

Addendum A

Statement of Average Compensation Paid by NSP to U.S. Members in the period of January through August of 2020

OVERVIEW

NSP Products, Inc. (NSP) is a leading natural health and wellness company that markets and distributes nutritional and personal care products through a global direct sales force of over 600,000 independent Managers, Distributors and customers in more than 40 countries. We believe that natural health and wellness has the power to change lives; and through our products, our people and our business opportunity, we work to make it a reality every day. NSP manufactures most of its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. Proven quality, expertise and results are why we are trusted and recommended by natural health practitioners and customers around the world.

As of September 1st, 2020, NSP has transitioned to a new Compensation Plan/Business Model. Earnings under the new Compensation Plan/Business Model may be less than in the prior year. NSP cannot predict Distributors' earnings under the new Compensation Plan/Business Model as sufficient information is not yet available.

DISTRIBUTORS

NSP markets its products through independent contractors, called Distributors. A "Distributor" is a member of NSP who makes at least one purchase of NSP products within a 12-month period, where any such Distributor may be purchasing such products solely for personal consumption or Resale. In the United States, NSP had approximately 191,617 Distributors in the period of January through August of 2020.

For purposes of this statement, an "Active Distributor" is a Distributor who had at least one member in their downline during the period of January 1, 2020 to August 31, 2020. In the United States, NSP had approximately 31,649 Active Distributors during the period of January through August of 2020, representing approximately 17% of all Distributors.

COMPENSATION

There are three fundamental ways in which a Distributor can earn compensation through selling NSP products:

- 1) Through the retail of products purchased at the wholesale price.
- 2) Through receiving a rebate based on a percentage of personal product purchases, for consumption or resale.
- 3) Through commissions, or bonuses, paid on personal product purchases and the sales of other Distributors in their downline sales network.

Additionally, Distributors are invited to participate in the Sunshine Rewards program, where they can receive free shipping and points toward free products. In the period of January through August of 2020, approximately 5% of all Distributors participated in this program.

There is a minimal cost to enroll with NSP as a Distributor, which is an annual membership fee of \$40 USD. This fee is waived with the purchase of NSP products valued at \$40 or more. It is unusual for a new Distributor to pay the \$40 fee outright rather than have the fee waived with the purchase of products valued at \$40.

There are many reasons why people choose to become NSP Distributors. Many Distributors join simply to enjoy purchasing NSP quality products at wholesale prices for their own consumption. Some choose to manage their own sales business, through retail channels or other methods because of the positive experiences people have in using NSP products. Others choose to join the business to improve their own skills and build their own business, assisting others to also become NSP business builders. Due to these varied experiences, many Distributors never qualify to earn commissions.

As is the case with all sales businesses, the compensation earned by Distributors will vary significantly based on, among other things, the amount of time and effort Distributors put into running their independent business if they choose to do so. To generate meaningful earnings as a Distributor requires a significant level of commitment, time, and effort. It is hard work. There is no guarantee of success.

RETAIL MARKUP

Distributors can purchase products from NSP at the wholesale price for personal consumption, or to resell to customers. NSP suggests a retail markup of approximately 33% above the wholesale price; however, this is a suggested price, as Distributors are able to set their own retail prices for their customers.

As a result, NSP does not provide an estimate of average compensation from retail sales, nor does it include retail markup earnings in the included average compensation statement below.

Distributors may receive rebates based on product purchases in addition to any commissions or payments they may earn. In the period of January through August of 2020, NSP paid approximately \$15,335,745 in rebates to all Distributors living in the United States.

COMMISSIONS

Distributors may also earn commissions from the sale of products by other Distributors who are enrolled or sponsored by them, in which case such enrolled or sponsored Distributors are called their downline or successline. As these downline Distributors also build a customer base, and enroll or sponsor others, a downline network is formed, from which Distributors can earn commissions. In the period of January through August of 2020 the number of Active Distributors who earned commissions was 11,178, representing approximately 35% of the Active Distributor base.

In the period of January through August of 2020, NSP paid approximately \$27,492,032 in commissions in the United States to Active Distributors. This amount does not represent Distributors' actual profit, as it does not include any retail markup or rebates earned by the Distributors, nor does it consider any expenses incurred by the Distributors in the promotion of their business. As noted above, the only fee charged by NSP to Distributors is the annual enrollment fee of \$40, which can be waived with the purchase of products valued at \$40.

Please address any questions regarding this information to NSP at (800) 223-8225.

Note: This statement is reflective of average compensation paid to U.S. members during the period of January through August of 2020 only, based on the 2020 Compensation Plan active until August 31, 2020. The terms of the NSP compensation plan are subject to change at any time pursuant to NSP's Policies.

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On September 1, 2020 NSP launched a new Compensation Plan/Business Model to better adapt to a changing market environment. For this reason, the Average Earnings of Distributors are only reported from the period of January 1, 2020 to August 31, 2020. Sufficient information is not yet available to report data from the Average Earnings of Distributors under the new Compensation Plan/Business Model.

It is to be noted, however, that as a part of the significant change to a new payment structure, many Distributors' income may have been negatively impacted. Consequentially, NSP has issued a temporary "bridge" program to those Distributors who participated in the previous Compensation Plan and were most affected by the change to help mitigate such impact. Please contact NSP for any questions at 800-223-8225 or by email at questions@natr.com.

ANNUAL COMMISSION-BASED INCOME	PERCENTAGE OF ACTIVE DISTRIBUTORS
\$0	64.68%
\$0.01 - \$100	19.21%
\$100 - \$200	3.58%
\$200 - \$500	3.55%
\$500 - \$1000	2.07%
\$1000 - \$1500	1.16%
\$1500 - \$2000	0.84%
\$2000 - \$5000	2.18%
\$5000+	2.76%

Note: Distributors' business results vary significantly, and past results are not an indicator of future success. The terms of the NSP compensation plan are subject to change at any time pursuant to NSP's Policies.

