

**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):  
February 9, 2021

**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 February 9, 2021, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the fourth quarter and full-year ended January 2, 2021. 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 February 9, 2021 (furnished herewith).
99.2	Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated February 9, 2021 (furnished herewith).

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**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: February 9, 2021

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## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
<u>99.1</u>	<u>Press release issued by USANA Health Sciences, Inc. dated February 9, 2021 (furnished herewith).</u>
<u>99.2</u>	<u>Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated February 9, 2021 (furnished herewith).</u>

## USANA Health Sciences Finishes Strong 2020 with 14.5% Fourth Quarter Net Sales Growth and 32.6% Diluted EPS Growth

SALT LAKE CITY--(BUSINESS WIRE)--February 9, 2021--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal fourth quarter and full-year ended January 2, 2021.

### Key Q4 and Full Year 2020 Financial & Operating Highlights

- Fourth quarter net sales increased 14.5% year-over-year to \$310.5 million.
- Fourth quarter diluted EPS increased 32.6% year-over-year to a record \$1.87.
- Fiscal year net sales increased 7.0% year-over-year to \$1.135 billion.
- Fiscal year diluted EPS increased 32.9% year-over-year to a record \$5.86.
- Company provides initial 2021 net sales guidance of \$1.21 to \$1.27 billion and initial diluted EPS guidance of \$6.00 to \$6.45.
- Board of Directors authorizes up to \$150 million in share repurchase authorization.

### Q4 2020 Financial Performance

Consolidated Results		
<b>Net Sales</b>	\$310.5 million	<ul style="list-style-type: none"> <li>• +14.5% vs. prior-year quarter</li> <li>• +9.9% constant currency vs. prior-year quarter</li> <li>• +\$12.4 million YOY FX impact, or +4.6%</li> <li>• Additional week of sales contributed approximately \$18 million</li> </ul>
<b>Diluted EPS</b>	\$1.87	<ul style="list-style-type: none"> <li>• +32.6% vs. prior-year quarter</li> <li>• Diluted shares of 21.2 million, -2.6%</li> <li>• Additional week of sales contributed an estimated \$0.17</li> </ul>
<b>Active Customers</b>	599,000	<ul style="list-style-type: none"> <li>• +2.2% vs. prior-year quarter</li> </ul>

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The Company maintains a 52/53-week fiscal year. Fiscal 2020 was a 53-week year and includes one additional week of sales during the fourth quarter compared to the fourth quarter of 2019. Prior to fiscal 2020, the last 53-week year was in fiscal 2014.

“Our fourth quarter results were better than expected and cap off a year during which USANA delivered remarkable results despite continued challenges from the pandemic,” said Kevin Guest, Chief Executive Officer and Chairman of the Board. “During the quarter, demand for our high-quality nutritional products from our loyal consumers remained strong and fueled business momentum. Additionally, changes in currency exchange rates and the additional week of sales during the fourth quarter contributed to growth. As we kick-off 2021, we are confident that we are positioned to deliver another year of solid growth for USANA.

**Q4 2020 Regional Results:**

<b>Asia Pacific Region</b>		
<b>Net Sales</b>	\$248.8 million	<ul style="list-style-type: none"> <li>+14.5% vs. prior-year quarter</li> <li>Constant currency net sales: +8.7%</li> <li>80.1% of consolidated net sales</li> </ul>
<b>Active Customers</b>	454,000	<ul style="list-style-type: none"> <li>-1.1% vs. prior-year quarter</li> </ul>
<b>Asia Pacific Sub-Regions</b>		
<b>Greater China</b>		
<b>Net Sales</b>	\$139.1 million	<ul style="list-style-type: none"> <li>+5.4% vs. prior-year quarter</li> <li>Constant currency net sales: -0.6%</li> </ul>
<b>Active Customers</b>	252,000	<ul style="list-style-type: none"> <li>-13.1% vs. prior-year quarter</li> <li>-11.3% sequentially</li> </ul>
<b>North Asia</b>		
<b>Net Sales</b>	\$32.9 million	<ul style="list-style-type: none"> <li>+17.1% vs. prior-year quarter</li> <li>Constant currency net sales: +11.5%</li> </ul>
<b>Active Customers</b>	60,000	<ul style="list-style-type: none"> <li>+7.1% vs. prior-year quarter</li> <li>No change sequentially</li> </ul>
<b>Southeast Asia Pacific</b>		
<b>Net Sales</b>	\$76.9 million	<ul style="list-style-type: none"> <li>+34.2% vs. prior-year quarter</li> <li>Constant currency net sales: +28.9%</li> </ul>
<b>Active Customers</b>	142,000	<ul style="list-style-type: none"> <li>+25.7% vs. prior-year quarter</li> <li>-10.1% sequentially</li> </ul>

Americas and Europe Region		
<b>Net Sales</b>	\$61.7 million	<ul style="list-style-type: none"> <li>• +14.3% vs. prior year</li> <li>• Constant currency net sales: +14.5%</li> <li>• 19.9% of consolidated net sales</li> </ul>
<b>Active Customers</b>	145,000	<ul style="list-style-type: none"> <li>• +14.2% vs. prior year</li> <li>• -2.0% sequentially</li> </ul>

#### FY 2020 Financial Performance

Consolidated Results		
<b>Net Sales</b>	\$1.135 billion	<ul style="list-style-type: none"> <li>• +7.0% vs. prior year</li> <li>• +6.9% constant currency vs. prior year</li> <li>• no meaningful FX impact</li> </ul>
<b>Diluted EPS</b>	\$5.86	<ul style="list-style-type: none"> <li>• +32.9% vs. prior year</li> <li>• Diluted shares of 21.3 million, -6.8%</li> </ul>
<b>Cash &amp; Cash Equivalents</b>	\$312 million	<ul style="list-style-type: none"> <li>• Cash generated from operating activities totaled \$160 million</li> </ul>

Mr. Guest continued, “For several years now, we have focused on improving the overall experience USANA offers to consumers. Digital enhancement of our business has been a key aspect of our customer experience strategy. We believe that our accomplishments in this area positioned us to sustain and accelerate performance during an unprecedented 2020. During the year, we accelerated many of our digital initiatives, including further improving our mobile platform, expanding payment options to meet the demands of consumers around the world, facilitating quick and simple product education, capturing feedback, and making it easier for consumers to share their USANA experience with others.”

Mr. Guest added, “In 2021, we will continue to focus on growing our consumer base and executing our global strategy, which includes: (i) continued investment in digital transformation and overall customer experience; (ii) the launch of our new Active Nutrition product line; (iii) generating growth in existing markets with an emphasis on China; (iv) pursuing international expansion opportunities; (v) pursuing accretive, strategic collaborations and acquisitions to grow our business; and (vi) focusing on corporate sustainability. We remain committed to USANA’s mission of health and wellness, and we are confident that our strategy will drive growth and deliver value to shareholders.”

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**Balance Sheet**

The Company ended the quarter with \$312 million in cash and cash equivalents and no debt. During the quarter, the Company did not repurchase any shares of common stock. For the full year the company repurchased 785,000 shares totaling \$57 million throughout the year.

**Share Repurchase Authorization**

As of the end of the fourth quarter, there was approximately \$73 million remaining under the existing share repurchase authorization. The Company's Board of Directors has approved up to \$150 million in share repurchase authorization, inclusive of the \$73 million remaining under the share repurchase authorization.

Repurchases may be made from time to time, in the open market, through block trades or otherwise, subject to applicable rules of the Securities and Exchange Commission. The number of shares to be purchased and the timing of purchases will be based on market conditions, the level of cash balances, general business opportunities, and other factors.

**Fiscal 2021 Outlook**

The Company is providing the following consolidated net sales and earnings per share outlook for fiscal year 2021.

<b>Fiscal Year 2021 Outlook</b>	
	<b>Range</b>
<b>Consolidated Net Sales</b>	\$1.21 - \$1.27 billion
<b>Diluted EPS</b>	\$6.00 - \$6.45

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Doug Hekking, Chief Financial Officer, said, “Fourth quarter operating results exceeded internal expectations and were driven by momentum in our business as well as an improved foreign currency environment.

“Today we are providing our initial outlook for 2021, which reflects top-line growth between 6.6% and 11.9% and an operating margin between 14.8% and 15.2%. Operating results projected for fiscal year 2021 contain one less week of business, anticipate a favorable foreign currency environment, and increased spending in the back half of the year related to travel and event related costs. Additionally, we are projecting an effective tax rate of 31% for the year and a diluted share count of 20.7 million. We remain committed to investing in our strategies designed to generate growth in customers and net sales.”

Mr. Hekking added, “Outlook for fiscal 2021 reflects our current understanding of the COVID-19 operating environment as restrictions and health responses continue to evolve. During the first half of 2021, we expect to hold virtual events for our sales force and maintain our work-from-home plan for employees. Thus far, we have not seen a meaningful sustained disruption to our manufacturing, shipping or global operations. Some markets continue to face increased restrictions, while others are seeing a return to a more normalized operating environment. We hope to see conditions continue to improve as the year progresses, but recognize that the ongoing COVID-19 environment remains unpredictable.”

#### **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, February 10, 2021 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.

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## **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).

## **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>Twelve Months Ended</u>	
	<u>2-Jan-21</u>	<u>28-Dec-19</u>	<u>2-Jan-21</u>	<u>28-Dec-19</u>
	\$		\$	
Net sales	310,521	\$ 271,298	1,134,644	\$ 1,060,902
Cost of sales	<u>59,020</u>	<u>47,289</u>	<u>209,111</u>	<u>187,503</u>
<b>Gross profit</b>	251,501	224,009	925,533	873,399
Operating expenses				
Associate incentives	129,791	114,378	487,856	459,478
Selling, general and administrative	<u>69,172</u>	<u>65,060</u>	<u>261,186</u>	<u>267,731</u>
<b>Earnings from operations</b>	52,538	44,571	176,491	146,190
Other income (expense)	<u>1,993</u>	<u>1,231</u>	<u>1,457</u>	<u>4,306</u>
<b>Earnings before income taxes</b>	54,531	45,802	177,948	150,496
Income taxes	<u>14,902</u>	<u>15,048</u>	<u>53,284</u>	<u>49,970</u>
<b>NET EARNINGS</b>	<u>\$ 39,629</u>	<u>\$ 30,754</u>	<u>\$ 124,664</u>	<u>\$ 100,526</u>
Earnings per share - diluted	\$ 1.87	\$ 1.41	\$ 5.86	\$ 4.41
Weighted average shares outstanding - diluted	21,189	21,751	21,256	22,818

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

	<u>As of</u>	<u>As of</u>
<b>ASSETS</b>	<b>2-Jan-21</b>	<b>28-Dec-19</b>
Current Assets		
	\$	
Cash and cash equivalents	311,917	\$ 234,830
Inventories	90,224	68,905
Prepaid expenses and other current assets	23,145	25,544
<b>Total current assets</b>	<u>425,286</u>	<u>329,279</u>
Property and equipment, net	100,445	95,233
Goodwill	17,367	16,636
Intangible assets, net	30,796	29,840
Deferred income taxes	4,640	3,090
Other assets	62,353	42,856
	\$	
<b>Total assets</b>	<u>640,887</u>	<u>\$ 516,934</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities		
Accounts payable	\$ 18,195	\$ 12,525
Other current liabilities	149,878	123,573
<b>Total current liabilities</b>	<u>168,073</u>	<u>136,098</u>
Deferred income taxes	12,009	10,282
Other long-term liabilities	19,155	18,842
Stockholders' equity	<u>441,650</u>	<u>351,712</u>
	\$	
<b>Total liabilities and stockholders' equity</b>	<u>640,887</u>	<u>\$ 516,934</u>

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USANA Health Sciences, Inc.

Sales by Region

(unaudited)

(in thousands)

Quarter Ended

	2-Jan-21		28-Dec-19		Change from prior year		Currency impact on sales	% change excluding currency impact
Asia Pacific								
	\$		\$					
Greater China	139,059	44.8%	131,949	48.6%	\$ 7,110	5.4%	\$ 7,889	(0.6%)
Southeast Asia Pacific	76,861	24.7%	57,283	21.1%	19,578	34.2%	3,037	28.9%
North Asia	32,892	10.6%	28,085	10.4%	4,807	17.1%	1,580	11.5%
Asia Pacific Total	248,812	80.1%	217,317	80.1%	31,495	14.5%	12,506	8.7%
Americas and Europe	61,709	19.9%	53,981	19.9%	7,728	14.3%	(113)	14.5%
	\$		\$		\$			
	310,521	100.0%	271,298	100.0%	39,223	14.5%	\$ 12,393	9.9%

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

	As of			
	2-Jan-21		28-Dec-19	
Asia Pacific				
Greater China	88,000	29.4%	100,000	34.4%
Southeast Asia Pacific	103,000	34.5%	87,000	29.9%
North Asia	39,000	13.0%	38,000	13.0%
Asia Pacific Total	230,000	76.9%	225,000	77.3%
Americas and Europe	69,000	23.1%	66,000	22.7%
	<u>299,000</u>	<u>100.0%</u>	<u>291,000</u>	<u>100.0%</u>

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

	As of			
	2-Jan-21		28-Dec-19	
Asia Pacific				
Greater China	164,000	54.7%	190,000	64.4%
Southeast Asia Pacific	39,000	13.0%	26,000	8.8%
North Asia	21,000	7.0%	18,000	6.1%
Asia Pacific Total	224,000	74.7%	234,000	79.3%
Americas and Europe	76,000	25.3%	61,000	20.7%
	<u>300,000</u>	<u>100.0%</u>	<u>295,000</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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Investor Relations  
(801) 954-7961  
investor.relations@us.usana.com

Media contact:  
Dan Macuga  
Public Relations  
(801) 954-7280



USANA Health Sciences, Inc.

February 9, 2021

**Q4 2020 Management Commentary, Results and 2021 Outlook**

- Fourth quarter net sales increased 14.5% year-over-year to \$310.5 million.
- Fourth quarter diluted EPS increased 32.6% year-over-year to a record \$1.87.
- Fiscal year net sales increased 7.0% year-over-year to \$1.135 billion.
- Fiscal year diluted EPS increased 32.9% year-over-year to a record \$5.86.
- Company provides 2021 Outlook for Net Sales between \$1.21 billion and \$1.27 billion and diluted EPS between \$6.00 and \$6.45.
- Board of Directors authorizes up to \$150 million in share repurchase authorization

**Overview**

Our fourth quarter results were better than expected and cap off a year during which USANA delivered remarkable results despite continued challenges from the pandemic. Note that the current year fourth quarter included one additional week of sales, which contributed approximately \$18 million to the top-line and an estimated \$0.17 to diluted earnings per share. Active customers as of January 2, 2021 increased 2.2% on a year-over-year basis, but declined sequentially. The fourth quarter of 2019 and the third quarter of 2020 benefited from promotional efforts as well as trial/test programs during those periods that did not re-occur during the fourth quarter of 2020. Consequently, we faced a tough year-over-year and sequential quarter comparison for Active Customer counts. We are pleased with the momentum we are seeing in our business and look forward to continued growth in active customers and sales.

Continued demand for our high quality nutritional products and successful execution of our strategic initiatives contributed to strong financial performance in fiscal 2020. Our team proved to be resourceful and adaptive to a changing and challenging operating environment and we ended the year with more customers, higher net sales and record earnings per share.

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During the year, we accelerated many of our technology initiatives, including further improving our mobile platform, expanding payment options to meet the demands of consumers around the world, facilitating quick and simple product education, and capturing feedback from an enhanced voice of customer effort. Additionally, we introduced several new tools that allowed our sales force to continue sharing and selling USANA products in a virtual/digital environment. These initiatives, and many other technical and operational improvements, helped sustain and accelerate performance in 2020. We look forward to building upon these efforts in 2021.

#### Q4 2020 Results

Consolidated Results		
<b>Net Sales</b>	\$310.5 million	<ul style="list-style-type: none"> <li>● +14.5% vs. prior-year quarter</li> <li>● +9.9% constant currency vs. prior-year quarter</li> <li>● +\$12.4 million FX impact, or +4.6%</li> <li>● Additional week of sales contributed approximately \$18 million</li> </ul>
<b>Diluted EPS</b>	\$1.87	<ul style="list-style-type: none"> <li>● +32.6% vs. prior-year quarter</li> <li>● Diluted shares of 21.2 million, -2.6%</li> <li>● Additional week of sales contributed an estimated \$0.17</li> </ul>
<b>Active Customers</b>	599,000	<ul style="list-style-type: none"> <li>● +2.2% vs. prior-year quarter</li> </ul>

The Company maintains a 52/53-week fiscal year. Fiscal 2020 was a 53-week year and includes one additional week of sales during the fourth quarter compared to the fourth quarter of 2019. Prior to fiscal 2020, the last 53-week year was in fiscal 2014.

#### Balance Sheet

The Company ended the quarter with \$312 million in cash and cash equivalents and no debt. During the quarter, the Company did not repurchase any shares of common stock. For the full year the company repurchased 785,000 shares totaling \$57 million.



## Share Repurchase Authorization

As of the end of the fourth quarter, there was approximately \$73 million remaining under the existing share repurchase authorization. The Company's Board of Directors has approved up to \$150 million in share repurchase authorization, inclusive of the \$73 million remaining under the share repurchase authorization.

Repurchases may be made from time to time, in the open market, through block trades or otherwise, subject to applicable rules of the Securities and Exchange Commission. The number of shares to be purchased and the timing of purchases will be based on market conditions, the level of cash balances, general business opportunities, and other factors.

## Quarterly Income Statement Discussion

Gross margins decreased 160 basis points from the prior year to 81.0% of net sales. This decrease can be attributed primarily to (i) changes in market sales mix and (ii) higher distribution and shipping costs. Favorable currency exchange rates provided modest relief to the lower gross margin.

Associate Incentives decreased 40 basis points from the prior year to 41.8% of net sales. The decrease in Associate Incentives can be attributed primarily to a change in market sales mix.

Selling, General and Administrative Expense increased \$4.1 million compared to the prior year, which can be attributed to higher employee related costs. In relative terms, SG&A expense decreased 170 basis points from the prior year to 22.3% 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 travel costs.

The effective tax rate for the full year 2020 improved to 29.9% compared to 33.2% in the prior year. This improvement is due to increased earnings in the U.S. allowing for greater foreign tax credit utilization. This benefit resulted in an effective tax rate for the fourth quarter of 27.3%, compared to 32.9% in the prior year quarter.

## Regional Financial Results

<b>Asia Pacific Region</b>		
<b>Net Sales</b>	\$248.8 million	<ul style="list-style-type: none"> <li>● +14.5% vs. prior-year quarter</li> <li>● Constant currency net sales: +8.7%</li> <li>● +\$12.5 million FX impact, or +5.8%</li> <li>● 80.1% of consolidated net sales</li> </ul>
<b>Active Customers</b>	454,000	<ul style="list-style-type: none"> <li>● -1.1% vs. prior-year quarter</li> </ul>
<b>Asia Pacific Sub-Regions</b>		
<b>Greater China</b>		
<b>Net Sales</b>	\$139.1 million	<ul style="list-style-type: none"> <li>● +5.4% vs. prior-year quarter</li> <li>● Constant currency net sales: -0.6%</li> </ul>
<b>Active Customers</b>	252,000	<ul style="list-style-type: none"> <li>● -13.1% vs. prior-year quarter</li> <li>● -11.3% sequentially</li> </ul>
<b>North Asia</b>		
<b>Net Sales</b>	\$32.9 million	<ul style="list-style-type: none"> <li>● +17.1% vs. prior-year quarter</li> <li>● Constant currency net sales: +11.5%</li> </ul>
<b>Active Customers</b>	60,000	<ul style="list-style-type: none"> <li>● +7.1% vs. prior-year quarter</li> <li>● no change sequentially</li> </ul>
<b>Southeast Asia Pacific</b>		
<b>Net Sales</b>	\$76.9 million	<ul style="list-style-type: none"> <li>● +34.2% vs. prior-year quarter</li> <li>● Constant currency net sales: +28.9%</li> </ul>
<b>Active Customers</b>	142,000	<ul style="list-style-type: none"> <li>● +25.7% vs. prior-year quarter</li> <li>● -10.1% sequentially</li> </ul>

Greater China: Net sales in this region grew 5.4% during the quarter. In mainland China, net sales increased 7.0% while local currency sales increased 0.7%. Active Customers in mainland China decreased 13.9% during the current year quarter. As previously noted, the fourth quarter of 2019 and the third quarter of 2020 benefited from promotional efforts as well as trial/test programs during those periods that did not re-occur during the fourth quarter of 2020. Consequently, we faced a tough year-over-year and sequential quarter comparison for Active Customer counts. Additionally, challenging market conditions continue to have a negative impact on our business in Hong Kong.

North Asia: Growth in this region was again driven by South Korea, where local currency net sales increased by 9.8% and active Customers grew by 3.6% year-over-year. Local currency net sales in Japan grew 66.3% year-over-year.

Southeast Asia Pacific: We continued to see strong growth in this region with net sales in several markets increasing double-digits on a year-over year basis. The Philippines continued to be the largest contributor to the growth with local currency net sales increasing by 81.6% and active customers increasing by 67.6% year-over-year.

<b>Americas and Europe Region</b>		
<b>Net Sales</b>	\$61.7 million	<ul style="list-style-type: none"> <li>● +14.3% vs. prior-year quarter</li> <li>● Constant currency net sales: +14.5%</li> <li>● -\$0.1 million FX impact, or -0.2%</li> <li>● 19.9% of consolidated net sales</li> </ul>
<b>Active Customers</b>	145,000	<ul style="list-style-type: none"> <li>● +14.2% vs. prior-year quarter</li> <li>● -2.0% sequentially</li> </ul>

Americas and Europe Region: We are pleased to see strong performance in this region with year-over-year net sales growth of 9.8% in the U.S., and double-digit local currency growth in every other market. Active Customers in the region were 14.2% higher than a year ago.

#### **FY 2020 Financial Performance**

<b>Consolidated Results</b>		
<b>Net Sales</b>	\$1.135 billion	<ul style="list-style-type: none"> <li>● +7.0% vs. prior year</li> <li>● +6.9% constant currency vs. prior year</li> <li>● no meaningful FX impact</li> </ul>
<b>Diluted EPS</b>	\$5.86	<ul style="list-style-type: none"> <li>● +32.9% vs. prior year</li> <li>● Diluted shares of 21.3 million, -6.8%</li> </ul>
<b>Cash &amp; Cash Equivalents</b>	\$312 million	<ul style="list-style-type: none"> <li>● Cash generated from operating activities totaled \$160 million</li> </ul>

## Outlook and 2021 Operating Strategy

The Company is introducing its consolidated net sales and earnings per share outlook for fiscal year 2021.

Fiscal Year 2021 Outlook	
	Range
Consolidated Net Sales	\$1.21 - \$1.27 billion
Diluted EPS	\$6.00 - \$6.45

The Company's outlook for the year also reflects:

- A favorable currency exchange rate impact on net sales of approximately \$66 million;
- An estimated operating margin of between 14.8% and 15.2%;
- An annual effective tax rate of 31%; and
- An annualized diluted share count of 20.7 million.

Note that fiscal 2021 is a 52-week year as compared to the 53-week fiscal 2020. Outlook for fiscal 2021 reflects our current understanding of the COVID-19 operating environment as restrictions and health responses continue to evolve. During the first half of 2021, we expect to hold virtual events for our sales force and maintain our work-from-home plan for employees. Thus far, we have not seen a meaningful sustained disruption to our manufacturing, shipping or global operations. Some markets continue to face increased restrictions, while others are seeing a return to a more normalized operating environment. We hope to see conditions continue to improve as the year progresses, but recognize that the ongoing COVID-19 environment remains unpredictable.

In 2021, we will continue to focus on growing our customer base and executing our global strategy, which includes: (i) continued investment in digital transformation and overall customer experience; (ii) launching our new Active Nutrition product line; (iii) driving growth in existing markets with an emphasis on China; (iv) pursuing international expansion; (v) pursuing accretive, strategic collaborations and acquisitions to grow our business; and (vi) focusing on corporate sustainability.

## Digital Strategy

Nearly every aspect of our business relies on technology. Our technology efforts are focused on improving: (i) customer experience; (ii) brand awareness and customer acquisition; (iii) customer feedback and data-driven decision making; and (iv) our infrastructure.

Customer Experience: Offering an excellent overall customer experience remains key to growing our customer base. We will continue investing in enhancements to the digital experience. Our 2021 areas of focus include the customer shopping experience, customer communication, and digital training for our Associates.

- Shopping Experience: This will include: (i) website pages and shopping apps in China and worldwide that allow customers to easily find product information and specific benefits to help them tailor their shopping to their needs/culture/lifestyle and to lead to an increase in sales conversions; (ii) recommendation tools that allow customers to quickly determine which products meet their needs and lifestyle; and (iii) promotion tools that allow our international markets to quickly design and run unique product offerings tailored to the market's specific needs.
- Customer Communications: We are expanding our text and chat support for our customers at all of our call centers.
- Digital Tools and Training: We are working with and training our Associates on how to better utilize various digital tools to create engagement and grow their business. Examples include: (i) shareable social links that allow Associates to easily introduce and promote products to an interested customer; (ii) improved websites that deliver a branded USANA experience and allow an Associate to share USANA products and the business opportunity; and (iii) online/digital onboarding through a comprehensive training platform that makes it easy for Associates to become educated on the available digital tools to attract and service customers.

**Brand Awareness and Customer Acquisition:** We are taking a more active approach to digital marketing through pay-per-click and social media advertising, with a focus on brand awareness, conversions, and retention. We are also implementing additional search engine optimization and online reputation management tools. We have implemented retargeting/abandoned cart tools that track site visits and activity and retargets with specific ads and plan to leverage this information to grow our business.

**Customer Feedback and Data-driven Decision Making:** We continue to leverage investments that allow us to test features, manage targeted surveys, and capture the voice of customer as we make decisions to improve the customer experience. We are also enhancing tools that allow us to better curate our qualitative and quantitative data. We have created and implemented machine learning driven AI processes with further improvements and additional implementations scheduled for 2021. These efforts allow us to continue to accelerate informed decision making through the use of timely and relevant data

**Infrastructure Improvements:** We will continue to add to the significant infrastructure improvements we have made over the last several years, which will focus on security, mobile and website performance, and continued refinement of data center and disaster recovery efforts.

#### **Product Launches and Incentive Offerings**

Beginning in the second quarter, we will introduce our new Active Nutrition product line to our customers in the U.S., Canada, Mexico, Australia and New Zealand. Other select markets will roll-out through 2021. Our new foods manufacturing facility adjacent to our corporate offices in Salt Lake City has been ramping up production in anticipation of this launch. While this line will initially launch with nine products that focus on weight management and digestive health, we plan to expand the category over the next several years to include a broader product offering such as children's health, the microbiome, and performance and energy. Currently under way is a robust ambassador sales training program as well as user trials to support the public-facing launch.

#### **Existing Market Growth, China Strategy, and New Market Expansion**

In 2021, we will continue to drive growth in our existing markets by focusing on increasing our customer base through new product offerings, a customer loyalty program and evaluation of incentives offerings that motivate our sales force. We will also continue to utilize proven strategies that address the needs of individual markets.

China Strategy: Notwithstanding the fluid COVID-19 environment, we remain confident in our China business and our long-term growth opportunity in this important market. Importantly, we will begin implementing additional growth strategies in China as the year progresses. These strategies are in line with our global growth strategies but are tailored for the China market.

- Digital Transformation: We will continue to invest and ensure that we are providing our customers and Associates with the best digital tools for online shopping and business building in China. Additionally, our plans include investments in our creative and content management capabilities within our Beijing facility. These investments will focus on: (i) increased brand awareness; (ii) increased content velocity and nimbleness; and (iii) greater control of the creative process.
- Product Innovation: We plan to launch several new products in China during 2021. In addition to innovating within our current product categories, we plan to explore a broader offering of Traditional Chinese Medicine (“TCM”) products through internal development and pursuing third party collaborations. A collaboration of this nature could enable us to move to the forefront in the TCM market and allow for the launch of several new products starting in early 2022.
- Customer Experience/Branch Office Innovation: Several of our 29 branch offices in China will be transformed over the next five years into to an experiential store where we will provide enhanced interactive product displays, fitness and health coaching, and biometric screening. Our customers are interested in having a unique, experiential relationship with our brand and we believe this trial program will help to deliver on customer expectations.
- We estimate net sales growth will range between 6% and 12% in this important market during 2021 and we plan to leverage these efforts to accelerate growth in future years.

New Market Expansion: We also plan to increase our focus on international expansion opportunities in 2021. Although we do not plan to announce a new market in 2021, we will continue market entry preparations to lay the groundwork for an upcoming new market announcement and opening.

## **Business Development**

In 2020, we entered into a strategic collaboration and investment with Built Brands, a company known for its unique and great-tasting protein bars. This collaboration has made it possible for us to accelerate the development, enhancement, and expansion of our healthy nutrition bars, which are a key part of our Active Nutrition line. We continue to evaluate business development opportunities that strengthen, diversify, and grow our worldwide business by focusing on: (i) overall nutrition; (ii) vertical integration; (iii) product and category expansion; and (iv) geographic expansion.

As we begin 2021, we remain committed to helping our customers improve their health and overall well-being by providing them with our high quality health products and a rewarding business opportunity. We believe that we are positioned for continued growth and are confident in our growth strategies. We thank all of our stakeholders for their continued support and look forward to delivering another year of solid 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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