

Mannatech Reports Fourth Quarter 2024 Financial Results

2025-03-26

FLOWER MOUND, Texas--(BUSINESS WIRE)--Mar. 26, 2025-- **Mannatech, Incorporated** (NASDAQ: **MTEX**), a global health and wellness company committed to transforming lives to make a better world, today announced financial results for its fourth quarter of 2024.

Quarter End Results

Fourth quarter net sales for 2024 were \$29.0 million, a decrease of \$3.7 million, or 11.3%, as compared to \$32.7 million in the fourth quarter of 2023. During the fourth quarter, the company's net sales declined 9.2% on a Constant dollar basis (a Non-GAAP financial measure); unfavorable foreign exchange during the fourth quarter caused a decrease of \$0.7 million in net sales as compared to the fourth quarter of 2023.

Gross profit as a percentage of net sales improved to 80.5% for the three months ended December 31, 2024, as compared to 75.4% for the same period in 2023.

Commissions as a percentage of net sales were 40.6% for the three months ended December 31, 2024, as compared to 39.6% for the same period in the prior year. Incentive costs as a percentage of net sales were 1.0% for the three months ended December 31, 2024, as compared to 1.4% for the same period in 2023.

For the three months ended December 31, 2024, overall selling and administrative expenses decreased by \$1.7 million to \$10.4 million, as compared to \$12.1 million for the same period in 2023. The decrease in selling and administrative expenses consisted primarily of a \$0.9 million decrease in payroll related costs, a \$0.7 million decrease in marketing costs and a \$0.1 million decrease in travel and entertainment costs.

Fourth quarter operating income for 2024 was \$0.9 million as compared to an operating loss of \$0.9 million for the fourth quarter of 2023.

Fourth quarter net income was \$2.3 million, or \$1.20 per diluted share, for the fourth quarter 2024, as compared to a net loss of \$1.8 million, or \$0.94 per diluted share, for the fourth quarter 2023.

The approximate number of new and continuing independent associate and preferred customer positions held by individuals in Mannatech's network and associated with purchases of its packs or products as of December 31, 2024 and 2023 was approximately 133,000 and 145,000, respectively. Recruiting decreased 19.5% in the fourth quarter of 2024 as compared to the fourth quarter of 2023. The number of new independent associate and preferred customer positions in the company's network for the fourth quarter of 2024 was 14,615 as compared to 18,156 in 2023.

Year End Results

Net sales for 2024 was \$117.9 million, a decrease of \$14.1 million, or 10.7%, as compared to \$132.0 million in 2023. During 2024, fluctuations in foreign currency exchange rates had an overall unfavorable impact on its net sales. During 2024, the company's net sales declined 8.6% on a Constant dollar basis (a Non-GAAP financial measure); unfavorable foreign exchange during 2024 caused a decrease of \$2.7 million in net sales as compared to 2023.

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.

Commissions as a percentage of net sales were 39.2% for the year ending December 31, 2024 and 38.6% for the same period in the prior year. 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.

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 \$0.2 million decrease in contract labor costs.

Operating income was \$1.4 million in 2024 as compared to an operating loss of \$1.0 million in 2023.

For the year ended December 31, 2024, the company's tax provision was \$1.3 million due to the company recording

valuation allowance on losses in certain jurisdictions driven by changes in expected earnings mix between jurisdictions. During 2023, the company's tax provision was \$1.1 million due to a mix of earnings across jurisdictions and the associated valuation allowance recorded on losses in certain jurisdictions.

Net income for 2024 was \$2.5 million, or \$1.32 per diluted share, as compared to net loss of \$2.2 million, or \$1.20 per diluted share, for 2023.

As of December 31, 2024, the company's cash and cash equivalents increased to \$11.4 million from \$7.7 million as of December 31, 2023.

Landen Fredrick, President and CEO, acknowledged that "2024 was a challenging year for Mannatech, particularly in the Asia/Pacific region, due to persistent economic challenges. However, through strict cost management, we were able to achieve a positive net income. We remain dedicated to expanding our revenue and carefully managing our expenses moving forward."

Non-GAAP Measures

In addition to results presented in accordance with GAAP, this press release and related tables include certain non-GAAP financial measures, including a presentation of constant dollar measures. The company discloses 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 from Operations.

The company believes that these non-GAAP financial measures provide useful information to investors because they are an indicator of the strength and performance of ongoing business operations. The constant currency figures are financial measures used by management to provide investors with an additional perspective on trends. Although it believes the non-GAAP financial measures enhance investors' understanding of their business and performance, these non-GAAP financial measures should not be considered an exclusive alternative to accompanying GAAP financial measures. Please see the accompanying table entitled "Non-GAAP Financial Measures" for a reconciliation of these non-GAAP financial measures.

Safe Harbor statement

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of phrases or terminology such as "may," "will," "should," "hope," "could," "would," "expects," "plans," "intends," "anticipates," "believes," "estimates," "approximates," "predicts," "projects," "potential," and "continues" or other similar words or the

negative of such terminology. Similarly, descriptions of Mannatech’s objectives, strategies, plans, goals or targets contained herein are also considered forward-looking statements. Mannatech believes this release should be read in conjunction with all of its filings with the United States Securities and Exchange Commission and cautions its readers that these forward-looking statements are subject to certain events, risks, uncertainties, and other factors. Some of these factors include, among others, Mannatech’s inability to attract and retain associates and members, increases in competition, litigation, regulatory changes, and its planned growth into new international markets. Although Mannatech believes that the expectations, statements, and assumptions reflected in these forward-looking statements are reasonable, it cautions readers to always consider all of the risk factors and any other cautionary statements carefully in evaluating each forward-looking statement in this release, as well as those set forth in its latest Annual Report on Form 10-K, and other filings filed with the United States Securities and Exchange Commission, including its current reports on Form 8-K. All of the forward-looking statements contained herein speak only as of the date of this release.

^ Mannatech operates in China under a cross-border e-commerce platform that is separate from its network marketing model.

Individuals interested in Mannatech's products or in exploring its business opportunity can learn more at **Mannatech.com**.

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

MANNATECH, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share information)

	For the three months ended December 31,		For the years ended December 31,	
	2024	2023	2024	2023
Net sales	\$ 29,007	\$ 32,694	\$ 117,866	\$ 131,955
Cost of sales	5,643	8,048	26,406	29,090
Gross profit	23,364	24,646	91,460	102,865
Operating expenses:				
Commissions and incentives	12,072	13,389	48,309	53,588
Selling and administrative expenses	10,428	12,152	41,722	50,241
Total operating expenses	22,500	25,541	90,031	103,829
Income (loss) from operations	864	(895)	1,429	(964)
Interest (expense) income, net	(83)	7	(279)	4
Other income (expense), net	2,095	(973)	2,590	(170)
Income (loss) before income taxes	2,876	(1,861)	3,740	(1,130)
Income tax (provision) benefit	(614)	105	(1,250)	(1,109)
Net income (loss)	\$ 2,262	\$ (1,756)	\$ 2,490	\$ (2,239)

Income (loss) per common share:

Basic	\$ 1.20	\$ (0.94) \$ 1.32	\$ (1.20)
Diluted	\$ 1.20	\$ (0.94) \$ 1.32	\$ (1.20)

Weighted-average common shares outstanding:

Basic	1,885	1,860	1,885	1,866
Diluted	1,885	1,860	1,885	1,866

Non-GAAP Financial Measures (Sales, Gross Profit and Income From Operations in Constant Dollars)

To supplement its financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mannatech discloses 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 from Operations. It refers to these adjusted financial measures as constant dollar items, which are non-GAAP financial measures. The company believes these measures provide investors with an additional perspective on trends. To exclude the impact of changes due to the translation of foreign currencies into U.S. dollars, it calculates current year results and prior year results at a constant exchange rate, which is the prior year’s rate. The currency impact is determined by the difference between actual growth rates and constant currency growth rates.

The table below reconciles fourth quarter 2024 constant dollar sales to GAAP sales.

	Sales - Q4 2024		
	GAAP Measure: Total \$	Non-GAAP Measure: Constant \$	Constant \$ Change
Americas	\$ 9.3	\$ 9.4	\$ 0.1
Asia Pacific	\$ 17.4	\$ 18.1	0.7
EMEA	\$ 2.3	\$ 2.2	(0.1
Total	\$ 29.0	\$ 29.7	\$ 0.7

The table below reconciles fiscal year 2024 and 2023 constant dollar net sales, gross profit and income from operations to GAAP net sales, gross profit and income from operations.

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

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