing negative effects to their business operations including limited sales meetings, media scrutiny, and unfavorable consumer sentiment towards direct selling companies. Chinese officials of various ministries and agencies stated that they will continue to monitor healthcare product and direct

selling companies. The suspension on issuing direct selling licenses remains in effect and it is unclear whether there will be changes to the application processes if and when the suspension is lifted.

Increased regulatory scrutiny of nutritional supplements as well as new regulations that are being adopted in some of our markets with respect to nutritional supplements could result in more restrictive regulations and harm our results if our supplements or advertising activities are found to violate existing or new regulations or if we are not able to effect necessary changes to our products in a timely and efficient manner to respond to new regulations.

There has been an increasing movement in the United States and other markets to increase the regulation of dietary supplements, which could impose additional restrictions or requirements on us and increase the cost of doing business. On February 11, 2019, the FDA issued a statement from FDA Commissioner, Dr. Scott Gottlieb, regarding the agency's efforts to strengthen the regulation of dietary supplements. The FDA will be prioritizing and focusing resources on misbranded products bearing unproven claims to treat, cure, or mitigate disease. Commissioner Gottlieb established a Dietary Supplement Working Group tasked with reviewing the agency's organizational structure, process, procedures, and practices to identify opportunities to modernize the oversight of dietary supplements. Additionally, on December 21, 2015, the FDA created the ODSP. The creation of this new office elevates the FDA's program from its previous status as a division under the Office of Nutrition and Dietary Supplements. ODSP will continue to monitor the safety of dietary supplements. In markets outside of the United States, prior to commencing operations or marketing new products, we may be required to obtain approvals, registrations, licenses, or certifications from an agency comparable to the FDA for the specific market. Approvals or registration may require reformulation of our products or may be unavailable to us with respect to certain products or ingredients. We must also comply with product labeling regulations, which vary by jurisdiction.

In several of our markets, new regulations have been adopted, or are likely to be adopted, in the near-term that will impose new requirements, make changes in some classifications of supplements under the regulations, or limit the claims we can make. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. In Europe, for example, we are unable to market supplements that contain ingredients that have not been previously marketed in Europe without going through an extensive registration and approval process. Europe is also expected to adopt additional regulations in the future to set new limits on acceptable levels of nutrients. South Africa has also implemented new "complementary medicine" legislation, which requires a significant dossier in order to register current and new products. Mannatech is working toward complying with the new legislation and is in contact with the Direct Selling Association in South Africa. In August 2016, the FDA published its revised draft guidance on Dietary Supplements: New Dietary Ingredient Notifications and Related Issues. If a company sells a dietary supplement containing an ingredient that FDA considers either not a dietary ingredient or a new dietary ingredient ("NDI") that needs an NDI notification, the agency may threaten or initiate enforcement against the Company. For example, it might send a warning letter that can trigger consumer lawsuits, demand a product recall, or even work with the Department of Justice to bring a criminal action. Our operations could be harmed if new guidance or regulations require us to reformulate products or effect new registrations, if regulatory authorities make determinations that any of our products do not comply with applicable regulatory requirements, if the cost of complying with regulatory requirements increases materially, or if we are not able to effect necessary changes to our products in a timely and efficient manner to respond to new regulations. In addition, our operations could be harmed if governmental laws or regulations are enacted that restrict the ability of companies to market or distribute nutritional supplements or impose additional burdens or requirements on nutritional supplement companies.

Taxation and transfer pricing affect our operations and we could be subjected to additional taxes, duties, interest, and penalties in material amounts, which could harm our business.

As a multinational corporation, in many countries, including the United States, we are subject to transfer pricing and other tax regulations designed to ensure that our intercompany transactions are consummated at prices that reflect the economic reality of the relationship between our entities and have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned by the local entities, and that we are taxed appropriately on such transactions. Regulators closely monitor our corporate structure, intercompany transactions, and how we effectuate intercompany fund transfers. If regulators challenge our corporate structure, transfer pricing methodologies or intercompany transfers, our operations may be harmed and our effective tax rate may increase. Scrutiny has increased with the advent of the Organization for Economic Co-operation and Development Base Erosion and Profit Shifting project.

We are subject to income taxes in the U.S. and numerous international jurisdictions. Our income tax provision and cash tax liability in the future could be adversely affected by changes in earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. We are also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Tax authorities may disagree with certain tax reporting positions taken by us and, as a result, assess additional taxes against us. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. The amounts ultimately paid upon

resolution of these or subsequent tax audits could be materially different from the amount previously included in our income tax provision, and, therefore, could have a material impact on our profitability.

Risks Related to Owning Our Common Stock

Our stock price is volatile and may fluctuate significantly.

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

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

In addition, the stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies. The changes sometimes appear to occur without regard to specific operating performance. The price of our common stock in the open market could fluctuate based on factors that have little or nothing to do with us or that are outside of our control. For example, general economic conditions, recession or interest rate or currency rate fluctuations in the United States or abroad, could negatively affect the market price of our common stock in the future.

Certain shareholders, directors, and officers own a significant amount of our stock, which could allow them to influence corporate transactions and other matters.

As of December 31, 2024, our directors and executive officers collectively with their families and affiliates, beneficially owned approximately 43.81% of our total outstanding common stock. As a result, if two or more of these shareholders choose to act together based on their current share ownership, they may be able to control a significant percentage of the total outstanding shares of our common stock, which could affect the outcome of a shareholder vote on the election of directors, the adoption of stock option plans, the adoption or amendment of provisions in our articles of incorporation and bylaws, or the approval of mergers and other significant corporate transactions.

We have implemented anti-takeover provisions that may help discourage a change of control.

Certain provisions in our articles of incorporation, bylaws, and the Texas Business Organizations Code help discourage unsolicited proposals to acquire our Company, even if the proposal may benefit our shareholders. Our articles of incorporation authorize the issuance of preferred stock without shareholder approval. Our Board of Directors has the power to determine the price and terms of any preferred stock. The ability of our Board of Directors to issue one or more series of preferred stock without shareholders' approval could deter or delay unsolicited changes of control by discouraging open market purchases of our common stock or a non-negotiated tender or exchange offer for our common stock. Discouraging open market purchases may be disadvantageous to our shareholders who may otherwise desire to participate in a transaction in which they would receive a premium for their shares.

In addition, other provisions may also discourage a change of control by means of a tender offer, open market purchase, proxy contest or otherwise. Our charter documents provide for three classes of directors on our Board of Directors with members of each class serving staggered three year terms. Our bylaws provide that directors are elected by a plurality vote and that directors can only be removed for cause upon the affirmative vote of the holders of a majority of the issued and outstanding shares entitled to be cast for the election of such directors. Furthermore, our bylaws establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings. In addition, the Texas Business Organization Code restricts, subject to exceptions, business combinations with any "affiliated shareholder." Any or all of these provisions could delay, deter or help prevent a takeover of our Company and could limit the price investors are willing to pay for our common stock.

Our failure to comply with The Nasdaq Capital Market continued listing standards may adversely affect the price and liquidity of our shares of common stock as well as our ability to raise capital in the future.

Prior to September 30, 2024, the Company's common stock was traded on The Nasdaq Global Select Market. As previously disclosed, on August 19, 2024, the Company received a notice from the Listing Qualifications Department of The Nasdaq Stock Market ("Nasdaq") indicating that the Company was not in compliance with the minimum net equity requirement of $10.0 million under the Nasdaq Listing Rules for The Global Select Market tier. The Company opted to apply to Nasdaq to transfer the listing of its common stock to the Nasdaq Capital Market tier under Listing Rule 5810(c)(3)(A). As previously reported on our Current Report on Form 8-K filed on September 27, 2024, Nasdaq approved the Company's application on September 26, 2024.

The Company's common stock began trading on The Nasdaq Capital Market on September 30, 2024. The Company's common stock continues to trade under the symbol "MTEX." The Nasdaq Capital Market is a continuous trading market that operates in substantially the same manner as The Nasdaq Global Market. All companies listed on The Nasdaq Capital Market must meet certain financial requirements and adhere to Nasdaq's corporate governance standards.

Continued listing of a security on Nasdaq is conditioned upon compliance with various continued listing standards. There can be no assurance that we will continue to satisfy the requirements for maintaining listing on Nasdaq. If we are unsuccessful in maintaining compliance with the continued listing requirements of Nasdaq, then our common stock could be delisted. If our common stock is delisted and we cannot obtain listing on another major market or exchange, our common stock's liquidity would suffer, and we would likely experience reduced investor interest. Such factors may result in a decrease in our common stock's trading price. Delisting may also restrict us from issuing additional securities or securing financing.

As of the date of issuance of this report, we were in compliance with the continued listing requirements. However, we cannot assure you that we will be successful in continuing to meet all requisite continued listing criteria.

We are not required to pay dividends, and our Board of Directors may decide not to declare dividends in the future.

The declaration of dividends on our common stock is solely within the discretion of our Board of Directors, subject to limitations under Texas law stipulating that dividends may not be paid if payment therefore would cause the corporation to be insolvent or if the amount of the dividend would exceed the surplus of the corporation. Our Board of Directors may decide not to declare dividends or we could be prevented from declaring a dividend because of legal or contractual restrictions. The failure to pay dividends could reduce our stock price.

The reduced disclosure requirements applicable to us as a "smaller reporting company" may make our common stock less attractive to investors.

We are a "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act. As a smaller reporting company we prepare and file SEC forms similar to other SEC reporting companies; however, the information disclosed may differ and be less comprehensive. If some investors find our common stock less attractive as a result of less comprehensive information we may disclose pursuant to the exemptions available to us as a smaller reporting company, there may be a less active trading market for our common stock and our stock price may be more volatile than that of an otherwise comparable company that does not avail itself of the same or similar exemptions.

Circumstances and conditions may change. Accordingly, additional risks and uncertainties not currently known, or that we currently deem not material, may also adversely affect our business operations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Overview

Our cybersecurity program is integrated into our overall risk management systems, including our annual enterprise risk management program, business continuity and crisis management programs, third-party risk management program, insurance risk management program, and employee compliance programs. We have implemented and maintain comprehensive processes

designed to manage and mitigate material cybersecurity threats to ensure that the company operates in a protected, compliant environment.

Management Oversight

Our cybersecurity governance program is led by the Senior Director of IT Operations. The Senior Director of IT Operations and members of our internal IT team are responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. Specifically, management analyzes the following:

a. effectiveness of (i) the Company's overall cybersecurity risk management, (ii) management's procedures for identifying, measuring, and reporting on cybersecurity risk, and (iii) the incorporation of cybersecurity risk considerations into corporate strategy;
b. the Company's cybersecurity risk profile and risk tolerance;
c. significant policies, programs and plan documents related to the management of cybersecurity risk and proposed changes to any of such documents;
d. the Company's controls to prevent, detect and respond to cyberattacks or information or data breaches;
e. reports from senior management and/or appropriate external subject matter experts related to the monitoring and analysis of the Company's current threat environment, vulnerability assessments related to cybersecurity risk management, and existing and expected future trends related to cybersecurity relevant to the organization;
f. the Company's cyber-resiliency, including cybersecurity crisis preparedness, incident response plans, communication plans, and disaster recovery capabilities;
g. the capabilities and qualifications of the Company's cyber and data privacy personnel; and
h. the Company's cybersecurity strategy, related priorities and objectives, and the appropriateness of the resources allocated thereto, including, but not limited to, investments in cybersecurity infrastructure.

Our Senior Director of IT Operations oversees a team of analysts and operations support personnel and has extensive experience with the company's applications and infrastructure. Our senior director reports to the Senior Vice President of Global Operations, who communicates to the President and CEO who then communicates directly with the Nominating/Governance and Compliance Committee and the Board.

Risk Management and Strategy

We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to maintain the security, confidentiality, integrity, and availability of our business systems and confidential information, including personal information and intellectual property. Our cybersecurity program includes systems and processes for assessing, identifying and managing material risks from cybersecurity threats and include (i) maintenance and monitoring of information security policies aligned with global regulatory controls; (ii) user and employee awareness of cyber policies and practices; (iii) information systems configuration management; (iv) third-party risk management systems; (v) identity and information asset protection; (vi) infrastructure security systems; and (vii) cyber threat operations with continuous monitoring and threat hunting. This program includes processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party service providers. We also engage a range of third-party experts in connection with various development, implementation, and maintenance activities related to our cybersecurity program. We have integrated cybersecurity risk into our disclosure controls and procedures.

As of the date of this report, management is not aware of any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business, operations, or financial condition. However, we are regularly the target of attempted cyber intrusions, and we anticipate continuing to be subject to such attempts. Our security programs and measures do not prevent all intrusions. Cyber intrusions require a significant amount of time and effort to assess and remedy, and our incident response efforts may not be effective in all cases. Although we believe that the probability of occurrence of a significant cybersecurity incident is less than likely, if such an incident were to occur, the impact on the Company could be substantial. See "Item 1A. Risk Factors – Risks Affecting Our Business and Industry – If our information technology system fails or if the implementation of new information technology systems is not executed efficiently and effectively, our business, financial position, and operating results could be adversely affected" of this Annual Report on Form 10-K.

Governance

Our Board of Directors engages in the assessment, oversight, and management of material risks that could affect the company. The board has delegated to the Nominating/Governance and Compliance Committee the oversight responsibility for our cybersecurity risk management program to ensure that cybersecurity risks are identified, assessed, managed, and monitored. This oversight includes compliance with disclosure obligations and requirements, cooperation with law enforcement, and related effects on financial risks and is responsible for reporting its findings and recommendations to the full board for its

consideration. Our IT operations team and other members of management discuss cyber risks and trends, and if they arise, any material incidents with senior executives and the Nominating/Governance and Compliance Committee.

Item 2. Properties

We lease property at several locations for our headquarters and distribution facilities, including:

Location	Area	Expiration date
Flower Mound, Texas (corporate headquarters)	52,992 sq. feet	June 2028
St. Leonards, Australia (Australian headquarters)	1,668 sq. feet	June 2026
Minago-Ku Tokyo, Japan (Shinagawa Grand Central Tower)	3,497 sq. feet	April 2025
Yeongnam Tower, Sincheon-dong, (Daegu Center)	3,557 sq. feet	June 2025
Gangnam-gu, Seoul, Korea (Republic of Korea headquarters)	10,596 sq. feet	June 2025
Gangnam-gu Seoul, Korea (Seoul training center)	18,441 sq. feet	June 2025
Haewoondae-gu, Busan, Korea (Pusan training center)	6,800 sq. feet	March 2027
Incheon, South Korea (Incheon training center)	7,754 sq. feet	April 2025
Taiwan Bldg 13F Taipei City (Shu-Yeng CHEN)	93 sq. feet	August 2025
Tsuen Wan, New Territories, Hong Kong (office)	5,306 sq. feet	July 2025
Hengqin, Zhuhai, China (office)	930 sq. feet	September 2025
Tianhe, Guangzhou, China (office)	110 sq. feet	July 2026
Richmond, British Columbia, Canada (Canada training center)	1,963 sq. feet	September 2025
Bedfordview, South Africa (office)	4,123 sq. feet	N/A [(1)]
Guadalajara, Mexico (customer service center)	4,187 sq. feet	March 2026
Mexico City, 1st flr Mexico (customer service center)	1,324 sq. feet	August 2025
Mexico City, 3rd flr Mexico (office)	1,324 sq. feet	August 2025
Colima, Mexico (office)	732 sq. feet	December 2025
Amsterdam, Netherlands (shared office space)	50 sq.feet	August 2025
Bangkok, Thailand (CW Tower) (Unit 404)	397 sq. feet	March 2026

[(1)] Renewable monthly.

To maximize our operating strategy and minimize costs, we contract with third-party distribution and fulfillment facilities in our three regions: (i) the Americas, (ii) EMEA and (iii) Asia/Pacific. By entering into these third-party distribution facility agreements, our offices maintain flexible operating capacity, minimize shipping costs, and are able to process an order within 24-hours after order placement and receipt of payment.

Item 3. Legal Proceedings

See Note 13 to our Consolidated Financial Statement, *Litigation*, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market for Our Common Stock. On February 12, 1999, we completed our initial public offering. Our common stock is currently trading on Nasdaq under the symbol "MTEX."

Holders. As of March 18, 2025, there were 1,031 shareholders of record.

Dividends. The declaration and payment of future dividends will be at the discretion of the board of directors and will depend, among other things, on future earnings, general financial condition and liquidity, success in business activities, capital requirements and general business conditions in addition to legal requirements.

Recent Sales of Unregistered Securities. None.

Uses of Proceeds from Registered Securities. None.

Issuer Purchases of Equity Securities. None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in the understanding of our consolidated financial position and our results of operations for each of years ended December 31, 2024 and 2023. This discussion should be read in conjunction with "Item 15.1 – Consolidated Financial Statements" beginning on page F-1 of this report and with other financial information included elsewhere in this report. Unless stated otherwise, all financial information presented below, throughout this report, and in the consolidated financial statements and related notes includes Mannatech and all of our subsidiaries on a consolidated basis. Refer to the *Non-GAAP Financial Measure* section herein for a description of how Constant dollar ("Constant dollar") growth rate (a Non-GAAP financial metric) is determined.

COMPANY OVERVIEW

Mannatech is a global wellness solution provider, which was incorporated and began operations in November 1993. We develop and sell innovative, high quality, proprietary nutritional supplements, skin care and anti-aging products, and weight-management products that target optimal health and wellness. We currently sell our products in three regions: (i) the Americas (the United States, Canada and Mexico); (ii) Europe/the Middle East/Africa ("EMEA") (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Thailand, Taiwan, Hong Kong, and China). We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland. During the second quarter of 2024, the Company liquidated its entity in Sweden, Mannatech Sverige AB.

We conduct our business as a single operating segment and primarily sell our products through a network of approximately 133,000 active associates and preferred customer positions held by individuals that purchased our products and/or packs or paid associate fees during the last twelve months, who we refer to as *current associates and preferred customers*. New pack sales and the receipt of new associate fees in connection with new positions in our network are leading indicators for the long-term success of our business. New associate or preferred customer positions are created in our network when our associate fees are paid, or packs and products are purchased for the first time under a new account. We review and analyze net sales by geographical location and by packs and products on a consolidated basis. Each of our subsidiaries sells similar products and exhibits similar economic characteristics, such as selling prices and gross margins.

Because we sell our products principally through network marketing distribution channels, the opportunities and challenges that affect us most are: recruitment of new and retention of current associates and preferred customers that occupy sales or purchasing positions in our network; entry into new markets and growth of existing markets; niche market development; new product introduction; and investment in our infrastructure. Our subsidiary in China, Meitai, is currently operating as a traditional retailer under a cross-border e-commerce model. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China.

Current Economic Conditions and Recent Developments

Consolidated net sales for the year ended December 31, 2024 was $117.9 million, as compared to $132.0 million for the year ended December 31, 2023. Net sales decreased $14.1 million, or 10.7%, for 2024, as compared to 2023. Our 2024 net sales declined $11.4 million, or 8.6%, on a Constant dollar basis (see Non-GAAP Financial Measures, below), and unfavorable foreign exchange caused a $2.7 million decrease in GAAP net sales as compared to 2023.

We generated operating income of $1.4 million for the year ended December 31, 2024, as compared to an operating loss of $1.0 million for the same period last year. Our 2024 operating income, on a Constant dollar basis (see Non-GAAP Financial Measures, below), was $2.2 million.

On a consolidated basis, the strength of the U.S. dollar against the Korean Won during 2024, provided a foreign currency gain of $2.6 million in other income. This resulted in net income of $2.5 million, or $1.32 per diluted share, for the year ended December 31, 2024, as compared to a net loss of $2.2 million, or $1.20 per diluted share for the year ended December 31, 2023.

RESULTS OF OPERATIONS

Year Ended December 31, 2024 compared to Year Ended December 31, 2023

The tables below summarize our consolidated operating results in dollars and as a percentage of net sales for the years ended December 31, 2024 and 2023 *(in thousands, except percentages)*.

	2024		2023		Change	
	Total Dollars	% of net sales	Total Dollars	% of net sales	Dollar	Percentage
Net sales	**$ 117,866**	**100.0 %**	**$ 131,955**	**100.0 %**	**$ (14,089)**	**(10.7)%**
Cost of sales	26,406	22.4 %	29,090	22.0 %	(2,684)	(9.2) %
Gross profit	**91,460**	**77.6 %**	**102,865**	**78.0 %**	**(11,405)**	**(11.1)%**
Operating expenses:						
Commissions and incentives	48,309	41.0 %	53,588	40.6 %	(5,279)	(9.9) %
Selling and administrative expenses	41,722	35.4 %	50,241	38.1 %	(8,519)	(17.0) %
Total operating expenses	90,031	76.4 %	103,829	78.7 %	(13,798)	(13.3) %
Income (loss) from operations	**1,429**	**1.2 %**	**(964)**	**(0.7)%**	**2,393**	**(248.2)%**
Interest (expense) income	(279)	(0.2) %	4	— %	(283)	(7,075.0) %
Other income (expense), net	2,590	2.2 %	(170)	(0.1) %	2,760	1,623.5 %
Income (loss) before income taxes	**3,740**	**3.2 %**	**(1,130)**	**(0.9)%**	**4,870**	**431.0 %**
Income tax provision	(1,250)	(1.1) %	(1,109)	(0.8) %	(141)	12.7 %
Net income (loss)	**$ 2,490**	**2.1 %**	**$ (2,239)**	**(1.7)%**	**$ 4,729**	**211.2 %**

Non-GAAP Financial Measures

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), the table below summarizes operating results that have been adjusted to exclude the impact of changes due to the translation of foreign currencies into U.S. dollars, including changes in: Net Sales, Gross Profit, and Income (Loss) from Operations. We refer to these adjusted financial measures as Constant dollar items, which are Non-GAAP financial measures. We believe these measures provide investors an additional perspective on trends and our operating results. To exclude the impact of changes due to the translation of foreign currencies into U.S. dollars in the current year, we calculate current year results at a constant exchange rate utilizing the prior year's rate. Currency impact is determined as the difference between the actual GAAP results and the recalculated results for the current year at the constant dollar rates

At December 31, 2024, our net sales declined $11.4 million, or 8.6% on a Constant dollar basis (see reconciliation of Non-GAAP Financial Measures in the table below); unfavorable foreign exchange caused a $2.7 million decrease in GAAP net sales as compared to the same period in 2023.

A reconciliation of non-GAAP financial measures to GAAP results for the year ended December 31, 2024 and 2023 is presented as follows *(in millions, except percentages):*

	2024			2023	Constant Dollar Change	
	GAAP Measure: Total $	Translation Adjustment	Non-GAAP Measure: Constant $	GAAP Measure: Total $	Dollar	Percent
Net sales	$ 117.9	$ 2.7	$ 120.6	$ 132.0	$ (11.4)	(8.6)%
Gross profit	$ 91.5	$ 2.2	$ 93.7	$ 102.9	$ (9.2)	(8.9)%
Income (loss) from operations	$ 1.4	$ 0.8	$ 2.2	$ (1.0)	$ 3.2	(320.0)%

Net Sales by Region

For the years ended December 31, 2024, our operations outside of the Americas accounted for 66.3% of our consolidated net sales, as compared to 67.6% in 2023.

Consolidated net sales by region for the years ended December 31, 2024 and 2023 were as follows *(in millions, except percentages)*:

	2024		2023	
Americas	$ 39.7	33.7 %	$ 42.8	32.4 %
Asia/Pacific	69.0	58.5 %	79.4	60.2 %
EMEA	9.2	7.8 %	9.8	7.4 %
Total	**$ 117.9**	**100.0 %**	**$ 132.0**	**100.0 %**

Consolidated domestic and foreign net sales for the years ended December 31, 2024 and 2023 were as follows *(in millions, except percentages)*:

	2024		2023	
Domestic	$ 28.0	23.7 %	$ 30.2	22.9 %
Foreign	89.9	76.3 %	101.8	77.1 %
Total	**$ 117.9**	**100.0 %**	**$ 132.0**	**100.0 %**

Sales for the Americas decreased by $3.1 million, or 7.2%, to $39.7 million for 2024 as compared to $42.8 million for the same period in 2023. This decrease was primarily due to a 8.6% decline in the number of active independent associates and preferred customers, which was partially offset by a 1.5% increase in revenue per active independent associate and preferred customer. Sales in the Americas includes the Mexico region. As a result of the weakening of the Mexican Peso in 2024, foreign currency exchange had the effect of decreasing revenue by $0.1 million for the year ended December 31, 2024, as compared to the same period in 2023.

During 2024, Asia/Pacific sales decreased by $10.4 million, or 13.1%, to $69.0 million as compared to $79.4 million for 2023. Foreign currency exchange had the effect of decreasing revenue in 2024 by $2.7 million, as compared to the same period in 2023. The currency impact is primarily due to the weakening of the Korean Won and Japanese Yen. In addition, net sales in the Asia/Pacific region was negatively impacted by a 4.5% decrease in revenue per active independent associate and preferred customer. The number of active independent associates and preferred customers in the Asia/Pacific region decreased 9.0% in 2024 as compared to 2023.

For the year ended December 31, 2024, EMEA sales decreased by $0.6 million, or 6.1%, to $9.2 million as compared to $9.8 million for 2023. This decrease was primarily due to a 6.9% decrease in the number of active independent associates and preferred customers, which was partially offset by a 0.9% increase in revenue per active independent associate and preferred customer. Foreign currency exchange had the effect of increasing revenue by $0.1 million for the year ended December 31, 2024, as compared to the same period in 2023. The currency impact is primarily due to the strengthening of the South African Rand and British Pound.

Our sales mix for the years ended December 31, was as follows (in millions, except percentages):

	2024			2023	Constant Dollar Change	
	GAAP Measure: Total $	Translation Adjustment	Non-GAAP Measure: Constant $	GAAP Measure: Total $	Dollar	Percent
Product sales	$ 112.3	$ 2.5	$ 114.8	$ 125.3	$ (10.5)	(8.4)%
Pack sales and associate fees	4.1	0.2	4.3	5.6	(1.3)	(23.2)%
Other	1.5	—	1.5	1.1	0.4	36.4 %
Total	$ 117.9	$ 2.7	$ 120.6	$ 132.0	$ (11.4)	(8.6)%

Product Sales

Our product sales consist primarily of sales made to our independent associates and preferred customers at published wholesale prices. Product sales for the year ended December 31, 2024 decreased by $13.0 million, or 10.4%, to $112.3 million, as compared to $125.3 million for the same period in 2023. On a constant dollar basis, product sales in 2024 decreased $10.5 million, or 8.4%, as compared to 2023. The decrease in product sales in 2024 reflects a 7.2% decrease in the number of orders processed and a decrease in the average order value of $172, as compared to $180 for the same period in 2023.

We attribute the lower number of orders processed in 2024 to the loss of continuing independent associates and preferred customers as compared to the recruitment of new independent associates and preferred customers. As a group, continuing independent associates and preferred customers place more orders than new recruits. Therefore, the decline in continuing independent associates and preferred customers had a larger impact on the number of orders we received in 2024.

The approximate number of active new and continuing active associates and preferred customers who purchased our products or packs or paid associate fees during the twelve months ended December 31 was as follows:

	2024		2023	
New	63,000	47.4 %	79,000	54.5 %
Continuing	70,000	52.6 %	66,000	45.5 %
Total	**133,000**	**100.0 %**	**145,000**	**100.0 %**

Pack Sales and Associate Fees

The Company collects associate fees in lieu of selling packs in certain markets. Associate fees are paid annually by new and continuing associates to the Company, which entitle them to earn commissions and incentives for that year. The Company collected associate fees in lieu of pack sales within the United States, Canada, South Africa, Japan, Australia, New Zealand, Singapore, Hong Kong, Taiwan, Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, the Netherlands, Norway, Spain, Sweden and the United Kingdom.

In the Republic of Korea and Mexico, packs may still be purchased by our associates who wish to build a Mannatech business. These packs contain products that are discounted from both the published retail and associate prices. There are several pack options available to our associates. Pack sales may be completed during the final stages of the registration process, entitling the Associates to earn commissions and incentives for that year. These packs can provide new associates with valuable training and promotional materials, as well as products for resale to retail customers, demonstration purposes, and personal consumption. Business-building associates in these markets can also purchase an upgrade pack, which provides the associate with additional promotional materials. We also do not collect associate fees or sell packs in our non-direct selling business in mainland China.

Pack sales and associate fees for the year ended December 31, 2024 decreased by $1.5 million, or 26.8%, to $4.1 million, as compared to $5.6 million for the same period in 2023. On a constant dollar basis, pack sales and associate fees in 2024 decreased $1.3 million, or 23.2%, as compared to 2023. The decrease in pack sales and associate fees in 2024 reflects a 3.7% decrease in the number of orders processed and a 24.2% decrease in the average order value of $49, as compared to $65 for the same period in 2023.

Other Sales

Other sales consisted of: (i) sales of promotional materials; (ii) monthly fees collected for the Success Tracker™ and Mannatech+ customized electronic business-building and educational materials, databases and applications; (iii) training and event registration fees; and (iv) a reserve for estimated sales refunds and returns. Promotional materials, training, database applications and business management tools are utilized to support our independent associates, which in turn helps stimulate product sales.

For the years ended December 31, 2024 and 2023, other sales were $1.5 million and $1.1 million, respectively.

Gross Profit

For the year ended December 31, 2024, gross profit decreased by $11.4 million, or 11.1%, to $91.5 million, as compared to $102.9 million for the same period in 2023. The decrease in gross profit in dollar terms is principally due to the

decline in sales. Gross profit as a percentage of net sales decreased to 77.6% for 2024, as compared to 78.0% for 2023, largely due to increased costs related to supply chain challenges, including increased product costs and increased freight costs.

Commission and Incentives

Commission expenses decreased $4.8 million, or 9.4%, to $46.2 million, for the year ended December 31, 2024, as compared to $51.0 million for the same period in 2023. Commissions are earned on sales. Commission expense in dollar terms decreased in 2024 primarily due to a decline in our sales in the year. Commissions as a percentage of net sales was 39.2% for the year ended December 31, 2024 and 38.6% for the same period in the prior year.

Incentive costs decreased for the year ended December 31, 2024 by 19.2%, or $0.5 million, to $2.1 million as compared to $2.6 million for the same period in 2023. The decrease was related to travel incentives in the Americas and Asia/Pacific. The costs of incentives, as a percentage of net sales, decreased to 1.8% for the year ended December 31, 2024, as compared to 2.0% for the same period in 2023.

Selling and Administrative Expenses

Selling and administrative expenses include a combination of both fixed and variable expenses. These expenses consist of compensation and benefits for employees; temporary and contract labor; accounting, legal and consulting fees; compensation to our board of directors; warehouse and fulfillment costs; depreciation and amortization; marketing-related expenses; travel and entertainment expenses; credit card processing fees; costs for software maintenance agreements; insurance; charitable contributions; office lease expense; utilities; bad debt; and other miscellaneous operating expenses.

For the years ended December 31, 2024 and 2023, overall selling and administrative expenses were $41.7 million and $50.2 million, respectively. The decrease of $8.5 million primarily includes a $3.2 million decrease in payroll related costs, $1.6 million decrease in legal and consulting fees, $1.5 million decrease in marketing costs, $0.6 million decrease in miscellaneous operating expenses, $0.5 million decrease in travel and entertainment costs, $0.5 million decrease in office expenses, $0.4 million decrease in credit card fees and a $0.2 million decrease in contract labor costs.

Depreciation and Amortization Expense

At December 31, 2024 and 2023, depreciation and amortization expense was $1.5 million and $1.6 million, respectively.

Other Income (expense), net

Primarily due to foreign exchange gains, other income was $2.6 million for the year ended December 31, 2024. At December 31, 2023, other expense was $0.2 million, primarily due to foreign exchange losses.

Income Tax (Provision) Benefit

Provision for income taxes include current and deferred income taxes for both our domestic and foreign operations. Our statutory income tax rates by jurisdiction are as follows, for the years ended December 31:

Country	2024	2023
China	25.0 %	25.0 %
Hong Kong	16.5 %	16.5 %
Japan	34.6 %	34.6 %
Republic of Korea	20.9 %	22.0 %
United States[(1)]	22.2 %	22.2 %

[(1)]Includes blended state effective rate of 1.2% for 2024 and 2023 in addition to the U.S federal statutory rate of 21%.

Income from our international operations is subject to taxation in the countries in which we operate. Although we may receive foreign income tax credits that would reduce the total amount of income taxes owed in the United States, we may not be able to fully utilize our foreign income tax credits in the United States.

For the years ended December 31, 2024 and 2023, the Company's effective tax rate was 33.4% and (98.1)%, respectively. In 2024 and 2023, the Company's effective tax rate differed from the statutory rate due to the mix of earnings across jurisdictions and the associated valuation allowances recorded on losses in certain jurisdictions.

SEASONALITY

We believe the impact of seasonality on our consolidated results of operations is minimal. We have experienced and believe we will continue to experience variations on our quarterly results of operations in response to, among other things:

- the timing of the introduction of new products and incentives;
- our ability to attract and retain associates and preferred customers;
- the timing of our incentives and contests;
- the general overall economic outlook;
- government regulations;
- the perception and acceptance of network marketing;
- the consumer perception of our products and overall operations; and
- 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 effect on that quarter).

As a result of these and other factors, our quarterly results may vary significantly in the future. Period-to-period comparisons should not be relied upon as an indication of future performance since we can give no assurances that revenue trends in new markets, as well as in existing markets, will follow our historical patterns. The market price of our common stock may also be adversely affected by the above factors.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Cash and cash equivalents was $11.4 million at December 31, 2024, as compared to $7.7 million as of December 31, 2023. The Company is required to restrict cash for (i) direct selling insurance premiums and credit card sales in the Republic of Korea; (ii) reserve on credit card sales in the United States and Canada; and (iii) Australia building lease collateral. The current portion of restricted cash was $0.6 million and $0.9 million at December 31, 2024 and 2023, respectively. The long-term portion of restricted cash was $0.6 million and $0.7 million at December 31, 2024 and 2023, respectively. Fluctuations in currency rates produced a decrease of $0.8 million in cash and cash equivalents in 2024.

Our principal use of cash is to pay for operating expenses, including commissions and incentives, capital assets, inventory purchases, and periodic cash dividends. We have historically funded our business objectives, operations, and expansion of our operations through net cash flows from operations rather than incurring long-term debt.

Working Capital

Working capital represents total current assets less total current liabilities. At December 31, 2024, our working capital was $5.2 million as compared to $1.9 million at December 31, 2023. The increase in working capital principally reflects the increase in our cash balance which was utilized to fund our operations in 2024, as well as pay down our current liabilities and fund financing activities.

Net Cash Flows

Our net consolidated cash flows consisted of the following, for the years ended December 31 *(in millions)*:

Provided by / (used in):	**2024**	**2023**
Operating activities	$ 2.3	$ (2.4)
Investing activities	$ (0.3)	$ (0.7)
Financing activities	$ 2.0	$ (1.9)

Operating Activities

Cash provided in operating activities was $2.3 million for the year ended December 31, 2024, as compared to a use of cash of $2.4 million in the prior year. The primary factors driving the improvement in cash flow from operating activities were net income of $2.5 million compared to a net loss of $2.2 million and an Unrealized FX gain of $3.3 million compared to $0 for the years ended December 31, 2024 and 2023, respectively.

Investing Activities

For the years ended December 31, 2024 and 2023, we invested $0.3 million and $0.7 million, respectively. During the years ended December 31, 2024 and 2023, we invested approximately $0.3 million and $0.7 million in back-office software projects and equipment, reported as property and equipment, respectively.

Financing Activities

For the year ended December 31, 2024, our financing activities provided cash of $2.0 million as compared to a use of cash of $1.9 million for the same period of 2023. During 2024, we received $3.6 million from the issuance of notes payable (see Note 10, *Notes Payable)* and we used $1.6 million in the repayment of finance lease obligations. For the year ended December 31, 2023, we used approximately $1.0 million in the repayment of finance lease obligations and other long-term liabilities, $0.7 million in the payment of dividends to shareholders, and $0.2 million for the repurchase of common stock.

General Liquidity and Cash Flows

Short Term Liquidity

As of December 31, 2024 and 2023, our cash and cash equivalents totaled $11.4 million and $7.7 million, respectively. We believe our existing liquidity and cash flows from operations are adequate to fund our normal expected future business operations for the next twelve months.

On April 23, 2024, the Company entered into unsecured Loan and Promissory Note agreements with three related parties, who are members of the Company's Board of Directors, and who are current stockholders of the Company, in an aggregate principal amount of $3.6 million (see Note 10, *Notes Payable).* The purpose of the borrowing was to provide funds to the Company for general working capital needs, including payment to vendors, expansion of the Company's non-US operations, technology investment primarily for improving the customer ordering process and software updates to improve visibility of sales associate activity.

We have contractual purchase commitments with certain raw material suppliers to purchase minimum quantities. At December 31, 2024, we have one supply agreement which was amended on April 18, 2024, that requires the Company to purchase an aggregate of $1.1 million through 2025, with no purchase commitments thereafter. We also maintain other supply agreements and manufacturing agreements to protect our products, regulate product costs, and help ensure quality control standards. These agreements do not require us to purchase any minimum quantities.

We have operating lease liabilities for the property and equipment we use in our business operations. These operating lease liabilities represent our minimum future payment obligations on operating leases, including imputed interest. At December 31, 2024, our operating lease liabilities were $2.8 million, of which $1.2 million is presented as the current portion and $1.6 million is presented as Operating lease liabilities excluding current portion on our Consolidated Balance Sheets. We also have finance lease liabilities of $1.0 million and lease restoration liabilities of $0.3 million.

As our primary source of liquidity has historically been our cash flows from operations, our liquidity is dependent on our ability to maintain and/or continue to improve revenue as compared to our operational expenses. In this regard, our management has established a 2024 business reorganization plan focusing on revenue growth, margin improvement and cost control and reduction, including a plan to improve margin through a price increase, continued focus on supply chain costs, and certain compensation plan adjustments, as well as to reorganize certain functional operations and reduce our fixed selling and administrative overhead.

However, if our reorganization plans are not successful, or if we experience further or unexpected disruption in our supply chain, and/or potential decreases in consumer demands, our sales and our overall liquidity in the next twelve months could be negatively impacted. If our existing capital resources or cash flows become insufficient to meet current business plans, projections, and existing capital requirements, we may be required to raise additional funds, which may not be available on favorable terms, if at all.

We are a multinational company operating in numerous tax jurisdictions. We are currently not engaged in any tax related audits. For more information see Note 1, *Organization and Summary of Significant Accounting Policies,* Note 7, *Income Taxes*, Note 12, *Commitments and Contingencies, and* Note 13, *Litigation* to our Consolidated Financial Statements.

Long Term Liquidity

We believe our cash flows from operations should be adequate to fund our normal expected future business operations and possible international expansion costs for the long term. As our primary source of liquidity has historically been from our cash flows from operations, this will be dependent on our ability to maintain and/or improve revenue as compared to operational expenses.

However, if our existing capital resources or cash flows become insufficient to meet anticipated business plans and existing capital requirements, we may be required to raise additional funds, which may not be available on favorable terms, if at all.

Our future access to the capital markets may be adversely impacted if we fail to maintain compliance with the Nasdaq Marketplace Rules for the continued listing of our stock. We continuously monitor our compliance with the Nasdaq continued listing rules.

MARKET RISKS

Please see "Quantitative and Qualitative Disclosure about Market Risk" under Item 7A of this Form 10-K for additional information about our Market Risks.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with GAAP. The application of GAAP requires us to make estimates and assumptions that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of Mannatech at the date of our financial statements. We use estimates throughout our financial statements, which are influenced by management's judgment and uncertainties. Our estimates are based on historical trends, industry standards, and various other assumptions that we believe are applicable and reasonable under the circumstances at the time the consolidated financial statements are prepared. Our Audit Committee reviews our critical accounting policies and estimates. We continually evaluate and review our policies related to the portrayal of our consolidated financial position and consolidated results of operations that require the application of significant judgment by our management. We also analyze the need for certain estimates, including the need for such items as allowance for credit losses, inventory reserves, tax valuation allowances, revenue recognition, sales returns, deferred revenues, and accounting for stock-based compensation. Historically, actual results have not materially deviated from our estimates. However, we caution readers that actual results could differ from our estimates and assumptions applied in the preparation of our consolidated financial statements. If circumstances change relating to the various assumptions or conditions used in our estimates, we could experience an adverse effect on our financial position, results of operations, and cash flows. We have identified the following applicable critical estimates as of December 31, 2024:

Inventory Reserves

Inventory consists of raw materials, finished goods, and promotional materials that are stated at the lower of cost (using standard costs that approximate average costs) or net realizable value. We record the amounts charged by the vendors as the costs of inventory. Typically, the net realizable value of our inventory is higher than the aggregate cost. Determination of net realizable value can be complex and, therefore, requires a high degree of judgment. In order for management to make the appropriate determination of net realizable value, the following items are considered: inventory turnover statistics, current selling prices, seasonality factors, consumer demand, regulatory changes, competitive pricing, and performance of similar products. If we determine the carrying value of inventory is in excess of estimated net realizable value, we write down the value of inventory to the estimated net realizable value.

We also review inventory for obsolescence in a similar manner and any inventory identified as obsolete is reserved or written off. Our determination of obsolescence is based on assumptions about the demand for our products, product expiration dates, estimated future sales, and general future plans. We monitor actual sales compared to original projections, and if actual sales are less favorable than those originally projected by us, we record an additional inventory reserve or write-down. Historically, our estimates have been close to our actual reported amounts. However, if our estimates regarding inventory obsolescence are inaccurate or consumer demand for our products changes in an unforeseen manner, we may be exposed to additional material losses or gains in excess of our established estimated inventory reserves. At December 31, 2024 and 2023, our inventory reserves were $0.6 million and $0.4 million, respectively.

Tax Valuation Allowances

We review the estimates and assumptions used in evaluating the probability of realizing the future benefits of our deferred tax assets and record a valuation allowance when we believe that a portion or all of the deferred tax assets may not be realized. If we are unable to realize the expected future benefits of our deferred tax assets, we are required to provide a valuation allowance. We use our past history and experience, overall profitability, future management plans, and current economic information to evaluate the amount of valuation allowance to record. As of December 31, 2024, we maintained a valuation allowance for deferred tax assets arising from our operations of $6.9 million because they did not meet the "more likely than not" criteria as defined by the recognition and measurement provisions of FASB ASC Topic 740, Income Taxes. In addition, as of December 31, 2024, we had net deferred tax assets, after valuation allowance and deferred tax liabilities, totaling $1.8 million, which may not be realized if our assumptions and estimates change, which would affect our effective income tax rate and cash flows in the period of discovery or resolution.

Transfer Pricing

In many countries, including the U.S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned by our U.S. and foreign entities and are taxed accordingly. In the normal course of business, we are audited by federal, state and foreign tax authorities, and subject to inquiries from those tax authorities regarding the amount of taxes due. These inquiries may relate to the timing and amount of deductions and the allocation of income among various tax jurisdictions. We believe that our tax positions comply with applicable tax law and intend to defend our positions, if necessary. Our effective tax rate in each financial statement period could be impacted if we prevailed in matters for which reserves have been established, or were required to pay amounts more than established reserves.

Revenue Recognition

Our revenue is derived from sales of individual products and associate fees or, in certain geographic markets, starter packs. Substantially all of our product and pack sales are to associates and preferred customers at published wholesale prices. We record revenue net of any sales taxes and record a reserve for expected sales returns based on historical experience. We recognize revenue from shipped packs and products upon receipt by the customer. During the quarter ended September 30, 2024 the Company changed its shipping terms with customers such that ownership transfers upon delivery to the freight carrier, satisfying the Company's performance obligation. Previously, the Company's shipping terms were Free on Board ("FOB") destination, so the Company recognized revenue upon delivery of the product to the customer and we recorded the value of orders shipped but not yet delivered to customers as Deferred Revenue on our Consolidated Balance Sheets. Corporate-sponsored event revenue is recognized when the event is held.

Orders placed by associates or preferred customers constitute our contracts with customers. Product sales placed in the form of an automatic order contain two performance obligations: (a) the sale of the product and (b) the loyalty program. The Company's customer loyalty program conveys a material right to the customer to redeem loyalty points for the purchase of products. For these contracts, the Company accounts for each of these obligations separately as they are each distinct. The transaction price is allocated between the product sale and the loyalty program on a relative standalone selling price basis. Sales placed through a one-time order contain only the first performance obligation noted above - the delivery of the product.

The Company provides associates with access to a complimentary three-month package for the Success TrackerTM and Mannatech+ online business tools with the first payment of an associate fee. The first payment of an associate fee contains three performance obligations: (a) the associate fee, whereby the Company provides an associate with the right to earn commissions, bonuses and incentives for a year, (b) three months of complimentary access to utilize the Success Tracker™ online tool and (c) three months of complimentary access to utilize the Mannatech+ online business tool. The transaction price is allocated between the three performance obligations on a relative standalone selling price basis and revenue is recognized over the period that access to the tool is active. Associates do not have complimentary access to online business tools after the first contractual period.

With regard to both of the aforementioned contracts, the Company determines the standalone selling prices by using observable inputs which includes the Company’s standard published price lists.

Product Return Policy

We stand behind our products and believe we offer a reasonable and industry-standard product return policy to all of our customers. We do not resell returned products. Refunds are not processed until proper approval is obtained. Refunds are processed and returned in the same form of payment that was originally used in the sale. Each country in which we operate has specific product return guidelines. However, we allow our associates and preferred customers to exchange products as long as the products are unopened and in good condition. Our return policies for our retail customers and our associates and preferred customers are as follows:

- ***Retail Customer Product Return Policy.*** This policy allows a retail customer to return any of our products to the original associate who sold the product and receive a full cash refund from the associate for the first 180 days following the product’s purchase if located in the United States and Canada, and for the first 90 days following the product’s purchase in other countries where we sell our products. The associate may return or exchange the product based on the associate product return policy. In China, where we sell our products under a cross-border e-commerce model, we have a 14-day return policy.

- ***Associate and Preferred Customer Product Return Policy.*** This policy allows the associate or preferred customer to return an order within one year of the purchase date upon voluntarily terminating his/her account. If an associate or preferred customer returns a product unopened and in good condition, he/she may receive a full refund minus any shipping cost, if applicable. We may also allow the associate or preferred customer to receive a full satisfaction guarantee refund if they have tried the product and are not satisfied for any reason, excluding promotional materials. This satisfaction guarantee refund applies in the United States and Canada, only for the first 180 days following the product's purchase and applies in other countries where we sell our products for the first 90 days following the product's purchase; however, any commissions earned by an associate will be deducted from the refund. If we discover abuse of the refund policy, we may terminate the associate's or preferred customer's account.

The Company utilizes the expected value method, as set forth by ASC Topic 606, to estimate the sales returns and allowance liability by taking the weighted average of the sales return rates over a rolling six-month period. The Company allocates the total amount recorded within the sales return and allowance liability as a reduction of the overall transaction price for the Company's product sales. The Company deems the sales refund and allowance liability to be a variable consideration. The method for estimating the sales returns and allowance liability has remained consistent as a result of adopting ASC Topic 606.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We do not engage in trading market risk sensitive instruments and do not purchase investments as hedges or for purposes "other than trading" that are likely to expose us to certain types of market risk, including interest rate, commodity price, or equity price risk. Although we have investments, we believe there has been no material change in our exposure to interest rate risk. We have not issued any debt instruments, entered into any forward or futures contracts, purchased any options, or entered into any swap agreements.

We are exposed, however, to other market risks, including changes in currency exchange rates as measured against the United States dollar. Because the change in value of the United States dollar measured against foreign currency may affect our consolidated financial results, changes in foreign currency exchange rates could positively or negatively affect our results as expressed in United States dollars. For example, when the United States dollar strengthens against foreign currencies in which our products are sold or weakens against foreign currencies in which we may incur costs, our consolidated net sales or related costs and expenses could be adversely affected. We translate our revenues and expenses in foreign markets using an average rate. We believe inflation has not had a material impact on our consolidated operations or profitability.

We maintain policies, procedures, and internal processes in an effort to help monitor any significant market risks and we do not use any financial instruments to manage our exposure to such risks. We assess the anticipated foreign currency working capital requirements of our foreign operations and maintain a portion of our cash and cash equivalents denominated in foreign currencies sufficient to satisfy most of these anticipated requirements.

We caution that we cannot predict with any certainty our future exposure to such currency exchange rate fluctuations or the impact, if any, such fluctuations may have on our future business, product pricing, operating expenses, and on our consolidated financial position, results of operations, or cash flows. However, to combat such market risk, we closely monitor our exposure to currency fluctuations. The regions and countries in which we currently have exposure to foreign currency exchange rate risk include (i) North America/South America (Canada, Colombia and Mexico); (ii) EMEA (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, the Netherlands, Norway, South Africa, Spain, Sweden, Switzerland and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, Thailand and China). The current (spot) rate, average currency exchange rates, and the low and high of such currency exchange rates as compared to the United States dollar, for each of these countries as of and for the year ended December 31, 2024 were as follows:

	Year ended December 31, 2024			As of December 31, 2024
Country (foreign currency name)	**Low**	**High**	**Average**	**Spot**
Australia (Australian Dollar)	0.62159	0.69255	0.66007	0.62297
Canada (Canadian Dollar)	0.69390	0.75493	0.73032	0.69524
China (Renminbi)	0.13703	0.14264	0.13918	0.13703
Colombia (Peso)	0.00022	0.00027	0.00025	0.00023
Czech Republic (Koruna)	0.04114	0.04471	0.04311	0.04137
Denmark (Kroner)	0.13920	0.15005	0.14511	0.13968
Hong Kong (Hong Kong Dollar)	0.12759	0.12884	0.12816	0.12882
Japan (Yen)	0.00619	0.00712	0.00661	0.00635
Mexico (Peso)	0.04840	0.06121	0.05495	0.04890
New Zealand (New Zealand Dollar)	0.56299	0.63593	0.60537	0.56486
Norway (Krone)	0.08774	0.09832	0.09311	0.08812
Republic of Korea (Won)	0.00068	0.00077	0.00073	0.00068
Singapore (Singapore Dollar)	0.73267	0.78078	0.74868	0.73631
South Africa (Rand)	0.05179	0.05847	0.05465	0.05337
Sweden (Krona)	0.09032	0.09924	0.09469	0.09083
Switzerland (Franc)	1.08754	1.19005	1.13663	1.10728
Taiwan (New Taiwan Dollar)	0.03045	0.03278	0.03117	0.03052
Thailand (Dollar)	0.02694	0.03097	0.02840	0.02935
United Kingdom (British Pound)	1.23557	1.33890	1.27830	1.25672
Various countries [(1)] (Euro)	1.03845	1.11940	1.08228	1.04172

(1) Austria, Germany, the Netherlands, Estonia, Finland, the Republic of Ireland and Spain

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements and Supplementary Data required by this Item 8 are set forth in Item 15 of this report.

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

Our management, with the participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), have concluded, based on their evaluation as of December 31, 2024, that our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d – 15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2024, there were no changes in our internal control over our financial reporting that we believe materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a – 13(f) or Rule 15d-15(f) under the Exchange Act) for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes: maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

Item 9B. Other Information

During the quarter ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Documents Incorporated by Reference

The information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K is incorporated by reference to the definitive proxy statement for our annual meeting to be filed with the SEC within 120 days after December 31, 2024.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) Documents filed as a part of the report:

1. Consolidated Financial Statements

The following financial statements and Report of Independent Registered Public Accounting Firm are filed as a part of this report on the pages indicated:

Index to Consolidated Financial Statements	F-1
Report of Independent Registered Public Accounting Firm: BDO USA, P.C.; Dallas, Texas; PCAOB ID#243	F-2
Consolidated Balance Sheets as of December 31, 2024 and 2023	F-4
Consolidated Statements of Operations for the years ended December 31, 2024 and 2023	F-6
Consolidated Statements of Comprehensive Loss for the years ended December 31, 2024 and 2023	F-6
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2024 and 2023	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	F-8
Notes to Consolidated Financial Statements	F-10

2. Financial Statement Schedule

The financial statement schedule required by this item is included as an Exhibit to this Annual Report on Form 10-K.

3. Exhibit List

See Index to Exhibits following Item 16 of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

Not Applicable.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit (s)	Filing Date
3.1	Amended and Restated Articles of Incorporation of Mannatech, dated May 19, 1998.	S-1	333-63133	3.1	October 28, 1998
3.2	Amendment to the Amended and Restated Articles of Incorporation of Mannatech, dated January 13, 2012.	8-K	000-24657	3.1	January 17, 2012
3.3	Fifth Amended and Restated Bylaws of Mannatech, effective August 25, 2014.	8-K	000-24657	3.1	August 27, 2014
4.1	Specimen Certificate representing Mannatech's common stock, par value $0.0001 per share.	S-1	333-63133	4.1	October 28, 1998
4.2	Description of Securities	10-K	000-24657	4.2	March 26, 2020
10.1†	Mannatech, Incorporated 2017 Stock Incentive Plan	S-8	333-233418	4.1	August 22, 2019
10.2†	First Amendment to Mannatech, Incorporated 2017 Stock Incentive Plan	10-Q	000-24657	10.1	August 7, 2019
10.3†	Form of Performance Stock Unit Award Agreement	10-Q	000-24657	10.2	August 8, 2017
10.4†	Form of Stock Option Award Agreement	10-Q	000-24657	10.3	August 8, 2017
10.5†	Form of Restricted Stock Unit Award Agreement	10-Q	000-24657	10.4	August 8, 2017
10.6†	Form of Stock Appreciation Rights Award Agreement	10-Q	000-24657	10.5	August 8, 2017
10.7†	Form of Restricted Stock Award Agreement	10-Q	000-24657	10.6	August 8, 2017
10.8†	Form of Performance Stock Award Agreement	10-Q	000-24657	10.7	August 8, 2017
10.9†	Amended and Restated 1998 Incentive Stock Option Plan, dated August 7, 2004.	10-K	000-24657	10.1	March 15, 2004
10.10†	Amended and Restated 2000 Option Plan, dated August 7, 2004.	10-K	000-24657	10.1	March 15, 2004
10.11	Form of Indemnification Agreement between Mannatech and each member of the Board of Directors of Mannatech Korea, Ltd., dated March 3, 2004.	10-Q	000-24657	10.2	August 9, 2004
10.12	Form of Indemnification Agreement between Mannatech and each of the following directors: J. Stanley Fredrick, Patricia Wier, Alan D. Kennedy, Gerald E. Gilbert, Marlin Ray Robbins, Larry A. Jobe, and Robert A. Toth.	10-Q	000-24657	10.4	November 4, 2010
10.13	Commercial Lease Agreement between Mannatech and SCG Lakeside Commerce Center, L.P., dated October 18, 2017.	10-K	000-24657	10.12	March 26, 2018
10.14	Employment Agreement between Alfredo Bala and Mannatech, effective October 1, 2007, dated September 18, 2007.	8-K	000-24657	10.1	September 24, 2007
10.15	Executive Service Agreement between Mannatech Korea, Ltd. and Yong Jae (Patrick) Park, dated October 1, 2009.	10-Q	000-24657	10.1	May 12, 2015
10.16	Supply Agreement between Natural Aloe de Costa Rica, S.A. and Mannatech, dated as of November 22, 2016 (portions of this exhibit were omitted pursuant to a confidential treatment request submitted pursuant to Rule 24b-2 of the Exchange Act)	10-K	00-24657	10.61	March 14, 2017
14.1*	Code of Ethics for Officers	10-K	00-24657	14.1	March 25, 2025
19.1*	Insider Trading Disclosures	10-K	00-24657	19.1	March 25, 2025
21*	List of Subsidiaries.	*	*	*	*
23.1*	Consent of BDO USA, P.C.	*	*	*	*

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit (s)	Filing Date
24*	Power of Attorney, which is included on the signature page of this annual report on Form 10-K.	*	*	*	*
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer of Mannatech.	*	*	*	*
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Operating Officer and Interim Chief Financial Officer of Mannatech.	*	*	*	*
32.1*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer of Mannatech.	*	*	*	*
32.2*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Operating Officer and Interim Chief Financial Officer of Mannatech.	*	*	*	*
97.1*	Mandatory Recoupment Policy	*	*	*	*
99.1*	Financial Statement Schedule Regarding Valuation and Qualifying Accounts.	*	*	*	*
101.INS*	XBRL Instance Document	*	*	*	*
101.SCH*	XBRL Taxonomy Extension Schema Document	*	*	*	*
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	*	*	*	*
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	*	*	*	*
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	*	*	*	*
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	*	*	*	*

* Filed herewith.

† Management contract, compensatory plan or arrangement.

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.

MANNATECH, INCORPORATED

Dated: March 25, 2025

By: ***/s/ Landen Fredrick***
Landen Fredrick
Chief Executive Officer
(principal executive officer)

Dated: March 25, 2025

By: ***/s/ James Clavijo***
James Clavijo
Chief Financial Officer
(principal financial officer)

POWER OF ATTORNEY

The undersigned directors and officers of Mannatech, Incorporated hereby constitute and appoint Larry A. Jobe with the power to act without the other and with full power of substitution and resubstitution, our true and lawful attorneys-in fact and agents with full power to execute in our name and behalf in the capacities indicated below any and all amendments to this report and to file the same, with all exhibits and other documents relating thereto and hereby ratify and confirm all that such attorneys-in-fact, or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title	Date
/s/ Landen Fredrick Landen Fredrick	Chief Executive Officer (principal executive officer)	March 25, 2025
/s/ James Clavijo James Clavijo	Chief Financial Officer (principal financial officer)	March 25, 2025
/s/ J. Stanley Fredrick J. Stanley Fredrick	Chairman of the Board	March 25, 2025
/s/ Robert A. Toth Robert A. Toth	Vice Chairman of the Board	March 25, 2025
/s/ Kevin Andrew Robbins Kevin Andrew Robbins	Director	March 25, 2025
/s/ Larry A. Jobe Larry A. Jobe	Director	March 25, 2025
/s/ Tyler Rameson Tyler Rameson	Director	March 25, 2025
/s/ John A. Seifrick John A. Seifrick	Director	March 25, 2025

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2024 and 2023	F-4
Consolidated Statements of Operations for the years ended December 31, 2024 and 2023	F-6
Consolidated Statements of Comprehensive Loss for the years ended December 31, 2024 and 2023	F-6
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2024 and 2023	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	F-8
Notes to Consolidated Financial Statements	F-10

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Mannatech, Incorporated
Flower Mound, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Mannatech, Incorporated (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years then ended and the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
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: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter 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 separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the Company's Determination of Transfer Pricing Policies

As described in Note 1 to the consolidated financial statements, the Company is subject to transfer pricing tax regulations designed to ensure the appropriate allocation of income and expenses between the U.S. and foreign entities and that the Company is taxed accordingly. As disclosed in Note 7 to the consolidated financial statements, the Company's income before income taxes of $3.7 million for the year ended December 31, 2024 comprised of income before income taxes of $0 million in the United States and $3.7 million outside of the United States. This is in part a function of the Company's transfer pricing policies, which govern the allocation of taxable income and expenses among the Company's various tax jurisdictions.

We identified the Company's determination of transfer pricing policies as a critical audit matter. The principal consideration for our determination was that the tax regulations that exist over transfer pricing are subjective and vary by jurisdiction. Auditing management's transfer pricing studies and transfer pricing policies was especially challenging and required significant auditor judgement, including the involvement of tax professionals with specialized knowledge and skill.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized knowledge and skill in transfer pricing regulations to assist in evaluating (i) the Company's transfer pricing policies, which is based on comparisons to comparable companies and precedents set by the various taxing authorities that govern the jurisdictions in which the Company operates, and (ii) jurisdictional profit or loss margins to ensure that the Company's intercompany transactions and other income and expense allocation methodologies are appropriate and comply with the Company's transfer pricing policies.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2007.
Dallas, Texas
March 25, 2025

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)

	December 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 11,396	$ 7,731
Restricted cash	550	938
Accounts receivable, net of allowance of credit losses of $935 and $1,278 in 2024 and 2023, respectively	19	91
Income tax receivable	737	465
Inventories, net	10,405	14,535
Prepaid expenses and other current assets	1,755	1,774
Deferred commissions	1,259	2,130
Total current assets	**26,121**	**27,664**
Property and equipment, net	2,858	4,147
Operating lease right-of-use assets	2,094	3,315
Other assets	2,644	3,751
Deferred tax assets, net	1,770	1,611
Long-term restricted cash	569	718
Total assets	**$ 36,056**	**$ 41,206**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commissions and incentives payable	$ 8,642	$ 8,175
Accrued expenses	3,832	5,119
Deferred revenue	3,027	4,786
Accounts payable	2,070	4,010
Current portion of operating lease liabilities	1,178	1,660
Taxes payable	1,788	1,521
Current notes payable	84	240
Current portion of finance lease liabilities	275	269
Total current liabilities	**20,896**	**25,780**
Long-term notes payable, excluding current portion	2,900	—
Operating lease liabilities, excluding current portion	1,576	2,582
Other long-term liabilities	1,390	1,404
Finance lease liabilities, excluding current portion	680	956
Total liabilities	**27,442**	**30,722**
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.0001 par value, 99,000,000 shares authorized, 2,742,857 shares issued and 1,884,814 shares outstanding as of December 31, 2024 and 2,742,857 shares issued and 1,860,154 shares outstanding as of December 31, 2023	—	—
Additional paid-in capital	33,027	33,309
Retained earnings (accumulated deficit)	1,189	(1,301)
Accumulated other comprehensive loss	(5,666)	(1,015)
Treasury stock, at average cost, 858,043 shares as of December 31, 2024 and 882,703 shares as of December 31, 2023	(19,936)	(20,509)
Total shareholders' equity	**8,614**	**10,484**
Total liabilities and shareholders' equity	**$ 36,056**	**$ 41,206**

See accompanying notes to consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)

	For the years ended December 31,	
	2024	**2023**
Net sales	**$ 117,866**	**$ 131,955**
Cost of sales	26,406	29,090
Gross profit	**91,460**	**102,865**
Operating expenses:		
Commissions and incentives	48,309	53,588
Selling and administrative expenses	41,722	50,241
Total operating expenses	90,031	103,829
Income (loss) from operations	**1,429**	**(964)**
Interest (expense) income, net	(279)	4
Other income (expense), net	2,590	(170)
Income (loss) before income taxes	**3,740**	**(1,130)**
Income tax provision	(1,250)	(1,109)
Net income (loss)	**$ 2,490**	**$ (2,239)**
Income (loss) per common share:		
Basic	$ 1.32	$ (1.20)
Diluted	$ 1.32	$ (1.20)
Weighted-average common shares outstanding:		
Basic	1,885	1,866
Diluted	1,885	1,866

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31,
(in thousands)

	2024	**2023**
Net income (loss)	**$ 2,490**	**$ (2,239)**
Other comprehensive loss, net of tax:		
Foreign currency translations loss	(4,653)	(819)
Pension obligations, net of tax provision of $1 and $6 in 2024 and 2023, respectively	2	12
Other comprehensive loss	**$ (4,651)**	**$ (807)**
Comprehensive loss	**$ (2,161)**	**$ (3,046)**

See accompanying notes to consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands, except share data)

	Common Stock, $0.0001 par value						
	Number of Shares	Amount	Additional paid in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Treasury stock	Total shareholders' equity
Balance at December 31, 2022	**1,858,800**	**$ —**	**$ 33,377**	**$ 1,686**	**$ (208)**	**$ (20,679)**	**$ 14,176**
Net loss	—	—	—	(2,239)	—	—	(2,239)
Payment of cash dividends	—	—	—	(748)	—	—	(748)
Charge related to stock-based compensation	—	—	43	—	—	—	43
Issuance of unrestricted shares	12,808	—	(76)	—	—	299	223
Stock option exercises	2,000	—	(35)	—	—	47	12
Repurchase of common stock	(13,454)	—	—	—	—	(176)	(176)
Foreign currency translation	—	—	—	—	(819)	—	(819)
Pension obligations, net of $6 tax	—	—	—	—	12	—	12
Balance at December 31, 2023	**1,860,154**	**$ —**	**$ 33,309**	**$ (1,301)**	**$ (1,015)**	**$ (20,509)**	**$ 10,484**
Net income	—	—	—	2,490	—	—	2,490
Charge related to stock-based compensation	—	—	91	—	—	—	91
Issuance of unrestricted shares	24,660	—	(373)	—	—	573	200
Foreign currency translation	—	—	—	—	(4,653)	—	(4,653)
Pension obligations, net of $1 tax	—	—	—	—	2	—	2
Balance at December 31, 2024	**1,884,814**	**$ —**	**$ 33,027**	**$ 1,189**	**$ (5,666)**	**$ (19,936)**	**$ 8,614**

See accompanying notes to consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the years ended December 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 2,490	$ (2,239)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,534	1,628
Non-cash operating lease expense	1,541	1,904
Provision for inventory losses	777	463
(Recovery of) Provision for credit losses	(312)	519
Loss on disposal of assets	2	7
Gain on disposal of subsidiary	(228)	—
Unrealized loss (gain) from foreign exchange	(3,257)	—
Stock-based compensation expense	291	278
Deferred income taxes	(159)	121
Changes in operating assets and liabilities:		
Accounts receivable	344	(391)
Income tax receivable	(277)	(42)
Inventories	2,474	(272)
Prepaid expenses and other current assets	2,094	1,354
Deferred commissions	859	346
Other assets	625	(226)
Accounts payable	(1,857)	(351)
Accrued expenses and other long-term liabilities	(4,289)	(2,308)
Taxes payable	451	(1,760)
Commissions and incentives payable	887	(1,081)
Deferred revenue	(1,729)	(320)
Net cash provided by (used in) operating activities	**2,261**	**(2,370)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(297)	(748)
Proceeds from sale of assets	12	1
Net cash used in investing activities	**(285)**	**(747)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock options exercised	—	12
Repurchase of common stock	—	(176)
Payment of cash dividends	—	(748)
Proceeds from notes payable	3,600	—
Repayment of finance lease obligations and other financing obligations	(1,639)	(991)
Net cash provided by (used in) financing activities	**1,961**	**(1,903)**
Effect of currency exchange rate changes on cash and cash equivalents and restricted cash	(809)	(790)
Increase (decrease) in cash and cash equivalents and restricted cash	**3,128**	**(5,810)**
Cash and cash equivalents and restricted cash at the beginning of the year	9,387	15,197
Cash and cash equivalents and restricted cash at the end of the year	**$ 12,515**	**$ 9,387**

See accompanying notes to consolidated financial statements.

	For the years ended December 31,	
	2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid, net	$ 829	$ 2,551
Interest paid on finance leases and other financing obligations	$ 475	$ 100
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Assets acquired through other financing arrangements	$ 446	$ 739
Operating lease right-of-use assets acquired in exchange for new operating lease liabilities	$ 347	$ 305
Finance lease right-of-use assets acquired in exchange for new finance lease liabilities	$ —	$ 1,305

See accompanying notes to consolidated financial statements.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mannatech, Incorporated (together with its subsidiaries, the "Company"), located in Flower Mound, Texas, was incorporated in the state of Texas on November 4, 1993, and is listed on The Nasdaq Capital Market under the symbol "MTEX". The Company develops, markets, and sells high-quality, proprietary nutritional supplements, topical and skin care and anti-aging products, and weight-management products. We currently sell our products into three regions: (i) the Americas (the United States, Canada and Mexico); (ii) EMEA (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, Thailand and China). During the second quarter of 2024 the Company liquidated its entity in Sweden, Mannatech Sverige AB.

Active business building associates ("independent associates" or "associates" or "distributors") and preferred customers purchase the Company's products at published wholesale prices. The Company cannot distinguish products sold for personal use from other sales, when sold to associates, because it is not involved with the products after delivery, other than usual and customary product warranties and returns. Only associates are eligible to earn commissions and incentives. We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland. The Company operates a non-direct selling business in mainland China. Our subsidiary in China, Meitai Daily Necessity & Health Products Co., Ltd. ("Meitai"), is operating as a traditional retailer under a cross-border e-commerce model in China. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China.

Principles of Consolidation

The consolidated financial statements and footnotes include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates that affect the reported value of assets, liabilities, revenues and expenses. These estimates are based on historical experience and various other factors. The Company continually evaluates the information used to make these estimates as the business and economic environment changes. Historically, actual results have not varied materially from the Company's estimates and the Company does not currently anticipate a significant change in its assumptions related to these estimates. However, actual results may differ from these estimates under different assumptions or conditions.

The use of estimates is pervasive throughout the consolidated financial statements, but the accounting policies and estimates considered the most significant are described in this note to the consolidated financial statements, *Organization and Summary of Significant Accounting Policies*.

Basis of Presentation

Certain prior year amounts have been reclassified on the Consolidated Balance Sheets and Consolidated Statements of Operations to conform to the current year presentation. These reclassifications had no effect on the previously reported results of operations.

Foreign Currency Translation

The United States dollar is the functional currency for the majority of the Company's foreign subsidiaries. As a result, non-monetary assets and liabilities are translated at their approximate historical rates, monetary assets and liabilities are translated at exchange rates in effect at the end of the year, and revenues and expenses are translated at weighted-average exchange rates for the year. The local currency is the functional currency of our subsidiaries in Japan, Republic of Korea, Taiwan, Norway, Denmark, Sweden, Mexico and China. These subsidiaries' assets and liabilities are translated into United States dollars at exchange rates existing at the balance sheet dates, revenues and expenses are translated at weighted-average exchange rates, and shareholders' equity and intercompany balances are translated at historical exchange rates. The foreign currency translation adjustment is recorded as a component of shareholders' equity and is included in accumulated other comprehensive income.

Foreign currency transaction gains totaled approximately $2.6 million for the year ended December 31, 2024 and foreign currency transaction losses totaled approximately $0.2 million for the year ended December 31, 2023, and are included in other income (expense), net in the Company's consolidated statements of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents was $11.4 million and $7.7 million at December 31, 2024 and 2023, respectively. The Company includes in its cash and cash equivalents credit card receivables due from its credit card processor, as the cash proceeds from credit card receivables are received within 24 to 72 hours. As of December 31, 2024 and 2023, credit card receivables were $1.6 million and $1.4 million, respectively, and cash and cash equivalents held in bank accounts in foreign countries totaled $5.1 million and $3.5 million, respectively. The Company invests cash in liquid instruments, such as money market funds and interest-bearing deposits. The Company also holds cash in high quality financial institutions and does not believe it has an excessive exposure to credit concentration risk.

A significant portion of our cash and cash equivalent balances were concentrated within the Republic of Korea, with cash and cash equivalents totaling $3.3 million and $1.7 million at December 31, 2024 and 2023, respectively. In addition, for the year ended December 31, 2024 and 2023, a concentrated portion of our operating cash flows were earned from operations within the Republic of Korea. An adverse change in economic conditions within the Republic of Korea could negatively affect the Company's results of operations.

Restricted Cash

The Company is required to restrict cash for: (i) direct selling insurance premiums and credit card sales in the Republic of Korea; (ii) reserve on credit card sales in the United States and Canada; and (iii) Australia building lease collateral. At December 31, 2024 and 2023, our total restricted cash was $1.1 million and $1.7 million, respectively. The Company classifies the restricted cash held in Korea and Australia as long-term since it relates to assets and services contracted for longer than one year.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Company's consolidated balance sheets to the total amount presented in the consolidated statements of cash flows (*in thousands*):

	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ 11,396	$ 7,731
Current restricted cash	550	938
Long-term restricted cash	569	718
Cash, cash equivalents and restricted cash	$ 12,515	$ 9,387

Accounts Receivable, net

Accounts receivable are carried at their estimated collectible amounts. Receivables are created upon shipment of an order if the credit card payment is rejected or does not match the order total. As of December 31, 2024 and 2023, accounts receivables consisted primarily of amounts due from preferred customers and associates. At December 31, 2024, 2023 and 2022, the Company's accounts receivable balances (net of allowance) were less than $0.1 million, $0.1 million and $0.2 million, respectively.

In accordance with ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), the Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. Expected loss estimates are determined utilizing an aging schedule. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data.

At December 31, 2024 and 2023, the Company held an allowance for credit losses of $0.9 million and $1.3 million, respectively.

	December 31, 2024	December 31, 2023
Allowance for credit losses at beginning of period	$ 1,278	$ 973
(Reversal) provision in current period	(312)	519
Accounts charged off against the allowance	(31)	(214)
Allowance for credit losses at end of period	$ 935	$ 1,278

Inventories

Inventories consist of raw materials, finished goods, and promotional materials that are stated at the lower of cost (using standard costs that approximate average costs) or net realizable value. The Company periodically reviews inventories for obsolescence and any inventories identified as obsolete are reserved or written off.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets was $1.8 million at each of December 31, 2024 and 2023. Included in the December 31, 2024 and 2023 balances were $1.1 million in prepaid expenses for each year, $0.2 million and $0.3 million for prepaid deposits, and $0.5 million and $0.4 million in prepaid inventory purchases, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvements. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of property and equipment sold or otherwise retired and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the accompanying consolidated statements of operations. The estimated useful lives of fixed assets are as follows:

	Estimated useful life
Office furniture and equipment	5 to 7 years
Computer hardware and software	3 to 5 years
Automobiles	3 to 5 years
Leasehold improvements	2 to 10 years

Property and equipment are reviewed for impairment whenever an event or change in circumstances indicates that the carrying amount of an asset or group of assets may not be recoverable. The impairment review includes a comparison of future projected cash flows generated by the asset or group of assets with its associated net carrying value. If the net carrying value of the asset or group of assets exceeds expected cash flows (undiscounted and without interest charges), an impairment loss is recognized to the extent the carrying amount of the asset exceeds its fair value.

Other Assets

At December 31, 2024 and 2023, other assets were $2.6 million and $3.8 million, respectively. The December 31, 2024 and 2023 balances include deposits for building leases in various locations of $1.1 million and $1.3 million, respectively. Also included in the December 31, 2024 and 2023 balances were $1.3 million and $2.2 million, respectively, representing an investment in Korea Mutual Aid Cooperative and Consumer ("KMACC"), an organization established by the Republic of Korea's Fair Trade Commission's approval to compensate and protect consumers who participate in network marketing activities from damages. Other assets at each of December 31, 2024 and 2023 also include $0.2 million of indefinite lived intangible assets relating to the Manapol® powder trademark.

Other Long-Term Liabilities

Other long-term liabilities was $1.4 million at each of December 31, 2024 and 2023. Certain operating leases for the Company's regional office facilities contain a restoration clause that requires the Company to restore the premises to its original condition. At December 31, 2024 and 2023, accrued restoration costs related to these leases amounted to $0.3 million and $0.4 million, respectively. As of December 31, 2024 and 2023, government mandated severance accruals in certain international offices amounted to $0.9 million and $0.8 million, respectively. The Company also recorded a long-term liability for an estimated defined benefit obligation related to a non-U.S. defined benefit plan for its Japan operations of $0.2 million at each of December 31, 2024 and 2023 (see Note 9, *Employee Benefit Plans*).

Revenue Recognition

The Company's revenue is derived from sales of individual products and associate fees or, in certain geographic markets, starter packs. Substantially all of the Company's product sales are made at published wholesale prices to associates and preferred customers. The Company records revenue net of any sales taxes and records a reserve for expected sales returns based on its historical experience. During the third quarter of 2024, the Company changed its shipping terms with customers such that ownership transfers upon delivery to the freight carrier, satisfying the Company's performance obligation. Previously, the Company's shipping terms were Free on Board destination, so the Company recognized revenue upon delivery of the product to the customer. The Company's deferred revenue balances related to product orders in transit were $0 at December 31, 2024 and $1.4 million at December 31, 2023. The Company's remaining performance obligations related to associate fees were $0.1 million at both December 31, 2024 and 2023. These amounts are included in Deferred Revenue on the accompanying Consolidated Balance Sheets.

Orders placed by associates or preferred customers constitute our contracts with customers. Product sales placed in the form of an automatic order contain two performance obligations: (a) the sale of the product and (b) the loyalty program. The Company's customer loyalty program conveys a material right to the customer to redeem loyalty points for the purchase of products. For these contracts, the Company accounts for each of these obligations separately as they are each distinct. The transaction price is allocated between the product sale and the loyalty program on a relative standalone selling price basis. Sales placed through a one-time order contain only the first performance obligation noted above - the delivery of the product. Payments are made immediately through credit card upon purchase of the products.

The Company provides associates with access to a complimentary three-month package for the Success Tracker™ and Mannatech+ online business tools with the first payment of an associate fee. The first payment of an associate fee contains three performance obligations: (a) the associate fee, whereby the Company provides an associate with the right to earn commissions, bonuses and incentives for a year, (b) three months of complimentary access to utilize the Success Tracker™ online tool and (c) three months of complimentary access to utilize the Mannatech+ online business tool. The transaction price is allocated between the three performance obligations on a relative standalone selling price basis and revenue is recognized over the period that access to the tool is active. Associates do not have complimentary access to online business tools after the first contractual period.

With regard to both of the aforementioned contracts, the Company determines the standalone selling prices by using observable inputs which includes the Company's standard published price lists.

Our sales mix for the years ended December 31, was as follows *(in millions, except percentages)*:

	2024	Percentage	2023	Percentage
Product sales	$ 112.3	95.2 %	$ 125.3	95.0 %
Pack sales and associate fees	4.1	3.5 %	5.6	4.2 %
Other	1.5	1.3 %	1.1	0.8 %
Total consolidated net sales	**$ 117.9**	**100.0 %**	**$ 132.0**	**100.0 %**

Deferred Commissions

The Company defers commissions on (i) the sales of products shipped but not received by customers by the end of the respective period (up to the change in shipping terms with the customers) and (ii) the loyalty program. Deferred commissions are incremental costs and are charged to expense when the related revenue is recognized. Deferred commissions were $1.3 million and $2.1 million at December 31, 2024 and 2023, respectively.

Deferred Revenue

The Company defers certain components of its revenue. Deferred revenue consisted of: (i) sales of products shipped but not received by the customers by the end of the respective period (up to the change in shipping terms with customers); (ii) revenue from the loyalty program; (iii) prepaid registration fees from customers planning to attend a future corporate-sponsored event; and (iv) prepaid annual associate fees. During the third quarter of 2024, the Company changed its shipping terms with customers such that ownership transfers upon delivery to the freight carrier. Previously, to defer product sales that had not been received by customers, the Company estimated order delivery dates using weighted averages of historical delivery data collected from its freight carriers. The Company's deferred revenue balances related to product sales that have not been received by customers was $0 at December 31, 2024. At December 31, 2024 and 2023, the Company's deferred revenue was $3.0 million and $4.8 million, respectively. The deferred revenue amount of $3.0 million as of December 31, 2024 will be recognized as revenue for the year ending December 31, 2025. The deferred revenue amount of $4.8 million as of December 31, 2023 was recognized as revenue for the year ended December 31, 2024. The deferred revenue amount of $5.1 million as of December 31, 2022 was recognized as revenue for the year ended December 31, 2023.

The Company's customer loyalty program conveys a material right to the customer as it provides the promise to redeem loyalty points for the purchase of products, which is based on earning points through placing consecutive qualified orders. The Company factors in breakage rates, which is the percentage of the loyalty points that are expected to be forfeited or expire, for purposes of revenue recognition. Breakage rates are estimated based on historical data and can be reasonably and objectively determined. The deferred revenue associated with the loyalty program at December 31, 2024 and 2023 was $2.9 million and $3.2 million, respectively, as follows:

Loyalty program *(in thousands)*	**2024**	**2023**
Loyalty deferred revenue as of January 1,	$ 3,242	$ 4,167
Loyalty points forfeited or expired	(2,921)	(4,042)
Loyalty points used	(9,193)	(9,416)
Loyalty points vested	11,211	11,658
Loyalty points unvested	582	875
Loyalty deferred revenue as of December 31,	$ 2,921	$ 3,242

Sales Refund and Allowances

The Company utilizes the expected value method to estimate the sales returns and allowance liability by taking the weighted average of the sales return rates over a rolling six-month period. The Company allocates the total amount recorded within the sales return and allowance liability as a reduction of the overall transaction price for the Company’s product sales. The Company deems the sales refund and allowance liability to be a variable consideration.

Historically, sales returns have not materially changed through the years, as the majority of our customers who return their merchandise do so within the first 90 days after the original sale. Sales returns have historically averaged 0.5% or less of our gross sales. At December 31, 2024 and 2023, our sales return reserve, which is a component of Accrued expenses, consisted of the following *(in thousands)*:

	2024	**2023**
Sales returns reserve as of January 1,	$ 41	$ 59
Provision in current period	788	788
Returns charged off against the reserve	(773)	(806)
Sales returns reserve as of December 31,	$ 56	$ 41

Shipping and Handling Costs

The Company records inbound freight as a component of inventory and cost of sales. The Company records freight and shipping fees collected from its customers as fulfillment costs. Freight and shipping fees are accounted for as activities to fulfill the promise to transfer the product to the customer, not deemed to be separate performance obligations.

Commission and Incentive Expenses

Associates earn commissions and incentives based on their direct and indirect commissionable net sales over each month of the fiscal year. The Company accrues commissions and incentives when earned by associates and pays commissions on product and pack sales on a monthly basis.

Advertising Expense

The Company expenses advertising and promotions in selling and administrative expenses when incurred. Advertising and promotional expenses were $2.5 million and $4.1 million for the years ended December 31, 2024 and 2023, respectively. Educational and promotional items are sold to associates to assist in their sales efforts and are included in inventories and charged to cost of sales when sold. Advertising and promotional expenses are included in selling and administrative expenses in the consolidated statements of operations.

Research and Development Expenses

The Company expenses research and development expenses as incurred. Research and development expenses related to new product development, enhancement of existing products, clinical studies and trials, Food and Drug Administration compliance studies, general supplies, internal salaries, third-party contractors, and consulting fees were approximately $0.7

million and $0.8 million for the years ended December 31, 2024 and 2023, respectively. Salaries, contract labor and all other research and development costs are included in selling and administrative expenses in the consolidated statements of operations.

Stock-Based Compensation

The Company currently has one active stock-based compensation plan, the Mannatech, Incorporated 2017 Stock Incentive Plan, which was adopted by the Company's Board of Directors (the "Board") on April 17, 2017 and was approved by its shareholders on June 8, 2017. The Company recognizes stock-based compensation expense over the vesting period of the options granted. See Note 11, *Stock Based Compensation.*

Software Development Costs

The Company capitalizes qualifying internal payroll and external contracting and consulting costs related to the development of internal use software that are incurred during the application development stage, which includes design of the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation stages of internal use software are expensed as incurred. During each of the years ended December 31, 2024 and 2023, the Company capitalized $0.3 million of qualifying internal payroll costs, respectively. The Company amortizes such costs over the estimated useful life of the software, which is three to five years once the software is placed in service.

Income Taxes

The Company determines the provision for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. The Company evaluates the probability of realizing the future benefits of its deferred tax assets and provides a valuation allowance for the portion of any deferred tax assets where the likelihood of realizing an income tax benefit in the future does not meet the more likely than not criterion for recognition. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likelihood of being recognized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision. Net income/loss, before income tax and expense, for U.S. and foreign entities is a function of the Company's transfer pricing policies, which govern the allocation of taxable income among the Company's various tax jurisdictions. The Company is also subject to transfer pricing tax regulations designed to ensure the appropriate allocation of income between our U.S. and foreign entities and that the Company is taxed accordingly. The Company is subject to audit by federal, state and foreign tax authorities and inquiries from those tax authorities regarding the amount of taxes due.

Comprehensive Loss and Accumulated Other Comprehensive Loss

Comprehensive income (loss) 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 includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company's comprehensive loss consists of the Company's net income (loss), foreign currency translation adjustments from its Japan, Republic of Korea, Taiwan, Denmark, Norway, Sweden, Mexico and China operations, remeasurement of intercompany balances of a long-term-investment nature from its Taiwan, Mexico and Cyprus operations, and changes in the pension obligation for its Japanese employees. In the event that a subsidiary is disposed of, the Company recognizes cumulative translation adjustments of foreign exchange directly through other income (expense) in the consolidated statements of operations.

Concentration Risk

A significant portion of our revenue is derived from our Ambrotose Life®, TruHealth™, Ambrotose, and Optimal Support Packets products. A decline in sales value of such products could have a material adverse effect on our earnings, cash flows, and financial position

Our business is not currently exposed to customer concentration risk given that no independent associate has ever accounted for more than 10% of our consolidated net sales.

The Company maintains supply agreements with its suppliers and manufacturers. Some of the supply agreements contain exclusivity clauses and/or minimum annual purchase requirements. Failure to satisfy minimum purchase requirements could result in the loss of exclusivity. During the year ended December 31, 2024, the Company purchased finished goods from three suppliers that accounted for 54.6% of the year's cost of sales. During the year ended December 31, 2023, the Company purchased finished goods from three suppliers that accounted for 52.5% of the year's cost of sales. The Company maintains other supply and manufacturing agreements to minimize exposure to supplier risk.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, receivables, and restricted cash. The Company utilizes financial institutions that the Company considers to be of high credit quality and periodically evaluates the credit rating of such institutions and the allocation of their investments to minimize exposure to credit concentration risk.

Fair Value of Financial Instruments

The fair value of the Company's financial instruments, including cash and cash equivalents, restricted cash, time deposits, money market investments, receivables, payables, and accrued expenses, approximate their carrying values due to their relatively short maturities. See Note 2 to our Consolidated Financial Statements, *Fair Value*, for more information.

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update enhances the current segment disclosure requirements by introducing additional disclosures, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. The Company adopted ASU 2023-07 effective for our fiscal year beginning January 1, 2024. The adoption of ASU 2023-07 resulted in expanded segment disclosures for the Company.

Accounting Pronouncements Issued But Not Yet Effective

Income Tax Reporting (ASU 2023-09) — *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASC 2023-09"). In December 2023, the FASB issued accounting guidance to expand the annual disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. This guidance is effective January 1, 2025, with early adoption permitted. This guidance can be applied prospectively or retrospectively. The Company is currently evaluating the disclosure impacts of ASU 2023-09 on its consolidated financial statements as well as the impacts to its financial reporting process and related internal controls.

Income Statement Expenses (ASU 2024-03) — *Income Statement (Subtopic 220-40) - Reporting Comprehensive Income - Expense Disaggregation Disclosures.* In November 2024, the FASB issued accounting guidance which is intended to improve expense disclosures, primarily by requiring disclosure of disaggregated information about certain income statement expense line items on an annual and interim basis. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 becomes effective January 1, 2027. The Company is currently evaluating the disclosure impacts of ASU 2024-03 on its consolidated financial statements as well as the impacts to its financial reporting process and related internal controls.

NOTE 2: FAIR VALUE

The Company utilizes fair value measurements to record fair value adjustments to certain financial assets and to determine fair value disclosures.

Fair Value Measurements and Disclosure (Topic 820) of the FASB establishes a fair value hierarchy that requires the use of observable market data, when available, and prioritizes the inputs to valuation techniques used to measure fair value in the following categories:

- Level 1—Quoted unadjusted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.
- Level 3—Model derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

The primary objective of the Company's investment activities is to preserve principal while maximizing yields without significantly increasing risk. The investment instruments held by the Company are money market funds and interest bearing deposits for which quoted market prices are readily available. The Company considers these highly liquid investments to be cash equivalents. These investments are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company does not have any material financial liabilities that were required to be measured at fair value on a recurring basis at December 31, 2024 and 2023.

As of December 31, 2024 and 2023, the carrying amount of the financial instruments such as cash and cash equivalents (excluding money market funds disclosed in the tables below), restricted cash, long-term restricted cash and accounts payable approximate their fair value due to the short-term nature and the market rates of interest of these instruments. As such, these instruments are classified as Level 1.

The table below present the recorded amount of financial assets measured at fair value (in thousands) on a recurring basis as of December 31, 2024 and 2023:

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Money Market Funds (included in Cash and cash equivalents)	$ 4,005	$ —	$ —	$ 4,005

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Money Market Funds (included in Cash and cash equivalents)	$ 2,310	$ —	$ —	$ 2,310

The following table below present the carrying amount and estimated fair value of financial instruments as of December 31, 2024 and 2023, (in *thousands)* that are not measured at fair value*:*

	December 31, 2024		**December 31, 2023**	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Investment in KMACC (included in Other assets)	$ 1,255	$ 1,255	$ 1,423	$ 1,423
Long-term notes payable	$ 2,900	$ 2,813	$ —	$ —

As of December 31, 2024 and 2023, the Company valued its investment in KMACC based on the initial investment amount in accordance with ASC 321. The Company determined that the investment was not impaired as of that date. Since these securities are not actively traded, the Company will apply valuation adjustments if and when relevant indicators become available. Consequently, these securities are carried at cost and are classified as Level 3 within the fair value hierarchy.

The carrying value of long-term notes payable approximates fair value and the fair value measurement is based on unobservable inputs, and as such, is classified as Level 3.

NOTE 3: INVENTORIES

Inventories consist of raw materials, finished goods, and promotional materials. The Company provides an allowance for any slow-moving or obsolete inventories. The allowance for slow-moving and inventory obsolescence was $0.6 million and $0.4 million at December 31, 2024 and 2023, respectively.

Inventories as of December 31, 2024 and 2023, consisted of the following *(in thousands)*:

	2024	2023
Raw materials	$ 4,438	$ 5,104
Finished goods and promotional materials	5,967	9,431
Total inventory, net	**$ 10,405**	**$ 14,535**

NOTE 4: PROPERTY AND EQUIPMENT

As of December 31, 2024 and 2023, construction in progress was $0.2 million and $0.2 million, respectively, which is primarily comprised of back-office software projects with service dates that are currently indeterminable. As of December 31, 2024 and 2023, property and equipment consisted of the following *(in thousands)*:

	2024	2023
Office furniture and equipment	$ 2,014	$ 2,116
Computer hardware	3,020	3,160
Computer software	46,253	46,095
Automobiles	81	110
Leasehold improvements	3,297	3,867
Right of use Assets- finance leases	952	1,236
	55,617	**56,584**
Less accumulated depreciation and amortization	(52,910)	(52,631)
Property and equipment, net	**2,707**	**3,953**
Construction in progress	151	194
Total	**$ 2,858**	**$ 4,147**

For the years ended December 31, 2024 and 2023, depreciation and amortization expense was $1.5 million and $1.6 million, respectively.

NOTE 5: LEASES

The Company has entered into contractual lease arrangements to rent office space and equipment from third-party lessors and accounts for leases in accordance with ASC Topic 842. Right of use assets represent the Company’s right to use an underlying asset over the lease term and lease liabilities represent the Company’s obligation to make future lease payments arising from the lease.

Operating lease liabilities and finance lease liabilities with terms greater than 12 months are recorded at the present value of the lease payments at the commencement date. The related right of use assets are recorded on the same date at the amount of the initial liability, adjusted for incentives received, prepayments made to the lessor, and any initial direct costs incurred, as applicable. The Company uses the discount rate implicit in the lease when it is readily determinable. When it is not readily available, future lease payments are discounted using the incremental borrowing rate available to the Company. The incremental borrowing rate is the rate available to the Company for a fully collateralized, fully amortizing loan with the same term as the lease. Lease components, such as office space, are accounted for separately from the non-lease components, such as maintenance fees. Certain of the Company's leases may also include rent escalation clauses or options to extend or terminate the lease. These options are included in the present value recorded for the leases when it is reasonably certain that the Company will exercise that option. None of the Company’s current leases contain guarantees of residual value. Leases with an initial term of 12 months or less are considered short term and are not recorded on the balance sheet. The Company recognizes a lease expense for short term leases on a straight-line basis over the lease term.

Generally, the Company's operating leases relate to office space used in Mannatech's operations, including its headquarters in Flower Mound, Texas and office space in international locations in which the Company does business. As of December 31, 2024 and 2023, all of the Company's finance leases pertain to certain equipment used in the business.

On March 10, 2023, the Company entered into a five-year agreement to sublease 10,000 rentable square feet of the Company's leased office space in Flower Mound, Texas to a subtenant. There was no modification or impairment by entering into the sublease agreement because the Company was not released from its obligations under the head lease. The Company earned $0.1 million sublease revenue for each of the years ended December 31, 2024 and 2023, which is presented as a component of net sales on the Company's Consolidated Statements of Operations. The Company has made a policy election in accordance with ASC 842-10-15-39A to exclude from consideration taxes that are assessed on and collected from the sublessee.

As of December 31, 2024 and 2023, our right-of-use assets and lease liabilities balances, net of accumulated amortization, were as follows (in thousands):

Leases	Classification	December 31, 2024	December 31, 2023
Right-of-use assets			
Operating leases	Operating lease right-of-use assets	$ 2,094	$ 3,315
Finance leases	Property and equipment, net	961	1,236
Total right-of-use assets		$ 3,055	$ 4,551
Current portion of lease liabilities			
Operating leases	Current portion of operating leases	$ 1,178	$ 1,660
Finance leases	Current portion of finance leases	275	269
Long-term portion of lease liabilities			
Operating leases	Operating lease liabilities, excluding current portion	1,576	2,582
Finance leases	Finance leases, excluding current portion	680	956
Total lease liabilities		$ 3,709	$ 5,467

Operating lease costs are recognized on a straight-line basis over the lease term. Finance lease costs are composed of the amortization of the right of use asset and the amounts recorded as interest. For the years ended December 31, 2024 and 2023, we incurred the following lease costs related to our operating and finance leases (in thousands):

Lease Cost	Classification	2024	2023
Operating leases			
Operating lease costs	Selling and administrative expenses	$ 1,714	$ 1,910
Short term lease costs	Selling and administrative expenses	183	232
Finance leases			
Amortization of leased assets	Depreciation and amortization	271	252
Interest on lease liabilities	Interest (expense) income	69	65
Total lease cost		$ 2,237	$ 2,459

For the years ended December 31, 2024 and 2023, cash paid for amounts included in the measurement of lease liabilities included (in thousands):

	2024	2023
Operating cash flows from operating leases	$ 1,358	$ 1,948
Financing cash flows from finance leases	$ 337	$ 211

As of December 31, 2024 and 2023 the Company's lease terms and discount rates were:

	2024	2023
Operating leases		
Weighted-average remaining lease term (years)	2.77	3.33
Weighted-average discount rate	5.34 %	4.61 %
Finance leases		
Weighted-average remaining lease term (years)	3.21	4.18
Weighted-average discount rate	6.45 %	6.46 %

As of December 31, 2024 future minimum lease payments were as follows (in thousands):

	December 31, 2024		
Maturity of lease liabilities	Operating Leases	Finance Leases	Sublease Income
2025	1,283	327	(132)
2026	759	327	(132)
2027	648	315	(132)
2028	268	90	(55)
Thereafter	—	—	—
Total future minimum lease payments	$ 2,958	$ 1,059	$ (451)
Imputed interest	(204)	(103)	—
Present value of minimum lease payments	$ 2,754	$ 956	$ (451)

NOTE 6: ACCRUED EXPENSES

As of December 31, 2024 and 2023, accrued expenses consisted of the following *(in thousands)*:

	2024	2023
Accrued compensation	$ 1,320	$ 1,707
Accrued legal and accounting fees	823	865
Customer deposits and sales returns	480	515
Other accrued operating expenses	530	507
Accrued shipping and handling costs	306	291
Accrued sales and other taxes	157	201
Accrued travel expenses related to corporate events	127	131
Accrued inventory purchases	45	861
Accrued royalties	39	38
Accrued rent expense	5	3
	$ 3,832	**$ 5,119**

NOTE 7: INCOME TAXES

The components of the Company's income (loss) before income taxes are attributable to the following jurisdictions for the years ended December 31 *(in thousands)*:

	2024	2023
United States	$ 1	$ (5,378)
Foreign	3,739	4,248
Income (loss) before income taxes	**$ 3,740**	**$ (1,130)**

The components of the Company's income tax provision (benefit) for the years ended December 31 *(in thousands)*:

Current provision (benefit):	2024	2023
Federal	$ 158	$ 180
State	11	15
Foreign	1,240	793
	1,409	**988**
Deferred provision (benefit):		
Federal	—	(2)
State	(47)	10
Foreign	(112)	113
	(159)	**121**
	$ 1,250	**$ 1,109**

For the years ended December 31, 2024 and 2023, the Company's effective tax rate was 33.4% and (98.1)%, respectively. The Company's effective tax rate for the years ended December 31, 2024 and 2023, differed from the statutory rate due to a mix of earnings across jurisdictions and the associated valuation allowance recorded on losses in certain jurisdictions.

A reconciliation of the Company's effective income tax rate and the United States federal statutory income tax rate is summarized as follows, for the years ended December 31:

	2024	2023
Federal statutory income taxes	21.0 %	21.0 %
State income taxes, net of federal benefit	0.2	6.3
Difference in foreign and United States tax on foreign operations	2.2	(0.7)
Permanent Difference	8.3	—
Effect of changes in valuation allowance	(80.5)	(46.4)
Prior year Adj / Deferred Adj	1.0	—
State deferred tax	(5.6)	—
Global Intangible Low Taxed Income (GILTI)[(1)]	—	(16.1)
Credits generated	—	7.9
Changes in FTC	82.2	—
Foreign charitable contributions	—	(4.6)
Return to provision adjustments	—	1.4
Meals and entertainment	—	(12.8)
Withholding taxes	4.3	(16.0)
Expiration of tax attribute	—	(38.5)
Other	0.3	0.4
	33.4 %	**(98.1)%**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities consisted of the following at December 31 *(in thousands)*:

Deferred tax assets:	**2024**	**2023**
Deferred revenue	$ 238	$ 277
Inventory	287	266
Accrued expenses	1,683	1,379
Net operating loss [(1)]	4,668	4,634
Equity compensation	290	249
Foreign tax credit carryover	213	3,301
Lease liability	725	1,033
Capitalized research & development	1,100	1,058
Unrealized foreign exchange gains and losses	53	410
Other	759	1,090
Total deferred tax assets	**$ 10,016**	**$ 13,697**
Valuation allowance	(6,862)	(10,296)
Total deferred tax assets, net of valuation allowance	**$ 3,154**	**$ 3,401**
Deferred tax liabilities:		
Prepaid expenses	281	202
Deferred commissions	364	446
Lease assets	684	978
Fixed assets	55	164
Total deferred tax liabilities	**$ 1,384**	**$ 1,790**
Total net deferred tax asset	**$ 1,770**	**$ 1,611**

[(1)]The Company's net operating loss will expire as follows (dollar amounts in thousands):

Jurisdiction	**Gross NOL**	**Tax Effected NOL**	**Expiration Years**
Cyprus	1,377	172	2025-2028
Mexico	6,112	1,833	2025-2029
Switzerland	5,427	425	2024-2030
United States - Federal	3,045	640	Indefinite
United States - State	15,232	1,056	2025-Indefinite
Other - Foreign	2,633	542	Indefinite

We have U.S. foreign tax credit carryforwards of $0.2 million as of December 31, 2024. The Company maintains a valuation allowance of $0.2 million against its foreign tax credit carryforwards.

At December 31, 2024 and 2023, the Company's valuation allowance was $6.9 million and $10.3 million, respectively. The net change in the valuation allowance for the years ended December 31, 2024 and 2023 was a decrease of $3.4 million and an increase of $0.5 million, respectively. The provisions of ASC Topic 740 require a company to record a valuation allowance when the "more likely than not" criterion for realizing a deferred tax asset cannot be met. A company is to use judgment in reviewing both positive and negative evidence of realizing a deferred tax asset. Furthermore, the weight given to the potential effect of such evidence is commensurate with the extent the evidence can be objectively verified. The valuation allowance against the Company's deferred tax assets consisted of the following at December 31 (*in millions):*

Country	2024	2023
Cyprus	$ 0.2	$ 0.2
Mexico	1.8	1.8
Norway	0.1	0.1
South Africa	—	0.2
Switzerland	0.3	0.3
Taiwan	—	0.4
Gibraltar	0.1	—
Thailand	0.1	—
United States	4.3	7.3
Total	**$ 6.9**	**$ 10.3**

As of December 31, 2024 and 2023, the Company had no unrecognized tax benefits.

The Company recognizes interest and/or penalties related to uncertain tax positions in current income tax expense. As of December 31, 2024 and 2023, the Company had no accrued interest and penalties in the consolidated balance sheet or the consolidated statement of operations.

The Company is subject to examination by taxing authorities in the United States and various state and foreign jurisdictions. As of December 31, 2024, the tax years that remained subject to examination by a major tax jurisdiction for the Company's most significant subsidiaries were as follows:

Jurisdiction	Open Years
China	2019-2023
Japan	2019-2023
Republic of Korea	2019-2023
Switzerland	2020-2023
United States	2021-2023

NOTE 8: TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES

The Company issued an unsecured notes payable with an aggregate amount of $3.6 million to certain members of the Company's Board of Directors. See Note 10, *NOTES PAYABLE, for more information*

The Company made cash donations of $0.4 million and $0.5 million to the M5M Foundation for the years ended December 31, 2024 and 2023, respectively. The M5M Foundation is a 501(c)(3) charitable organization that works to combat the epidemic of childhood malnutrition on a global scale. Several of the Company's directors and officers and their family members serve on the board of the M5M Foundation, including:

- Al Bala, the Company's CEO (until his retirement effective April 1, 2024)
- Landen Fredrick, the Company's Chief Executive Officer and son of J. Stanley Fredrick, the Company's Chairman of the Board and a major shareholder.
- Lorrie Jobe, daughter of Larry Jobe, a Director and Chair of the Audit Committee of the Board of Directors.

Effective April 1, 2024, Landen Fredrick was named Chief Executive Officer. We paid employment compensation of approximately $330,000 for each of the years ended December 31, 2024 and 2023, for salary, bonus, auto allowance, and other compensation to Landen Fredrick. Mr. Fredrick also participated in the employee health care benefit plans available to all employees of the Company. Landen Fredrick also serves as Chairman of the Board of the M5M Foundation.

Mr. Kevin Robbins is a member of the Company's Board of Directors, serving as the Chair of the Science and Marketing Committee, and is also an independent associate, holding a position in the Company's associate global downline network marketing system. He also received compensation for consulting on the associate commission plan in the past, but did not receive any compensation for consulting on the plan during the years ended December 31, 2024 and 2023. In addition, several of Mr. Robbins' family members are independent associates. The Company pays commissions and incentives to its independent associates and, during 2024 and 2023, the Company paid aggregate commissions and incentives to Mr. Robbins and his family of approximately $1.9 million and $2.0 million, respectively. Included in these amounts, the Company paid Mr. Robbins approximately $0.2 million in each of 2024 and 2023. The amount of commission and incentives paid in 2024 and 2023 to Mr. Robbins' father, Ray Robbins, who holds positions in the Company's associate global downline network marketing system was approximately $1.7 million and $1.8 million, respectively. All commissions and incentives paid to Mr. Robbins and his family members are in accordance with the Company's global associate career and compensation plan.

Johanna Bala, the wife of Al Bala, the Company's former Chief Executive Officer, is an independent associate who earns commissions and incentives. The aggregate amount of commission and incentives paid to Johanna Bala was less than $0.1 million for the period January 1, 2024 to March 31, 2024 and $0.1 million in 2023. The Company paid less than $0.1 million of commissions and incentives to other members of Al Bala's family for the period January 1, 2024 to March 31, 2024 and in 2023. As of April 1, 2024, Al Bala is no longer a related party. All commissions and incentives paid to Al Bala's family members are in accordance with the Company's global associate career and compensation plan.

NOTE 9: EMPLOYEE BENEFIT PLANS

Employee Retirement Plan

Effective May 9, 1997, the Company adopted a Defined Contribution 401(k) and Profit Sharing Plan (the "401(k) Plan") for its United States and Canada employees. The 401(k) Plan covers all regular full-time and part-time employees who have completed three months of service and attained the age of twenty-one. United States employees can contribute up to 100 percent of their annual compensation but are limited to the maximum annual dollar amount allowable under the Internal Revenue Code. The 401(k) Plan permits matching and discretionary employer contributions. The Company's matching contributions for its United States and Canada employees vest ratably over a five-year period. During each of the years ended December 31, 2024 and 2023, the Company contributed approximately $0.2 million to the 401(k) Plan for matching contributions, respectively.

The Company also sponsors a non-U.S. defined benefit plan covering its employees in its Japan subsidiary (the "Benefit Plan"). Benefits under the Benefit Plan are based on a point system for position grade and years of service. The Company utilizes actuarial methods. Inherent in the application of these actuarial methods are key assumptions, including, but not limited to, discount rates and expected long-term rates of return on plan assets. Changes in the related Benefit Plan costs may occur in the future due to changes in the underlying assumptions, changes in the number and composition of plan participants, and changes in the level of benefits provided. The Company uses a measurement date of December 31 to evaluate and record any post-retirement benefits related to the Benefit Plan.

Projected Benefit Obligation and Fair Value of Plan Assets

The Benefit Plan's projected benefit obligation and valuation of plan assets were as follows for the years ended December 31 *(in thousands)*:

Projected benefit obligation:	**2024**	**2023**
Balance, beginning of year	$ 213	$ 220
Service cost	29	35
Interest cost	2	1
Liability (gain) loss	(10)	(18)
Benefits paid to participants	—	(10)
Foreign currency	(23)	(15)
Balance, end of year	**$ 211**	**$ 213**

Plan assets:	**2024**	**2023**
Fair value, beginning of year	$ —	$ —
Company contributions	—	10
Benefits paid to participants	—	(10)
Fair value, end of year	**$ —**	**$ —**

Funded status of the Benefit Plan as of December 31 *(in thousands)*:	**2024**	**2023**
Benefit obligation	$ (211)	$ (213)
Fair value of plan assets	—	—
Excess of benefit obligation over fair value of plan assets	**$ (211)**	**$ (213)**

Amounts recognized in the accompanying Consolidated Balance Sheets consist of, as of December 31 *(in thousands)*:	**2024**	**2023**
Accrued benefit liability	$ (211)	$ (213)
Transition obligation and unrealized gain	(60)	(64)
Net amount recognized in the consolidated balance sheets	$ (271)	$ (277)

Other changes recognized in comprehensive income *(in thousands):*	Years Ended December 31, 2024	2023
Net periodic cost	$ 23	$ (3)
Current year actuarial gain	(10)	(18)
Amortization of transition obligation	—	—
Total recognized in other comprehensive loss	(10)	(18)
Total recognized in comprehensive (loss) income	$ 13	$ (21)

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive gain *(in thousands)*:	Years Ended December 31, 2024	2023
Transition obligation	$ 50	$ 43
Prior service cost	—	3
Net actuarial gain	10	18
Total recognized in accumulated other comprehensive gain	$ 60	$ 64

Amounts included in Accumulated Other Comprehensive Income (Loss) *(in thousands)*:	As of December 31, 2024	2023
Net actuarial gain	$ 678	$ 675
Deferred tax provision	$ (264)	$ (263)
Net cumulative amount included in accumulated other comprehensive income (loss)	$ 414	$ 412

Estimated amounts of amortized transition obligation *(in thousands):*	2024	2023
Transition obligation	$ —	$ —

Aggregate Benefit Plan information and accumulated benefit obligation in excess of plan assets (in thousands):	As of December 31, 2024	2023
Projected benefit obligation	$ 211	$ 213
Accumulated benefit obligation	211	213
Fair value of plan assets	—	—

The weighted-average assumptions to determine the benefit obligation and net cost are as follows:

	2024	2023
Discount rate	1.10 %	0.90 %
Rate of increase in compensation levels	—	—

Components of Expense

Service Cost for the Benefit Plan is included within selling and administrative expenses in the statement of operations and all other items noted in the table below (Interest Cost, Amortization of Transition Obligation, Loss and Prior Service Cost) are included within other (expense), net. Pension costs, which are included within Consolidated Statement of Operations are detailed below for the years ended December 31 *(in thousands)*:

	2024	2023
Service cost	$ 29	$ 35
Interest cost	2	1
Amortization of transition obligation	—	—
Loss	(5)	(5)
Prior service cost	(3)	(34)
Total pension expense (benefit)	**$ 23**	**$ (3)**

Estimated Benefits and Contributions

The Company expects to contribute approximately $31,000 to the Benefit Plan in 2025. As of December 31, 2024, benefits expected to be paid by the Benefit Plan for the next ten years is approximately as follows *(in thousands)*:

2025	$ 31
2026	22
2027	25
2028	29
2029	44
Next five years	129
Total expected benefits to be paid	**$ 280**

NOTE 10: NOTES PAYABLE

Notes payable were $3.0 million and $0.2 million as of December 31, 2024 and December 31, 2023, respectively.

The current portion was $0.1 million and $0.2 million at December 31, 2024 and 2023, respectively, as a result of insurance financing arrangements. The notes are fully amortizing and payments are made monthly, according to the terms of the agreements which have a weighted average effective interest rate of 11.0% and 10.8% at December 31, 2024 and 2023, respectively. Subsequent to the year ended December 31, 2024, the note reached maturity and was paid in full on February 1, 2025.

The long-term portion of notes payable relates to three unsecured notes, described below. The long-term portion of notes payable was $2.9 million as of December 31, 2024. There were no unsecured notes at December 31, 2023.

On April 23, 2024, the Company issued an unsecured note payable to Jade Capital in the amount of $2.5 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Tyler Rameson is an independent member of Mannatech's Board of Directors, and is the managing member of Jade Capital. As of December 31, 2024, there was no current portion and the long-term portion of the balance was $2.0 million.

On April 23, 2024, the Company issued an unsecured note payable to J. Stanley Fredrick in the amount of $1.0 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Mr. Fredrick is the Chairman of Mannatech's Board of Directors. As of December 31, 2024, there was no current portion and the long-term portion of the balance was $0.8 million.

On April 23, 2024, the Company issued an unsecured note payable to Kevin Robbins in the amount of $0.1 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Mr. Robbins is a member of Mannatech's Board of Directors. As of December 31, 2024, there was no current portion and the long-term portion of the balance was $0.1 million.

As of December 31, 2024, the Company's future principal payments on notes payable were as follows *(in thousands):*

Principal Payments	**2025**	**2026**	**Thereafter**	**Total**
Insurance Financing Notes	$ 84	$ —	$ —	$ 84
Jade Capital Note	—	2,014	—	2,014
J.S. Fredrick Note	—	806	—	806
K. Robbins Note	—	80	—	80
Total	**$ 84**	**$ 2,900**	**$ —**	**$ 2,984**

NOTE 11: STOCK BASED COMPENSATION

Stock Option Plan

The Company currently has one active stock-based compensation plan, the 2017 Plan, which was adopted by the Company's Board of Directors on April 17, 2017 and was approved by its shareholders on June 8, 2017, and subsequently amended by the Board in February 2019, which was approved by the Company's shareholders on June 11, 2019. The Board has reserved a maximum of 370,000 shares of our common stock that may be issued under the 2017 Plan (subject to adjustments for stock splits, stock dividends or other changes in corporate capitalization). As of December 31, 2024, the Company had a total of 120,304 shares available for grant under the 2017 Plan, which expires on April 16, 2027.

The 2017 Plan provides for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock and performance stock units to our employees, board members, and consultants. However, only employees of the Company and its corporate subsidiaries are eligible to receive incentive stock options. The exercise price per share for all stock options will be no less than the market value of a share of common stock on the date of grant. Any incentive stock option granted to an employee owning more than 10% of our common stock will have an exercise price of no less than 110% of our common stock's market value on the grant date.

The majority of stock options vest over two or three years, and generally are granted with a term of ten years, or five years in the case of an incentive option granted to an employee who owns more than 10% of our common stock.

The Company is required to measure and recognize compensation expense related to any outstanding and unvested stock options in its consolidated financial statements using a fair-value based option-pricing model. The Company records stock-based compensation expense related to granting stock options in selling and administrative expenses. The fair value of the stock option award is calculated using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires us to apply judgment and use subjective assumptions about expected dividend yields, risk-free interest rates, price volatility related to the underlying shares, and the expected stock option life, including forfeitures.

The following assumptions were used to calculate the fair value of stock options granted each year:

	2024	**2023**
Dividend yield:	0.0 %	6.4 %
Risk-free interest rate:	4.3 - 4.5 %	4.0 %
Expected market price volatility:	64.2 - 70.2 %	66.5 %
Weighted average expected life of stock options:	4.5 years	4.5 years

The computation of the expected volatility assumption used in the Black-Scholes calculations for new grants is based on historical volatility of the Company's stock. The expected life assumptions are based on the Company's historical employee exercise and forfeiture behavior.

During 2024 and 2023, the Company issued 0 and 2,000 treasury shares upon the exercise of options and granted 16,167 and 5,000 new options to management and members of the Board, respectively. Options exercised during the years ending December 31, 2024 and 2023 had a total intrinsic value, calculated as the difference between the exercise date stock price and the exercise price, $0 and less than $0.1 million, respectively.

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2024 and 2023 was $4.48 and $4.32 per share, respectively. The total fair value of options vested during each of the years ended December 31, 2024 and 2023 was $0.1 million.

A summary of changes in stock options outstanding during the year ended December 31, 2024, is as follows:

	2024			
	Number of Options (in thousands)	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in thousands)
Outstanding at beginning of year	235	$ 17.73		
Granted	16	7.70		
Expired	(101)	16.94		
Outstanding at end of year	150	$ 17.19	4.26	$ 96,815
Options exercisable at year end	139	$ 17.91	3.85	$ 39,264

Valuation and Expense Information Under FASB ASC Topic 718 Compensation – Stock Compensation

On March 11, 2024, the Company issued a grant of 8,187 restricted stock units ("RSUs") of our common stock to our Chief Executive Officer. Under the terms of the stock grant, the grant is available for 18 months and will not vest until Mannatech's stock price averages $15.00 per share (i.e., the volume weighted price) for 60 consecutive days. If the contingency is not met within the 18-month period, the grant will lapse and will not be awarded.

The Company is required to measure and recognize compensation expense related to the grant in its consolidated financial statements using a fair-value based model. The Company has determined the fair value of the grant is $0.1 million. Accordingly, the Company has recognized compensation expense related to the grant of $32 thousand for the year ended December 31, 2024.

A summary of changes in restricted stock units outstanding during the year ended December 31, 2024, is as follows:

	Number of RSUs (in thousands)	Weighted average grant date fair value
Outstanding at beginning of year	—	$ —
Granted	8,187	15.00
Outstanding at end of year	8,187	$ 15.00

The Company recorded the following amounts related to the expense of the fair values of options and RSUs during the years ended December 31, 2024 and 2023 *(in thousands)*:

	2024	2023
Total gross compensation expense	$ 92	$ 43
Total tax benefit associated with compensation expense	(12)	(10)
Total net compensation expense	$ 80	$ 33

If we grant additional stock options in the future, we would be required to recognize additional compensation expense over the vesting period of such stock options in our consolidated statement of operations.

As of December 31, 2024, the Company had $0.1 million of total unrecognized compensation expense related to stock options and RSUs currently outstanding, to be recognized in future years over a weighted-average period of 0.95 years, ending December 31, as follows *(in thousands):*

	Years ending December 31,	
	2025	**2026**
Total gross unrecognized compensation expense	$ 51	$ —

Equity-Based Compensation

At the discretion of the Board, each director may receive a portion of their fees payable in stock grants in lieu of cash compensation. For the years ended December 31, 2024 and 2023, the Company issued a total of 24,660 and 12,808 treasury stock to the members of the Board as a part of their compensation, respectively. The stock grants to the Board were vested upon grant and the Company recognized $0.2 million compensation expense for each of the years 2024 and 2023.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company maintains supply agreements with its suppliers and manufacturers. In 2016, the Company entered into a four-year supply agreement with a vendor to purchase an aloe vera powder in whole leaf aloe form and an aloe vera gel extract. The agreement has been amended and renews annually. As of December 31, 2024, the Company is required to purchase an aggregate of $1.1 million through 2025.

Royalty and Consulting Agreements

The Company utilizes royalty agreements with individuals and entities to provide compensation for items relating to developed products, websites and emails provided to our associates. The Company paid royalties of less than $0.1 million for each of the years ended December 31, 2024 and 2023.

Employment Agreements

The Company has non-cancelable employment agreements with certain executives. If the employment relationships with these executives were terminated, as of December 31, 2024, the Company would continue to be indebted to the executives for $0.5 million, payable through 2025.

On March 13, 2024, the Company announced the retirement of Alfredo (Al) Bala as the Company's Chief Executive Officer effective April 1, 2024 and the engagement of Mr. Bala as an advisor to the Company effective April 1, 2024. At December 31, 2024, the remaining balance of his severance was $0.3 million, payable over the next 15 months.

NOTE 13: LITIGATION

Litigation in General

As of December 31, 2024, the Company had no open or pending litigation and no legal reserve was deemed necessary at December 31, 2024. The Company has incurred several claims in the normal course of business. The Company believes such claims can be resolved without any material adverse effect on its consolidated financial position, results of operations, or cash flows.

The Company maintains certain liability insurance; however, certain costs of defending lawsuits are not covered by or only partially covered by its insurance policies, including claims that are below insurance deductibles. Additionally, insurance carriers could refuse to cover certain claims, in whole or in part. The Company accrues costs to defend itself from litigation as they are incurred.

NOTE 14: SHAREHOLDERS' EQUITY

Preferred Stock

On May 19, 1998, the Company amended its Amended and Restated Articles of Incorporation to reduce the number of authorized shares of common stock from 100.0 million to 99.0 million and the Company authorized 1.0 million shares of preferred stock with a par value of $0.01 per share. No shares of preferred stock have ever been issued or outstanding.

Treasury Stock

On June 30, 2004, the Company's Board of Directors authorized the Company to repurchase, in the open market, the lesser of (i) 131,756 shares of its common stock and (ii) $1.3 million of its shares, (the "June 2004 Plan"). On August 28, 2006, the Company's Board of Directors authorized a second program permitting the Company to purchase, in the open market, up to $20 million of its outstanding shares (the "August 2006 Plan"). Under the June 2004 Plan and the August 2006 Plan, shares of Common Stock may be repurchased from time to time through open market transactions in compliance with applicable securities laws. The timing, manner, price and amount of any repurchases, as well as the capital resources to fund the repurchases, are determined by the Company, in its discretion, and depends on a variety of factors, including legal requirements, price and economic and market conditions.

During the year ended December 31, 2024, there were no shares repurchased. During the year ended December 31, 2023, the Company repurchased 13,454 shares of its common stock, at an average price of $13.06. As of December 31, 2024, there was $12.6 million remaining for repurchase under the August 2006 Plan, and the total value of shares repurchased in the open market under the August 2006 Plan was $1.5 million. The Company does not have any stock repurchase plans or programs other than the June 2004 Plan and the August 2006 Plan.

As of December 31, 2024 and 2023, the Company had 858,043 and 882,703 treasury shares, respectively.

Voting rights

Holders of our Common Stock will vote as a single class and are entitled to one vote per share on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Common Stock do not have cumulative voting rights in the election of directors.

Preemptive or similar rights

Holders of shares of our Common Stock do not have preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Common Stock.

Dividends

Holders of Common Stock are entitled to receive dividends at the same rate, when, as and if declared by our Board of Directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders of one or more outstanding series of our preferred stock. For the year ended December 31, 2024, no dividends were paid. For the year ended December 31, 2023, the Company paid dividends of $0.20 per share to holders of our Common Stock in the amount of $0.7 million.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income displayed in the Consolidated Statements of Shareholders' Equity represents the results of certain shareholders' equity changes not reflected in the consolidated statements of operations, such as foreign currency translation and certain pension and postretirement benefit obligations.

The after-tax components of accumulated other comprehensive income, are as follows *(in thousands)*:

	Foreign Currency Translation	Pension Postretirement Benefit Obligation	Accumulated Other Comprehensive Income (Loss), Net
Balance as of December 31, 2022	$ (608)	$ 400	$ (208)
Current-period change before reclassifications	(819)	—	(819)
Amounts reclassified from accumulated other comprehensive income (loss)	—	18	18
Income tax provision	—	(6)	(6)
Balance as of December 31, 2023	$ (1,427)	$ 412	$ (1,015)
Current-period change before reclassifications	(4,653)	—	(4,653)
Amounts reclassified from accumulated other comprehensive income (loss)	—	3	3
Income tax provision	—	(1)	(1)
Balance as of December 31, 2024	$ (6,080)	$ 414	$ (5,666)

NOTE 15: EARNINGS PER SHARE

The Company calculates basic Earnings per Share ("EPS") by dividing net income (loss) by the weighted-average number of common shares outstanding for the period. Diluted EPS also reflects the potential dilution that could occur if common stock were issued for awards outstanding under the Mannatech, Incorporated 2017 Stock Incentive Plan.

In determining the potential dilutive effect of outstanding stock options for the years ended December 31, 2024 and 2023, the Company used the average common stock close price of $8.27 and $12.81 per share, respectively.

For the year ended December 31, 2024, there were 1.89 million weighted-average common shares outstanding used for the basic EPS calculation. For the year ended December 31, 2024, 8,187 restricted share units was granted (see Note 11, *Stock Based Compensation,* for more information). These shares were excluded from the calculation of diluted EPS because the related market condition was not achieved. In addition, 143,974 shares underlying stock options were excluded from the diluted EPS calculation, as their effect would have been antidilutive.

For the year ended December 31, 2023, shares of the Company's common stock subject to options were excluded from the diluted EPS calculations as their effect would have been antidilutive. The Company reported a net loss for the year ended December 31, 2023.

Calculation of net EPS— basic and diluted (*in thousands, except EPS*):

	Years Ended December 31,	
	2024	2023
Net income (loss) attributable to common stockholders	$ 2,490	$ (2,239)
Weighted average common shares outstanding (for basic calculation)	1,885	1,866
Dilutive effect of outstanding common stock options and RSU's	—	—
Weighted average common and common equivalent shares outstanding	1,885	1,866
EPS - Basic	$ 1.32	$ (1.20)
EPS - Diluted	$ 1.32	$ (1.20)

NOTE 16: SEGMENT INFORMATION

We operate as a direct seller in the nutritional supplement industry. The Company's sole reporting segment is one in which we sell proprietary nutritional supplements, skin care and anti-aging products, and weight-management and fitness products operating in twenty-five markets. We primarily sell our products through a network marketing distribution channel of approximately 133,000 active associates and preferred customer positions who we refer to as current associates and preferred customers. The Company's subsidiary in China, Meitai, is currently operating as a traditional retailer under a cross-border e-commerce model. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China. The Company's subsidiary, NEMO, operated an affiliate business model under the brand name, "Trulu," in the United States. We ceased operating Trulu in July 2024. Each of our subsidiaries sells similar products and exhibits similar economic characteristics, such as selling prices, paying commissions and incentives, gross margins and operating characteristics.

The Chief Operating Decision Maker ("CODM") is the Company's Chief Executive Officer. The CODM regularly reviews consolidated financial information and performance used to make decisions about the Company as a whole and without distinguishing or grouping of operations based on asset type, revenue, geographic location, tenant or other factors. Accordingly, for disclosure purposes, the Company has a single reportable segment, which is reported on the Company's consolidated financial statements.

The CODM evaluates performance and allocates resources based on net income as reported in the consolidated statements of operations. Total expenditures for long-lived assets are reported on the consolidated statements of cash flows.

Measure of total assets is consistent with the amounts reported on the consolidated balance sheet. The CODM reviews consolidated net income to evaluate income generated from assets (return on assets) in deciding whether to reinvest profits to grow the property portfolio or deploy income into other aspects of the Company, such as to repay debt, buy back common stock under the share repurchase program or pay dividends.

We review and analyze net sales by geographical location and by products and packs on a consolidated basis. We currently sell our products in three regions: (i) the Americas (the United States, Canada and Mexico); (ii) Europe/the Middle East/Africa ("EMEA") (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, Thailand and China). We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland.

Consolidated net sales shipped to customers in these regions, along with pack and product information for the years ended December 31, are as follows *(in millions, except percentages)*:

	2024	2023
Product sales	$ 112.3	$ 125.3
Pack sales and associate fees	4.1	5.6
Other	1.5	1.1
Total	117.9	132.0

Region	2024		2023	
The Americas	$ 39.7	33.7 %	$ 42.8	32.4 %
Asia/Pacific	69.0	58.5 %	79.4	60.2 %
EMEA	9.2	7.8 %	9.8	7.4 %
Total	**$ 117.9**	**100.0 %**	**$ 132.0**	**100.0 %**

Long-lived assets by region, which include property and equipment and construction in progress for the Company and its subsidiaries, as of December 31, reside in the following regions, as follows *(in millions)*:

Region	2024	2023
North America	$ 2.4	$ 3.6
Asia/Pacific	0.5	0.5
EMEA	—	—
Total	**$ 2.9**	**$ 4.1**

Inventory balances by region, which consist of raw materials and finished goods, including promotional materials, and offset by obsolete inventories, for the Company and its subsidiaries, reside in the following regions as of December 31, as follows *(in millions)*:

Region	**2024**	**2023**
North America	$ 6.0	$ 8.3
Asia/Pacific	3.7	4.6
EMEA	0.7	1.6
Total	**$ 10.4**	**$ 14.5**

The following table presents the Company's segment revenue, segment expenses and segment income (loss) for the years ended December 31, 2024 and 2023 (*in thousands):*

	For the years ended December 31,	
	2024	**2023**
Net Sales	**$ 117,866**	**$ 131,955**
Less:		
Cost of sales	26,406	29,090
Commissions and incentives	48,309	53,588
Human Resources	18,055	21,334
Distribution and warehouse	2,468	2,505
Selling and administrative expenses	19,665	24,774
Depreciation and amortization	1,534	1,628
Interest expense	475	100
Interest income	(196)	(104)
Other (income) expense	(2,590)	170
Income tax provision	1,250	1,109
Segment net income (loss)	**$ 2,490**	**$ (2,239)**
Reconciliation of profit or loss		
Adjustments and reconciling items	—	—
Consolidated net income (loss)	**$ 2,490**	**$ (2,239)**

NOTE 17: SUBSEQUENT EVENTS

Notes Payable

Subsequent to the year ended December 31, 2024, the current portion of notes payable related to insurance financing arrangements reached maturity and was paid in full on February 1, 2025.

Exhibit 21

List of Subsidiaries

As of December 31, 2024 the Company has these wholly-owned subsidiaries located throughout the world, as follows:

1. Mannatech Australia Pty Limited
2. Mannatech Japan, G.K.
3. Mannatech Korea Co., Ltd.
4. Mannatech Limited (a New Zealand Company)
5. Mannatech Limited (a UK Company)
6. Mannatech Taiwan Corporation
7. Mannatech Payment Services Incorporated
8. Mannatech Products Company Inc.
9. Internet Health Group, Inc.
10. Mannatech (International) Limited
12. Mannatech Singapore Pte. Ltd.
13. Mannatech Canada Corporation
14. Mannatech South Africa (Pty) Ltd
15. Mannatech Bermuda Holdings Limited
16. Mannatech Denmark ApS
17. Mannatech (Gibraltar) Holdings Limited
18. Mannatech Swiss Holdings GmbH
19. Mannatech Swiss International GmbH
21. Mannatech Norge A/S
23. MTEX Mexico SRL CV
24. MTEX Mexico Services SRL CV
25. Mannatech Cyprus Limited
26. Mannatech Ukraine LLC
27. MTEX Hong Kong Limited
28. Mannatech RUS Ltd.
29. Meitai Daily Necessity & Health Products Co., Ltd.
30. Meitai Daily Necessity & Health Products Co., Ltd. Guangzhou Branch
31. Mannatech Netherlands B.V.
32. Mannatech Products Hong Kong Limited
33. New Economy Marketing Opportunities, LLC
34. Mannatech (Thailand) Co.,Ltd.

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. 333-220539 and 333-233418) of Mannatech, Incorporated of our report dated March 25, 2025, relating to the consolidated financial statements and financial statement schedule, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.

Dallas, Texas

March 25, 2025

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Landen Fredrick, certify that:

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

Date: March 25, 2025

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Clavijo, certify that:

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

Date: March 25, 2025

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 Mannatech, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Landen Fredrick, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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: March 25, 2025

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

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 Mannatech, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Clavijo, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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: March 25, 2025

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 99.1

MANNATECH, INCORPORATED AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Year	Additions: Charged to Costs and Expenses	Additions: Charged to other Accounts	Deductions	Balance at End of Year
Year Ended December 31, 2023					
Deducted from asset accounts:					
Allowance for credit losses	$ 973	519	—	(214)	$ 1,278
Allowance for obsolete inventories	$ 417	463	—	(460)	$ 420
Valuation allowance for deferred tax assets	$ 9,772	524	—		$ 10,296
Included in accrued expenses:					
Reserve for sales returns	$ 59	753	—	(771)	$ 41
Year Ended December 31, 2024					
Deducted from asset accounts:					
Allowance for credit losses	$ 1,278	(312)	—	(31)	$ 935
Allowance for obsolete inventories	$ 420	777	—	(606)	$ 591
Valuation allowance for deferred tax assets	$ 10,296	(3,434)	—	—	$ 6,862
Included in accrued expenses:					
Reserve for sales returns	$ 41	788	—	(773)	$ 56

Exhibit 21

List of Subsidiaries

As of December 31, 2024 the Company has these wholly-owned subsidiaries located throughout the world, as follows:

1. Mannatech Australia Pty Limited
2. Mannatech Japan, G.K.
3. Mannatech Korea Co., Ltd.
4. Mannatech Limited (a New Zealand Company)
5. Mannatech Limited (a UK Company)
6. Mannatech Taiwan Corporation
7. Mannatech Payment Services Incorporated
8. Mannatech Products Company Inc.
9. Internet Health Group, Inc.
10. Mannatech (International) Limited
11. Mannatech, Incorporated Malaysia Sdn. Bhd.
12. Mannatech Singapore Pte. Ltd.
13. Mannatech Canada Corporation
14. Mannatech South Africa (Pty) Ltd
15. Mannatech Bermuda Holdings Limited
16. Mannatech Denmark ApS
17. Mannatech (Gibraltar) Holdings Limited
18. Mannatech Swiss Holdings GmbH
19. Mannatech Swiss International GmbH
20. Mannatech Malaysia Trading Co. Sdn. Bhd.
21. Mannatech Norge A/S
22. Mannatech Sverige AB
23. MTEX Mexico SRL CV
24. MTEX Mexico Services SRL CV
25. Mannatech Cyprus Limited
26. Mannatech Ukraine LLC
27. MTEX Hong Kong Limited
28. Mannatech RUS Ltd.
29. Meitai Daily Necessity & Health Products Co., Ltd.
30. Meitai Daily Necessity & Health Products Co., Ltd. Guangzhou Branch
31. Mannatech Netherlands B.V.
32. Mannatech Products Hong Kong Limited
33. New Economy Marketing Opportunities, LLC
34. Mannatech (Thailand) Co.,Ltd.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Mannatech, Incorporated
Flower Mound, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-72767, 333-77227, 333-94519, 333-47752, 333-113975, 333-153199, 333-182676, 333-197400, 333-220539 and 333-233418) of Mannatech, Incorporated of our report dated March 25, 2025, relating to the consolidated financial statements and financial statement schedule, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, LLP
BDO USA, LLP
Dallas, TX

March 25, 2025

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Landen Fredrick, certify that:

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

Date: March 25, 2025

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Clavijo, certify that:

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

Date: March 25, 2025

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 Mannatech, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Landen Fredrick, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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: March 25, 2025

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

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 Mannatech, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Clavijo, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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: March 25, 2025

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.