

USANA

# INVESTOR OVERVIEW

NYSE: USNA

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**August 2022**





# SAFE HARBOR

## **Forward-Looking Statements.**

This presentation 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 from geopolitical relations and conflicts, including the Russia-Ukraine conflict; 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, including increasing inflationary pressure around the world and any negative impact on our operating costs, consumer demand and consumer behavior in general; 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 (“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. Free cash flow (“FCF”) is a non-GAAP financial measure that we believe provides investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. We believe it provides a measure of our ability to fund various discretionary business initiatives, including acquisitions and share repurchase. Free cash flow is calculated by subtracting net capital expenditures from net cash provided by operating activities. Return on invested capital (“ROIC”) is a non-GAAP financial measure that we believe provides a measure of how effectively we deploy our capital base. We calculate ROIC as net operating profit after-tax for the trailing twelve months divided by average total debt and shareholders’ equity for the trailing twelve months.

# USANA At-A-Glance

USANA develops and manufactures high-quality, science based nutritional and personal care products with a primary focus on promoting long-term health and wellness.

Headquarters:  
**Salt Lake City, UT**

Founded:  
**1992**

Employees:  
**1,978**

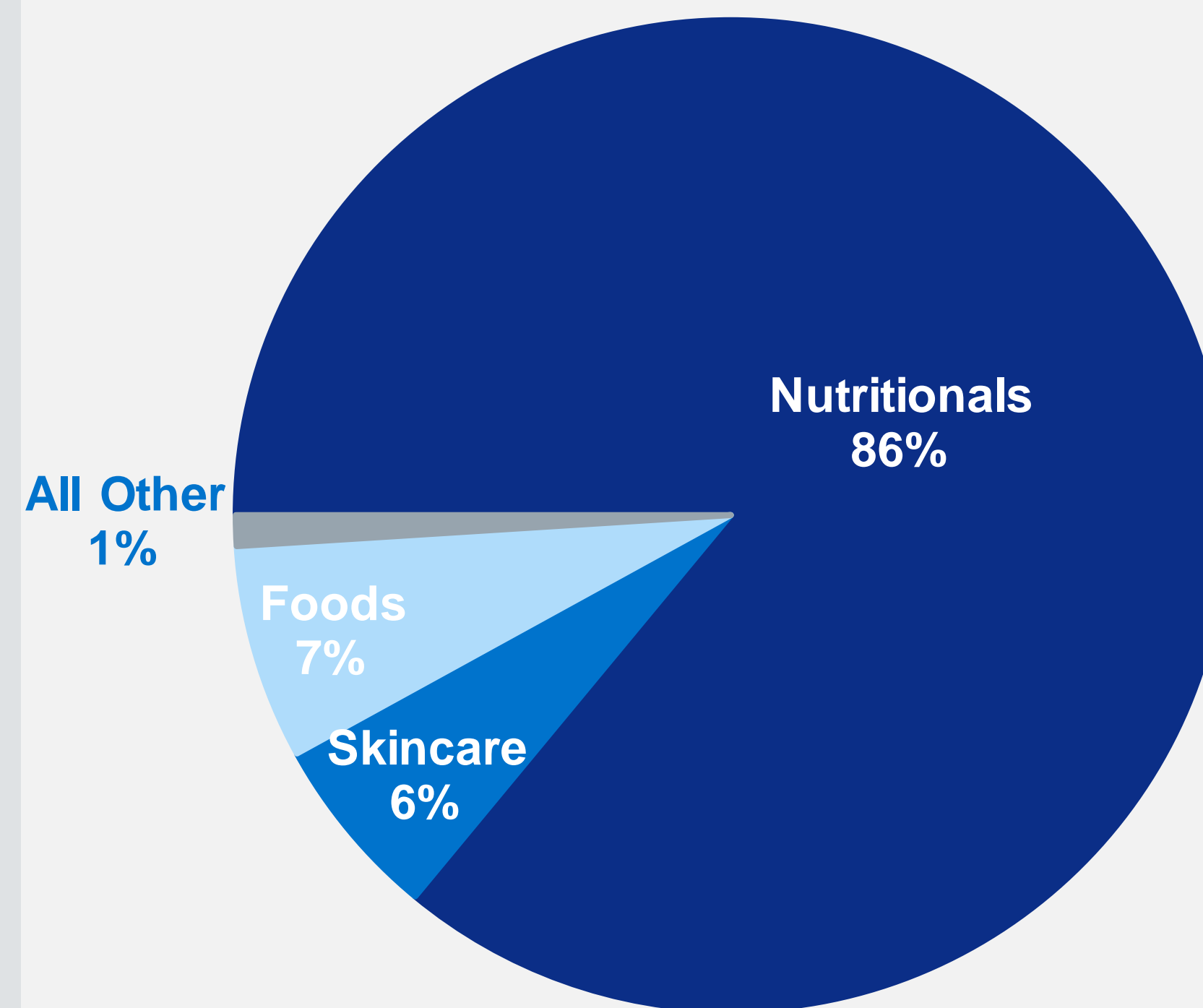
Annual Revenue:  
**\$1.1B<sup>1</sup>**

Market Cap:  
**\$1.3B<sup>2</sup>**

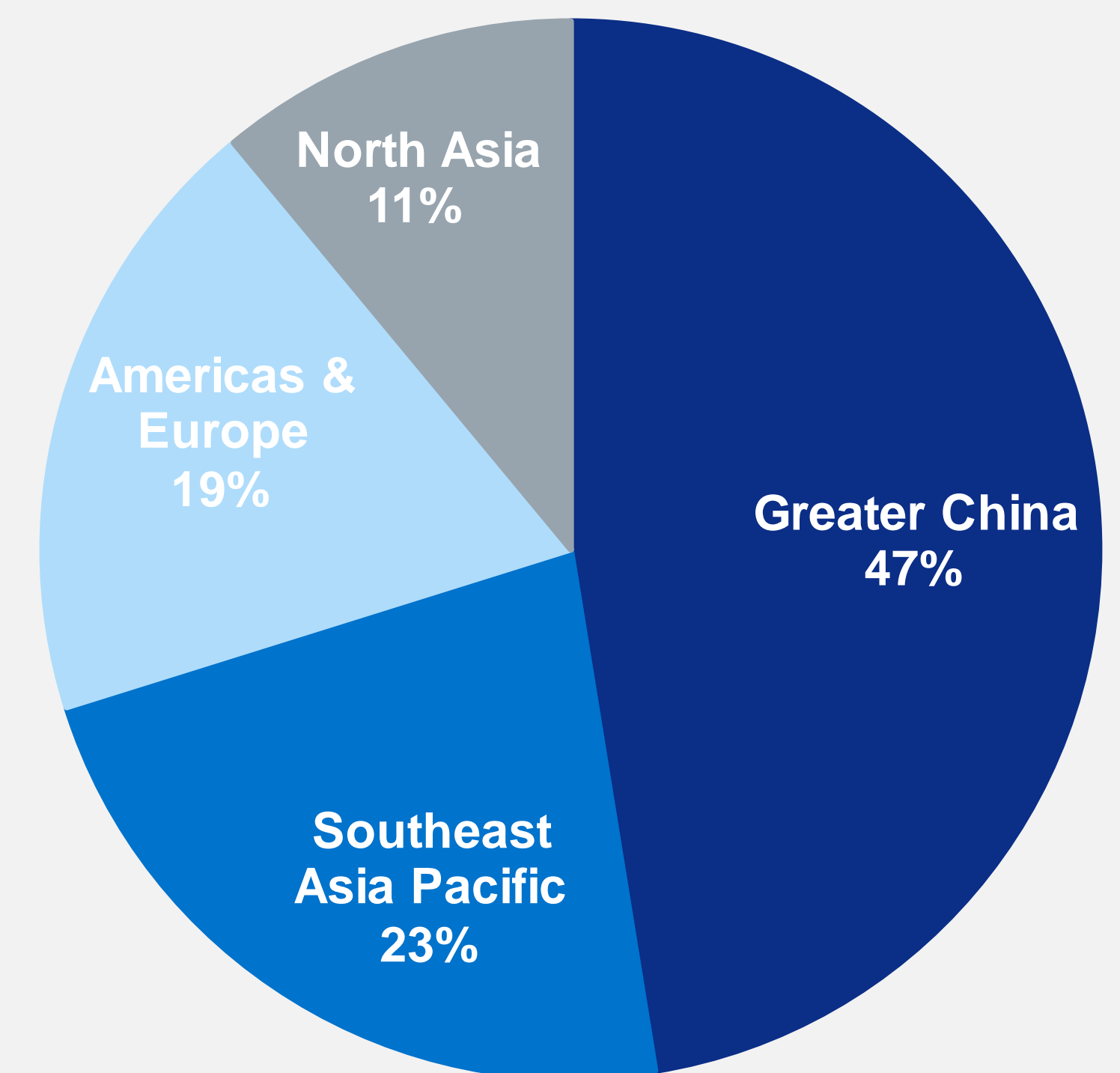
<sup>1</sup> FY 2021

<sup>2</sup> As of 8/8/22

Product Mix<sup>1</sup>



Geographic Mix<sup>1</sup>



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# OUR OPERATIONAL PROCESS



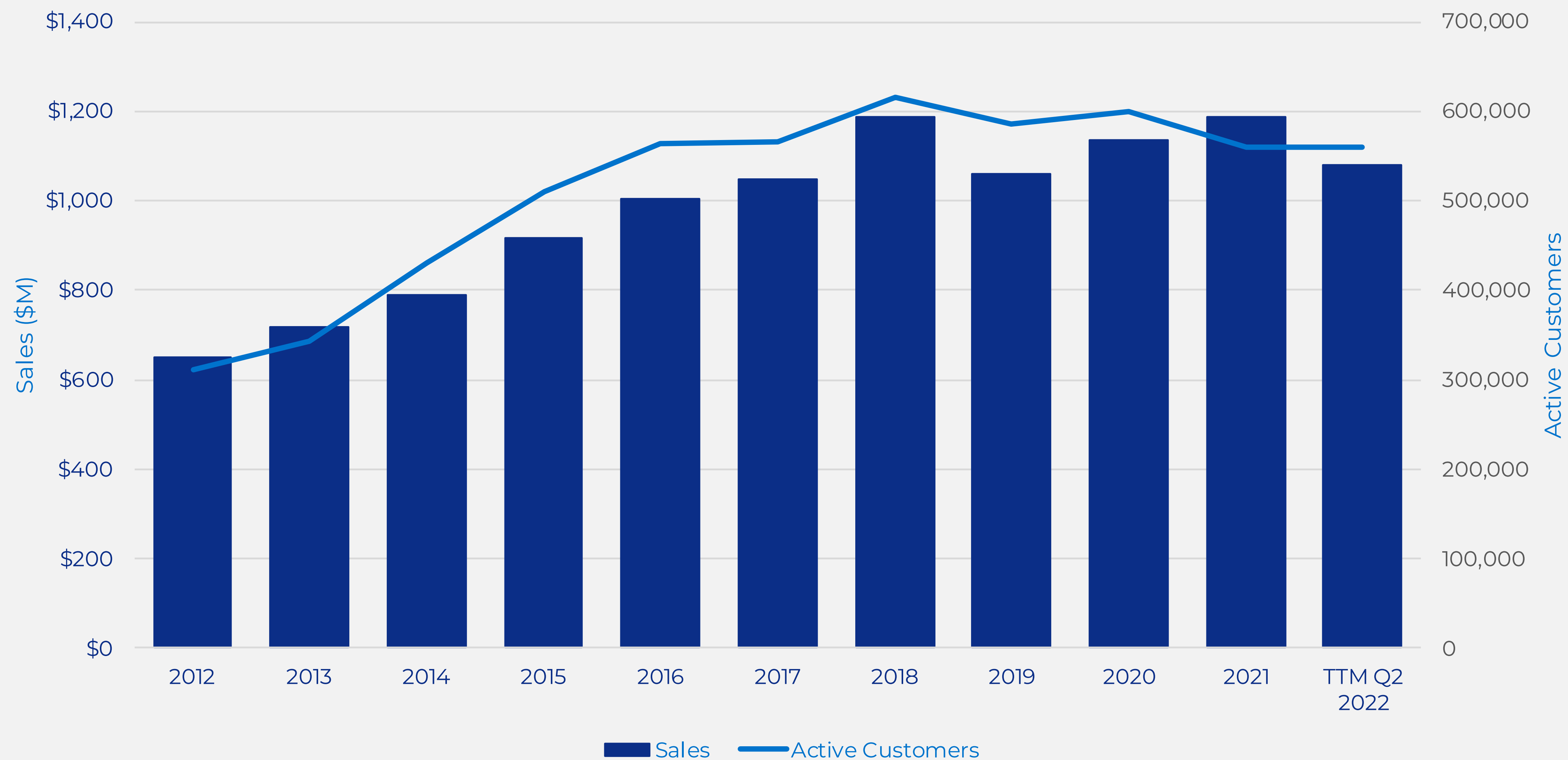


# 5-Pronged Approach to Profitable Growth



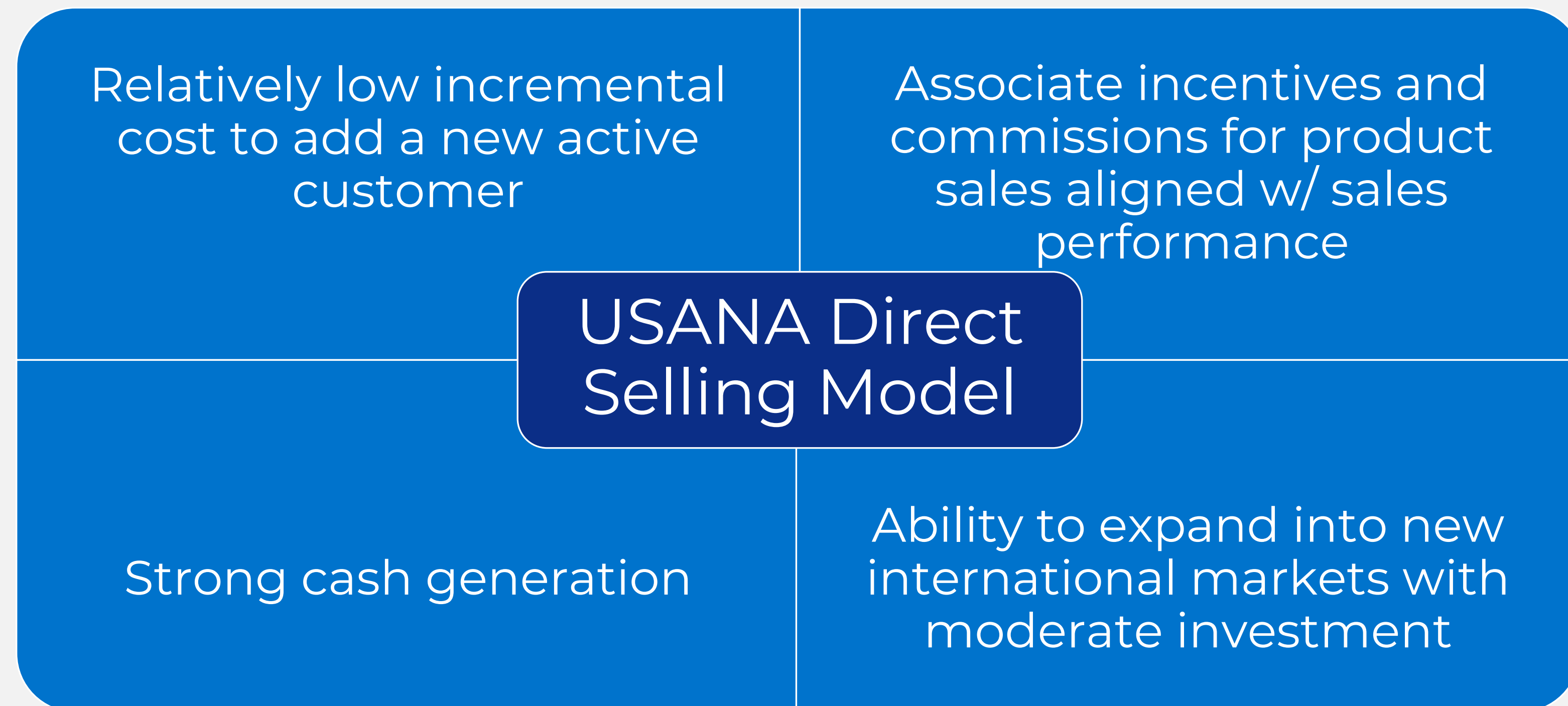
# Active Customer Growth

*Key leading indicator for sales growth*



# Direct Selling Model: A Key Driver of Operating Leverage

USANA distributes its products internationally through a direct sales network of individual business owners (Associates).



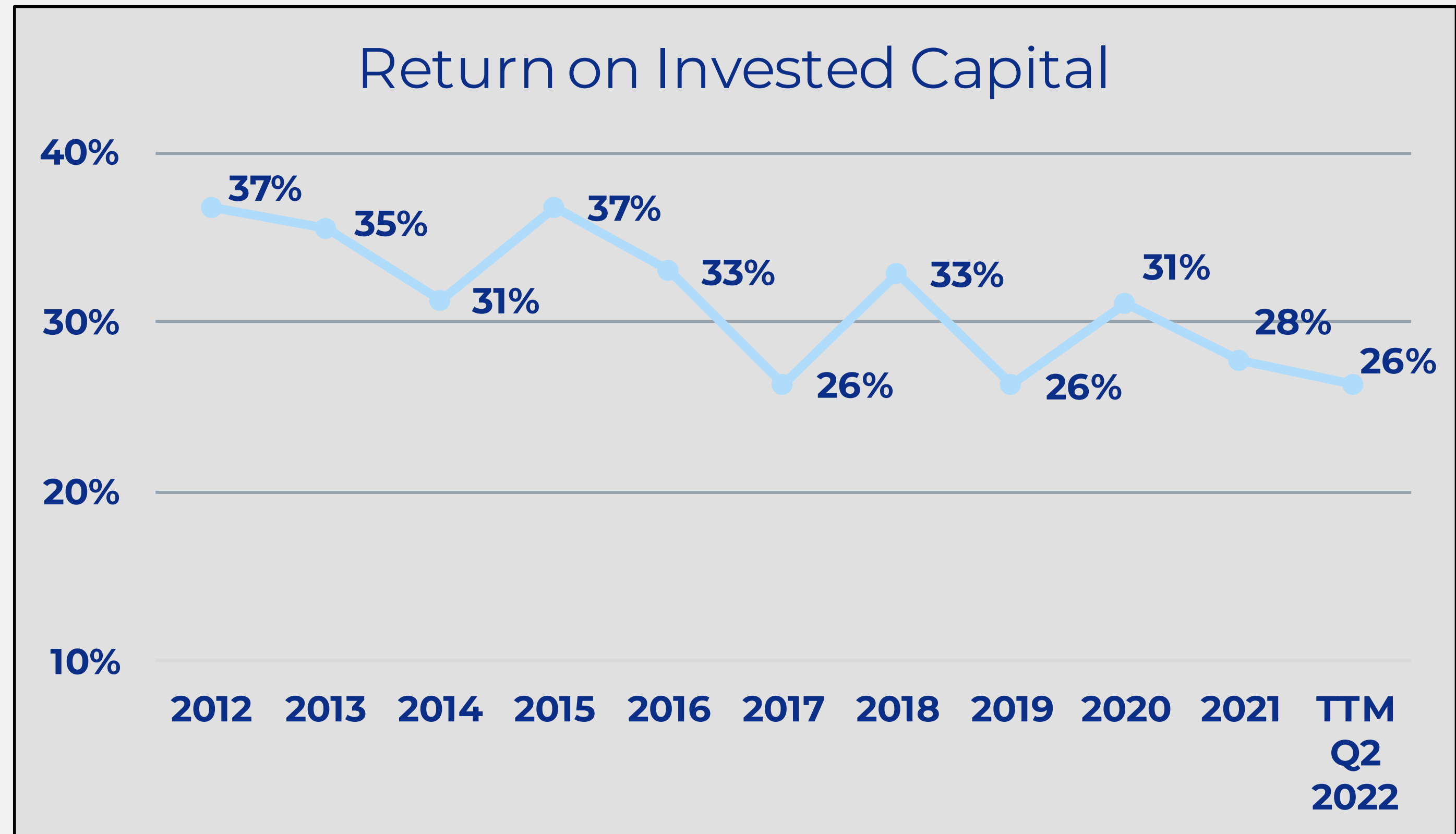
# In-House Manufacturing: A Key Differentiator

65% of products are  
manufactured in-house

- Increased operational  
and financial flexibility

GMP manufacturing  
facility is designed to  
pharmaceutical standards

- Compliant with applicable  
manufacturing regulations  
and standards, including Good  
Manufacturing Practices



\*2017 results exclude \$11.6M adjustment for incremental expenses related to internal investigation in China, -\$4.0M income tax adjustment for incremental expenses related to internal investigation in China, and \$30.1M one-time non-cash charge related to the U.S. Tax Reform





# High-Quality, Science-Based Products

Product formulations based on  
the latest scientific research

- On-site R&D labs and facilities
- 60+ scientists on staff

Highest quality raw ingredients  
for optimal bioavailability

Leverage brand partnerships



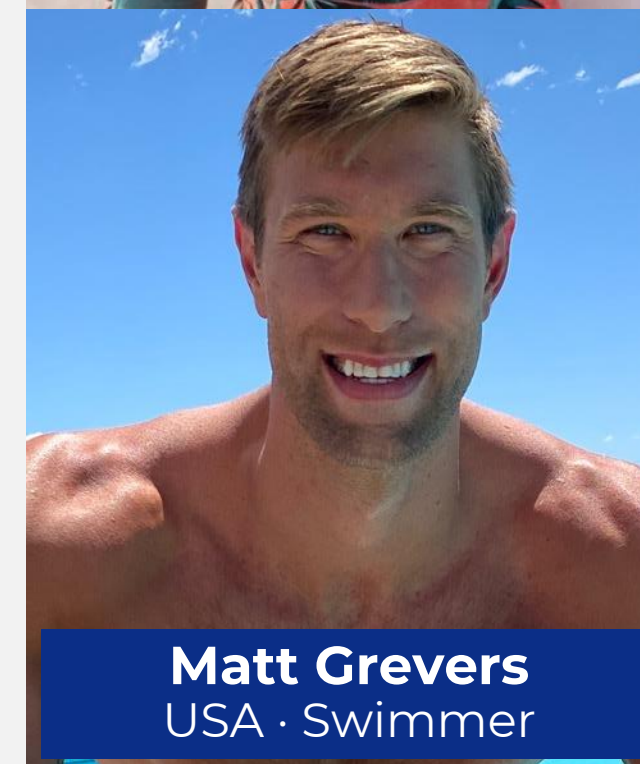
**Professional  
and Olympic  
Athletes  
Trust USANA**



**Felicity Palmateer**  
Australia · Surfer



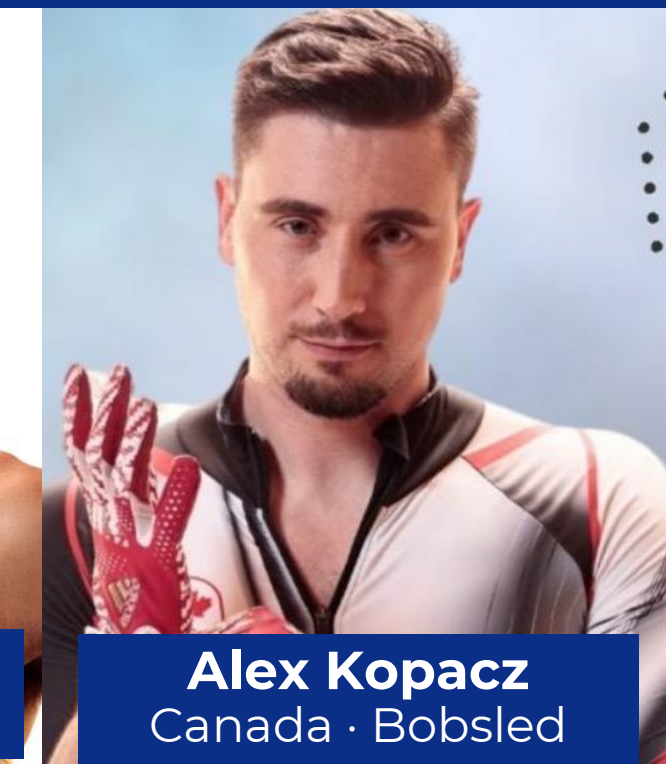
**Meaghan Mikkelson**  
Canada · Hockey



**Matt Grevers**  
USA · Swimmer



**Nikko Huelgas**  
Philippines · Triathlete



**Alex Kopacz**  
Canada · Bobsled

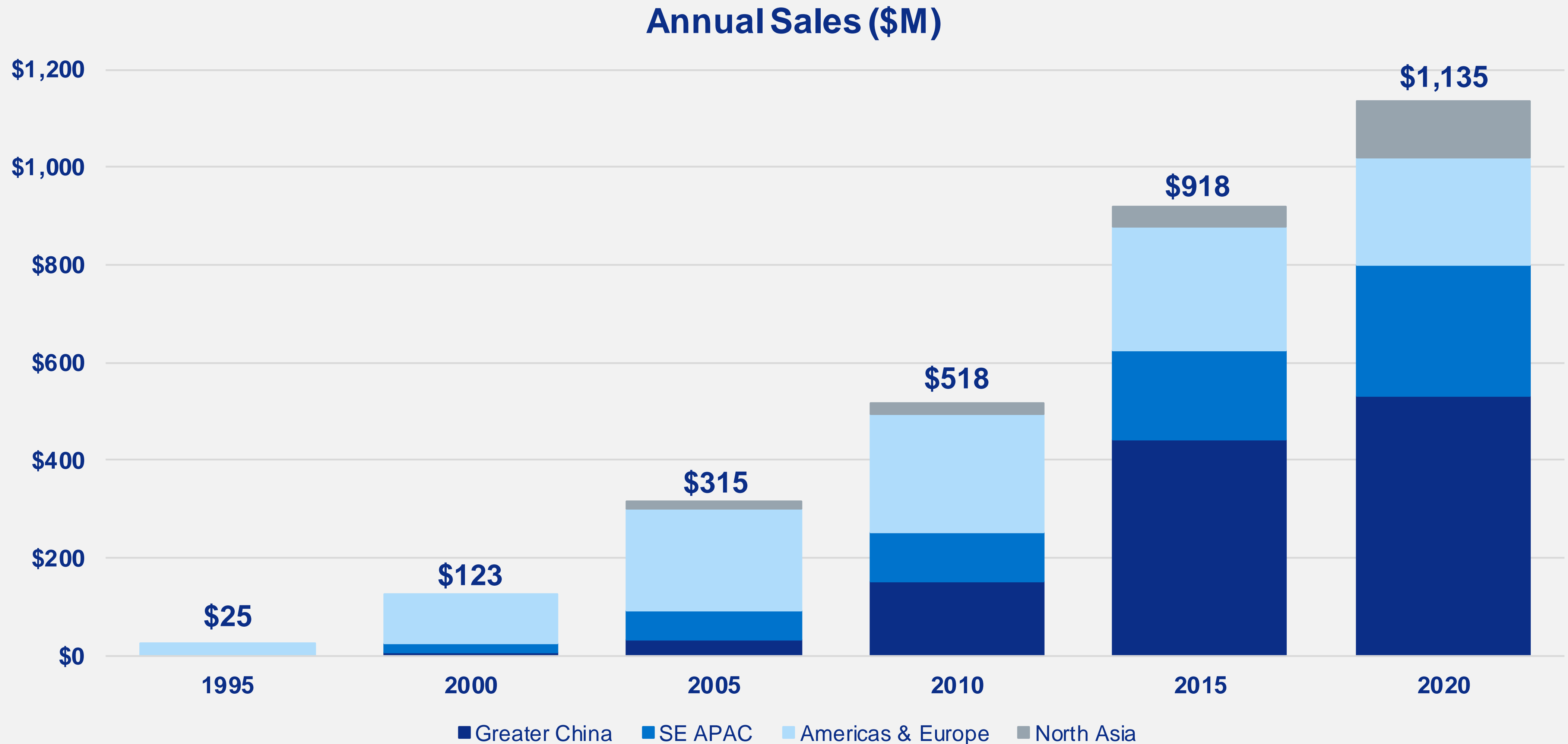


**Sarah Wells**  
Canada · Hurdles



# Expanding International Presence

***Present in 24 markets***





USANA

WHERE  
WE'RE  
GOING





# Global Growth Strategy



Increase the Number of Individuals & Families  
Consuming Product on a Regular Basis



Active  
Customer  
Growth



International  
Expansion



Strategic  
collaborations and  
acquisitions



# Active Customer Growth



## Digital Investments

Ongoing enhancements to improve the customer shopping experience

Tools and training for Associates

Customer communications (text/chat)



## Product Innovation

Active Nutrition rollout and category expansion continues

Holistic approach to health and wellness

Leverage foods manufacturing facility in Salt Lake City



## China Growth

Enhance recently released native shopping app

Utilize in-house media studio for digital content development

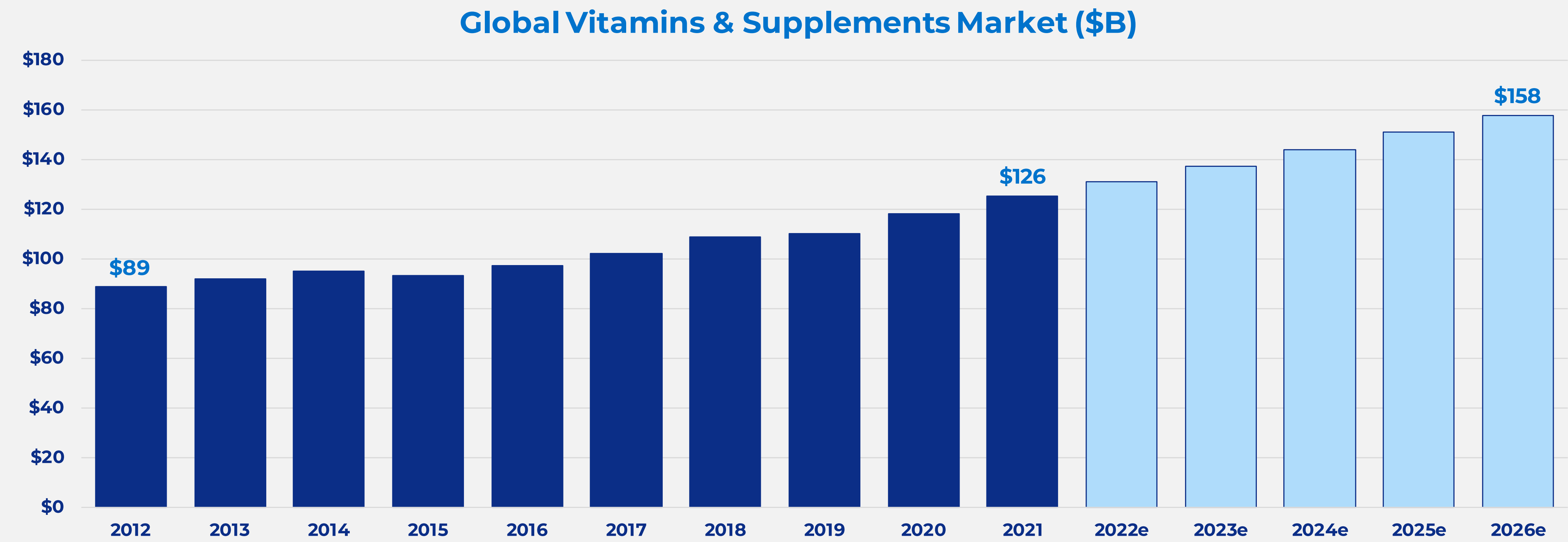
Further leverage third-party research collaborations

Branch office innovation



# Significant Headroom for Further Growth

***\$126B addressable global market opportunity***  
***5% CAGR 2021e-2026e***





# Strategic Collaborations and Acquisitions





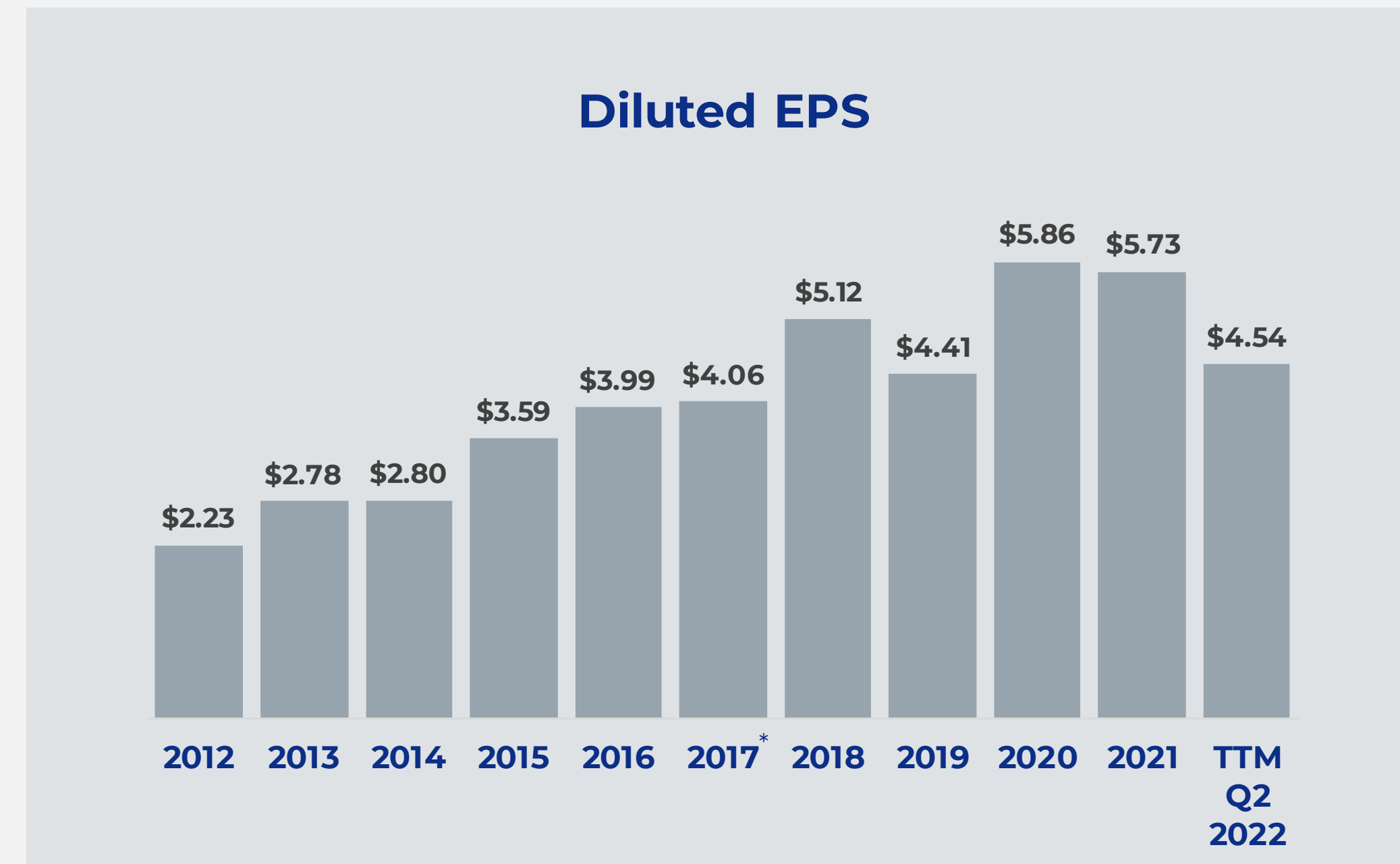
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# FINANCIAL HIGHLIGHTS





# Stable and Solid Long-Term Performance

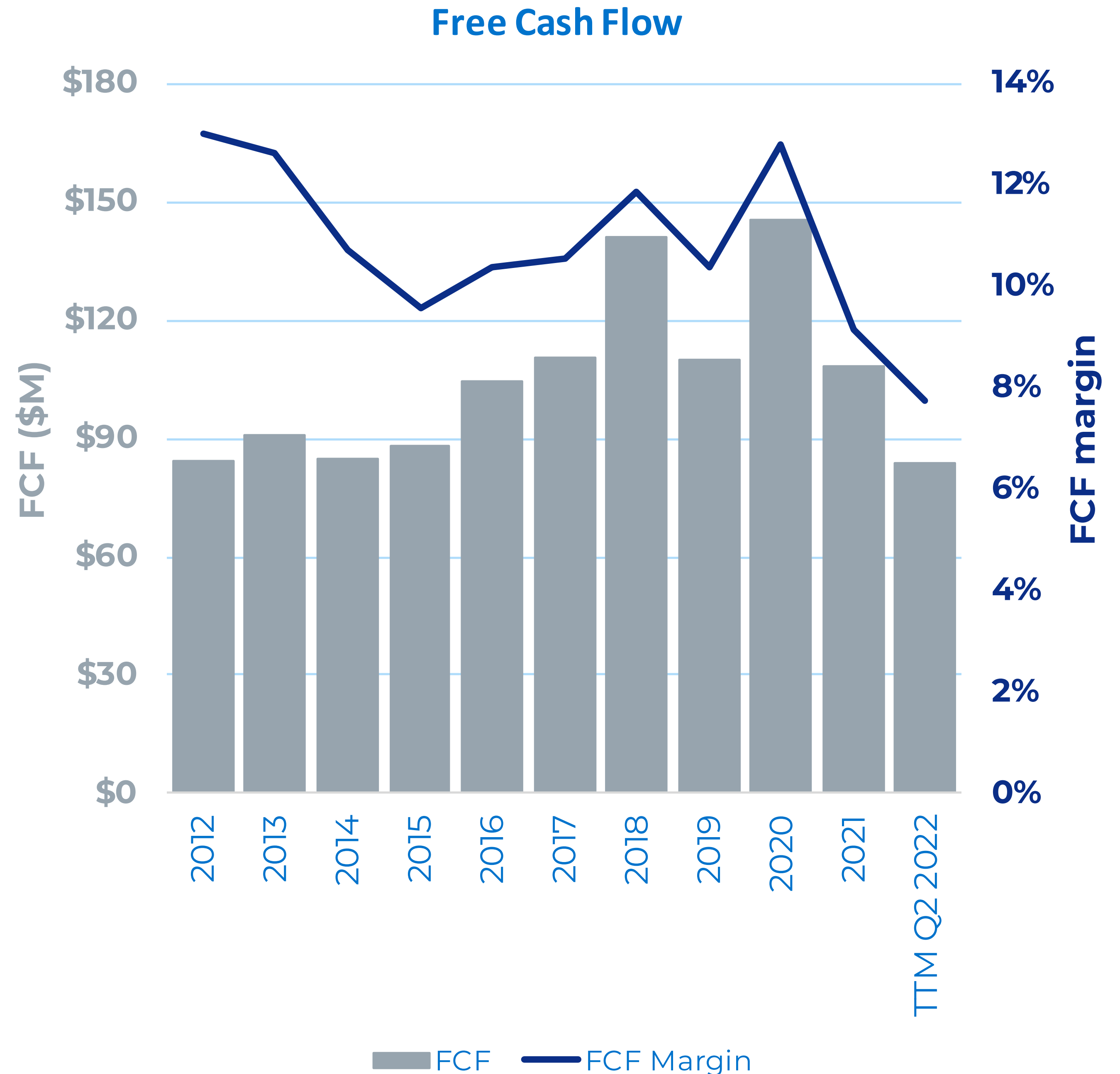




# Strong Cash Flow Generation

Low capex requirements  
(~1-3% of sales)

Consistent  
double-digit FCF margin



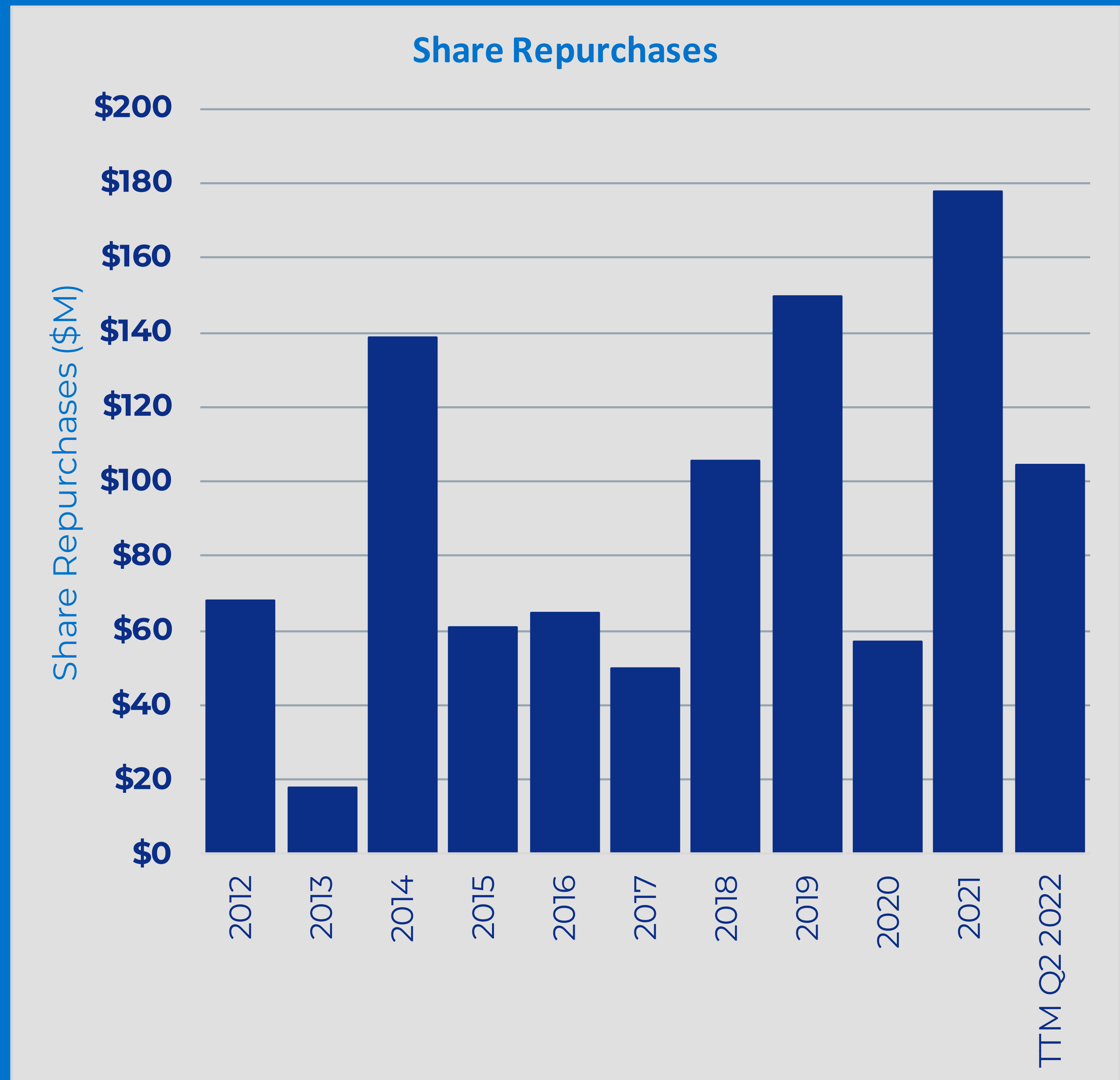
FCF = Operating Cash Flow – Net Capex  
FCF margin = FCF/Annual Sales



# History of Capital Return to Shareholders

## Capital allocation priorities:

- Internal investment
- Acquisitions
- Buybacks





# Corporate Sustainability

## 2021 Highlights

### PEOPLE

Implemented over  
**\$1M**  
in salary adjustments,  
including raising starting wages  
for entry-level employees

**8,015**  
annual employee development  
hours invested

Achieved  
**84%**  
employee engagement based  
on global survey of employees

Provided  
**4,567,369**  
meals through the  
USANA Foundation

Held first Diversity and Inclusion Volunteer week

### PLANET

**26%**  
of energy use<sup>1</sup> at  
our HQ campus was  
from solar arrays  
and renewable  
energy certificates

Switched from  
plastic bubble to  
**100%**  
biodegradable fill  
for U.S. packaging

Began transition on  
select SKUs to  
**25%**  
PCR materials for  
our Nutritionals  
bottles

Saved approximately  
**400,000**  
pages of paper by transitioning to an online Holiday Gift Guide

Initiated supplier program to improve circularity of materials

### PRODUCTS

**\$10.6M**  
invested in R&D

**100%**  
of required employees received Current  
Good Manufacturing Practices training

Received Company of the Year  
in the Stevie Awards in the category of Consumer  
Products, Non-Durables, Large

Incorporated ESG into the evaluation  
metrics on our supplier scorecard

<sup>1</sup> Excluding natural gas.



# Investment Summary

- Leading, global, provider of high-quality nutritional supplements with 30 years of history
- Effective execution in our direct selling model yields strong cash generation and consistent financial performance
- Positioned to benefit from growing consumer demand for health and wellness products
- Presence in attractive growth markets
- Strong balance sheet
- Experienced management team with history of shareholder value creation





USANA®

*Thank You*