

**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):
July 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 July 27, 2021, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the second quarter ended July 3, 2021. The release also announced that the Company will post a document titled “Management Commentary” on the Company’s website and that executives of the Company will hold a conference call with investors, to be broadcast over the World Wide Web and by telephone and provided access information, date and time for the conference call. The Company noted that the call will consist of brief remarks by the Company’s management team, before moving directly into questions and answers. A copy of the press release, and the Management Commentary, are furnished herewith as Exhibits 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 July 27, 2021 (furnished herewith).
99.2	Management Commentary provided by USANA Health Sciences, Inc. dated July 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: July 27, 2021

Exhibit Index

Exhibit No.

Description

99.1

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

99.2

Management Commentary provided by USANA Health Sciences, Inc. dated July 27, 2021 (furnished herewith).

USANA Health Sciences Reports Record Second Quarter Results and Reiterates Growth Outlook for FY 2021

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

Key Financial & Operating Highlights

- Second quarter net sales increased 30.1% year-over-year to a record \$336.8 million.
- Second quarter diluted EPS increased 41.7% year-over-year to \$1.87.
- Active Customers increased 8.8% year-over-year to a record 652,000.
- Reiterates 2021 net sales and diluted EPS outlook.

Q2 2021 Financial Performance

Consolidated Results		
Net Sales	\$336.8 million	<ul style="list-style-type: none"> • +30.1% vs. prior-year quarter • +20.3% constant currency vs. prior-year quarter • +\$25.2 million YOY FX impact, or +9.8%
Diluted EPS	\$1.87	<ul style="list-style-type: none"> • +41.7% vs. prior-year quarter • Diluted shares of 20.4 million, -3.2%
Active Customers	652,000	<ul style="list-style-type: none"> • +8.8% vs. prior-year quarter

“Strong consumer demand for our high-quality health products, coupled with the execution of our previously announced short-term sales program, contributed to our record net sales and customer numbers for the second quarter,” said Kevin Guest, Chief Executive Officer and Chairman of the Board. “Our-top line performance was driven by strong double-digit, year-over-year sales growth in each of our regions including a 16.5% increase in the Americas and Europe region and a 33.3% increase in the Asia Pacific region.

Q2 2021 Regional Results:

Asia Pacific Region		
Net Sales	\$279.0 million	<ul style="list-style-type: none"> +33.3% vs. prior-year quarter Constant currency net sales: +23.0% 82.8% of consolidated net sales
Active Customers	513,000	<ul style="list-style-type: none"> +10.8% vs. prior-year quarter +8.6% sequentially
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$165.4 million	<ul style="list-style-type: none"> +33.4% vs. prior-year quarter Constant currency net sales: +22.5%
Active Customers	303,000	<ul style="list-style-type: none"> +9.0% vs. prior-year quarter +9.8% sequentially
North Asia		
Net Sales	\$37.4 million	<ul style="list-style-type: none"> +44.8% vs. prior-year quarter Constant currency net sales: +33.6%
Active Customers	66,000	<ul style="list-style-type: none"> +17.9% vs. prior-year quarter +11.9% sequentially
Southeast Asia Pacific		
Net Sales	\$76.1 million	<ul style="list-style-type: none"> +28.0% vs. prior-year quarter Constant currency net sales: +19.2%
Active Customers	144,000	<ul style="list-style-type: none"> +11.6% vs. prior-year quarter +5.1% sequentially
Americas and Europe Region		
Net Sales	\$57.9 million	<ul style="list-style-type: none"> +16.5% vs. prior year Constant currency net sales: +9.2% 17.2% of consolidated net sales
Active Customers	139,000	<ul style="list-style-type: none"> +2.2% vs. prior year -4.1% sequentially

Mr. Guest added, “We continue to execute our strategy to enhance the overall shopping experience for customers in all of our markets and made further progress on this initiative during the quarter. Additionally, the rollout of our Active Nutrition line, which was introduced in late March, is proceeding according to plan. As we look ahead to the second half of the year, we are seeing a more challenging operating environment in several markets due to escalating conditions related to the COVID-19 pandemic. We believe, however, that the successful execution of our strategy will deliver long-term sustainable growth.”

Balance Sheet and Share Repurchase Activity

The Company ended the quarter with \$265 million in cash and cash equivalents and no debt after repurchasing 304,000 shares for \$29.7 million. Diluted shares outstanding totaled 20.4 million during the second quarter of 2021 and there was approximately \$51 million remaining under the existing share repurchase authorization as of July 3, 2021.

Fiscal 2021 Outlook

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

Fiscal Year 2021 Outlook	
	Range
Consolidated Net Sales	\$1.24 - \$1.28 billion
Diluted EPS	\$6.15 - \$6.50

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

Doug Hekking, Chief Financial Officer, said, “Our record second quarter results, highlighted by robust sales and earnings-per-share growth, were in-line with management’s expectations and were driven, in large part, by the sales program offered during the quarter. A similar sales program was offered during the third quarter of 2020, which was also very successful. Note that the timing of the 2020 sales program, as well as the additional week of sales in the fourth quarter of 2020, create a challenging comparable for us in the back half of 2021. Nevertheless, we continue to believe that 2021 will be another record year for USANA.”

Management Commentary Document and Conference Call

For more information on the USANA's operating results, please see the Management Commentary document, which has been posted on the Company's website (<http://ir.usana.com>) under the Investor Relations section. USANA's management team will hold a conference call and webcast to discuss today's announcement with investors on Wednesday, July 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, followed by a questions and answers session.

Non-GAAP Financial Measures

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

About USANA

USANA develops and manufactures high-quality nutritional supplements, functional foods and personal care products that are sold directly to Associates and Preferred Customers throughout the United States, Canada, Australia, New Zealand, Hong Kong, China, Japan, Taiwan, South Korea, Singapore, Mexico, Malaysia, the Philippines, the Netherlands, the United Kingdom, Thailand, France, Belgium, Colombia, Indonesia, Germany, Spain, Romania, 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		Six Months Ended	
	3-Jul-21	27-Jun-20	3-Jul-21	27-Jun-20
Net sales	\$ 336,837	\$ 258,991	\$ 644,813	\$ 525,610
Cost of sales	57,014	47,674	114,665	93,733
Gross profit	279,823	211,317	530,148	431,877
Operating expenses				
Associate incentives	153,863	110,852	288,358	226,921
Selling, general and administrative	72,240	60,879	143,873	126,358
Earnings from operations	53,720	39,586	97,917	78,598
Other income (expense)	590	393	729	544
Earnings before income taxes	54,310	39,979	98,646	79,142
Income taxes	16,076	12,002	29,791	24,613
NET EARNINGS	\$ 38,234	\$ 27,977	\$ 68,855	\$ 54,529
Earnings per share - diluted	\$ 1.87	\$ 1.32	\$ 3.31	\$ 2.56
Weighted average shares outstanding - diluted	20,446	21,129	20,771	21,340

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

	As of	As of
	3-Jul-21	2-Jan-21
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 265,368	\$ 311,917
Inventories	89,587	90,224
Prepaid expenses and other current assets	26,551	23,145
Total current assets	381,506	425,286
Property and equipment, net	97,849	100,445
Goodwill	17,467	17,367
Intangible assets, net	30,489	30,796
Deferred income taxes	5,486	4,640
Other assets	58,652	62,353
Total assets	\$ 591,449	\$ 640,887
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 13,144	\$ 18,195
Other current liabilities	139,856	149,878
Total current liabilities	153,000	168,073
Deferred income taxes	4,806	12,009
Other long-term liabilities	15,020	19,155
Stockholders' equity	418,623	441,650
Total liabilities and stockholders' equity	\$ 591,449	\$ 640,887

USANA Health Sciences, Inc.
Sales by Region
(unaudited)
(in thousands)

Quarter Ended

	July 3, 2021		June 27, 2020		Change from prior year		Currency impact on sales	% change excluding currency impact
Asia Pacific								
Greater China	\$ 165,416	49.1%	\$ 124,001	47.9%	\$ 41,415	33.4%	\$ 13,459	22.5%
Southeast Asia Pacific	76,101	22.6%	59,459	22.9%	16,642	28.0%	5,225	19.2%
North Asia	37,438	11.1%	25,852	10.0%	11,586	44.8%	2,906	33.6%
Asia Pacific Total	278,955	82.8%	209,312	80.8%	69,643	33.3%	21,590	23.0%
Americas and Europe	57,882	17.2%	49,679	19.2%	8,203	16.5%	3,610	9.2%
	\$ 336,837	100.0%	\$ 258,991	100.0%	\$ 77,846	30.1%	\$ 25,200	20.3%

Active Associates by Region⁽¹⁾
(unaudited)

	As of			
	July 3, 2021		June 27, 2020	
Asia Pacific				
Greater China	88,000	29.3%	93,000	32.3%
Southeast Asia Pacific	104,000	34.7%	94,000	32.6%
North Asia	42,000	14.0%	37,000	12.9%
Asia Pacific Total	234,000	78.0%	224,000	77.8%
Americas and Europe	66,000	22.0%	64,000	22.2%
	300,000	100.0%	288,000	100.0%

Active Preferred Customers by Region⁽²⁾
(unaudited)

	As of			
	July 3, 2021		June 27, 2020	
Asia Pacific				
Greater China	215,000	61.1%	185,000	59.5%
Southeast Asia Pacific	40,000	11.4%	35,000	11.3%
North Asia	24,000	6.8%	19,000	6.1%
Asia Pacific Total	279,000	79.3%	239,000	76.9%
Americas and Europe	73,000	20.7%	72,000	23.1%
	352,000	100.0%	311,000	100.0%

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

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

Contacts

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Public Relations
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USANA Health Sciences, Inc.

July 27, 2021

Q2 2021 Management Commentary

- Second quarter net sales increased 30.1% year-over-year to a record \$336.8 million.
- Second quarter diluted EPS increased 41.7% year-over-year to \$1.87.
- Active Customers increased 8.8% year-over-year to a record 652,000.
- Reiterates full-year 2021 net sales and EPS growth outlook.

Overview

Strong second quarter results continued to propel us towards another record year as we continue to focus on customer growth and engagement. Our record top-line results for the quarter included double-digit, year-over-year sales growth in each of our regions, including a 16.5% increase in the Americas and Europe region and a 33.3% increase in the Asia Pacific region. This growth was driven, in great part, by a short-term sales program we offered during the quarter that received a positive response from our Associates. As we look ahead to the second half of the year, we are seeing a more challenging operating environment in several markets due to escalating conditions related to the COVID-19 pandemic. We believe, however, that the successful execution of our strategy will deliver long-term sustainable growth.

We remain focused on providing a compelling digital experience for our customers and made further progress on this strategy during the quarter. Specifically, we launched 1) a product recommendation tool in conjunction with the Active Nutrition launch; and 2) a native shopping app in our China market. Additionally, the continued rollout of our Active Nutrition line, which was introduced in late March, is proceeding according to plan.

Overall, we are encouraged by our first half operating results. While we have not planned any additional short-term sales programs of similar magnitude in the second half of the year, we anticipate continued consumer demand and look forward to executing on our 2021 strategic growth initiatives.

Consolidated Results		
Net Sales	\$336.8 million	<ul style="list-style-type: none"> ● +30.1% vs. prior-year quarter ● +20.3% constant currency vs. prior-year quarter ● +\$25.2 million YOY FX impact, or +9.8%
Diluted EPS	\$1.87	<ul style="list-style-type: none"> ● +41.7% vs. prior-year quarter ● Diluted shares of 20.4 million, -3.2%
Active Customers	652,000	<ul style="list-style-type: none"> ● +8.8% vs. prior-year quarter

Balance Sheet and Share Repurchase Activity

The Company ended the quarter with \$265 million in cash and cash equivalents and no debt after repurchasing 304,000 shares for \$29.7 million. Diluted shares outstanding totaled 20.4 million during the second quarter of 2021 and there was approximately \$51 million remaining under the existing share repurchase authorization as of July 3, 2021.

Quarterly Income Statement Discussion

Gross margins improved 150 basis points from the prior year to 83.1% of net sales. Several factors contributed to the year-over-year improvement in gross margins including currency benefits, product promotions in the prior-year quarter, and higher sales and related leverage benefit on fixed costs.

Associate Incentives increased 290 basis points from the prior year to 45.7% of net sales. The key driver behind the increase was the short-term sales program in the second quarter. A shift in sales mix by market also modestly contributed to higher Associate Incentives.

Selling, General and Administrative expense decreased 200 basis points from the prior year to 21.5% of net sales, largely reflecting leverage realized on higher sales volumes. On an absolute basis, SG&A expense increased \$11 million compared to the prior year, which reflects increased employee-related costs, increased variable costs on a rising sales base, and a modest increase in event and travel-related expenses.

The effective tax rate of 29.6% was largely unchanged compared to 30.0% last year. We now expect an effective tax rate of approximately 30.0% for Fiscal 2021.

Regional Financial Results

Asia Pacific Region		
Net Sales	\$279.0 million	<ul style="list-style-type: none"> +33.3% vs. prior-year quarter Constant currency net sales: +23.0% +\$21.6 million FX impact, or +10.3% 82.8% of consolidated net sales
Active Customers	513,000	<ul style="list-style-type: none"> +10.8% vs. prior-year quarter +8.6% sequentially
Asia Pacific Sub-Regions		
Greater China		
Net Sales	\$165.4 million	<ul style="list-style-type: none"> +33.4% vs. prior-year quarter Constant currency net sales: +22.5%
Active Customers	303,000	<ul style="list-style-type: none"> +9.0% vs. prior-year quarter +9.8% sequentially
North Asia		
Net Sales	\$37.4 million	<ul style="list-style-type: none"> +44.8% vs. prior-year quarter Constant currency net sales: +33.6%
Active Customers	66,000	<ul style="list-style-type: none"> +17.9% vs. prior-year quarter +11.9% sequentially
Southeast Asia Pacific		
Net Sales	\$76.1 million	<ul style="list-style-type: none"> +28.0% vs. prior-year quarter Constant currency net sales: +19.2%
Active Customers	144,000	<ul style="list-style-type: none"> +11.6% vs. prior-year quarter +5.1% sequentially

Greater China: Net sales in this region grew 33.4% from the prior year quarter. In mainland China, net sales increased 36.5%, while local currency sales increased 24.5% and Active Customers increased 9.8%. Sequentially, net sales in mainland China increased 12.3% and Active Customers increased 10.6%. The solid growth in this region is attributable to strong Associate response to the short-term sales program.

North Asia: South Korea continued to deliver solid results with record local currency net sales in the second quarter, increasing 33.6% year-over-year. Total Active Customers in this region also reached new highs, growing 17.9% year-over-year. Albeit on a lower base, Japan also posted solid local currency net sales growth.

Southeast Asia Pacific: Regional growth remained strong in the second quarter with several key markets continuing to grow double-digits year-over-year. Specifically, local currency net sales and Active Customers in Malaysia grew 51.2% and 38.7% year-over-year, respectively. Several other markets in the region also grew local currency net sales on a year-over-year basis by double-digits.

Americas and Europe Region		
Net Sales	\$57.9 million	<ul style="list-style-type: none"> ● +16.5% vs. prior year ● Constant currency net sales: +9.2% ● +\$3.6 million FX impact, or +7.3% ● 17.2% of consolidated net sales
Active Customers	139,000	<ul style="list-style-type: none"> ● +2.2% vs. prior year ● -4.1% sequentially

Americas and Europe Region: Each market in this region posted year-over-year growth during the second quarter. Specifically, Canada increased local currency net sales 10.1% year-over-year, and the U.S. grew net sales 9.0% year-over-year.

Outlook and 2021 Operating Strategy

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

Fiscal Year 2021 Outlook	
	Range
Consolidated Net Sales	\$1.24 - \$1.28 billion
Diluted EPS	\$6.15 - \$6.50

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

The Company's outlook for the year reflects:

- A favorable currency exchange rate impact on net sales of approximately \$64 million, which \$42 million was realized in the first half of 2021;
- An estimated operating margin of between 14.5% and 15.0%;
- An annual effective tax rate of 30%; and
- An annualized diluted share count of 20.6 million.

We anticipate modest pressure on our operating margin in the back half of the year related to labor market pressures, and supply chain costs and we have adjusted our operating margin outlook accordingly.

The back half of 2021 introduces a challenging year-over-year comparable with fiscal 2020 as a result of (i) a successful short-term sales program that took place in Q3 2020 that was offered in the current year during the second quarter, and (ii) an extra week of sales in Q4 2020 due to the Company's 52-53 week fiscal year and contributed approximately \$18 million to the top-line and an estimated \$0.17 to diluted earnings per share.

Digital Strategy

We continue to place a higher priority on our digital experience strategy. During the quarter, we successfully launched a product recommendation tool in conjunction with the Active Nutrition launch. This tool allows customers to build a personalized list of recommended products to meet their needs. Additionally, we launched a whole new shopping app in our China market, with additional shopping features planned for later this year.

Product Launches

As previously mentioned, we launched our new Active Nutrition line in late March, which was very well received by our customers. We are excited to offer customers a holistic approach to healthy weight management, as well as digestive health, energy and hydration. 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.

Existing Market Growth, China Strategy

Second quarter business activity was highlighted by our short-term sales program which was launched across all markets. This program was aimed at driving increased sales volume through both existing and new Associate and Preferred Customers. The results of this effort were a key catalyst to the record quarterly net sales reported, with notable strength in China, South Korea and Malaysia. Similarly, we also achieved a record number of Active Customers in the quarter, attributable to records in both South Korea and Malaysia. Notably, we plan to hold an in-person China National Meeting in late September, where we expect nearly fourteen thousand people to attend.

We are pleased with our operating performance during the first half of the year. And, we remain focused on executing on both our Fiscal 2021 and longer term strategic initiatives, which include business development opportunities that would strengthen, diversify, and grow our worldwide business. Our business development efforts are focused on: (i) overall nutrition; (ii) vertical integration; (iii) product and category expansion; and (iv) geographic expansion. At the same time, the overall health and well-being of our customers, sales force and employees remains of utmost importance to us. Our high quality health products and the dedication and efforts from our employees globally put us in a strong position to achieve this objective.

Kevin Guest
CEO

Douglas Hekking
CFO

Safe Harbor

This Management Commentary contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including: 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 Commentary should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission. The forward-looking statements in this Commentary set forth our beliefs as of the date hereof. We do not undertake any obligation to update any forward-looking statement after the date hereof or to conform such statements to actual results or changes in the Company’s expectations, except as required by law.

Non-GAAP Financial Measures

The Company prepares its financial statements using U.S. generally accepted accounting principles (“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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