

**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 27, 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.

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2021, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the first quarter ended April 3, 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

Exhibit No.

Description

99.1

Press release issued by USANA Health Sciences, Inc. dated April 27, 2021 (furnished herewith).

99.2

Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 27, 2021 (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: April 27, 2021

Exhibit Index

Exhibit No.

Description

99.1

Press release issued by USANA Health Sciences, Inc. dated April 27, 2021 (furnished herewith).

99.2

Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 27, 2021 (furnished herewith).

USANA Health Sciences Reports First Quarter Results

SALT LAKE CITY--(BUSINESS WIRE)--April 27, 2021--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal first quarter ended April 3, 2021.

Key Financial & Operating Highlights

- First quarter net sales increased 15.5% year-over-year to \$308.0 million.
- First quarter diluted EPS increased 17.9% year-over-year to \$1.45.
- Repurchased 721,000 shares for \$69.5 million during the quarter.
- Raises 2021 net sales and diluted EPS outlook.

Q1 2021 Financial Performance

Consolidated Results		
Net Sales	\$308.0 million	<ul style="list-style-type: none"> • +15.5% vs. prior-year quarter • +9.3% constant currency vs. prior-year quarter • +\$16.6 million YOY FX impact, or +6.2%
Diluted EPS	\$1.45	<ul style="list-style-type: none"> • +17.9% vs. prior-year quarter • Diluted shares of 21.1 million, -2.1%
Active Customers	617,000	<ul style="list-style-type: none"> • +7.7% vs. prior-year quarter

“We had an excellent start to the year largely due to continued strong consumer demand for our high-quality products,” said Kevin Guest, Chief Executive Officer and Chairman of the Board. “Our strong top-line performance was driven by double-digit year-over-year sales growth in each of our regions, and we expect the execution of our 2021 global growth strategy will continue to generate growth in the remainder of the year.”

Q1 2021 Regional Results:

Asia Pacific Region		
Net Sales	\$251.3 million	<ul style="list-style-type: none"> +16.6% vs. prior-year quarter Constant currency net sales: +9.3% 81.6% of consolidated net sales
Active Customers	472,000	<ul style="list-style-type: none"> +5.1% vs. prior-year quarter
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$149.0 million	<ul style="list-style-type: none"> +13.3% vs. prior-year quarter Constant currency net sales: +5.9%
Active Customers	276,000	<ul style="list-style-type: none"> -0.4% vs. prior-year quarter +9.5% sequentially
North Asia		
Net Sales	\$30.2 million	<ul style="list-style-type: none"> +10.7% vs. prior-year quarter Constant currency net sales: +3.9%
Active Customers	59,000	<ul style="list-style-type: none"> +3.5% vs. prior-year quarter -1.7% sequentially
Southeast Asia Pacific		
Net Sales	\$72.1 million	<ul style="list-style-type: none"> +26.7% vs. prior-year quarter Constant currency net sales: +19.5%
Active Customers	137,000	<ul style="list-style-type: none"> +19.1% vs. prior-year quarter -3.5% sequentially
Americas and Europe Region		
Net Sales	\$56.7 million	<ul style="list-style-type: none"> +11.1% vs. prior year Constant currency net sales: +9.3% 18.4% of consolidated net sales
Active Customers	145,000	<ul style="list-style-type: none"> +16.9% vs. prior year No change sequentially

“We successfully launched our new Active Nutrition line in late March and have received positive feedback on these new products from our customers,” continued Mr. Guest. “The Active Nutrition line promotes healthy weight management, digestive health, energy and hydration. While the initial launch was limited to the United States, Canada, Mexico, Australia, and New Zealand, we will roll these products out to additional markets throughout the year. During the quarter, we also continued to advance our digital experience strategy with an emphasis on improving our overall shopping experience, particularly in China. Enhancements will allow consumers to easily interact with USANA while sharing their experiences with others.”

Balance Sheet and Share Repurchase Activity

The Company ended the quarter with \$257 million in cash and cash equivalents and no debt. As of April 3, 2021, the Company had 21.1 million fully diluted shares outstanding. During the quarter, the Company repurchased 721,000 shares totaling \$69.5 million. As of April 3, 2021, there was approximately \$80.5 million remaining under the existing share repurchase authorization.

Fiscal 2021 Outlook

The Company is increasing its consolidated net sales and earnings per share outlook for fiscal year 2021 as follows:

Fiscal Year 2021 Outlook		
	Revised Range	Previous Range
Consolidated Net Sales	\$1.24 - \$1.28 billion	\$1.21 - \$1.27 billion
Diluted EPS	\$6.15 - \$6.50	\$6.00 - \$6.45

The Company maintains a 52/53-week fiscal year. Fiscal 2020 was a 53-week year and included one additional week of sales compared to Fiscal 2021.

Doug Hekking, Chief Financial Officer, said, “First quarter operating results were better than internal expectations and were driven by continued momentum in our underlying business around the world. As expected, changes in currency exchange rates favorably contributed to our quarterly performance.”

“Given our first quarter results, we are increasing our outlook for 2021, which now reflects top-line growth between 9.3% and 12.8%. Notably, we expect sales to accelerate during the second quarter, due largely to a short-term sales program we are offering around the world during the quarter. We offered a similar short-term sales program during the third quarter of 2020, which was successful and received a positive response from our Associates around the world. Following the conclusion of this program, we expect to see year-over-year sales growth, albeit at a decreased growth rate from the second quarter of this year. Our updated 2021 outlook continues to reflect an operating margin between 14.8% and 15.2%, continued favorable foreign currency environment, and an increase in spending in the back half of the year related to travel and event-related costs. We continue to project an effective tax rate of 31% for the year and a diluted share count of 20.7 million, which reflects share repurchases made during the first quarter. Overall, we had a solid start to the year and I believe we are positioned to deliver record results in 2021.”

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, April 28, 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.

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.

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.

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

	Quarter Ended	
	3-Apr-21	28-Mar-20
Net sales	\$ 307,976	\$ 266,619
Cost of sales	57,651	46,059
Gross profit	<u>250,325</u>	<u>220,560</u>
Operating expenses		
Associate incentives	134,495	116,069
Selling, general and administrative	71,633	65,479
Earnings from operations	<u>44,197</u>	<u>39,012</u>
Other income (expense)	139	151
Earnings before income taxes	<u>44,336</u>	<u>39,163</u>
Income taxes	13,715	12,611
NET EARNINGS	<u>\$ 30,621</u>	<u>\$ 26,552</u>
Earnings per share - diluted	\$ 1.45	\$ 1.23
Weighted average shares outstanding - diluted	21,096	21,551

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

	As of	As of
	3-Apr-21	2-Jan-21
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 256,964	\$ 311,917
Inventories	87,646	90,224
Prepaid expenses and other current assets	28,570	23,145
Total current assets	<u>373,180</u>	<u>425,286</u>
Property and equipment, net	98,622	100,445
Goodwill	17,310	17,367
Intangible assets, net	30,345	30,796
Deferred income taxes	5,164	4,640
Other assets	59,891	62,353
Total assets	<u>\$ 584,512</u>	<u>\$ 640,887</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 11,952	\$ 18,195
Other current liabilities	139,500	149,878
Total current liabilities	<u>151,452</u>	<u>168,073</u>
Deferred income taxes	13,975	12,009
Other long-term liabilities	16,308	19,155
Stockholders' equity	402,777	441,650
Total liabilities and stockholders' equity	<u>\$ 584,512</u>	<u>\$ 640,887</u>

USANA Health Sciences, Inc.

Sales by Region

(unaudited)

(in thousands)

Quarter Ended

	April 3, 2021		March 28, 2020		Change from prior year		Currency impact on sales	% change excluding currency impact
Asia Pacific								
Greater China	\$ 148,978	48.4%	\$ 131,432	49.3%	\$ 17,546	13.3%	\$ 9,738	5.9%
Southeast Asia Pacific	72,148	23.4%	56,922	21.4%	15,226	26.7%	4,107	19.5%
North Asia	30,165	9.8%	27,251	10.2%	2,914	10.7%	1,853	3.9%
Asia Pacific Total	251,291	81.6%	215,605	80.9%	35,686	16.6%	15,698	9.3%
Americas and Europe	56,685	18.4%	51,014	19.1%	5,671	11.1%	907	9.3%
	<u>\$ 307,976</u>	<u>100.0%</u>	<u>\$ 266,619</u>	<u>100.0%</u>	<u>\$ 41,357</u>	15.5%	<u>\$ 16,605</u>	9.3%

Active Associates by Region⁽¹⁾

(unaudited)

	As of			
	April 3, 2021		March 28, 2020	
Asia Pacific				
Greater China	88,000	30.4%	95,000	33.9%
Southeast Asia Pacific	99,000	34.1%	85,000	30.4%
North Asia	38,000	13.1%	38,000	13.6%
Asia Pacific Total	225,000	77.6%	218,000	77.9%
Americas and Europe	65,000	22.4%	62,000	22.1%
	<u>290,000</u>	<u>100.0%</u>	<u>280,000</u>	<u>100.0%</u>

Active Preferred Customers by Region⁽²⁾

(unaudited)

	As of			
	April 3, 2021		March 28, 2020	
Asia Pacific				
Greater China	188,000	57.5%	182,000	62.1%
Southeast Asia Pacific	38,000	11.6%	30,000	10.2%
North Asia	21,000	6.4%	19,000	6.5%
Asia Pacific Total	247,000	75.5%	231,000	78.8%
Americas and Europe	80,000	24.5%	62,000	21.2%
	<u>327,000</u>	<u>100.0%</u>	<u>293,000</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

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USANA Health Sciences, Inc.

April 27, 2021

Q1 2021 Management Commentary, Results and Outlook

- First quarter net sales increased 15.5% year-over-year to \$308.0 million.
- First quarter diluted EPS increased 17.9% year-over-year to \$1.45.
- Repurchased 721,000 shares for \$69.5 million during the quarter.
- Raises full-year 2021 net sales and EPS Outlook.

Overview

Our first quarter represents an excellent start to an exciting year for USANA. Our strong top-line performance was driven by double-digit US dollar sales growth in each of our regions. General momentum in our business and related growth in total Active Customers were the primary catalyst to improved year-over-year results. This growth also demonstrates the continued strong demand for our high-quality products and the successful execution of our strategy, which drove better than expected financial results. Accordingly, we have raised our full-year net sales and diluted EPS outlook.

We continued to execute our digital experience strategy, which entails further enhancing the overall shopping experience for our customers with a particular emphasis on the China market. These enhancements allow consumers to easily interact with USANA while sharing their experiences with others.

We also successfully launched our new, much-anticipated Active Nutrition line in late March. This product line promotes a holistic approach to healthy weight management, as well as digestive health, energy and hydration. Initial customer feedback about these new products has been encouraging. We introduced the Active Nutrition line in select markets including the United States, Canada, Mexico, Australia and New Zealand. Our plan is to roll out the product line to additional markets throughout the year.

We are pleased with our start to the year and momentum to continue to build as the year progresses and as we continue to execute our 2021 global growth strategy.

Consolidated Results		
Net Sales	\$308.0 million	<ul style="list-style-type: none"> ● +15.5% vs. prior-year quarter ● +9.3% constant currency vs. prior-year quarter ● +\$16.6 million FX impact, or +6.2%
Diluted EPS	\$1.45	<ul style="list-style-type: none"> ● +17.9% vs. prior-year quarter ● Diluted shares of 21.1 million, or -2.1%
Active Customers	617,000	<ul style="list-style-type: none"> ● +7.7% vs. prior-year quarter

Balance Sheet and Share Repurchase Activity

The Company ended the quarter with \$257 million in cash and cash equivalents and no debt. During the quarter, the Company repurchased 721,000 shares totaling \$69.5 million and reported diluted shares outstanding of 21.1 million. As of April 3, 2021, there was approximately \$80.5 million remaining under the existing share repurchase authorization.

Quarterly Income Statement Discussion

Gross margin decreased 140 basis points from the prior year to 81.3% of net sales. This decrease can be attributed primarily to (i) changes in product and market sales mix and (ii) higher distribution and shipping costs.

Associate Incentives increased 20 basis points from the prior year to 43.7% of net sales. The modest increase in Associate Incentives can be attributed to miscellaneous incentive expense, which was offset, in part, by a change in market sales mix.

Selling, General and Administrative Expense increased \$6.2 million compared to the prior year, which can be primarily attributed to higher employee related costs. In relative terms, SG&A expense decreased 140 basis points from the prior year to 23.2% of net sales due primarily to (i) leverage gained on increased sales, and (ii) decreased travel and event costs.

Asia Pacific Region		
Net Sales	\$251.3 million	<ul style="list-style-type: none"> • +16.6% vs. prior-year quarter • Constant currency net sales: 9.3% • +\$15.7 million FX impact, or +7.3% • 81.6% of consolidated net sales
Active Customers	472,000	<ul style="list-style-type: none"> • +5.1% vs. prior-year quarter
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$149.0 million	<ul style="list-style-type: none"> • +13.3% vs. prior-year quarter • Constant currency net sales: +5.9%
Active Customers	276,000	<ul style="list-style-type: none"> • -0.4% vs. prior-year quarter • +9.5% sequentially
North Asia		
Net Sales	\$30.2 million	<ul style="list-style-type: none"> • +10.7% vs. prior-year quarter • Constant currency net sales: +3.9%
Active Customers	59,000	<ul style="list-style-type: none"> • +3.5% vs. prior-year quarter • -1.7% sequentially
Southeast Asia Pacific		
Net Sales	\$72.1 million	<ul style="list-style-type: none"> • +26.7% vs. prior-year quarter • Constant currency net sales: +19.5%
Active Customers	137,000	<ul style="list-style-type: none"> • +19.1% vs. prior-year quarter • -3.5% sequentially

Greater China: Net sales in this region grew 13.3% during the quarter. In mainland China, net sales increased 16.3% while local currency sales increased 8.1%, and Active Customers increased 0.4%. Sequentially, net sales in mainland China increased 8.6% and Active Customers increased 10.9%. 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 2.5% and active Customers grew by 3.6% year-over-year. Local currency net sales in Japan grew 53.8% year-over-year, albeit on a relatively low sales base.

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. This growth was led by performance in Malaysia and the Philippines where local currency sales increased 46.5% and 28.9%, respectively, on a year-over-year basis. Total active customers grew 32.3% and 25.6% in Malaysia and the Philippines, respectively, during the quarter.

Americas and Europe Region		
Net Sales	\$56.7 million	<ul style="list-style-type: none"> ● +11.1% vs. prior-year quarter ● Constant currency net sales: +9.3% ● +\$0.9 million FX impact, or +1.8% ● 18.4% of consolidated net sales
Active Customers	145,000	<ul style="list-style-type: none"> ● +16.9% vs. prior-year quarter ● +No change sequentially

Americas and Europe Region: We are pleased to see continued performance in this region where Active Customers are 16.9% higher than a year ago. Year-over-year net sales increased 6.6% in the U.S. and by 33.5% in local currency in Mexico.

Outlook and 2021 Operating Strategy

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

Fiscal Year 2021 Outlook		
	Revised Range	Previous Range
Consolidated Net Sales	\$1.24 - \$1.28 billion	\$1.21 - \$1.27 billion
Diluted EPS	\$6.15 - \$6.50	\$6.00 - \$6.45

The Company maintains a 52/53-week fiscal year. Fiscal 2020 was a 53-week year and included one additional week of sales compared to Fiscal 2021.

The Company's revised outlook for the year now reflects:

- A favorable currency exchange rate impact on net sales of approximately \$69 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.

As previously indicated, we expect increased spending in the second half of the year related to travel and event costs with the anticipation of a more normalized operating environment.

Notably, we expect second quarter net sales to be the highest quarter of the year, due largely to a short-term sales program we are offering around the world during the quarter. We offered a similar short-term sales program during the third quarter of 2020, which was very successful and we anticipate a reasonably similar response in the second quarter of 2021. This program is designed to reward Associates for sales to new customers for a limited period of time and is being offered in each of our markets. Following the conclusion of this program, we expect to see continued year-over-year sales growth, albeit at a lower growth rate from the second quarter of this year.

Digital Strategy

Our digital experience strategy continued to be a key focus. During the quarter, we continued to enhance our overall shopping experience, with an emphasis on China. Additionally, we launched new tools that give our Associates the ability to create individual, USANA branded websites. These enhancements will allow consumers to easily interact with USANA and share their positive experiences with others. Also, later this year we are planning to introduce a new recommendation tool that pairs with our all-new Active Nutrition line to help consumers select products and customize the program to their needs.

Product Launches and Incentive Offerings

As previously mentioned, we successfully launched our new Active Nutrition line in late March, which was very well received by our customers. Notably, these new products are being manufactured in-house at USANA North, our new and fully operational foods manufacturing facility. We believe the added manufacturing capability is a meaningful and positive change for USANA and the customer experience. We also expect to begin realizing benefits from the investment in Built Brands in the back half of the year with the planned rollout of new products.

Existing Market Growth, China Strategy, and New Market Expansion

During the first quarter, we drove growth in our existing markets by focusing on increasing the customer base through new product offerings, a new customer loyalty program and incentive offerings that motivated our sales force. In China, we made improvements to our WeChat, mobile shopping experiences and launched a new weight loss campaign ahead of the Active Nutrition rollout planned for later this year. We also have several other new product releases scheduled for China in 2021. Further, we are working on a broader offering of Traditional Chinese Medicine (“TCM”) products through internal development and third-party collaborations. Finally, we plan to hold an in-person China National Meeting in the third quarter, assuming pandemic conditions continue to improve and the market returns to a more normal operating environment.

Business Development

In the first quarter we continued 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.

Corporate Sustainability

During the first quarter the Board of Directors formed a Sustainability Committee to oversee and advise on all matters related to corporate sustainability, including environmental, social and governance (ESG) and corporate social responsibility (CSR) matters. The Sustainability Committee is composed of directors Peggie Pelosi, Chair; John Fleming; Frederic Winssinger; and Tim Wood. We will continue to incorporate and advance sustainability-related best practices across all of our markets as part of our commitment to improving the health and wellness of individuals, families and communities around the world.

As 2021 continues to unfold, we believe that we are positioned for continued growth and are confident with our overall strategies. Our commitment 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 remain our ever present focus.

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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