

# INVESTOR OVERVIEW

NYSE: USNA

October 2024





# 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: global economic conditions generally, including continued inflationary pressure around the world and negative impact on our operating costs, consumer demand and consumer behavior in general; reliance upon our network of independent Associates; risk that our Associate compensation plan, or changes that we make to the compensation plan, will not produce desired results, benefit our business or, in some cases, could harm our business; risk associated with governmental regulation of our products, manufacturing and direct selling business model in the United States, China and other key markets; potential negative effects of deteriorating foreign and/or trade relations between or among the United States, China and other key markets; potential negative effects from geopolitical relations and conflicts around the world, including the Russia-Ukraine conflict and the conflict in Israel; compliance with data privacy and security laws and regulations in our markets around the world; 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; adverse publicity risks globally; risks associated with commencing operations in India and future international expansion and operations; uncertainty relating to the fluctuation in U.S. and other international currencies; and the potential for a resurgence of COVID-19, or another pandemic, in any of our markets in the future and any related impact on consumer health, domestic and world economies, including any negative impact on discretionary spending, consumer demand, and consumer behavior in general. 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 presentation 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.

# 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,  
Utah**

Founded:  
**1992**

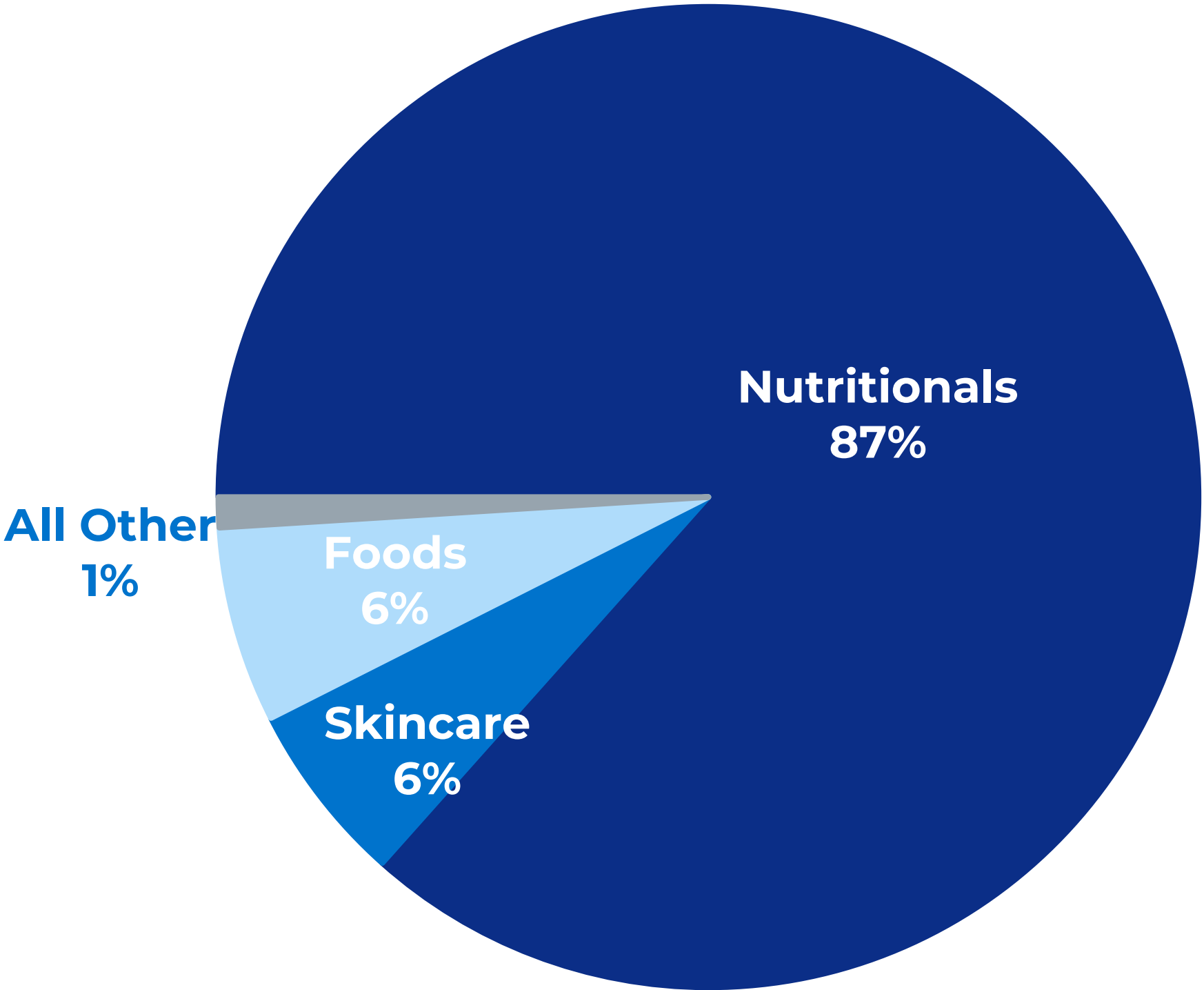
Full-Time  
Employees:  
**1,800**

Annual Revenue:  
**\$875M<sup>1</sup>**

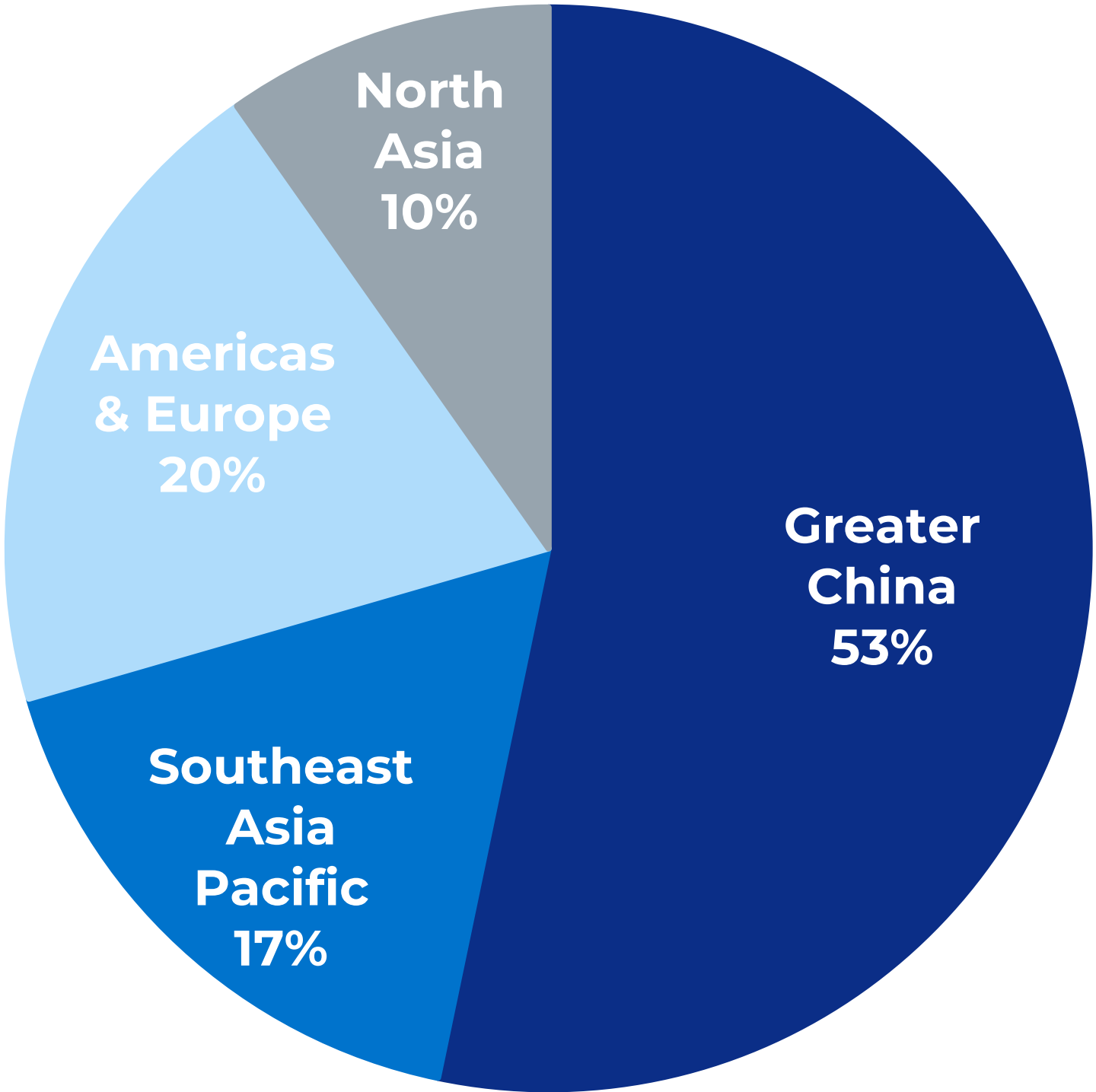
Market Cap:  
**\$650M<sup>2</sup>**

<sup>1</sup> 2024 Q3 TTM  
<sup>2</sup> As of 10/22/24

Product Mix<sup>1</sup>



Geographic Mix<sup>1</sup>



Numbers may not sum to 100% due to rounding



# Key Investment Highlights

- Leading provider of high-quality nutritional supplements with global scale and 30+ years of history
- Differentiated nutritional products backed by scientific research and in-house production capabilities
- Low capital intensity business model and solid cash flow generation
- Strong balance sheet with zero debt
- Presence in attractive markets
- Positioned to benefit from growing consumer focus on personal health and wellness





# BUSINESS MODEL OVERVIEW





# 5-Pronged Approach to Profitable Growth



# Active Customers

Key leading indicator for sales momentum

Associates



**Independent distributors** of USANA products who also purchase for personal use



Preferred Customers\*



**Customers** who purchase USANA products strictly for personal use



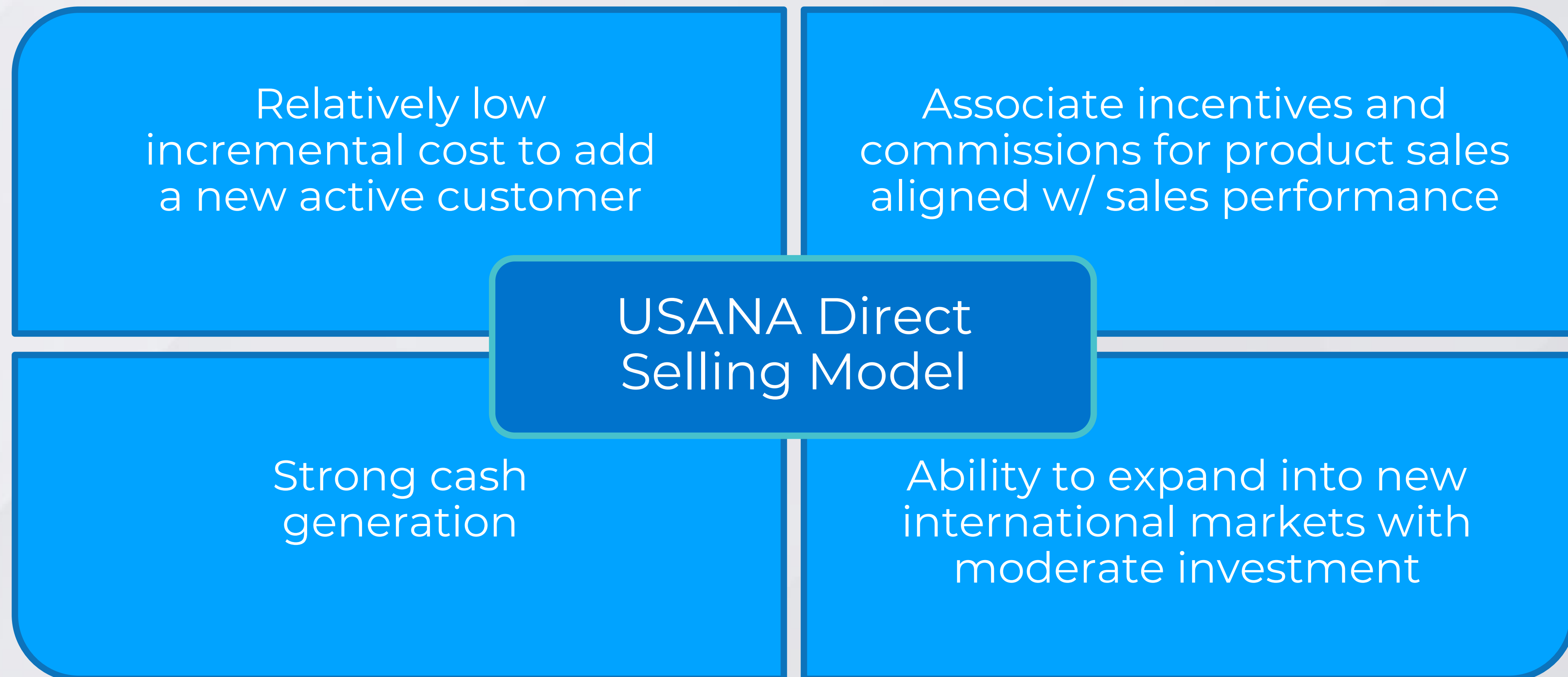
Active Customers



**Associates and Preferred Customers** who have purchased from USANA any time during the most recent three-month period

# 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

## 67% of products are manufactured in-house

- Increased operational and financial flexibility
- Flexibility in supply chain management

## GMP manufacturing facility is designed to pharmaceutical standards

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





# High-Quality, Science-Based Products...

**Product formulations based on the latest scientific research**

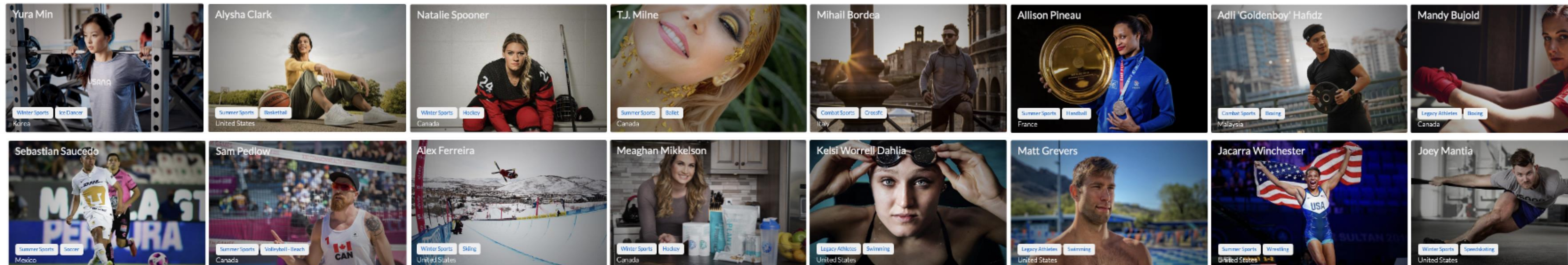
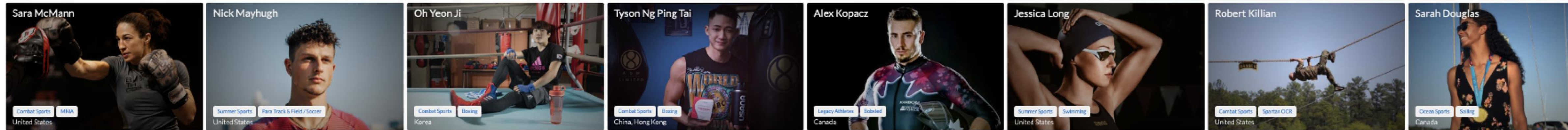
- On-site R&D labs and facilities
- 60+ scientists on staff

**Highest quality raw ingredients for optimal bioavailability**





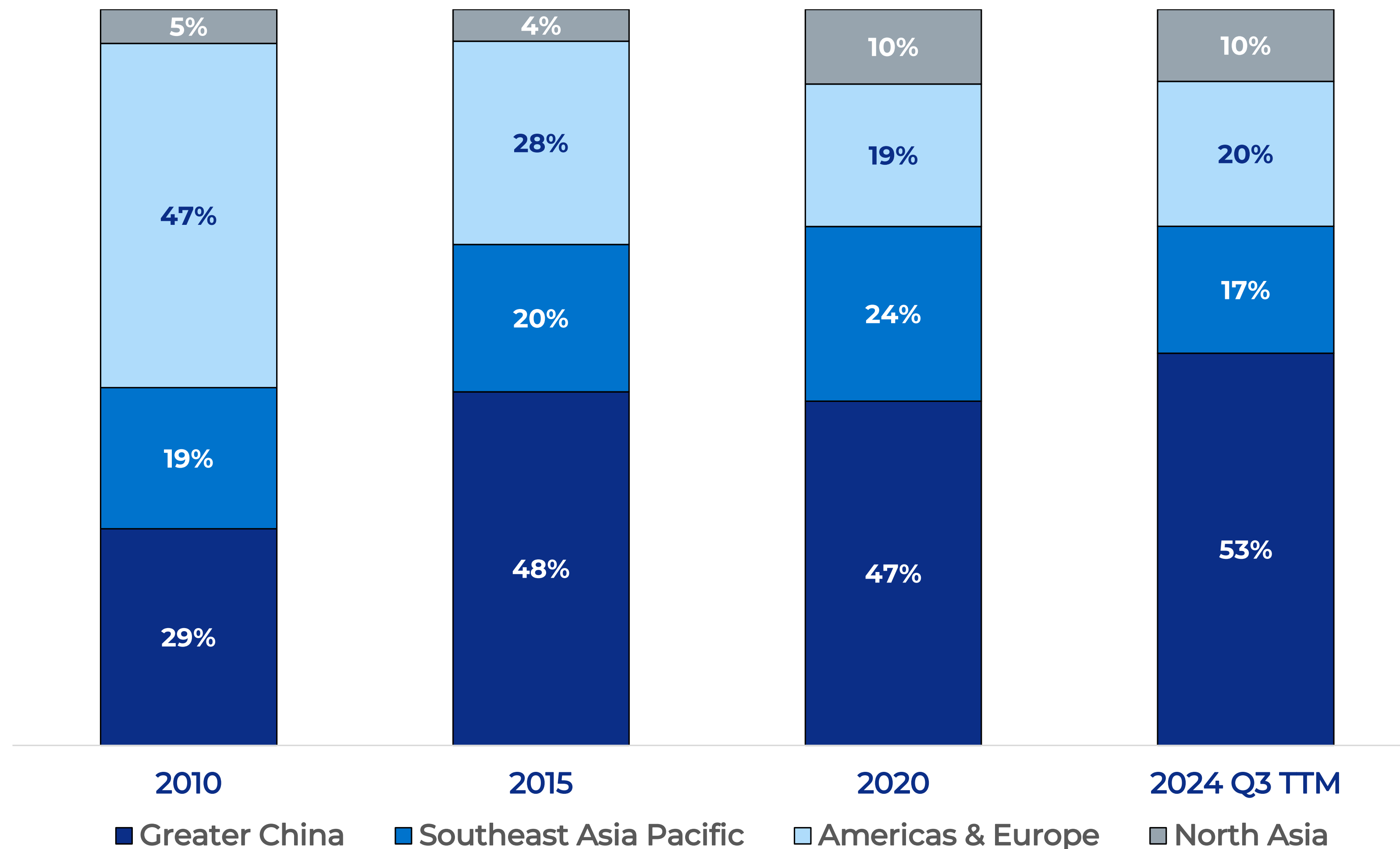
# ...Trusted by Professional and Olympic Athletes





# Expanding International Presence

## Sales Portfolio Mix



*Numbers may not sum to 100% due to rounding*



**WHERE  
WE'RE  
GOING**





# Global Growth Strategy





# Active Customer Growth



## Products

Enhance our existing science-focused product portfolio

Faster and more agile in new product releases

Tailor product releases to meet local demands



## Opportunity

Deliver a rewarding compensation plan with an Associate-first approach

Increased opportunities for Associate engagement (events, meetings, reward trips)



## Brand/Story

Ongoing enhancements to improve the customer shopping experience

Enhance Associate onboarding and training tools

Extend social media reach



# International Expansion

Entry Into New Markets Increases our Addressable Market

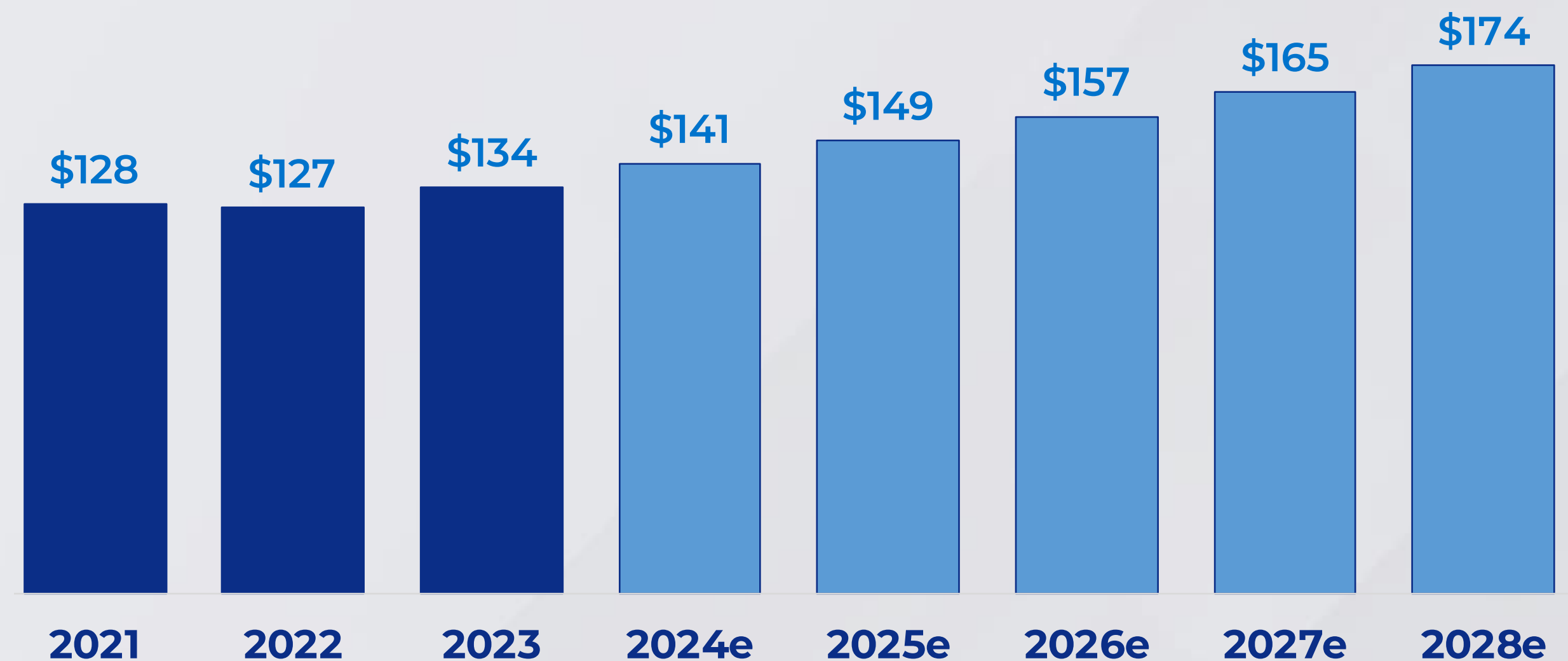
## Currently Operating in 25 markets

- Approximately 90% of net sales are generated outside the United States

## Recently expanded into India

- Commenced operations in late 2023

Global Vitamins & Supplements Market (\$B)



Source: Euromonitor International



# Strategic Collaborations and Acquisitions



## FOCUS AREAS



Holistic  
approach  
to health &  
wellness



Vertical  
integration



Product  
and core  
competency  
expansion



Geographic  
expansion



Channel  
diversification



# FINANCIAL HIGHLIGHTS





# Stable Balance Sheet

*Strong Net Cash Position*

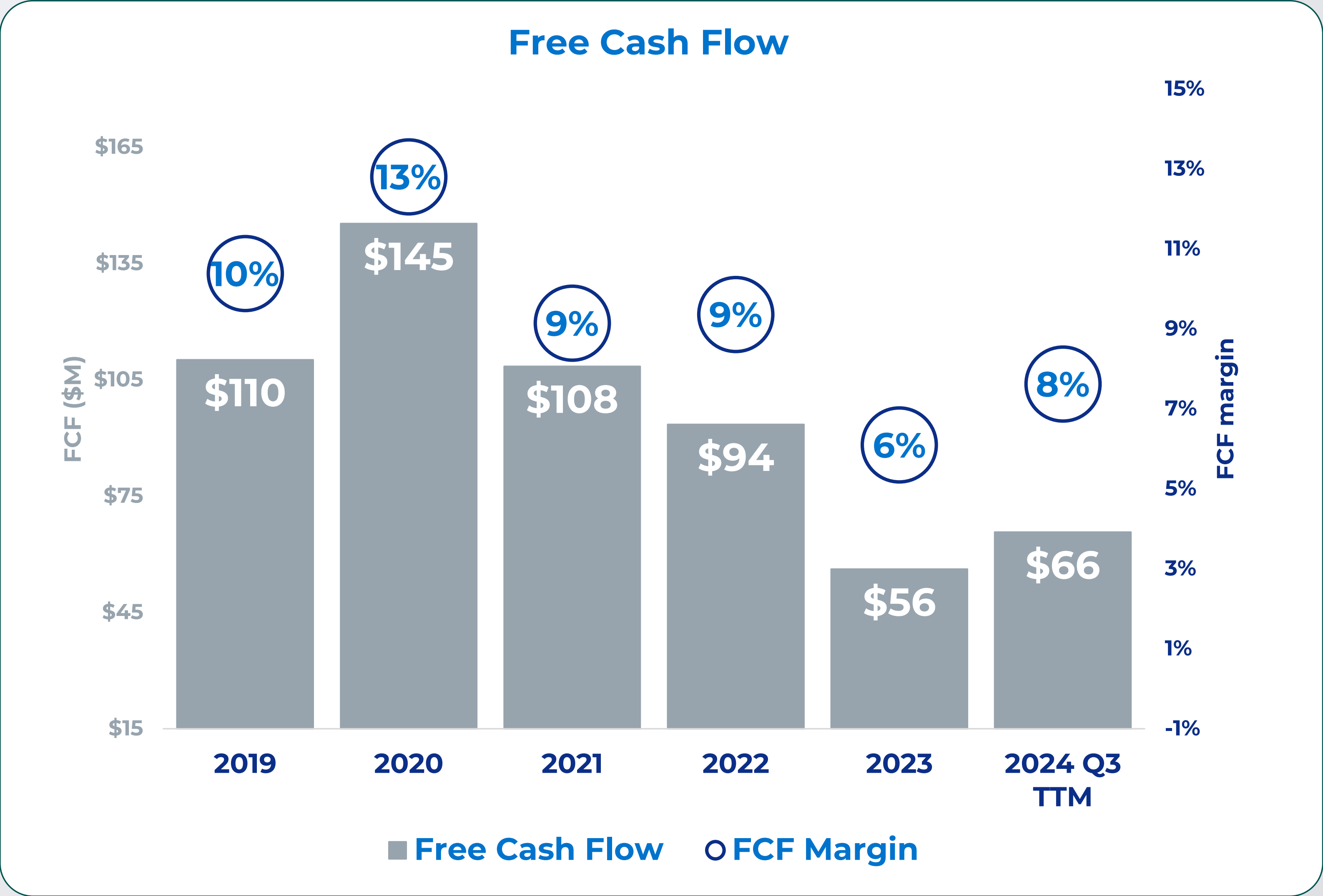
	2019	2020	2021	2022	2023	2024 Q3
CASH	\$235	\$312	\$240	\$288	\$330	\$365
TOTAL DEBT	\$0	\$0	\$0	\$0	\$1	\$0

*\$ millions*



# Healthy Free Cash Flow Generation

*Low Capex Requirements (1-2% of net sales)*





# Capital Allocation Priorities

1. Internal investment/Organic growth
2. Acquisitions/Partnerships
3. Share repurchases

	2019	2020	2021	2022	2023	2024 Q3 TTM
SHARE REPURCHASES	\$150	\$57	\$178	\$25	\$12	\$9
ACQUISITIONS	\$0	\$0	\$0	\$7	\$0	\$0
DIVIDENDS	\$0	\$0	\$0	\$0	\$0	\$0

*\$ millions*



# Appendix



# Fiscal Year 2024 Guidance

	Target
NET SALES	\$850 Million
DILUTED EPS	\$2.45
OPERATING MARGIN	8.5%
ANNUAL EFFECTIVE TAX RATE	43.5%
CURRENCY EXCHANGE RATE IMPACT	Approximately -\$11 Million



# Income Statement

## USANA Health Sciences, Inc. Consolidated Statements of Operations

(In thousands, except per share data)  
(Unaudited)

	Quarter Ended		Nine Months Ended	
	28-Sep-24	30-Sep-23	28-Sep-24	30-Sep-23
Net sales	\$ 200,221	\$ 213,365	\$ 640,890	\$ 699,927
Cost of sales	39,257	42,529	122,659	134,374
<b>Gross profit</b>	160,964	170,836	518,231	565,553
Operating expenses:				
Associate incentives	84,068	89,926	270,197	298,376
Selling, general and administrative	61,295	63,303	189,920	198,325
<b>Earnings from operations</b>	15,601	17,607	58,114	68,852
Other income (expense), net	3,007	2,924	7,808	6,990
<b>Earnings before income taxes</b>	18,608	20,531	65,922	75,842
Income taxes	8,001	9,184	28,346	28,820
<b>NET EARNINGS</b>	<u>\$ 10,607</u>	<u>\$ 11,347</u>	<u>\$ 37,576</u>	<u>\$ 47,022</u>
Earnings per share - diluted	\$ 0.56	\$ 0.59	\$ 1.96	\$ 2.43
Weighted average shares outstanding - diluted	19,083	19,372	19,181	19,376



# Balance Sheet

## USANA Health Sciences, Inc. Consolidated Balance Sheets

(In thousands)  
(Unaudited)

	As of 28-Sep-24	As of 30-Dec-23
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 364,889	\$ 330,420
Inventories	63,984	61,454
Prepaid expenses and other current assets	22,318	25,872
<b>Total current assets</b>	<u>451,191</u>	<u>417,746</u>
Property and equipment, net	98,033	99,814
Goodwill	17,196	17,102
Intangible assets, net	29,237	29,919
Deferred tax assets	16,823	13,284
Other assets*	58,828	54,892
<b>Total assets</b>	<u>\$ 671,308</u>	<u>\$ 632,757</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 7,041	\$ 10,070
Line of credit - short term	-	786
Other current liabilities	107,738	107,989
<b>Total current liabilities</b>	<u>114,779</u>	<u>118,845</u>
Deferred tax liabilities	4,727	4,552
Other long-term liabilities	18,715	12,158
Stockholders' equity	533,087	497,202
<b>Total liabilities and stockholders' equity</b>	<u>\$ 671,308</u>	<u>\$ 632,757</u>

\*Includes noncurrent inventories of \$2,938 and \$3,128 as of 28-Sep-24 and 30-Dec-23, respectively. Total inventories were \$66,922 and \$64,582 as of 28-Sep-24 and 30-Dec-23, respectively.



# Key Financial Metrics

## Regional

**USANA Health Sciences, Inc.**  
**Sales by Region**  
(In thousands)  
(Unaudited)

	Quarter Ended						Currency impact on sales	% change excludin g currency
	September 28, 2024		September 30, 2023		Change from prior year			
Asia Pacific								
Greater China	\$ 102,261	51.1%	\$ 106,609	50.0%	\$ (4,348)	(4.1%)	\$ 865	(4.9%)
Southeast Asia Pacific	37,267	18.6%	39,151	18.3%	(1,884)	(4.8%)	561	(6.2%)
North Asia	20,541	10.2%	24,244	11.4%	(3,703)	(15.3%)	(721)	(12.3%)
Asia Pacific Total	160,069	79.9%	170,004	79.7%	(9,935)	(5.8%)	705	(6.3%)
Americas and Europe	40,152	20.1%	43,361	20.3%	(3,209)	(7.4%)	(727)	(5.7%)
	\$ 200,221	100.0%	\$ 213,365	100.0%	\$ (13,144)	(6.2%)	\$ (22)	(6.2%)

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

	As of			
	September 28, 2024		September 30, 2023	
Asia Pacific				
Greater China	65,000	34.6%	69,000	34.0%
Southeast Asia Pacific	52,000	27.6%	55,000	27.1%
North Asia	28,000	14.9%	33,000	16.2%
Asia Pacific Total	145,000	77.1%	157,000	77.3%
Americas and Europe	43,000	22.9%	46,000	22.7%
	188,000	100.0%	203,000	100.0%

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

	As of			
	September 28, 2024		September 30, 2023	
Asia Pacific				
Greater China	178,000	67.4%	161,000	61.7%
Southeast Asia Pacific	24,000	9.1%	28,000	10.7%
North Asia	13,000	4.9%	16,000	6.1%
Asia Pacific Total	215,000	81.4%	205,000	78.5%
Americas and Europe	49,000	18.6%	56,000	21.5%
	264,000	100.0%	261,000	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.