

**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):  
October 20, 2020

**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 per 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.

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**Item 2.02 Results of Operations and Financial Condition.**

On October 20, 2020, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the third quarter ended September 26, 2020. The release also announced that the Company will post a document titled “Management Commentary, Results and Outlook” 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, Results and Outlook, are furnished herewith as Exhibits 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 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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by USANA Health Sciences, Inc. dated October 20, 2020 (furnished herewith).
99.2	Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated October 20, 2020 (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.

**USANA HEALTH SCIENCES, INC.**

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

Date: October 20, 2020

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## Exhibit Index

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<u>99.1</u>	<u>Press release issued by USANA Health Sciences, Inc. dated October 20, 2020 (furnished herewith).</u>
<u>99.2</u>	<u>Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated October 20, 2020 (furnished herewith).</u>

## USANA Health Sciences Reports Strong Third Quarter Growth; Raises Full-Year 2020 Net Sales and EPS Outlook

SALT LAKE CITY--(BUSINESS WIRE)--October 20, 2020--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal third quarter ended September 26, 2020.

### Key Financial & Operating Highlights

- Third quarter net sales increased 14.5% year-over-year to \$298.5 million due to strong product demand and successful incentive programs.
- Diluted EPS increased 32.1% year-over-year to a record \$1.44.
- Active customers increased 16.5% year-over-year to a record 650,000.
- Company raises full-year 2020 Net Sales and EPS outlook.

### Q3 2020 Financial Performance

Consolidated Results		
<b>Net Sales</b>	\$298.5 million	<ul style="list-style-type: none"> <li>• +14.5% vs. prior-year quarter</li> <li>• +13.6% constant currency vs. prior-year quarter</li> <li>• +\$2.5 million FX impact, or +0.9%</li> </ul>
<b>Diluted EPS</b>	\$1.44	<ul style="list-style-type: none"> <li>• +32.1% vs. prior-year quarter</li> <li>• Diluted shares of 21.2 million, -4.7%</li> </ul>
<b>Active Customers</b>	650,000	<ul style="list-style-type: none"> <li>• +16.5% vs. prior-year quarter</li> </ul>
<b>Cash &amp; Cash Equivalents</b>	\$278.4 million	<ul style="list-style-type: none"> <li>• Ended quarter with no debt</li> </ul>

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“This was an all-around very successful quarter for the Company,” said Kevin Guest, Chief Executive Officer and Chairman of the Board. “During the quarter, our strategies led to strong global customer demand for our high-quality nutritional products. We also offered various incentives and promotions that were well received and contributed meaningfully to sales and customer growth for the quarter.”

“Of further note, USANA’s Virtual Events strategy proved successful during the quarter. Our annual Americas and Europe Convention and our China National Sales Meeting were both held virtually, and this allowed us to reach larger audiences than did many of our past, in-person events. Throughout 2020, our management team and Associate sales force have demonstrated their ability to modify strategies and adapt to continually changing conditions, all in an effort to continue to advance USANA’s mission of health and wellness. We look forward to a strong finish to 2020 and delivering further growth in 2021.”

**Q3 2020 Regional Results:**

<b>Asia Pacific Region</b>		
<b>Net Sales</b>	\$241.3 million	<ul style="list-style-type: none"> <li>• +15.7% vs. prior-year quarter</li> <li>• Constant currency net sales: +13.9%</li> <li>• +\$3.7 million FX impact, or +1.8%</li> <li>• 80.8% of consolidated net sales</li> </ul>
<b>Active Customers</b>	502,000	<ul style="list-style-type: none"> <li>• +15.4% vs. prior-year quarter</li> </ul>
<b>Asia Pacific Sub-Regions</b>		
<b>Greater China</b>		
<b>Net Sales</b>	\$136.0 million	<ul style="list-style-type: none"> <li>• +3.9% vs. prior-year quarter</li> <li>• Constant currency net sales: +2.7%</li> </ul>
<b>Active Customers</b>	284,000	<ul style="list-style-type: none"> <li>• +4.0% vs. prior-year quarter</li> <li>• +2.2% sequentially</li> </ul>
<b>North Asia</b>		
<b>Net Sales</b>	\$29.0 million	<ul style="list-style-type: none"> <li>• +24.3% vs. prior-year quarter</li> <li>• Constant currency net sales: +23.7%</li> </ul>
<b>Active Customers</b>	60,000	<ul style="list-style-type: none"> <li>• +20.0% vs. prior-year quarter</li> <li>• +7.1% sequentially</li> </ul>
<b>Southeast Asia Pacific</b>		
<b>Net Sales</b>	\$76.3 million	<ul style="list-style-type: none"> <li>• +40.5% vs. prior-year quarter</li> <li>• Constant currency net sales: +36.7%</li> </ul>
<b>Active Customers</b>	158,000	<ul style="list-style-type: none"> <li>• +41.1% vs. prior-year quarter</li> <li>• +22.5% sequentially</li> </ul>
<b>Americas and Europe Region</b>		
<b>Net Sales</b>	\$57.2 million	<ul style="list-style-type: none"> <li>• +10.0% vs. prior-year quarter</li> <li>• Constant currency net sales: +12.2%</li> <li>• -\$1.2 million FX impact, or -2.2%</li> <li>• 19.2% of consolidated net sales</li> </ul>
<b>Active Customers</b>	148,000	<ul style="list-style-type: none"> <li>• +20.3% vs. prior-year quarter</li> <li>• +8.8% sequentially</li> </ul>

## Balance Sheet

The Company ended the quarter with \$278.4 million in cash and cash equivalents and no debt. During the quarter, the Company did not repurchase any shares of common stock and, as of the end of the third quarter, there was approximately \$73 million remaining under the current share repurchase authorization.

## Fiscal 2020 Outlook

The Company is updating its consolidated net sales and earnings per share outlook for fiscal year 2020.

Fiscal Year 2020 Outlook		
	Revised Range	Previous Range
Consolidated Net Sales	\$1.090 - \$1.115 billion	\$1.050 - \$1.100 billion
Diluted EPS	\$5.15 - \$5.45	\$4.70 - \$5.25

Doug Hekking, Chief Financial Officer, said, "In light of our third quarter results and our expectations for the fourth quarter, we are raising our net sales and EPS guidance. While we do not have incentive offerings of a similar magnitude scheduled for the fourth quarter, we expect the business to produce solid results and carry momentum into 2021. Going forward, we will continue to focus our efforts on balancing the need for financial flexibility with continued investments in opportunities that allow us to execute our long-term growth strategies."

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## Management Commentary Document and Conference Call

For more information on the Company's operating results, please see the "Management Commentary, Results and Outlook" document, which has been posted on the Company's website (<http://ir.usana.com>) under the "Investor Relations" section of the site. USANA will hold a conference call and webcast to discuss today's announcement with investors on Wednesday, October 21, 2020 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, before moving directly into questions and answers.

## 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, and Italy. More information on USANA can be found at [www.usana.com](http://www.usana.com).

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**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: uncertainty related to the magnitude, scope and duration of the impact of the COVID-19 pandemic (“COVID-19”) to our business, operations and financial results; the further spread of, and regulatory measures or voluntary actions that may be put in place to limit the spread of, COVID-19 in the markets where we operate, including restrictions on business operations, shelter at home, or social distancing requirements; the potential for a resurgence of COVID-19 spread in any of our markets in the future; the impact of COVID-19 on the domestic and world economies, including any negative impact on discretionary spending, consumer demand, and consumer behavior in general; regulatory risk in China in connection with the health products and direct selling business models; regulatory risk in the United States in connection with the direct selling business model; potential negative effects of deteriorating foreign and/or trade relations between the United States and China; 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; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model; adverse publicity risks globally; risks associated with our international expansion and operations; and uncertainty relating to the fluctuation in U.S. and other international currencies. 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.

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**USANA Health Sciences, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>26-Sep-20</u>	<u>28-Sep-19</u>	<u>26-Sep-20</u>	<u>28-Sep-19</u>
	\$		\$	
Net sales	298,513	\$ 260,598	824,123	\$ 789,604
<b>Gross profit</b>	<b>242,155</b>	<b>212,779</b>	<b>674,032</b>	<b>649,390</b>
Operating expenses				
Associate incentives	131,144	111,059	358,065	345,100
Selling, general and administrative	65,656	66,262	192,014	202,671
<b>Earnings from operations</b>	<b>45,355</b>	<b>35,458</b>	<b>123,953</b>	<b>101,619</b>
Other income (expense)	(1,080)	430	(536)	3,075
<b>Earnings before income taxes</b>	<b>44,275</b>	<b>35,888</b>	<b>123,417</b>	<b>104,694</b>
Income taxes	13,769	11,666	38,382	34,922
<b>NET EARNINGS</b>	<b>\$ 30,506</b>	<b>\$ 24,222</b>	<b>\$ 85,035</b>	<b>\$ 69,772</b>
Earnings per share - diluted	\$ 1.44	\$ 1.09	\$ 4.00	\$ 3.01
Weighted average shares outstanding - diluted	21,170	22,223	21,283	23,173

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**USANA Health Sciences, Inc.**  
**Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

<b>ASSETS</b>	<b>As of</b>	<b>As of</b>
	<b>26-Sep-20</b>	<b>28-Dec-19</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 278,418	\$ 234,830
Inventories	78,167	68,905
Prepaid expenses and other current assets	29,447	25,544
<b>Total current assets</b>	<u>386,032</u>	<u>329,279</u>
Property and equipment, net	99,400	95,233
Goodwill	16,894	16,636
Intangible assets, net	29,748	29,840
Deferred income taxes	4,618	3,090
Other assets	40,840	42,856
<b>Total assets</b>	<u>\$ 577,532</u>	<u>\$ 516,934</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable	\$ 14,173	\$ 12,525
Other current liabilities	146,690	123,573
<b>Total current liabilities</b>	<u>160,863</u>	<u>136,098</u>
Deferred income taxes	8,248	10,282
Other long-term liabilities	19,304	18,842
Stockholders' equity	<u>389,117</u>	<u>351,712</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 577,532</u>	<u>\$ 516,934</u>

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**USANA Health Sciences, Inc.**

**Sales by Region**

(unaudited)

(in thousands)

**Quarter Ended**

	<b>26-Sep-20</b>		<b>28-Sep-19</b>		<b>Change from prior year</b>		<b>% change Currency excluding impact on sales</b>		<b>% change excluding impact</b>
Asia Pacific									
Greater China	\$136,013	45.5%	\$130,947	50.3%	\$ 5,066	3.9%	\$ 1,510	2.7%	
Southeast Asia Pacific	76,313	25.6%	54,327	20.8%	21,986	40.5%	2,032	36.7%	
North Asia	28,969	9.7%	23,299	8.9%	5,670	24.3%	145	23.7%	
Asia Pacific Total	241,295	80.8%	208,573	80.0%	32,722	15.7%	3,687	13.9%	
Americas and Europe	57,218	19.2%	52,025	20.0%	5,193	10.0%	(1,167)	12.2%	
	<u>\$298,513</u>	<u>100.0%</u>	<u>\$260,598</u>	<u>100.0%</u>	<u>\$ 37,915</u>	<u>14.5%</u>	<u>\$ 2,520</u>	<u>13.6%</u>	

**Active Associates by Region<sup>(1)</sup>**  
(unaudited)

	<b>As of</b>			
	<b>26-Sep-20</b>		<b>28-Sep-19</b>	
Asia Pacific				
Greater China	91,000	29.1%	99,000	35.0%
Southeast Asia Pacific	113,000	36.1%	88,000	31.1%
North Asia	39,000	12.4%	34,000	12.0%
Asia Pacific Total	<u>243,000</u>	<u>77.6%</u>	<u>221,000</u>	<u>78.1%</u>
Americas and Europe	<u>70,000</u>	<u>22.4%</u>	<u>62,000</u>	<u>21.9%</u>
	<u>313,000</u>	<u>100.0%</u>	<u>283,000</u>	<u>100.0%</u>

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## Active Preferred Customers by Region <sup>(2)</sup>

(unaudited)

	As of			
	26-Sep-20		28-Sep-19	
Asia Pacific				
Greater China	193,000	57.3%	174,000	63.3%
Southeast Asia Pacific	45,000	13.4%	24,000	8.7%
North Asia	21,000	6.2%	16,000	5.8%
Asia Pacific Total	259,000	76.9%	214,000	77.8%
Americas and Europe	78,000	23.1%	61,000	22.2%
	<u>337,000</u>	<u>100.0%</u>	<u>275,000</u>	<u>100.0%</u>

(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.

## Contacts

Investors contact:

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Public Relations

(801) 954-7280



USANA Health Sciences, Inc.

October 20, 2020

***Q3 2020 Management Commentary, Results and Outlook***

- Third quarter net sales increased 14.5% year-over-year to \$298.5 million due to strong product demand and successful incentive programs.
- Diluted EPS increased 32.1% year-over-year to a record \$1.44.
- Active customers increased 16.5% year-over-year to a record 650,000.
- Company raises full-year 2020 Net Sales and EPS outlook.

**Overview**

USANA's strong third quarter results included double-digit sales growth, record earnings per share and record customer counts. During the quarter, we generated 16.5% growth in active Customers, with double-digit customer growth in both the Asia Pacific region and the Americas and Europe region. Our results were driven by strong demand for our high-quality nutritional products as well as successful incentive programs offered during the quarter. The primary incentive program we offered during the quarter was a global incentive, which commenced near the end of the second quarter and concluded during the third quarter. This program was designed to reward Associates for sales to new customers and contributed to our year-over-year customer growth for the quarter. Additionally, a market-specific incentive program offered in the Philippines also contributed to sales and customer growth for the quarter. This program is similar to another program that has been successful for several years in South Korea.

We also delivered improved operating margins for the quarter, largely due to lower relative SG&A that can be attributed to leverage gained on increased net sales as well as lower event and travel costs. Importantly, we have been able to increase profitability while continuing to invest purposefully in our long-term growth strategies. As a result, third quarter net earnings were better-than-expected, resulting in record earnings per share and a higher outlook for full-year EPS.

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Our management team and Associate sales force continue to demonstrate agility as they execute modified strategies and adapt to changing conditions, all in an effort to advance USANA's mission of health and wellness. This was demonstrated during the quarter by our team's successful execution of our virtual events strategy. Our annual Americas and Europe Convention and our China National Sales Meeting were held virtually during the quarter, and this allowed us to reach larger audiences than did many of our past, in-person events.

Operationally, we continue to manufacture and ship product without meaningful impact or disruption to our global operations. While some of our markets have seen an easing of COVID-19 related restrictions, other markets are reinstating restrictions. As a result, we expect to continue to operate our virtual sales and events strategy for Associates, and our work-from-home plan for employees, for the foreseeable future.

As we head into the final quarter of the year, we are raising our guidance for both net sales and earnings per share. While future efforts to reduce the spread of COVID-19 could affect our momentum and operating results, we are confident that we can navigate those challenges and deliver another solid quarter. Our business remains strong and we believe that we will carry momentum into fiscal 2021.

### Q3 2020 Results

Consolidated Results		
<b>Net Sales</b>	\$298.5 million	<ul style="list-style-type: none"> <li>+14.5% vs. prior-year quarter</li> <li>+13.6% constant currency vs. prior-year quarter</li> <li>+\$2.5 million FX impact, or +0.9%</li> </ul>
<b>Diluted EPS</b>	\$1.44	<ul style="list-style-type: none"> <li>+32.1% vs. prior-year quarter</li> <li>Diluted shares of 21.2 million, -4.7%</li> </ul>
<b>Active Customers</b>	650,000	<ul style="list-style-type: none"> <li>+16.5% vs. prior-year quarter</li> </ul>
<b>Cash &amp; Equivalents</b>	\$278.4 million	<ul style="list-style-type: none"> <li>Ended quarter with no debt</li> </ul>



## Balance Sheet

The Company ended the quarter with \$278.4 million in cash and cash equivalents and no debt. During the quarter the Company did not repurchase any shares of common stock and, as of the end of the third quarter, there was approximately \$73 million remaining under the current share repurchase authorization.

## Quarterly Income Statement Discussion

Gross margins decreased 60 basis points from the prior year to 81.1% of net sales. This decrease can be attributed primarily to (i) changes in market sales mix and (ii) higher relative shipping costs. These increases were offset, in part, by lower inventory scrap, and lower conversion costs experienced during the quarter.

Associate Incentives increased 130 basis points from the prior year to 43.9% of net sales. The increase in Associate Incentives can be attributed primarily to incentive programs offered during the quarter, which was offset, in part, by a shift in market sales mix.

Selling, General and Administrative Expense decreased \$0.6 million compared to the prior year. In relative terms, SG&A expense decreased 340 basis points from the prior year to 22.0% of net sales due primarily to (i) leverage gained on increased sales, (ii) lower event costs due to shifting several large events to a virtual platform, and (iii) decreased event and travel costs.

The effective tax rate improved to 31.1% compared to 32.5% in the prior year quarter. This improvement is due to increased earnings before income taxes in the U.S. allowing for greater foreign tax credit utilization.

## Asia Pacific Region

<b>Net Sales</b>	\$241.3 million	<ul style="list-style-type: none"> <li>• +15.7% vs. prior-year quarter</li> <li>• Constant currency net sales: +13.9%</li> <li>• +\$3.7 million FX impact, or +1.8%</li> <li>• 80.8% of consolidated net sales</li> </ul>
<b>Active Customers</b>	502,000	<ul style="list-style-type: none"> <li>• +6.9% vs. prior-year quarter</li> </ul>

## Asia Pacific Sub-Regions

## Greater China

<b>Net Sales</b>	\$136.0 million	<ul style="list-style-type: none"> <li>• +3.9% vs. prior-year quarter</li> <li>• Constant currency net sales: +2.7%</li> </ul>
<b>Active Customers</b>	284,000	<ul style="list-style-type: none"> <li>• +4.0% vs. prior-year quarter</li> <li>• +2.2% sequentially</li> </ul>

## North Asia

<b>Net Sales</b>	\$29.0 million	<ul style="list-style-type: none"> <li>• +24.3% vs. prior-year quarter</li> <li>• Constant currency net sales: +23.7%</li> </ul>
<b>Active Customers</b>	60,000	<ul style="list-style-type: none"> <li>• +20.0% vs. prior-year quarter</li> <li>• +7.1% sequentially</li> </ul>

## Southeast Asia Pacific

<b>Net Sales</b>	\$76.3 million	<ul style="list-style-type: none"> <li>• +40.5% vs. prior-year quarter</li> <li>• Constant currency net sales: +36.7%</li> </ul>
<b>Active Customers</b>	158,000	<ul style="list-style-type: none"> <li>• +41.1% vs. prior-year quarter</li> <li>• +22.5% sequentially</li> </ul>

**Greater China:** In mainland China, local currency sales increased 3.2% while the number of active Customers increased 4.8%. We held our China National Sales Meeting this year virtually during the third quarter instead of the fourth quarter and this proved to be a successful event for us once again. Challenging market conditions continue to have a negative impact on our business in Hong Kong as local currency sales declined by 14.7%.

**North Asia:** Growth in this region was again driven by South Korea, where local currency net sales increased by 23.1% and active Customers grew by 18.8% year-over-year.

Southeast Asia Pacific: All markets were up on a year-over year basis. The Philippines drove our growth in this region with local currency sales and active customers nearly doubling year-over-year.

Americas and Europe Region		
<b>Net Sales</b>	\$57.2 million	<ul style="list-style-type: none"> <li>+10.0% vs. prior-year quarter</li> <li>Constant currency net sales: +12.2%</li> <li>-\$1.2 million FX impact, or -2.2%</li> <li>19.2% of consolidated net sales</li> </ul>
<b>Active Customers</b>	148,000	<ul style="list-style-type: none"> <li>+20.3% vs. prior-year quarter</li> <li>+8.8% sequentially</li> </ul>

Americas and Europe Region: The increase in net sales in the Americas and Europe region was driven by double-digit sales growth in Canada, Mexico and Europe. While our virtual Americas and Europe Convention was successful in reaching a broader audience, U.S. sales were negatively impacted by lower product sales associated with the event. Active Customers increased by double-digits in each of our markets in this region.

#### Outlook and 2020 Operating Strategy

The Company is updating its consolidated net sales and earnings per share outlook for fiscal year 2020.

Fiscal Year 2020 Outlook		
	Revised Range	Previous Range
<b>Consolidated Net Sales</b>	\$1.090 - \$1.115 billion	\$1.050 - \$1.100 billion
<b>Diluted EPS</b>	\$5.15 - \$5.45	\$4.70 - \$5.25

The Company's updated outlook for the year reflects:

- A wider than typical range for top- and bottom-line performance given continued uncertainty surrounding the COVID-19 pandemic;
- An unfavorable currency exchange rate impact on net sales of approximately \$6 million;

- An estimated operating margin of between 14.6% and 15.0%;
- An annual effective tax rate of 31%;
- An annualized diluted share count of 21.3 million;
- Fiscal 2020 is a 53-week year and includes one additional week of sales compared to fiscal 2019. Prior to fiscal 2020, the last 53-week year was in fiscal 2014. The Company estimates this additional week will contribute about 1.8% to net sales growth.

All things considered, our 2020 results have been better than expected during these unprecedented times. In light of our better-than-expected third quarter results and our expectations for the fourth quarter, we are raising guidance. While we do not have the magnitude of incentive offerings scheduled for the fourth quarter, we expect the business to produce another quarter of solid results that will help to carry momentum into 2021.

We remain committed to the health and safety of our employees and customers while operating the business with a long-term mindset for consistent and reliable growth. We thank all of our stakeholders for their continued support and look forward to delivering further growth in 2021.

**Kevin Guest**

CEO

**Douglas Hekking**

CFO

## 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: uncertainty related to the magnitude, scope and duration of the impact of the COVID-19 pandemic (“COVID-19”) to our business, operations and financial results; the further spread of, and regulatory measures or voluntary actions that may be put in place to limit the spread of, COVID-19 in the markets where we operate, including restrictions on business operations, shelter at home, or social distancing requirements; the potential for a resurgence of COVID-19 spread in any of our markets in the future; the impact of COVID-19 on the domestic and world economies, including any negative impact on discretionary spending, consumer demand, and consumer behavior in general; regulatory risk in China in connection with the health products and direct selling business models; regulatory risk in the United States in connection with the direct selling business model; potential negative effects of deteriorating foreign and/or trade relations between the United States and China; 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; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model; adverse publicity risks globally; risks associated with our international expansion and operations; and uncertainty relating to the fluctuation in U.S. and other international currencies. 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.

## 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 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.

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