

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):
April 30, 2024

USANA HEALTH SCIENCES, INC.
(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation)

001-35024
(Commission File No.)

87-0500306
(IRS Employer
Identification No.)

3838 West Parkway Boulevard
Salt Lake City, Utah 84120
(Address of principal executive offices, Zip Code)
Registrant's telephone number, including area code: (801) 954-7100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (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
Common Stock, \$0.001 par value per share	USNA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth 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 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On April 30, 2024, USANA Health Sciences, Inc. (the "Company" or "USANA") issued a press release announcing its financial results for the first quarter ended March 30, 2024. The release also announced that the Company will post a document titled "Management Commentary" on the Company's website and that executives of the Company will hold a conference call with investors, to be broadcast over the World Wide Web and by telephone and provided access information, date and time for the conference call. The Company noted that the call will consist of brief remarks by the Company's management team, before moving directly into questions and answers. A copy of the press release, and the Management Commentary, are furnished herewith as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K and are incorporated herein by reference. These documents will be posted on the Company's corporate website, www.usana.com.

The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report, including the exhibits, shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended. The furnishing of the information in this Current Report is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information this Current Report contains is material investor information that is not otherwise publicly available.

Item 7.01 Regulation FD Disclosure

The information disclosed above under Item 2.02, as well as the exhibits attached under Item 9.01 below are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release issued by USANA Health Sciences, Inc. dated April 30, 2024 (furnished herewith).
99.2	Management Commentary provided by USANA Health Sciences, Inc. dated April 30, 2024 (furnished herewith).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

USANA HEALTH SCIENCES, INC.

By: /s/ G. Douglas Hekking
G. Douglas Hekking, Chief Financial Officer

Date: April 30, 2024



USANA Health Sciences Reports First Quarter 2024 Results

SALT LAKE CITY, April 30, 2024 (BUSINESS WIRE)—USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal first quarter ended March 30, 2024.

Key Financial & Operating Results

- First quarter net sales were \$228 million versus \$248 million during Q1 2023, and increased 2% sequentially in constant currency.
- First quarter diluted EPS was \$0.86 as compared with \$0.95 during Q1 2023.
- Company reiterates fiscal year 2024 net sales and diluted EPS outlook of \$850 million to \$920 million and \$2.40 to \$3.00.

Q1 2024 Financial Performance

Consolidated Results		
Net Sales	\$228 million	<ul style="list-style-type: none">• -8% vs. Q1 2023• -5% constant currency vs. Q1 2023• +3% sequentially• +2% constant currency sequentially• -\$7 million YOY FX impact, or -3%
Diluted EPS	\$0.86	<ul style="list-style-type: none">• -9% vs. Q1 2023• -1% sequentially
Active Customers	494,000	<ul style="list-style-type: none">• +1% vs. Q1 2023• +2% sequentially

“Our top line results during the first quarter were driven by a successful sales incentive in mainland China, which helped counter the seasonal slowdown that we experience during the Lunar New Year holiday,” said Jim Brown, President and Chief Executive Officer. “This sales incentive helped us generate 15% year-over-year active customer growth in our largest market, as well as year-over-year and sequential quarter sales growth. Notwithstanding our solid

performance in China, our first quarter results in other key markets did not meet internal expectations and we are actively working to accelerate our business in these markets during 2024.

“During the first quarter we focused on actively engaging with our Associate leaders across the world through several live annual kickoff events, meetings, and trainings. Moreover, early in the second quarter, we hosted both our China National Sales Meeting in Xiamen, China and our Asia Pacific Convention in Kuala Lumpur, Malaysia. Attendance at both events was robust and our executive team and Associate leaders came away from both events with increased excitement and motivation to grow their businesses during 2024. We will host additional Associate events throughout the year; all intended to drive further engagement with and productivity from our Associate leaders.

“We also completed our first full quarter of operations in India and we remain excited and optimistic about this important market. We continue to work closely with our local leadership team to expand and build our presence throughout the country. Although we expect its contribution to be small in this first year, we have high expectations for steady and long-term growth in India.”

Q1 2024 Regional Results:

Asia Pacific Region		
Net Sales	\$185 million	<ul style="list-style-type: none"> • -7% vs. Q1 2023 • -3% constant currency vs. Q1 2023 • +5% sequentially • 81% of consolidated net sales
Active Customers	395,000	<ul style="list-style-type: none"> • +2% vs. Q1 2023 • +3% sequentially
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$128 million	<ul style="list-style-type: none"> • +3% vs. Q1 2023 • +7% constant currency vs. Q1 2023 • +10% sequentially
Active Customers	274,000	<ul style="list-style-type: none"> • +13% vs. Q1 2023 • +7% sequentially
North Asia		

Net Sales	\$21 million	<ul style="list-style-type: none"> • -28% vs. Q1 2023 • -24% constant currency vs. Q1 2023 • -3% sequentially
Active Customers	45,000	<ul style="list-style-type: none"> • -17% vs. Q1 2023 • -6% sequentially
Southeast Asia Pacific		
Net Sales	\$36 million	<ul style="list-style-type: none"> • -22% vs. Q1 2023 • -19% constant currency vs. Q1 2023 • -8% sequentially
Active Customers	76,000	<ul style="list-style-type: none"> • -16% vs. Q1 2023 • -5% sequentially

Americas and Europe Region		
Net Sales	\$43 million	<ul style="list-style-type: none"> • -12% vs. Q1 2023 • -14% constant currency vs. Q1 2023 • -3% sequentially • 19% of consolidated net sales
Active Customers	99,000	<ul style="list-style-type: none"> • -6% vs. Q1 2023 • -1% sequentially

Balance Sheet and Share Repurchase Activity

The Company generated \$18 million in operating cash flow during first quarter and ended the quarter with \$328 million in cash and cash equivalents while remaining essentially debt-free. The Company repurchased 194,000 shares for a total of \$9 million during the quarter. As of March 30, 2024, the Company had approximately \$62 million remaining under the current share repurchase authorization.

Fiscal Year 2024 Outlook

The Company is reiterating its net sales and earnings per share outlook for fiscal year 2024, as follows:

Fiscal Year 2024 Outlook	
	Range
Consolidated Net Sales	\$850 - \$920 million
Diluted EPS	\$2.40 - \$3.00

“Strength in our mainland China operations carried our first quarter results,” said Doug Hekking, Chief Financial Officer. “This performance helped offset softness in many other markets where we continue to face a challenging operating environment highlighted by ongoing inflationary pressures.”

Mr. Hekking continued, “We remain committed to engaging with Associate leaders throughout each of our markets and plan to offer additional market-specific incentives throughout the year to improve sales and customer activity levels.”

Management Commentary Document and Conference Call

For further information on the USANA’s operating results, please see the Management Commentary document, which has been posted on the Company’s website (<http://ir.usana.com>) under the Investor Relations section. USANA’s management team will hold a conference call and webcast to discuss today’s announcement with investors on Wednesday, May 1, 2024 at 11:00 AM Eastern Time. **Investors may listen to the call by accessing USANA’s website at <http://ir.usana.com>.** The call will consist of brief opening remarks by the Company’s management team, followed by a questions and answers session.

Non-GAAP Financial Measures

The Company prepares its financial statements using U.S. generally accepted accounting principles (“GAAP”). Constant currency net sales, earnings, EPS and other currency-related financial information (collectively, “Financial Results”) are non-GAAP financial measures that remove the impact of fluctuations in foreign-currency exchange rates (“FX”) and help facilitate period-to-period comparisons of the Company’s Financial Results that we believe provide investors an additional perspective on trends and underlying business results. Constant currency Financial Results are calculated by translating the current period's Financial Results at the same average exchange rates in effect during the applicable prior-year period and then comparing this amount to the prior-year period's Financial Results.

About USANA

USANA develops and manufactures high-quality nutritional supplements, functional foods and personal care products that are sold directly to Associates and Preferred Customers throughout the United States, Canada, Australia, New Zealand, Hong Kong, China, Japan, Taiwan, South Korea, Singapore, Mexico, Malaysia, the Philippines, the Netherlands, the United Kingdom, Thailand, France, Belgium, Colombia, Indonesia, Germany, Spain, Romania, Italy, and India. More information on USANA can be found at www.usana.com.

Safe Harbor

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including: global economic conditions generally, including continued inflationary pressure around the world and negative impact on our operating costs, consumer demand and consumer behavior in general; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model in the United States, China and other key markets; potential negative effects of deteriorating foreign and/or trade relations between or among the United States, China and other key markets; potential negative effects from geopolitical relations and conflicts around the world, including the Russia-Ukraine conflict and the conflict in Israel; compliance with data privacy and security laws and regulations in our markets around the world; potential negative effects of material breaches of our information technology systems to the extent we experience a material breach; material failures of our information technology systems; adverse publicity risks globally; risks associated with commencing operations in India and future international expansion and operations; uncertainty relating to the fluctuation in U.S. and other international currencies; and the potential for a resurgence of COVID-19, or another pandemic, in any of our markets in the future and any related impact on consumer health, domestic and world economies, including any negative impact on discretionary spending, consumer demand, and consumer behavior in general. The contents of this release should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission. The forward-looking

statements in this press release set forth our beliefs as of the date hereof. We do not undertake any obligation to update any forward-looking statement after the date hereof or to conform such statements to actual results or changes in the Company's expectations, except as required by law.

Investor contact: Andrew Masuda

Investor Relations
(801) 954-7201
investor.relations@usanainc.com

Media contact: Amy Haran
Public Relations
(801) 954-7280

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Quarter Ended	
	March 30, 2024	April 1, 2023
Net sales	\$ 227,800	\$ 248,360
Cost of sales	43,069	48,519
Gross profit	184,731	199,841
Operating expenses:		
Associate incentives	95,758	106,070
Selling, general and administrative	64,300	66,926
Total operating expenses	160,058	172,996
Earnings from operations	24,673	26,845
Other income (expense):		
Interest income	2,676	1,775
Interest expense	(52)	(31)
Other, net	(186)	(88)
Other income (expense), net	2,438	1,656
Earnings before income taxes	27,111	28,501
Income taxes	10,574	10,118
Net earnings	<u>\$ 16,537</u>	<u>\$ 18,383</u>
Earnings per common share		
Basic	\$ 0.86	\$ 0.95
Diluted	\$ 0.86	\$ 0.95
Weighted average common shares outstanding		
Basic	19,174	19,283
Diluted	19,302	19,328

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	<u>As of March 30, 2024</u>	<u>As of December 30, 2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 328,336	\$ 330,420
Inventories	60,870	61,454
Prepaid expenses and other current assets	31,864	25,872
Total current assets	<u>421,070</u>	<u>417,746</u>
Property and equipment, net	98,186	99,814
Goodwill	16,902	17,102
Intangible assets, net	29,105	29,919
Deferred tax assets	11,347	13,284
Other assets*	52,665	54,892
Total assets	<u>\$ 629,275</u>	<u>\$ 632,757</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 8,266	\$ 10,070
Line of credit - short term	1,320	786
Other current liabilities	103,045	107,989
Total current liabilities	<u>112,631</u>	<u>118,845</u>
Deferred tax liabilities	5,113	4,552
Other long-term liabilities	11,543	12,158
Stockholders' equity	499,988	497,202
Total liabilities and stockholders' equity	<u>\$ 629,275</u>	<u>\$ 632,757</u>

**Other assets include noncurrent inventories of \$2,893 and \$3,128 as of 30-Mar-24 and 30-Dec-23, respectively. Total inventories were \$63,763 and \$64,582 as of 30-Mar-24 and 30-Dec-23, respectively.*

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
SALES BY REGION
(in thousands)
(unaudited)

	Quarter Ended				Change from prior year	Percent change	Currency impact on sales	% change excluding currency impact
	March 30, 2024	April 1, 2023						
Asia Pacific								
Greater China	\$ 127,615	56.0 %	\$ 123,820	49.9 %	\$ 3,795	3.1 %	\$ (5,396)	7.4 %
Southeast Asia Pacific	36,065	15.9 %	46,286	18.6 %	(10,221)	(22.1 %)	(1,495)	(18.9 %)
North Asia	21,421	9.4 %	29,608	11.9 %	(8,187)	(27.7 %)	(987)	(24.3 %)
Asia Pacific Total	185,101	81.3 %	199,714	80.4 %	(14,613)	(7.3 %)	(7,878)	(3.4 %)
Americas and Europe	42,699	18.7 %	48,646	19.6 %	(5,947)	(12.2 %)	635	(13.5 %)
	\$ 227,800	100.0 %	\$ 248,360	100.0 %	\$ (20,560)	(8.3 %)	\$ (7,243)	(5.4 %)

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
ACTIVE ASSOCIATES AND ACTIVE PREFERRED CUSTOMERS BY REGION
(unaudited)

Active Associates by Region⁽¹⁾				
(unaudited)				
	As of March 30, 2024		As of April 1, 2023	
Asia Pacific:				
Greater China	71,000	36.1 %	74,000	34.1 %
Southeast Asia Pacific	51,000	25.9 %	61,000	28.1 %
North Asia	30,000	15.2 %	35,000	16.1 %
Asia Pacific Total	152,000	77.2 %	170,000	78.3 %
Americas and Europe	45,000	22.8 %	47,000	21.7 %
	197,000	100.0 %	217,000	100.0 %

Active Preferred Customers by Region⁽²⁾				
(unaudited)				
	As of March 30, 2024		As of April 1, 2023	
Asia Pacific:				
Greater China	203,000	68.3 %	168,000	61.3 %
Southeast Asia Pacific	25,000	8.4 %	29,000	10.6 %
North Asia	15,000	5.1 %	19,000	6.9 %
Asia Pacific Total	243,000	81.8 %	216,000	78.8 %
Americas and Europe	54,000	18.2 %	58,000	21.2 %
	297,000	100.0 %	274,000	100.0 %

(1) Associates are independent distributors of our products who also purchase our products for their personal use. We only count as active those Associates who have purchased from us any time during the most recent three-month period, either for personal use or resale.

(2) Preferred Customers purchase our products strictly for their personal use and are not permitted to resell or to distribute the products. We only count as active those Preferred Customers who have purchased from us any time during the most recent three-month period. China utilizes a Preferred Customer program that has been implemented specifically for that market.



USANA Health Sciences, Inc.
Q1 2024 Management Commentary

April 30, 2024

Key Financial & Operating Results

- First quarter net sales were \$228 million versus \$248 million during Q1 2023, and increased 2% sequentially in constant currency.
- First quarter diluted EPS was \$0.86 as compared with \$0.95 during Q1 2023.
- Company reiterates fiscal year 2024 net sales and diluted EPS outlook of \$850 million to \$920 million and \$2.40 to \$3.00.

Overview

Our top line results were driven by a successful sales incentive in mainland China, which helped counter the seasonal slowdown that we experience during the Lunar New Year holiday. This sales incentive helped us generate 15% year-over-year increase in active customers in our largest market, as well as sales growth on both a year-over-year and sequential quarter basis during the first quarter. Our first quarter sales results in other key markets, however, did not meet internal expectations. Consumer spending continued to be negatively impacted by broader inflationary pressures, as we again experienced heightened price-sensitivity among consumers. This created a challenging environment for our Associate leaders to sell products and attract new customers. We are actively working to accelerate our business in these markets during 2024. These plans include market-specific incentives planned throughout the year and a product strategy that provides an emphasis on local/regional offerings.

During the first quarter we continued to focus on actively engaging with our Associate leaders across the world through several live annual kickoff events, meetings, and trainings. Moreover, early in the second quarter, we hosted both our China National Sales Meeting in Xiamen, China and our Asia Pacific Convention in Kuala Lumpur, Malaysia. Attendance at both events was

robust and outpaced prior year attendance. For example, our China National Sales Meeting was attended by approximately 17,000 participants. Both events served as a platform to celebrate our Associates' success, engage with our Associate leaders from around the world, and to provide additional training to leaders. Our executive team and Associate leaders came away from both events with increased excitement and motivation to grow their businesses during 2024. We will host additional Associate events throughout the year, all of which are intended to drive further engagement with and productivity from our Associate leaders.

We also completed our first full quarter of operations in India during the quarter and are excited and optimistic about this important market for USANA. During the quarter, our local leadership team made progress on introducing the USANA brand throughout the country to help generate customer acquisition. Meanwhile, our sales & marketing, customer service, and product teams remain in close collaboration as we work to introduce additional USANA products into the market that will resonate with the local population. Although we continue to expect modest net sales contribution from India in this first year, we have high expectations for our long-term growth potential in this market.

Finally, we will execute on several key initiatives this year to generate sales and customer growth, including: 1) Continued engagement with Associate leaders to further support expansion of their businesses; 2) Enhanced, market-specific incentive offerings that reward growth; 3) Growing our sales and customer base in India; 4) Product innovation and development, and; 5) Pursuit of additional acquisition opportunities.

Q1 2024 Financial Performance

Consolidated Results		
Net Sales	\$228 million	<ul style="list-style-type: none">• -8% vs. Q1 2023• -5% constant currency vs. Q1 2023• -\$7 million YOY FX impact, or -3%• +3% sequentially• +2% constant currency sequentially
Diluted EPS	\$0.86	<ul style="list-style-type: none">• -9% vs. Q1 2023• -1% sequentially
Active Customers	494,000	<ul style="list-style-type: none">• +1% vs. Q1 2023• +2% sequentially

Balance Sheet and Share Repurchase Activity

We generated \$18 million in operating cash flow during the first quarter and ended the quarter with \$328 million in cash and cash equivalents while remaining essentially debt-free.

As of March 30, 2024, inventories were \$64 million, a reduction of approximately \$1 million (or 1%) from the year end balance in fiscal 2023. Our in-house manufacturing capabilities provide us with better control of inventory levels and help to mitigate supply chain risks while providing a meaningful contribution to delivering the highest quality nutritional products.

We repurchased 194,000 shares for a total investment of \$9 million during the quarter. As of March 30, 2024 we had approximately \$62 million remaining under the current share repurchase authorization.

Quarterly Income Statement Discussion

Gross margin increased 60 basis points from the prior year to 81.1% of net sales. The increase can be attributed to favorable impact from market mix, modest price increases, and production efficiencies, partially offset by foreign currency exchange rates and the loss of leverage on fixed-period costs due to lower net sales.

Associate Incentives decreased 70 basis points from the prior year to 42.0% of net sales. The decrease largely reflects lower incentive and promotional expenses in the current year quarter.

Selling, General and Administrative expenses increased 130 basis points from the prior year to 28.3% as a percentage of net sales. The relative increase is primarily due to a loss of leverage on lower year-over-year net sales. On an absolute basis, SG&A expenses, decreased \$2.6 million compared to the first quarter of 2023 due, in part, to lower variable expenses.

The effective tax rate increased to 39.0% from the 35.5% reported in the first quarter of 2023, which is largely attributable to a change in mix of taxable income by market.

Q1 2024 Regional Results:

Asia Pacific Region		
Net Sales	\$185 million	<ul style="list-style-type: none"> • -7% vs. Q1 2023 • -3% constant currency vs. Q1 2023 • +5% sequentially • 81% of consolidated net sales
Active Customers	395,000	<ul style="list-style-type: none"> • +2% vs. Q1 2023 • +3% sequentially
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$128 million	<ul style="list-style-type: none"> • +3% vs. Q1 2023 • +7% constant currency vs. Q1 2023 • +10% sequentially
Active Customers	274,000	<ul style="list-style-type: none"> • +13% vs. Q1 2023 • +7% sequentially
North Asia		
Net Sales	\$21 million	<ul style="list-style-type: none"> • -28% vs. Q1 2023 • -24% constant currency vs. Q1 2023 • -3% sequentially
Active Customers	45,000	<ul style="list-style-type: none"> • -17% vs. Q1 2023 • -6% sequentially
Southeast Asia Pacific		
Net Sales	\$36 million	<ul style="list-style-type: none"> • -22% vs. Q1 2023 • -19% constant currency vs. Q1 2023 • -8% sequentially
Active Customers	76,000	<ul style="list-style-type: none"> • -16% vs. Q1 2023 • -5% sequentially

Greater China: Net sales and local currency sales in mainland China increased 5% and 10% year-over-year, respectively. Active Customers in this market increased 15% year-over-year. Sequentially, regional performance was driven by our mainland China market, where net sales grew 11% (minimal FX impact) and Active Customers increased 8%. The primary driver of year-over-year and sequential performance is attributable to a successful incentive offering during the quarter.

North Asia: Net sales and local currency sales in South Korea declined 27% and 24% year-over-year, respectively, and Active Customers declined 17%. On a sequential basis, net sales and local currency sales declined 3% and 2%, respectively, while Active Customers declined 9%. Both year-over-year and sequential quarter declines reflect ongoing challenges in the local economy, which are negatively impacting consumer spending and making it difficult to attract new customers. Additionally, last year's first quarter included increased purchasing ahead of price increases that did not recur this year.

Southeast Asia Pacific: Net sales in the Philippines declined 27% (minimal FX impact) year-over-year, while Active Customers were 28% lower. Sequentially, both net sales and local currency sales in the Philippines were flat, while Active Customers declined 5%. In Malaysia, net sales and local currency sales declined 25% and 20% year-over-year, respectively, while Active Customers declined 17% year-over-year. Sequentially, net sales and Active Customers in Malaysia decreased 7% and 17%, respectively. Year-over-year results in these two markets reflect increased purchasing ahead of price increases in the prior-year quarter, which did not recur this year, along with continued price-sensitivity among consumers due to inflationary pressures.

Americas and Europe Region		
Net Sales	\$43 million	<ul style="list-style-type: none"> • -12% vs. Q1 2023 • -14% constant currency vs.Q1 2023 • -3% sequentially • 19% of consolidated net sales
Active Customers	99,000	<ul style="list-style-type: none"> • -6% vs. Q1 2023 • -1% sequentially

Americas and Europe Region: Both net sales and local currency sales in Canada decreased 19% from the prior year, while Active Customers declined 9%. Net sales in the United States declined 16% and Active Customers decreased 5% on a year-over-year basis. Sequentially, net sales in Canada declined 5% (minimal FX impact) while Active Customers were flat. In the United States, net sales declined 6% sequentially while Active Customers were flat. We continue to experience a price-sensitive consumer in these two markets, which made it challenging to generate sales momentum and customer growth in the quarter. This factor, along with increased purchasing ahead of price increases in the prior-year quarter which did not recur this year, are reflected in year-over-year results.

Fiscal Year 2024 Outlook

The Company is reiterating its net sales and earnings per share outlook for fiscal year 2024, as follows:

Fiscal Year 2024 Outlook	
	Range
Consolidated Net Sales	\$850 - \$920 million
Diluted EPS	\$2.40 - \$3.00

Our outlook for the year reflects:

- An operating margin in the range of 8% to 9%
- An annual effective tax rate of approximately 38% to 40%
- An annualized diluted share count of 19.3 million
- An unfavorable modest currency exchange rate impact on net sales

Notably, the cadence and magnitude of promotional activity is expected to be lower during the second quarter, particularly in mainland China. As a result of the typical slowdown in activity following a strong promotional period, we anticipate lower sequential results in the second quarter. Nonetheless, we remain confident and actively engaged with our Associate leaders to drive sales and customer growth.

Our balance sheet is healthy and we expect to continue generating solid cash flow that will allow continued investment in strategies to create long-term value for our stakeholders. We remain committed to our strategies and are confident in the long-term prospects for our business.

Jim Brown

President and CEO

Douglas Hekking

CFO

Safe Harbor

This Management Commentary contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including: global economic conditions generally, including continued inflationary pressure around the world and negative impact on our operating costs, consumer demand and consumer behavior in general; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model in the United States, China and other key markets; potential negative effects of deteriorating foreign and/or trade relations between or among the United States, China and other key markets; potential negative effects from geopolitical relations and conflicts around the world, including the Russia-Ukraine conflict and the conflict in Israel; compliance with data privacy and security laws and regulations in our markets around the world; potential negative effects of material breaches of our information technology systems to the extent we experience a material breach; material failures of our information technology systems; adverse publicity risks globally; risks associated with commencing operations in India and future international expansion and operations; uncertainty relating to the fluctuation in U.S. and other international currencies; and the potential for a resurgence of COVID-19, or another pandemic, in any of our markets in the future and any related impact on consumer health, domestic and world economies, including any negative impact on discretionary spending, consumer demand, and consumer behavior in general. The contents of this Management Commentary should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission. The forward-looking statements in this Management Commentary set forth our beliefs as of the date hereof. We do not undertake any obligation to update any forward-looking statement after the date hereof or to conform such statements to actual results or changes in the Company's expectations, except as required by law.

Non-GAAP Financial Measures

The Company prepares its financial statements using U.S. generally accepted accounting principles (“U.S. GAAP” or “GAAP”). Constant currency net sales, earnings, EPS and other currency-related financial information (collectively, “Financial Results”) are non-GAAP financial measures that remove the impact of fluctuations in foreign-currency exchange rates (“FX”) and help facilitate period-to-period comparisons of the Company’s Financial Results that we believe provide investors an additional perspective on trends and underlying business results. Constant currency Financial Results are calculated by translating the current period's Financial Results at the same average exchange rates in effect during the applicable prior-year period and then comparing this amount to the prior-year period's Financial Results.

Investor contact:

Andrew Masuda
Investor Relations
(801) 954-7210
investor.relations@usanainc.com

Media contact:

Amy Haran
Public Relations
801-954-7280