UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of report (Date of earliest event reported): March 17, 2023

MANNATECH, INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Texas 000-24657 75-2508900 (State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

	1410 Lakeside Parkway, Suite wer Mound, Texas 75028 ddress of Principal Executive Offices, inc		
Registrant's Teleph	one Number, including Area Code:	(972)	471-7400
(Fo	rmer name or former address, if chang	ed since last report.)	
Theck the appropriate box below if the Form bllowing provisions (see General Instruction A.	2	satisfy the filing obligation	on of the registrant under any of the
] Written communications pursuant to Rule 42:	5 under the Securities Act (17 CFR 230.42	2 <u>5)</u>	
] Soliciting material pursuant to Rule 14a-12 ur	nder the Exchange Act (17 CFR 240.14a-	<u>12)</u>	
] Pre-commencement communications pursuan	t to Rule 14d-2(b) under the Exchange Ac	et (17 CFR 240.14d-2(b))	
] Pre-commencement communications pursuan	t to Rule 13e-4(c) under the Exchange Ac	t (17 CFR 240.13e-4(c))	
	Securities Registered Pursuant to Section	12(b) of the Act:	
Title of each class	Trading Symbol(s)	Name of each exchange	on which registered

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

Indicate by check mark whether the registrant is an emerging grov	wth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of
this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12	2b-2 of this chapter).

Emerging Growth Company □

If an emerging growth	h company, indicate by chec	k mark if the registrant ha	as elected not to use	the extended transition	n period for com	plying with
any new or revised financial ac	ecounting standards provided	pursuant to Section 13(a)	of the Exchange Act	t. 🗆		

Item 2.02 Results of Operations and Financial Condition.

On March 17, 2023, Mannatech, Incorporated issued a press release announcing financial and operating results for the fourth quarter ended December 31, 2022. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number Description

99.1* Press Release, dated March 17, 2023 titled "Mannatech Reports Fourth Quarter 2022 Financial Results"

*Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 17, 2023

MANNATECH, INCORPORATED

By: /s/ David Johnson

David Johnson Chief Financial Officer

Mannatech Reports Fourth Quarter 2022 Financial Results

(FLOWER MOUND, Texas) March 17, 2023 - <u>Mannatech, Incorporated</u> (NASDAQ: <u>MTEX</u>), a global health and wellness company committed to transforming lives to make a better world, today announced financial results for its fourth quarter of 2022.

Quarter End Results

Fourth quarter net sales for 2022 were \$34.3 million, a decrease of \$5.2 million, or 13.2%, as compared to \$39.5 million in the fourth quarter of 2021. During the fourth quarter, the company's net sales declined 5.1% on a Constant dollar basis (a Non-GAAP financial measure); unfavorable foreign exchange during the fourth quarter caused a decrease of \$3.2 million in net sales as compared to the fourth quarter of 2021.

The fourth quarter of 2022, tax provision was \$3.4 million due to additional taxes assessed due to the settlement of the income tax audit in Korea and the company recording valuation allowance on U.S. deferred tax assets largely driven by changes in expected earnings mix between jurisdictions and the relative impact of these items on decreased earnings.

Fourth quarter operating loss for 2022 was \$2.7 million as compared to operating income of \$1.0 million for the fourth quarter of 2021.

Fourth quarter net loss was \$7.0 million, or \$3.78 per diluted share, for the fourth quarter 2022, as compared to net income of \$2.6 million, or \$1.25 per diluted share, for the fourth quarter 2021.

Gross profit as a percentage of net sales decreased to 69.0% for the three months ended December 31, 2022, as compared to 77.5% for the same period in 2021, due to the rising supply chain costs and volatile changes in the foreign exchange of the Korean Won and the Japanese Yen to US Dollar.

Commissions as a percentage of net sales were 39.2% for the three months ended December 31, 2022, as compared to 38.3% for the same period in the prior year. Incentive costs as a percentage of net sales were 1.6% for the three months ended December 31, 2022, as compared to 1.1% for the same period in 2021.

For the three months ended December 31, 2022, overall selling and administrative expenses decreased by \$0.6 million to \$7.0 million, as compared to \$7.6 million for the same period in 2021. The decrease in selling and administrative expenses consisted primarily of a \$0.4 million decrease in marketing costs and a \$0.2 million decrease in payroll related costs.

For the three months ended December 31, 2022, other operating costs decreased by \$1.0 million to \$5.1 million, as compared to \$6.1 million for the same period in 2021. The decrease in other operating costs was primarily due to the resolution of the Korea Customs Audit for a \$0.4 million lower cost than was expected, (see Note 11 to its Financial Statements filed with its Annual Report for the year ended December 31, 2022), a \$0.2 decrease in credit card fees, a \$0.2 decrease in research and development costs and a \$0.1 million decrease in bad debt expense.

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, 2022 and 2021 were approximately 145,000 and 163,000, respectively. Recruiting decreased 3.6% in the fourth quarter of 2022 as compared to the fourth quarter of 2021. The number of new independent associate and preferred customer positions in the company's network for the fourth quarter of 2022 was 17,398 as compared to 18,052 in 2021.

Year End Results

Overall net sales decreased \$22.6 million, or 14.1%, for 2022, as compared to 2021. During 2022, fluctuations in foreign currency exchange rates had an overall unfavorable impact on its net sales. During 2022, the company's net sales declined 7.6% on a Constant dollar basis (a Non-GAAP financial measure); unfavorable foreign exchange during 2022 caused a decrease of \$10.5 million in net sales as compared to 2021.

For the year ended December 31, 2022, the company's tax provision was \$4.0 million due to the Korea tax audit settlement and the company recording valuation allowance on U.S. deferred tax assets. During 2021, taxes were a benefit of \$1.0 million due to the effect of changes valuation allowances recorded in certain jurisdiction, plus taking the IRC Section 250 deduction and applying tax credits.

Operating loss was \$0.4 million in 2022 as compared to operating income of \$9.0 million in 2021.

Net loss for 2022 was \$4.5 million, or \$2.35 per diluted share, as compared to net income of \$9.8 million, or \$4.71 per diluted share, for 2021.

Gross profit as a percentage of net sales declined to 75.9% for 2022, as compared to 78.6% for 2021 as it was impacted by rising supply chain costs and foreign exchange.

Commissions as a percentage of net sales were 38.2% for the year ending December 31, 2022 and 38.5% for the same period in the prior year.

The costs of incentives, as a percentage of net sales increased to 2.2% for the year ended December 31, 2022, as compared to 1.4% for the same period in 2021.

For the year ended December 31, 2022, overall selling and administrative expenses decreased by 1.9 million, or 6.7%, to \$27.5 million, as compared to \$29.4 million for the same period in 2021. The decrease in selling and administrative expenses consisted of a \$1.1 million decrease in payroll costs, a \$0.5 million decrease in marketing costs and a \$0.3 million decrease in distribution costs.

For the year ended December 31, 2022, other operating costs decreased by \$1.6 million, or 7.7%, to \$20.0 million, as compared to \$21.6 million for the same period in 2021. For the year ended December 31, 2022, other operating costs, as a percentage of net sales, were 14.6%, as compared to 13.5% for the same period in 2021. The decrease was due to a \$0.7 million decrease in credit card fees, the resolution of the Korea Customs Audit (see Note 11 to its Financial Statements filed with its Annual Report for the year ended December 31, 2022) for a \$0.4 million lower cost than was expected, a \$0.3 million decrease in bad debt expense, and lower professional fees.

As of December 31, 2022, the company's cash and cash equivalents decreased by 43.0%, or \$10.4 million, to \$13.8 million from \$24.2 million as of December 31, 2021. Operating the business was a use of \$2.6 million in cash as it invested \$3.2 million in inventory. The company invested \$1.1 million in computer hardware and software. It used \$0.8 million to pay long-term liabilities and finance lease obligations. Finally, shareholder value was returned with \$1.5 million for dividends to shareholders and it repurchased \$2.0 million in common stock.

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 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, the impact of COVID-19 on Mannatech's business, 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.

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

Contact Information:

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MANNATECH, INCORPORATED AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(in thousands, except share information)

ASSETS Cash and cash equivalents \$ 13,777 \$ 24,185 Restricted cash 944 944 Accounts receivable, net of allowance of \$973 and \$987 in 2022 and 2021, respectively 218 90 Income tax receivable 42,3 3.3 Inventories, net 14,726 12,020 Prepaid expenses and other current assets 2,349 2,369 Prepaid expenses and other current assets 34,933 42,838 Deferred commissions 34,933 42,838 Property and equipment, net 3,759 42,20 Long-term restricted cash 476 50 Other assets 8,439 52,20 Deferred tax assets, net 4,66 3,50 Courrent portion of finance leases 5,61 6 Accounts payable 3,51 3,96 Cournet spenses 5,106 4,86 Current notes payable 2,23 2,50 Current notes payable 3,87 3,60 Cheferred revenue 5,20 5,106 Deferred revenue </th <th></th> <th colspan="3">December 31, 2022</th> <th colspan="3">December 31, 2021</th>		December 31, 2022			December 31, 2021		
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Finance leases, excluding current portion 88 66 Other long-term liabilities 5,026 5,049 Total liabilities 34,952 35,213 Commitments and contingencies (Note 11) 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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Deferred revenue		5,106		4,867		
Other long-term liabilities 5,026 5,049 Total liabilities 34,952 35,213 Commitments and contingencies (Note 11) 34,952 35,213 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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Total current liabilities	-	29,838		30,098		
Total liabilities 34,952 35,213 Commitments and contingencies (Note 11) 34,952 35,213 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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Finance leases, excluding current portion		88		66		
Commitments and contingencies (Note 11) 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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Other long-term liabilities		5,026		5,049		
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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Total liabilities		34,952		35,213		
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 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Commitments and contingencies (Note 11)						
Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,742,857 shares issued and 1,858,800 shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 — — Additional paid-in capital 33,377 33,277 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Shareholders' equity:						
shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as of December 31, 2021 Additional paid-in capital 33,377 Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding				_		
Retained earnings 1,686 7,708 Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	shares outstanding as of December 31, 2022 and 2,742,857 shares issued and 1,940,687 shares outstanding as		_		_		
Accumulated other comprehensive (loss) income (208) 2,342 Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Additional paid-in capital		33,377		33,277		
Treasury stock, at average cost, 884,057 shares as of December 31, 2022 and 802,170 shares as of December 31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Retained earnings		1,686		7,708		
31, 2021 (20,679) (18,915) Total shareholders' equity 14,176 24,412	Accumulated other comprehensive (loss) income		(208)		2,342		
Total shareholders' equity 14,176 24,412			(20,679)		(18,915)		
<u> </u>							
	Total liabilities and shareholders' equity	\$	49,128	\$	59,625		

MANNATECH, INCORPORATED AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

			IONS				
ot per sha	re informat	ion)					
For the three months ended December 31,					For the years ended December 31,		
<u></u>	2022		2021		2022		2021
\$	34,335	\$	39,493	\$	137,208	\$	159,762
	10,633		8,898		33,060		34,149
	23,702		30,595		104,148		125,613
	13,996		15,557		55,483		63,784
	6,991		7,589		27,470		29,427
	278		359		1,627		1,719
	5,087		6,134		19,973		21,634
	26,352		29,639		104,553		116,564
	(2,650)		956		(405)		9,049
	31		22		88		66
	(960)		(74)		(162)		(223)
<u></u>	(3,579)		904		(479)		8,892
	(3,440)		1,685		(4,011)		950
\$	(7,019)	\$	2,589	\$	(4,490)	\$	9,842
<u></u>							
\$	(3.78)	\$	1.34	\$	(2.35)	\$	4.95
\$	(3.78)	\$	1.25	\$	(2.35)	\$	4.71
	1,859		1,929		1,913		1,990
	1,859		2,068		1,913		2,088
	For \$	For the three Decem 2022 \$ 34,335	For the three month December 3	For the three months ended December 31, 2022 2021 \$ 34,335 \$ 39,493 10,633 8,898 23,702 30,595 13,996 15,557 6,991 7,589 278 359 5,087 6,134 26,352 29,639 (2,650) 956 31 22 (960) (74) (3,579) 904 (3,440) 1,685 \$ (7,019) \$ 2,589 \$ (3.78) \$ 1.34 \$ (3.78) \$ 1.25	For the three months ended December 31,	For the three months ended December 31, For the year	For the three months ended December 31, December 32

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 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. Currency impact is determined as the difference between actual growth rates and constant currency growth rates.

The table below reconciles fourth quarter 2022 constant dollar sales to GAAP sales.

	_	Sales - Q4 2022						
Americas	GAAP Measure: Total \$		Non-GAAP Measure: Constant \$			Constant \$ Change		
	\$	11.0	\$	11.0	\$	_		
Asia Pacific	\$	20.6	\$	23.4		2.8		
EMEA	\$	2.7	\$	3.1		0.4		
Total	\$	34.3	\$	37.5	\$	3.2		

The table below reconciles fiscal year 2022 and 2021 constant dollar net sales, gross profit and income from operations to GAAP net sales, gross profit and income from operations.

	20:	2022		Constant Dollar Change			
	GAAP Measure: Total \$	Non-GAAP Measure: Constant \$	GAAP Measure: Total \$	Dollar	Percent		
Net sales	137.2	147.7	\$ 159.8	(12.1)	(7.6)%		
Product	130.2	140.0	151.0	(11.0)	(7.3)%		
Pack and associate fees	6.2	6.9	8.0	(1.1)	(13.8)%		
Other	0.8	0.8	0.8	_	— %		
Gross profit	104.1	112.4	125.6	(13.2)	(10.5)%		
(Loss) income from operations	(0.4)	1.9	9.0	(7.1)	(78.9)%		