

February 8, 2022



# USANA Health Sciences Reports Fiscal Year and Fourth Quarter 2021 Results

SALT LAKE CITY--(BUSINESS WIRE)-- USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its full year and fiscal fourth quarter ended January 1, 2022.

## Key Financial & Operating Highlights

- Fiscal year 2021 net sales grew 5% to \$1.186 billion.
- Reported fiscal year 2021 diluted EPS totaled \$5.73.
- Fourth quarter net sales reached \$267 million and diluted EPS were \$1.03.
- Company provides initial 2022 net sales guidance of \$1.125 to \$1.225 billion and initial diluted EPS guidance of \$5.25 to \$6.00.

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.

## FY 2021 Financial Performance

| Consolidated Results |                 |                                                                                                                                                                                                                               |
|----------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Sales            | \$1.186 billion | <ul style="list-style-type: none"><li>• +5% vs prior year</li><li>• +\$53.6 million YOY FX impact, or +5%</li><li>• FY 2020 additional week of sales contributed approximately \$18 million to prior year results</li></ul>   |
| Diluted EPS          | \$5.73          | <ul style="list-style-type: none"><li>• -2% vs prior year</li><li>• 20.3 million diluted shares, -4% vs prior year</li><li>• FY 2020 additional week of sales contributed an estimated \$0.17 to prior year results</li></ul> |
| Active Customers     | 560,000         | <ul style="list-style-type: none"><li>• -7% vs. prior year</li></ul>                                                                                                                                                          |

“USANA delivered year-over-year net sales growth for 2021, despite a challenging year-over-year comparable and a global operating environment that disrupted many of our growth initiatives and planned events,” said Kevin Guest, Chief Executive Officer and Chairman of the Board. “Importantly, we made meaningful progress during the year in executing our digital transformation strategy, which is key to improving our overall customer experience and setting the stage for future net sales growth.”

#### Q4 2021 Financial Performance

| Consolidated Results |                 |                                                                                                                                                                                                                                            |
|----------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Net Sales</b>     | \$267.3 million | <ul style="list-style-type: none"> <li>• -14% vs. prior-year quarter</li> <li>• +\$1.9 million YOY FX impact, or +1%</li> <li>• Q4 2020 additional week of sales contributed approximately \$18 million to prior year results</li> </ul>   |
| <b>Diluted EPS</b>   | \$1.03          | <ul style="list-style-type: none"> <li>• -45% vs. prior-year quarter</li> <li>• Diluted shares of 19.7 million, -7%</li> <li>• Q4 2020 additional week of sales contributed an estimated \$0.17 per share to prior year results</li> </ul> |

Mr. Guest added, “Fourth quarter net sales came in below our expectations as our business was negatively impacted in several key Asia Pacific markets where COVID-19 restrictions persisted throughout the quarter. Additionally, lower gross margin and the unanticipated timing of certain marketing expenses resulted in lower-than-expected diluted earnings per share. We estimate that these collective events negatively impacted diluted earnings per share by \$0.18.”

## Q4 2021 Regional Results:

| Asia Pacific Region      |                 |                                                                                                                          |
|--------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------|
| Net Sales                | \$212.1 million | <ul style="list-style-type: none"> <li>-15% vs. prior-year quarter</li> <li>79% of consolidated net sales</li> </ul>     |
| Active Customers         | 428,000         | <ul style="list-style-type: none"> <li>-6% vs. prior-year quarter</li> <li>-3% sequentially</li> </ul>                   |
| Asia Pacific Sub-Regions |                 |                                                                                                                          |
| Greater China            |                 |                                                                                                                          |
| Net Sales                | \$125.8 million | <ul style="list-style-type: none"> <li>-10% vs. prior-year quarter</li> <li>Constant currency net sales: -13%</li> </ul> |
| Active Customers         | 255,000         | <ul style="list-style-type: none"> <li>+1% vs. prior-year quarter</li> <li>+4% sequentially</li> </ul>                   |
| North Asia               |                 |                                                                                                                          |
| Net Sales                | \$29.2 million  | <ul style="list-style-type: none"> <li>-11% vs. prior-year quarter</li> <li>Constant currency net sales: -6%</li> </ul>  |
| Active Customers         | 58,000          | <ul style="list-style-type: none"> <li>-3% vs. prior-year quarter</li> <li>-8% sequentially</li> </ul>                   |
| Southeast Asia Pacific   |                 |                                                                                                                          |
| Net Sales                | \$57.0 million  | <ul style="list-style-type: none"> <li>-26% vs. prior-year quarter</li> <li>No meaningful FX impact</li> </ul>           |
| Active Customers         | 115,000         | <ul style="list-style-type: none"> <li>-19% vs. prior-year quarter</li> <li>-14% sequentially</li> </ul>                 |

| Americas and Europe Region |                |                                                                                                                                                       |
|----------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Sales                  | \$55.2 million | <ul style="list-style-type: none"> <li>-11% vs. prior-year quarter</li> <li>No meaningful FX impact</li> <li>21% of consolidated net sales</li> </ul> |
| Active Customers           | 132,000        | <ul style="list-style-type: none"> <li>-9% vs. prior-year quarter</li> <li>-1% sequentially</li> </ul>                                                |

## Balance Sheet and Share Repurchase Activity

The Company ended the year with \$240 million in cash and cash equivalents and no debt after repurchasing 296,000 shares for \$28.9 million during the fourth quarter. Diluted shares outstanding totaled 19.7 million for the fourth quarter. As of January 1, 2022, the Company had approximately \$108 million remaining under the share repurchase authorization.

## Fiscal 2022 Outlook

Mr. Guest continued, “Growth in Active Customers and net sales in each of our regions around the world remain top priorities in 2022. This focus reflects our commitment to all stakeholders and to our vision of improving the health and wellness of as many people around the world as possible. Fiscal 2022 is also USANA’s 30<sup>th</sup> year anniversary, and we have several exciting events, product launches, and announcements planned to celebrate our legacy and drive growth. In connection with our anniversary, we hope to return to live events in markets where we are permitted to do so. We believe that live events are both important and additive to driving excitement and momentum within our sales force. During the year, we will continue investing in technology and digital tools to further improve our overall customer experience. We will continue to lay the foundations for expansion into new markets and pursue accretive business development opportunities. We look forward to growing the number of individuals and families using our products and to delivering growth for USANA in 2022.”

The Company is introducing net sales and earnings per share outlook for fiscal year 2022, as detailed in the table below:

| Fiscal Year 2022 Outlook |                           |
|--------------------------|---------------------------|
|                          | Range                     |
| Consolidated Net Sales   | \$1.125 - \$1.225 billion |
| Diluted EPS              | \$5.25 - \$6.00           |

Doug Hekking, Chief Financial Officer, commented, “We are providing our initial outlook for fiscal 2022, which reflects a wider-than-normal range due to continued uncertainty surrounding the COVID-19 environment. Some of our markets continue to experience meaningful lockdown restrictions while others are operating in a more normalized environment. Our outlook anticipates that net sales will accelerate throughout the year. It also assumes a modestly unfavorable foreign currency environment, increased costs due to inflationary pressures, and increased travel and event-related costs in select markets. Additionally, we project an effective tax rate of 32.5% for the year and a diluted share count of 19.6 million.”

### **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, February 9, 2022 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 question and answer 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](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.

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

|                                     | <b>Quarter Ended</b> |                  | <b>Twelve Months Ended</b> |                   |
|-------------------------------------|----------------------|------------------|----------------------------|-------------------|
|                                     | <b>1-Jan-22</b>      | <b>2-Jan-21</b>  | <b>1-Jan-22</b>            | <b>2-Jan-21</b>   |
| Net sales                           | \$267,299            | \$310,521        | \$ 1,186,464               | \$ 1,134,644      |
| Cost of sales                       | 52,518               | 59,020           | 217,898                    | 209,111           |
| <b>Gross profit</b>                 | <b>214,781</b>       | <b>251,501</b>   | <b>968,566</b>             | <b>925,533</b>    |
| Operating expenses:                 |                      |                  |                            |                   |
| Associate incentives                | 114,687              | 129,791          | 519,267                    | 487,856           |
| Selling, general and administrative | 68,589               | 69,172           | 279,107                    | 261,186           |
| <b>Earnings from operations</b>     | <b>31,505</b>        | <b>52,538</b>    | <b>170,192</b>             | <b>176,491</b>    |
| Other income (expense), net         | 141                  | 1,993            | 450                        | 1,457             |
| <b>Earnings before income taxes</b> | <b>31,646</b>        | <b>54,531</b>    | <b>170,642</b>             | <b>177,948</b>    |
| Income taxes                        | 11,326               | 14,902           | 54,137                     | 53,284            |
| <b>NET EARNINGS</b>                 | <b>\$ 20,320</b>     | <b>\$ 39,629</b> | <b>\$ 116,505</b>          | <b>\$ 124,664</b> |

|                                               |         |         |         |         |
|-----------------------------------------------|---------|---------|---------|---------|
| Earnings per share - diluted                  | \$ 1.03 | \$ 1.87 | \$ 5.73 | \$ 5.86 |
| Weighted average shares outstanding - diluted | 19,673  | 21,189  | 20,343  | 21,256  |

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

|                                                   | <b>As of</b>     | <b>As of</b>     |
|---------------------------------------------------|------------------|------------------|
|                                                   | <b>1-Jan-22</b>  | <b>2-Jan-21</b>  |
| <b>ASSETS</b>                                     |                  |                  |
| Current Assets                                    |                  |                  |
| Cash and cash equivalents                         | \$239,832        | \$311,917        |
| Inventories                                       | 98,318           | 90,224           |
| Prepaid expenses and other current assets         | 26,967           | 23,145           |
| <b>Total current assets</b>                       | <b>365,117</b>   | <b>425,286</b>   |
| Property and equipment, net                       | 101,780          | 100,445          |
| Goodwill                                          | 17,668           | 17,367           |
| Intangible assets, net                            | 30,442           | 30,796           |
| Deferred tax assets                               | 4,839            | 4,640            |
| Other assets                                      | 57,894           | 62,353           |
| <b>Total assets</b>                               | <b>\$577,740</b> | <b>\$640,887</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                  |                  |
| Current Liabilities                               |                  |                  |
| Accounts payable                                  | \$ 13,508        | \$ 18,195        |
| Other current liabilities                         | 147,282          | 149,878          |
| <b>Total current liabilities</b>                  | <b>160,790</b>   | <b>168,073</b>   |
| Deferred tax liabilities                          | 7,497            | 12,009           |
| Other long-term liabilities                       | 14,329           | 19,155           |
| Stockholders' equity                              | 395,124          | 441,650          |
| <b>Total liabilities and stockholders' equity</b> | <b>\$577,740</b> | <b>\$640,887</b> |

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

| <b>Quarter Ended</b>       |                        |               |                        |               |                               |                |                                 |                                           |  |
|----------------------------|------------------------|---------------|------------------------|---------------|-------------------------------|----------------|---------------------------------|-------------------------------------------|--|
|                            | <b>January 1, 2022</b> |               | <b>January 2, 2021</b> |               | <b>Change from prior year</b> |                | <b>Currency impact on sales</b> | <b>% change excluding currency impact</b> |  |
| Asia Pacific               |                        |               |                        |               |                               |                |                                 |                                           |  |
| Greater China              | \$ 125,840             | 47.1%         | \$ 139,059             | 44.8%         | \$ (13,219)                   | (9.5%)         | \$ 4,126                        | (12.5%)                                   |  |
| Southeast Asia Pacific     | 56,984                 | 21.3%         | 76,861                 | 24.7%         | (19,877)                      | (25.9%)        | (1,036)                         | (24.5%)                                   |  |
| North Asia                 | 29,249                 | 10.9%         | 32,892                 | 10.6%         | (3,643)                       | (11.1%)        | (1,612)                         | (6.2%)                                    |  |
| Asia Pacific Total         | 212,073                | 79.3%         | 248,812                | 80.1%         | (36,739)                      | (14.8%)        | 1,478                           | (15.4%)                                   |  |
| Americas and Europe        | 55,226                 | 20.7%         | 61,709                 | 19.9%         | (6,483)                       | (10.5%)        | 471                             | (11.3%)                                   |  |
|                            | <u>\$ 267,299</u>      | <u>100.0%</u> | <u>\$ 310,521</u>      | <u>100.0%</u> | <u>\$ (43,222)</u>            | <u>(13.9%)</u> | <u>\$ 1,949</u>                 | <u>(14.5%)</u>                            |  |
| <b>Twelve Months Ended</b> |                        |               |                        |               |                               |                |                                 |                                           |  |
|                            | <b>January 1, 2022</b> |               | <b>January 2, 2021</b> |               | <b>Change from prior year</b> |                | <b>Currency impact on sales</b> | <b>% change excluding currency impact</b> |  |
| Asia Pacific               |                        |               |                        |               |                               |                |                                 |                                           |  |
| Greater China              | \$ 563,469             | 47.5%         | \$ 530,505             | 46.7%         | \$ 32,964                     | 6.2%           | \$ 34,781                       | (0.3%)                                    |  |
| Southeast Asia Pacific     | 269,803                | 22.7%         | 269,555                | 23.8%         | 248                           | 0.1%           | 8,381                           | (3.0%)                                    |  |
| North Asia                 | 129,920                | 11.0%         | 114,964                | 10.1%         | 14,956                        | 13.0%          | 3,917                           | 9.6%                                      |  |
| Asia Pacific Total         | 963,192                | 81.2%         | 915,024                | 80.6%         | 48,168                        | 5.3%           | 47,079                          | 0.1%                                      |  |
| Americas and Europe        | 223,272                | 18.8%         | 219,620                | 19.4%         | 3,652                         | 1.7%           | 6,555                           | (1.3%)                                    |  |
|                            | <u>\$1,186,464</u>     | <u>100.0%</u> | <u>\$1,134,644</u>     | <u>100.0%</u> | <u>\$ 51,820</u>              | <u>4.6%</u>    | <u>\$ 53,634</u>                | <u>(0.2%)</u>                             |  |

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

(unaudited)

|                        | <b>As of</b>           |               |                        |               |
|------------------------|------------------------|---------------|------------------------|---------------|
|                        | <b>January 1, 2022</b> |               | <b>January 2, 2021</b> |               |
| Asia Pacific           |                        |               |                        |               |
| Greater China          | 81,000                 | 31.9%         | 88,000                 | 29.4%         |
| Southeast Asia Pacific | 78,000                 | 30.7%         | 103,000                | 34.5%         |
| North Asia             | 37,000                 | 14.6%         | 39,000                 | 13.0%         |
| Asia Pacific Total     | 196,000                | 77.2%         | 230,000                | 76.9%         |
| Americas and Europe    | 58,000                 | 22.8%         | 69,000                 | 23.1%         |
|                        | <u>254,000</u>         | <u>100.0%</u> | <u>299,000</u>         | <u>100.0%</u> |

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

(unaudited)

|                        | <b>As of</b>           |               |                        |               |
|------------------------|------------------------|---------------|------------------------|---------------|
|                        | <b>January 1, 2022</b> |               | <b>January 2, 2021</b> |               |
| Asia Pacific           |                        |               |                        |               |
| Greater China          | 174,000                | 56.8%         | 164,000                | 54.7%         |
| Southeast Asia Pacific | 37,000                 | 12.1%         | 39,000                 | 13.0%         |
| North Asia             | 21,000                 | 6.9%          | 21,000                 | 7.0%          |
| Asia Pacific Total     | 232,000                | 75.8%         | 224,000                | 74.7%         |
| Americas and Europe    | 74,000                 | 24.2%         | 76,000                 | 25.3%         |
|                        | <u>306,000</u>         | <u>100.0%</u> | <u>300,000</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.

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