UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended April 3, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ___________ to ____________

Commission file number: 001-35024

USANA HEALTH SCIENCES, INC.
(Exact name of registrant as specified in its charter)

Utah	**87-0500306**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3838 West Parkway Blvd., Salt Lake City, Utah 84120
(Address of principal executive offices) (Zip Code)

(801) 954-7100
(Registrant’s telephone number, including area code)

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	USNA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 7, 2021, there were outstanding 20,236,693 shares of the registrant's common stock, $0.001 par value.

USANA HEALTH SCIENCES, INC.

FORM 10-Q

For the Quarterly Period Ended April 3, 2021

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Cautionary Note Regarding Forward-Looking Statements and Certain Risks

This report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2, contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company may also make forward-looking statements in other reports filed with the Securities and Exchange Commission ("SEC"), in materials delivered to shareholders and in press releases. In addition, the Company's representatives may from time to time make oral forward-looking statements. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely unduly on forward-looking statements.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those we project or assume in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the SEC. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, the occurrence of unanticipated events or otherwise. Important factors that could cause our actual results, performance and achievements to differ materially from estimates or projections contained in our forward-looking statements in this report include, among others, the following:

- Our dependence upon the direct selling business model to distribute our products and the activities of our independent Associates;

- Extensive regulation of our business model and uncertainties relating to the interpretation and enforcement of applicable laws and regulations governing direct selling and anti-pyramiding, particularly in the United States and China;

- The operation and expansion of our business in China through our subsidiary, BabyCare Holdings, Ltd. (“BabyCare”), including risks related to (i) operating in China in general, (ii) engaging in direct selling in China, (iii) BabyCare’s business model in China, and (iv) changes in the Chinese economy, marketplace or consumer environment;

- Unanticipated effects of changes to our Compensation Plan;

- Challenges associated with our planned expansion into new international markets, delays in commencement of sales or product offerings in such markets, delays in compliance with local marketing or other regulatory requirements, or changes in target markets;

- Uncertainty related to the magnitude, scope and duration of the impact of the novel strain coronavirus COVID-19 pandemic (“COVID-19” or the “COVID-19 pandemic”) to our business, operations and financial results, including, for example, additional regulatory measures or voluntary actions that may be put in place to limit the spread of COVID-19 in the markets where we operate, such as restrictions on business operations, shelter at home, or social distancing requirements;

- Political events, natural disasters, pandemics, epidemics or other health crises including, and in addition to, COVID-19 or other events that may negatively affect economic conditions, consumer spending or consumer behavior;

- Changes to trade policies and tariffs, the impact of customs, duties, taxation, and transfer pricing regulations, as well as regulations governing distinctions between and our responsibilities to employees and independent contractors;

- Deterioration in foreign relations, as well as international disputes, or tensions, between the United States and other countries, including China;

- Volatile fluctuation in the value of foreign currencies against the U.S. dollar;

- Noncompliance by us or our Associates with any data privacy laws or any security breach by us or a third party involving the misappropriation, loss, destruction or other unauthorized use or disclosure of confidential information;

- Shortages of raw materials, disruptions in the business of our contract manufacturers, significant price increases of key raw materials, and other disruptions to our supply chain; and

- Our continued compliance with debt covenants in our Credit Facility.

Important information as to these factors can be found in this document, including, among others, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings of “Overview,” and “Financial Condition and Liquidity.” Discussion of these factors is incorporated by reference from Part I, Item 1A, “Risk Factors,” of this document, and should be considered an integral part of Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” For additional information concerning factors that may cause actual results to vary materially from those stated in the forward-looking statements, see our reports on Form 10-K, 10-Q and 8-K filed with the SEC from time to time.

Unless otherwise indicated or otherwise required by the context, the terms “we,” “our,” “it,” “its,” “Company,” and “USANA” refer to USANA Health Sciences, Inc. and its wholly-owned subsidiaries. USANA Health Sciences, Inc. and its subsidiaries’ names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of USANA Health Sciences, Inc. and its subsidiaries. Names, abbreviations of names, logos, and products and service designators of other companies are either the registered or unregistered trademarks or tradenames of their respective owners. References to internet websites in this Form 10-Q are provided for convenience only. Information available through these websites is not incorporated by reference into this Form 10-Q.

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)
(unaudited)

	As of April 3, 2021	As of January 2, 2021
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	373,180	425,286
Property and equipment, net	98,622	100,445
Goodwill	17,310	17,367
Intangible assets, net	30,345	30,796
Deferred tax assets	5,164	4,640
Other assets	59,891	62,353
	$ 584,512	$ 640,887
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 11,952	$ 18,195
Other current liabilities	139,500	149,878
Total current liabilities	151,452	168,073
Deferred tax liabilities	13,975	12,009
Other long-term liabilities	16,308	19,155
Stockholders' equity		
Common stock, $0.001 par value; Authorized -- 50,000 shares, issued and outstanding 20,422 as of April 3, 2021 and 21,038 as of January 2, 2021	20	21
Additional paid-in capital	54,084	62,460
Retained earnings	353,213	382,794
Accumulated other comprehensive income (loss)	(4,540)	(3,625)
Total stockholders' equity	402,777	441,650
	$ 584,512	$ 640,887

The accompanying notes are an integral part of these statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, except per share data)
(unaudited)

	Quarter Ended	
	April 3, 2021	March 28, 2020
Net sales	$ 307,976	$ 266,619
Cost of sales	57,651	46,059
Gross profit	250,325	220,560
Operating expenses:		
Associate incentives	134,495	116,069
Selling, general and administrative	71,633	65,479
Total operating expenses	206,128	181,548
Earnings from operations	44,197	39,012
Other income (expense):		
Interest income	760	984
Interest expense	(5)	(21)
Other, net	(616)	(812)
Other income (expense), net	139	151
Earnings before income taxes	44,336	39,163
Income taxes	13,715	12,611
Net earnings	$ 30,621	$ 26,552
Earnings per common share		
Basic	$ 1.47	$ 1.24
Diluted	$ 1.45	$ 1.23
Weighted average common shares outstanding		
Basic	20,892	21,497
Diluted	21,096	21,551
Comprehensive income:		
Net earnings	$ 30,621	$ 26,552
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(2,531)	(6,237)
Tax benefit (expense) related to foreign currency translation adjustment	1,616	1,039
Other comprehensive income (loss), net of tax	(915)	(5,198)
Comprehensive income	$ 29,706	$ 21,354

The accompanying notes are an integral part of these statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

For the three months ended March 28, 2020

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Value				
Balance at December 28, 2019	21,655	$ 22	$ 59,445	$ 306,146	$ (13,901)	$ 351,712
Net earnings				26,552		26,552
Other comprehensive income (loss), net of tax					(5,198)	(5,198)
Equity-based compensation expense			3,394			3,394
Common stock repurchased and retired	(785)	(1)	(9,012)	(48,016)		(57,029)
Common stock issued under equity award plans	125	—				—
Tax withholding for net-share settled equity awards			(1,823)			(1,823)
Balance at March 28, 2020	20,995	$ 21	$ 52,004	$ 284,682	$ (19,099)	$ 317,608

For the three months ended April 3, 2021

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Value				
Balance at January 2, 2021	21,038	$ 21	$ 62,460	$ 382,794	$ (3,625)	$ 441,650
Net earnings				30,621		30,621
Other comprehensive income (loss), net of tax					(915)	(915)
Equity-based compensation expense			3,740			3,740
Common stock repurchased and retired	(721)	(1)	(9,251)	(60,202)		(69,454)
Common stock issued under equity award plans	105	—				—
Tax withholding for net-share settled equity awards			(2,865)			(2,865)
Balance at April 3, 2021	20,422	$ 20	$ 54,084	$ 353,213	$ (4,540)	$ 402,777

The accompanying notes are an integral part of these statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Cash flows from operating activities		
Net earnings	$ 30,621	$ 26,552
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation and amortization	3,231	3,494
Right-of-use asset amortization	2,259	2,255
(Gain) loss on sale of property and equipment	47	—
Equity-based compensation expense	3,740	3,394
Deferred income taxes	2,968	4,611
Changes in operating assets and liabilities:		
Inventories	1,393	5,153
Prepaid expenses and other assets	(3,960)	(4,262)
Accounts payable	(6,899)	(174)
Other liabilities	(13,741)	(10,237)
Net cash provided by (used in) operating activities	19,659	30,786
Cash flows from investing activities		
Receipts on notes receivable	51	85
Payments for net investment hedge	(1,555)	(1,089)
Proceeds from sale of property and equipment	13	—
Purchases of property and equipment	(1,597)	(7,266)
Net cash provided by (used in) investing activities	(3,088)	(8,270)
Cash flows from financing activities		
Repurchase of common stock	(67,610)	(57,029)
Payments related to tax withholding for net-share settled equity awards	(2,865)	(1,823)
Net cash provided by (used in) financing activities	(70,475)	(58,852)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1,962)	(4,436)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(55,866)	(40,772)
Cash, cash equivalents, and restricted cash at beginning of period	315,937	237,688
Cash, cash equivalents, and restricted cash at end of period	$ 260,071	$ 196,916
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 256,964	$ 194,098
Restricted cash included in prepaid expenses and other current assets	61	—
Restricted cash included in other assets	3,046	2,818
Total cash, cash equivalents, and restricted cash	$ 260,071	$ 196,916
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 3	$ 2
Income taxes	13,523	9,694
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations	829	1,914
Accrued purchases of property and equipment	239	608
Unsettled trades for repurchase of common stock	1,844	—

The accompanying notes are an integral part of these statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)
(unaudited)

NOTE A – ORGANIZATION, CONSOLIDATION, AND BASIS OF PRESENTATION

USANA Health Sciences, Inc. develops and manufactures high quality, science-based nutritional and personal care products that are sold internationally through a network marketing system, which is a form of direct selling. The Condensed Consolidated Financial Statements (the "Financial Statements") include the accounts and operations of the Company, which are grouped and presented in two geographic regions: (1) Asia Pacific, and (2) Americas and Europe. Asia Pacific is further divided into three sub-regions: (i) Greater China, (ii) Southeast Asia Pacific, and (iii) North Asia.

(1) Asia Pacific -

(i) Greater China - Hong Kong, Taiwan, and China. The Company's business in China is conducted by BabyCare Holdings, Ltd., the Company's wholly-owned subsidiary.

(ii) Southeast Asia Pacific – Australia, New Zealand, Singapore, Malaysia, the Philippines, Thailand, and Indonesia.

(iii) North Asia – Japan and South Korea.

(2) Americas and Europe – United States, Canada, Mexico, Colombia, the United Kingdom, France, Germany, Spain, Italy, Romania, Belgium, and the Netherlands.

The condensed consolidated balance sheet as of January 2, 2021, derived from audited consolidated financial statements, and the unaudited interim condensed consolidated financial information of the Company have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the SEC. Accordingly, certain information and footnote disclosures that are normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. In the opinion of the Company's management, the accompanying interim condensed consolidated financial information contains all adjustments, consisting only of normal recurring adjustments that are necessary to state fairly the Company's financial position as of April 3, 2021 and results of operations and cash flows for the three months ended April 3, 2021 and March 28, 2020.

The interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto that are included in the Company's Annual Report on Form 10-K for the year ended January 2, 2021. The results of operations for the three months ended April 3, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending January 1, 2022.

The COVID-19 pandemic has negatively impacted economies, businesses, sales practices, supply chains, and consumer behavior around the world. While the overall impact of the pandemic on our business and results of operations was not material for the three months ended April 3, 2021, and for fiscal 2020, the pandemic disrupted and negatively affected our business. While the Company did not incur significant disruptions to its operations during the first quarter of 2021 from COVID-19, it is unable at this time to predict the impact that COVID-19 will have on its business, financial position and operating results in future periods due to numerous uncertainties and is closely monitoring the impact of the pandemic on all aspects of its business.

Recent Accounting Pronouncements

Adopted accounting pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 is intended to simplify various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying certain aspects of the current guidance to promote consistency among reporting entities. The amendments in this ASU are effective for annual periods beginning after December 15, 2020 and interim periods within those annual periods, with early adoption permitted. Most amendments within this ASU are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted ASU 2019-12 during the first quarter ended April 3, 2021 and the adoption of the standard did not have an impact on its condensed consolidated financial statements.

In January 2021, the FASB issued ASU No. 2021-01 "Reference Rate Reform (Topic 848): Scope," which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments in this ASU to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition. The amendments in this ASU do not apply to contract modifications made after December 31, 2022, new hedging relationships entered into after December 31, 2022, and existing hedging relationships evaluated for effectiveness in periods after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship (including periods after December 31, 2022). The amendments in this ASU are effective immediately for all entities. An entity may elect to apply the amendments in this ASU on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final ASU, up to the date that financial statements are available to be issued. The Company, on January 7, 2021, adopted ASU 2021-01 on a prospective basis and the adoption of this ASU did not have an impact on its condensed consolidated financial statements.

No other new accounting pronouncement issued or effective during the quarter had, or is expected to have, a material impact on the Company's condensed consolidated financial statements.

(in thousands, except per share data)

NOTE B – FAIR VALUE MEASURES

The Company measures at fair value certain of its financial and non-financial assets and liabilities by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability. The levels of the fair value hierarchy are:

- Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable and are used to measure fair value in situations where there is little, if any, market activity for the asset or liability at the measurement date.

As of the dates indicated, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	April 3, 2021	Fair Value Measurements Using Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 171,896	$ 171,896	$ —	$ —
Net investment hedge included in prepaid expenses and other current assets	1,365	—	1,365	—
Foreign currency contracts included in prepaid expenses and other current assets	223	—	223	—
	$ 173,484	$ 171,896	$ 1,588	$ —

	January 2, 2021	Fair Value Measurements Using Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 224,092	$ 224,092	$ —	$ —
Foreign currency contracts included in other current liabilities	(1,470)	—	(1,470)	—
	$ 222,622	$ 224,092	$ (1,470)	$ —

There were no transfers of financial assets or liabilities between levels of the fair value hierarchy for the periods indicated.

The majority of the Company's non-financial assets, which include long-lived assets, are not required to be carried at fair value on a recurring basis. However, if an impairment charge is required, a non-financial asset would be written down to fair value. As of April 3, 2021 and January 2, 2021, there were no non-financial assets measured at fair value on a non-recurring basis.

The Company's financial instruments include cash equivalents, accounts receivable, restricted cash, and accounts payable. The recorded values of cash equivalents, accounts receivable, restricted cash, and accounts payable approximate their fair values, based on their short-term nature.

(in thousands, except per share data)

NOTE C – INVENTORIES

Inventories consist of the following:

	April 3, 2021	January 2, 2021
Raw materials	$ 27,165	$ 28,328
Work in progress	10,181	9,956
Finished goods	50,300	51,940
	$ 87,646	$ 90,224

NOTE D – INVESTMENT IN EQUITY SECURITIES

As of April 3, 2021 and January 2, 2021, the carrying amount of equity securities without readily determinable fair values was $20,000 and is included in the "Other assets" line item on the Company's condensed consolidated balance sheets.

During the three months ended April 3, 2021 and the fiscal year ended January 2, 2021, no observable price changes occurred, and no impairment of securities was recorded.

NOTE E – REVENUE AND CONTRACT LIABILITIES

Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. A majority of the Company's sales are for products sold at a point in time and shipped to customers, for which control is transferred as goods are delivered to the third party carrier for shipment. The Company receives payment, primarily via credit card, for the sale of products at the time customers place orders and payment is required prior to shipment. Contract liabilities, which are recorded within the "Other current liabilities" line item in the condensed consolidated balance sheets, primarily relate to deferred revenue for product sales for customer payments received in advance of shipment, for outstanding material rights under the initial order program, and for services where control is transferred over time as services are delivered.

Other revenue includes fees, which are paid by the customer at the beginning of the service period, for access to online customer service applications and annual account renewal fees for Associates, for which control is transferred over time as services are delivered and are recognized as revenue on a straight-line basis over the term of the respective contracts.

The following table presents Other Revenue for the periods indicated:

	Quarter Ended	
	April 3, 2021	March 28, 2020
Other Revenue	$ 972	$ 643

Disaggregation of revenue by geographic region and major product line is included in Segment Information in Note J.

The following table provides information about contract liabilities from contracts with customers, including significant changes in the contract liabilities balances during the period:

	April 3, 2021	January 2, 2021
Contract liabilities at beginning of period	$ 15,952	$ 13,852
Increase due to deferral of revenue at period end	16,017	15,952
Decrease due to beginning contract liabilities recognized as revenue	(15,198)	(13,852)
Contract liabilities at end of period	$ 16,771	$ 15,952

NOTE F – LINE OF CREDIT

On August 25, 2020, the Company as borrower, and certain of its material subsidiaries as guarantors, entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of August 25, 2020 with Bank of America, N.A. ("Bank of America"), as Administrative Agent, Swingline Lender and Letter of Credit Issuer, and the other lenders party thereto.

The Credit Agreement provides for a revolving credit limit for loans to the Company up to $75,000 (the "Credit Facility"). In addition, at the option of the Company, and subject to certain conditions, the Company may request to increase the aggregate commitment under the Credit Facility of up to an additional $200,000.

There was no outstanding debt on the Credit Facility at April 3, 2021. The obligations of the Company under the Credit Agreement are secured by the pledge of the capital stock of certain subsidiaries of the Company, pursuant to a Security and Pledge Agreement.

Interest on revolving borrowings under the Credit Facility are computed at Bank of America's prime rate or the Eurodollar rate, adjusted by features specified in the Credit Agreement. The Credit Agreement covenants require the Company's rolling four-quarter consolidated EBITDA of $100,000 or greater and its ratio of consolidated funded debt to consolidated EBITDA of equal to or less than 2.0 to 1.0 at the end of each quarter. The Credit Agreement does not include any restrictions on the payment of cash dividends or share repurchases by the Company. Consolidated EBITDA and consolidated funded debt are non-GAAP terms. For purposes of the Credit Agreement, adjusted EBITDA is defined as "consolidated EBITDA" and means, for any period, for the Company and its subsidiaries on a consolidated basis, an amount equal to the net income of the Company and its subsidiaries (excluding extraordinary gains but including extraordinary losses) for such period ("Net Income") plus (a) the following to the extent deducted in calculating such Net Income: (i) the sum of (A) all interest, premium payments, debt discount, fees (including commitment fees and the amortization of upfront fees), charges and related expenses of the Company and its subsidiaries in connection with borrowed money (excluding capitalized interest) or in connection with the deferred purchase price of assets for such period, in each case to the extent treated as interest in accordance with U.S. GAAP and (B) the portion of rent expense of the Company and its subsidiaries for such period under capital leases that is treated as interest in accordance with U.S. GAAP, (ii) the provision for federal, state, local and foreign income taxes payable by the Company and its subsidiaries for such period, (iii) the amount of depreciation, depletion and amortization expense deducted in determining such Net Income and (iv) other expenses of the Company and its subsidiaries reducing such Net Income which do not represent a cash item in such period or any future period and minus (b) all non-cash items increasing Net Income for such period. For purposes of the Credit Agreement, "Consolidated Funded Debt" means, as of any date of determination, for the Company and its subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including obligations under the Credit Agreement) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, plus (b) all purchase money indebtedness, plus (c) attributable indebtedness in respect of capital leases and synthetic lease obligations, plus (d) all indebtedness of the types referred to in clauses (a) through (c) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Company or a subsidiary is a general partner or joint venturer, unless such indebtedness is expressly made non-recourse to the Company or such subsidiary, minus (e) the aggregate amount of subordinated liabilities properly classified on such date as long-term debt in accordance with U.S. GAAP.

The Company will be required to pay any balance on this Credit Facility in full at the time of maturity in August 2025.

Subsequent to April 3, 2021, on April 21, 2021, the Company entered into the First Amendment to the Second Amended and Restated Credit Agreement (the "2021 amendment"), which, among other things amended the definition of "LIBOR Replacement Date", "LIBOR Successor Rate", and "Eurodollar Rate." The 2021 amendment also adjusted the minimum LIBOR rate from .50% to 0.00% and removes the one-week and two-month borrowing terms.

NOTE G – CONTINGENCIES

The Company is involved in various lawsuits, claims, and other legal matters from time to time that arise in the ordinary course of conducting business, including matters involving its products, intellectual property, supplier relationships, distributors, competitor relationships, employees and other matters. The Company records a liability when a particular contingency is probable and estimable. The Company faces contingencies that are reasonably possible to occur; however, they cannot currently be estimated. While complete assurance cannot be given as to the outcome of these proceedings, management does not currently believe that any of these matters, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, liquidity or results of operations. It is reasonably possible that a change in the contingencies could result in a change in the amount recorded by the Company in the future.

NOTE H – DERIVATIVE FINANCIAL INSTRUMENTS

The Company's risk management strategy includes the select use of derivative instruments to reduce the effects of volatility in foreign currency exchange exposure on operating results and cash flows. In accordance with the Company's risk management policies, the Company does not hold or issue derivative instruments for trading or speculative purposes. The Company recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. When the Company becomes a party to a derivative instrument and intends to apply hedge accounting, the Company formally documents the hedge relationship and the risk management objective for undertaking the hedge, the nature of risk being hedged, and the hedged transaction, which includes designating the instrument for financial reporting purposes as a fair value hedge, a cash flow hedge, or a net investment hedge. The Company also documents how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness.

The Company periodically uses derivative instruments to hedge the foreign currency exposure of its net investment in foreign subsidiaries into U.S. dollars. Initially, the Company records derivative assets on a gross basis in its condensed consolidated balance sheets. Subsequently the fair value of derivatives is measured for each reporting period. The effective portion of gains and losses attributable to these net investment hedges is recorded to foreign currency translation adjustment ("FCTA") within accumulated other comprehensive income (loss) ("AOCI") to offset the change in the carrying value of the net investment being hedged, and will subsequently be reclassified to net earnings in the period in which the investment in the subsidiary is either sold or substantially liquidated.

During the three months ended April 3, 2021 and March 28, 2020, the Company entered into European options designated as net investment hedges with notional amounts of $98,684 and $90,000, respectively. For the three months ended April 3, 2021 and March 28, 2020, the Company had an unrealized loss of $190 and an unrealized gain of $850, respectively, recorded to FCTA within other comprehensive income (loss).

As of April 3, 2021, the Company assessed hedge effectiveness under the forward rate method, determining the hedging instrument was highly effective.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share data)
(unaudited)

NOTE I – COMMON STOCK AND EARNINGS PER SHARE

Basic earnings per share ("EPS") is based on the weighted-average number of shares outstanding for each period. Shares that have been repurchased and retired during the periods specified below have been included in the calculation of the number of weighted-average shares that are outstanding for the calculation of basic EPS based on the time they were outstanding in any period. Diluted EPS is based on shares that are outstanding (computed under basic EPS) and on potentially dilutive shares. Shares that are included in the diluted EPS calculations under the treasury stock method include equity awards that are in-the-money but have not yet been exercised.

The following is a reconciliation of the numerator and denominator used to calculate basic EPS and diluted EPS for the periods indicated:

	Quarter Ended	
	April 3, 2021	March 28, 2020
Net earnings available to common shareholders	$ 30,621	$ 26,552
Weighted average common shares outstanding - basic	20,892	21,497
Dilutive effect of in-the-money equity awards	204	54
Weighted average common shares outstanding - diluted	21,096	21,551
Earnings per common share from net earnings - basic	$ 1.47	$ 1.24
Earnings per common share from net earnings - diluted	$ 1.45	$ 1.23

Equity awards for the following shares were not included in the computation of diluted EPS due to the fact that their effect would be anti-dilutive:

	Quarter Ended	
	April 3, 2021	March 28, 2020
	57	815

During the three months ended April 3, 2021 and March 28, 2020, the Company repurchased and retired 721 shares and 785 shares for $69,454 and $57,029 respectively, under the Company's share repurchase plan. The excess of the repurchase price over par value is allocated between additional paid-in capital and retained earnings on a pro-rata basis. The purchase of shares under this plan reduces the number of shares outstanding in the above calculations.

As of April 3, 2021, the remaining authorized repurchase amount under the stock repurchase plan was $80,546. There is no expiration date on the remaining approved repurchase amount and no requirement for future share repurchases.

Subsequent to April 3, 2021, and through May 7, 2021, the Company repurchased and retired 190 shares of common stock for $18,367, at an average market price of $96.67 per share.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share data)
(unaudited)

NOTE J – SEGMENT INFORMATION

USANA operates as a direct selling company that develops, manufactures, and distributes high-quality nutritional and personal care products that are sold through a network marketing system of independent distributors ("Associates"). The Company aggregates its operating segments into one reportable segment as management believes that the Company's segments exhibit similar long-term financial performance and have similar economic characteristics. Performance for a region or market is evaluated based on sales. No single Associate accounted for 10% or more of net sales for the periods presented. The table below summarizes the approximate percentage of total product revenue that has been contributed by the Company's nutritionals, foods, and personal care and skincare products for the periods indicated.

	Quarter Ended	
	April 3, 2021	March 28, 2020
USANA® Nutritionals	87%	86%
USANA Foods(1)	7%	8%
Personal care and Skincare	5%	5%
All Other	1%	1%

(1) Includes the Company's new Active Nutrition line, which launched in five markets late in the first quarter of 2021 and will roll out to additional markets throughout the year.

Selected Financial Information

Financial information by geographic region is presented for the periods indicated below:

	Quarter Ended	
	April 3, 2021	March 28, 2020
Net Sales to External Customers		
Asia Pacific		
Greater China	$ 148,978	$ 131,432
Southeast Asia Pacific	72,148	56,922
North Asia	30,165	27,251
Asia Pacific Total	251,291	215,605
Americas and Europe	56,685	51,014
Consolidated Total	$ 307,976	$ 266,619

The following table provides further information on markets representing 10% or more of consolidated net sales and long-lived assets, respectively:

	Quarter Ended	
	April 3, 2021	March 28, 2020
Net sales:		
China	$ 134,303	$ 115,478
	As of	
	April 3, 2021	January 2, 2021
Long-lived assets:		
China	$ 90,293	$ 92,692
United States	$ 81,348	$ 82,167

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide an understanding of USANA's financial condition, results of operations and cash flows by reviewing certain key indicators and measures of performance.

The MD&A is presented in six sections as follows:

- Overview
- Impact of the COVID-19 Pandemic
- Customers
- Non-GAAP Financial Measures
- Results of Operations
- Liquidity and Capital Resources

This MD&A should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and Notes thereto that are contained in this quarterly report, as well as Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended January 2, 2021 ("2020 Form 10-K") filed with the SEC on March 2, 2021, and our other filings, including the Current Reports on Form 8-K, that have been filed with the SEC through the date of this report. Forward-looking statements in Part I, Item 2 may involve risks and uncertainties that could cause results to differ materially from those projected (refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements and Certain Risks" on page 1 and the risk factors provided in Part II, Item 1A for discussion of these risks and uncertainties).

Overview

We develop and manufacture high quality, science-based nutritional and personal care and skincare products that are distributed internationally through direct selling. We use this distribution method because we believe it is more conducive to meeting our vision as a company, which is to improve the overall health and nutrition of individuals and families around the world. Our customer base is primarily comprised of two types of customers: "Associates" and "Preferred Customers," referred to together as "active Customers." Our Associates also sell our products to retail customers. Associates share in our company vision by acting as independent distributors of our products in addition to purchasing our products for their personal use. Preferred Customers purchase our products strictly for personal use and are not permitted to resell or to distribute the products. We only count as active Customers those Associates and Preferred Customers who have purchased from us at any time during the most recent three-month period. As of April 3, 2021, we had approximately 617,000 active Customers worldwide.

We have ongoing operations in the following markets, which are grouped and presented in two geographic regions: (1) Asia Pacific, and (2) Americas and Europe. Asia Pacific is further divided into three sub-regions: (i) Greater China, (ii) Southeast Asia Pacific, and (iii) North Asia. The countries included in these regions and sub-regions are described below:

(1) Asia Pacific -

(i) Greater China - Hong Kong, Taiwan, and China. Our business in China is conducted by BabyCare Holdings, Ltd., our wholly-owned subsidiary.

(ii) Southeast Asia Pacific – Australia, New Zealand, Singapore, Malaysia, the Philippines, Thailand and Indonesia.

(iii) North Asia – Japan and South Korea.

(2) Americas and Europe – United States, Canada, Mexico, Colombia, the United Kingdom, France, Germany, Spain, Italy, Romania, Belgium, and the Netherlands.

The following table summarizes the approximate percentage of total product revenue that has been contributed by our major product lines and our top-selling products for the current and prior-year periods as indicated:

	Three Months Ended	
	April 3, 2021	March 28, 2020
Product Line		
USANA® Nutritionals		
Optimizers	70%	68%
Essentials/CellSentials(1)	17%	18%
USANA Foods(2)	7%	8%
Personal care and Skincare	5%	5%
All Other	1%	1%
Key Product		
USANA® Essentials/CellSentials	12%	12%
Proflavanol®	11%	11%
Probiotic	9%	11%

(1) Represents a product line consisting of multiple products, as opposed to the actual USANA® Essentials / CellSentials product.
(2) Includes our new Active Nutrition line.

Our new Active Nutrition line promotes healthy weight management, digestive health, energy and hydration through a holistic approach. We launched the Active Nutrition line in five markets including the United States late in the first quarter of 2021. We will roll this line out to additional markets throughout the year.

Because we have operations in multiple markets, with sales and expenses being generated and incurred in multiple currencies, our reported U.S. dollar sales and earnings can be significantly affected by fluctuations in currency exchange rates. In general, our operating results are affected positively by a weakening of the U.S. dollar and negatively by a strengthening of the U.S. dollar. During the three months ended April 3, 2021, net sales outside of the United States represented 91.2% of consolidated net sales. In our net sales discussions that follow, we approximate the impact of currency fluctuations on net sales by translating current year sales at the average exchange rates in effect during the comparable periods of the prior year.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted economies, businesses, sales practices, supply chains, and consumer behavior around the world. While the overall impact of the pandemic on our business and results of operations has not been material, the pandemic has disrupted and negatively affected our business. Government-imposed restrictions, health and safety mandated best practices, and public hesitance regarding in-person gatherings have reduced our ability and the ability of our Associates to hold sales meetings, required our Associates to share and sell our products in a predominantly virtual environment, resulted in cancellations of key Company events and trips, required us to utilize a work-from-home strategy for all non-manufacturing and non-distribution employees, and required us to temporarily close our walk-in and fulfillment locations in some markets where we have such properties. The pandemic has also affected our ability to timely obtain some ingredients and packaging as well as ship products to some markets. While we have not experienced a meaningful supply chain interruption, our supply chain and logistics have incurred some disruption and we could experience more significant disruptions or closures in the future. These factors and others related to the COVID-19 pandemic will likely continue to negatively affect our business throughout 2021 in a number of ways, including those described below.

● Our Workforce. The health and safety of our employees around the world remains our top priority. We remain committed to being socially responsible as a corporate leader in each of our markets and doing our part to reduce the spread of COVID-19. As such, we are continuing to utilize a modified operating model in each of our markets as necessary to follow applicable guidelines from government and health officials. We continue to utilize a work-from-home plan for all non-manufacturing and non-distribution employees. Although our manufacturing and distribution employees continue to work on site, they are following applicable health and safety guidelines. We are also continuing to utilize flexible shift schedules, time and attendance policies, and sick-leave policies to promote health, wellness and safety. Where necessary in our international markets, we have temporarily closed product will-call centers and continue to offer curbside delivery and subsidized shipping to customers. We will continue to monitor the situation surrounding the pandemic and implement additional risk mitigation actions where necessary.

● Our Operations. All of our production facilities remain operational under enhanced safety measures and as of the date of this report, we have not experienced meaningful disruptions to our supply chain, shipping, or logistics. Although we have successfully modified our operations in each of our markets to date, future efforts to reduce the spread of COVID-19 may negatively affect our business. The extent of any disruption to our business in each of our markets going forward is difficult to estimate and will depend on many factors, many of which are outside of our control. Our operating plan continues to entail efforts to safeguard against disruptions through maintaining and operating (i) raw material procurement; (ii) manufacturing; (iii) distribution; (iv) selling; (v) operating cash flows and liquidity; (vi) Associate engagement and activity; and (vii) employee support and engagement.

● Our Sales and Salesforce. Demand for our high quality nutritional products has remained high during the pandemic. We continue to utilize a virtual strategy to hold meetings and events with our salesforce and will evaluate this strategy as the year and situation with the pandemic progresses. Our salesforce will also continue to utilize a virtual sales and operating strategy. Notwithstanding the foregoing, person-to-person and face-to-face selling and events remain an important part of our business and we plan to begin incorporating the same into our strategy as it becomes safe and appropriate for us and our sales force to do so.

● Our Liquidity. Our liquidity position is strong. We expect to continue to fund our business with cash flow from operations and believe that we have sufficient liquidity to satisfy our cash needs. Notwithstanding the foregoing, we will continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate at full strength during these uncertain times. Additionally, as long as uncertainty remains surrounding the duration and impact of the COVID-19 pandemic, the potential impact from the pandemic on our business, financial condition or longer-term financial or operational results will remain uncertain. We will continue to align spending with sales performance and defer non-essential capital investments amid the COVID-19 pandemic.

Customers

Because we sell our products to a customer base of independent Associates and Preferred Customers, we increase our sales by increasing the number of our active Customers, the amount they spend on average, or both. Our primary focus continues to be increasing the number of active Customers. We believe this focus is consistent with our vision of improving the overall health and nutrition of individuals and families around the world. Sales to Associates account for approximately 56% of product sales during the three months ended April 3, 2021; the remainder of our sales are to Preferred Customers. Increases or decreases in product sales are typically the result of variations in the volume of product sold relating to fluctuations in the number of active Customers purchasing our products. The number of active Associates and Preferred Customers is, therefore, used by management as a key non-financial indicator to evaluate our operational performance.

We believe that our ability to attract and retain active Customers is positively influenced by a number of factors, including our high quality product offerings and the general public's heightened awareness and understanding of the connection between diet and long-term health. Additionally, we believe that our Associate compensation plan and the general public's growing desire for a secondary source of income and small business ownership are key to our ability to attract and retain Associates. We periodically make changes to our Compensation Plan in an effort to ensure that it is among the most competitive plans in the industry, to encourage behavior that we believe leads to a successful business for our Associates, and to ensure that our plan provides us with leverage to grow sales and earnings. Additionally, the initiatives we are executing under our customer experience and technology enhancements strategy are designed to promote active Customer growth. While these initiatives are designed to promote both Associate and Preferred Customer growth, Preferred Customer growth has outpaced Associate growth during the three months ended April 3, 2021. Consequently, Preferred Customers now comprise a larger portion of total active Customers.

To further support our Associates in building their businesses, we traditionally sponsor meetings and events throughout the year, which offer information about our products and our network marketing system. We also provide low cost sales tools, including online sales, business management, and training tools, which are intended to support our Associates in building and maintaining a successful home-based business. Although we provide training and sales tools, we ultimately rely on our Associates to sell our products, attract new active Customers to purchase our products, and educate and train new Associates. We sponsor meetings designed to assist Associates in their business development and to provide a forum for interaction with our Associate leaders and members of our management team. As noted above in this report, during the first three months we chose either to cancel several of these types of meetings and other Associate events, or to change them to virtual events, as a result of the COVID-19 pandemic. Additionally, upcoming Associate meetings and events of this nature have either been changed to virtual events or cancelled.

The table below summarizes the changes in our active Customer base by geographic region, rounded to the nearest thousand as of the dates indicated:

	Total Active Customers by Region					
	As of April 3, 2021		As of March 28, 2020		Change from Prior Year	Percent Change
Asia Pacific:						
Greater China	276,000	44.7%	277,000	48.3%	(1,000)	(0.4%)
Southeast Asia Pacific	137,000	22.2%	115,000	20.1%	22,000	19.1%
North Asia	59,000	9.6%	57,000	10.0%	2,000	3.5%
Asia Pacific Total	472,000	76.5%	449,000	78.4%	23,000	5.1%
Americas and Europe	145,000	23.5%	124,000	21.6%	21,000	16.9%
	617,000	100.0%	573,000	100.0%	44,000	7.7%

Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles generally accepted in the United States (GAAP). However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures described below. Management believes these non-GAAP financial measures that exclude the impact of specific items (described below) may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current results and results in prior operating periods and in understanding the activities and business metrics of our operations. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. We provide non-GAAP financial information for informational purposes only. Readers should consider the information in addition but not instead of or superior to, our consolidated financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

In this report, we use "constant currency" net sales, "local currency" net sales, and other currency-related financial information terms that are non-GAAP financial measures. We believe the use of these terms is helpful in understanding the impact of fluctuations in foreign-currency exchange rates and facilitating period-to-period comparisons of our results of operations and provides investors an additional perspective on trends and underlying business results. Changes in our reported revenue and profits in this report include the impacts of changes in foreign currency exchange rates. As additional information to the reader, we provide constant currency assessments in the tables and the narrative information in this MD&A to remove or quantify the impact of the fluctuation in foreign exchange rates and utilize constant currency results in our analysis of performance. Our 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. The GAAP reconciliations of these non-GAAP measures are contained in the tables within Results of Operations.

Results of Operations

Summary of Financial Results

Net sales for the first quarter of 2021 increased 15.5% to $308.0 million, an increase of $41.4 million, compared with the prior-year quarter. This increase, was in part, driven by a 7.7% increase in active Customer growth during the quarter, and favorable changes in currency exchange rates that benefited net sales by $16.6 million.

Net earnings for the first quarter of 2021 were $30.6 million, an increase of 15.3% compared with $26.6 million during the prior-year period. The increase in net earnings was mainly the result of increased sales and lower relative operating expenses.

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Quarters Ended April 3, 2021 and March 28, 2020

Net Sales

The following table summarizes the changes in net sales by geographic region for the fiscal quarters ended as of the dates indicated:

	Net Sales by Region (in thousands) Quarter Ended							
	April 3, 2021		March 28, 2020		Change from prior year	Percent change	Currency impact on sales	Percent 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%
	$ 307,976	100.0%	$ 266,619	100.0%	$ 41,357	15.5%	$ 16,605	9.3%

Asia Pacific: The growth in this region continues to benefit from the momentum generated from a successful worldwide incentive program offered during the third quarter of 2020. The increase in constant currency net sales in Southeast Asia Pacific was driven primarily by Malaysia, the Philippines, and Singapore, which had local currency net sales growth of 46.5%, 28.9%, and 12.5% due to a 32.3%, 25.6%, and 18.2% increase in active Customers, respectively. In addition to the worldwide incentive program conducted during the third quarter of 2020, the Philippines also introduced a market specific incentive program and continues to benefit from that program.

The increase in constant currency net sales in Greater China was primarily driven by China, which generated local currency net sales growth of 8.1%, due to customary promotions that performed better in the current year quarter, as well as a modest 0.4% increase in active Customers. The increase in constant currency net sales in North Asia was driven by South Korea which had local currency net sales growth of 2.5% due to a 3.6% increase in active Customers.

Americas and Europe: The growth in this region was aided by the worldwide incentive program described above. The increase in constant currency net sales in Americas and Europe was driven by local currency net sales growth in Mexico and the United States, which generated local currency net sales growth of 33.5% and 6.6%, due to a 31.8% and 11.5% increase in active Customers, respectively. Additionally, Europe increased constant currency net sales by 34.7% during the current year quarter, which was driven by strong growth in active Customers of 57.1%.

Gross Profit

Gross profit decreased 140 basis points to 81.3% of net sales, down from 82.7% in the prior-year quarter. This decrease can be attributed to (i) a market specific product promotion offered during the current year quarter, (ii) a change in market sales mix, and (iii) higher relative shipping costs due to COVID-19 related disruptions to our supply chain and logistics. These decreases were partially offset by favorable changes in currency exchange rates.

Associate Incentives

Associate incentives increased 20 basis points to 43.7% of net sales for the first quarter of 2021, compared with 43.5% in the prior-year quarter. The relative increase in the current quarter can be attributed to increased spend on miscellaneous associate incentives. This increase was offset by (i) higher spend on a market specific promotion in the prior-year quarter, (ii) lower spend on incentive based promotions offered during the current quarter, and (iii) changes in market sales mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 1.40% relative to net sales, and increased $6.2 million in absolute terms. The relative improvement can be attributed to leverage gained on higher net sales. The increased expense in absolute terms is due to (i) higher employee related costs, and (ii) an increase in variable expenses associated with higher sales. These increases were partially offset by lower travel related costs in the current quarter due to travel related COVID-19 restrictions compared with the prior-year quarter.

Income Taxes

Income taxes decreased to 30.9% of pre-tax earnings in the first quarter of 2021, down from 32.2% of pre-tax earnings in the prior-year quarter. The lower effective tax rate is due primarily to increased earnings in the United States, which allowed for greater foreign tax credit utilization.

Diluted Earnings per Share

Diluted EPS increased 17.9% in the first quarter of 2021 to $1.45 as compared to $1.23 reported in the prior-year quarter of 2020. This increase can be attributed to higher net earnings, as well as, a lower diluted share count.

Liquidity and Capital Resources

We have historically met our working capital and capital expenditure requirements by using both net cash flow from operations and by drawing on our line of credit. Our principal source of liquidity is our operating cash flow. Although we are required to maintain cash deposits with banks in certain of our markets, there are currently no material restrictions on our ability to transfer and remit funds among our international markets. In China, however, our compliance with Chinese accounting and tax regulations promulgated by the State Administration of Foreign Exchange (“SAFE”) results in transfer and remittance of our profits and dividends from China to the United States on a delayed basis. If SAFE or other Chinese regulators introduce new regulations, or change existing regulations which allow foreign investors to remit profits and dividends earned in China to other countries, our ability to remit profits or pay dividends from China to the United States may be limited in the future.

We believe we have sufficient liquidity to satisfy our cash needs and expect to continue to fund our business with cash flow from operations. We continue, however, to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. Additionally, we continually evaluate opportunities, to repurchase shares of our common stock and will, from time to time, consider the acquisition of, or investment in complementary businesses, products, services and technologies, which has the potential to affect our liquidity.

Cash and Cash Equivalents

Cash and cash equivalents decreased to $257.0 million at April 3, 2021, from $311.9 million at January 2, 2021. Cash flow provided by operating activities generated $19.7 million during the three months ended April 3, 2021. The decrease in cash and cash equivalents was primarily due to cash used to repurchase and retire shares of our common stock totaling $69.5 million, which is comprised of $67.6 million cash and an accrual for unsettled trades of $1.8 million, which was settled subsequent to quarter-end.

The following table below presents concentrations of cash and cash equivalents by market for the periods indicated:

	Cash and cash equivalents (in Millions)	
	As of April 3, 2021	As of January 2, 2021
United States	$ 39.5	$ 119.7
China	168.9	133.8
All other markets	48.6	58.4
Total Cash and cash equivalents	$ 257.0	$ 311.9

Cash Flows Provided by Operations

As discussed above, our principal source of liquidity comes from our net cash flows from operations, which results from having a strong operating margin. Net cash flows provided by operating activities was $19.7 million for the first three months of 2021. Net earnings combined with adjustments of non-cash items contributed to our net cash flows provided by operating activities, partially offset by cash used to (i) payout the 2020 annual employee bonus, (ii) reduce accruals related to inventories received at year-end, (iii) renew our annual insurance policies, and (iv) renew contracts for certain IT-related services.

Net cash flows provided by operating activities was $30.8 million for the first three months of 2020. Net earnings combined with adjustments of non-cash items contributed to our net cash flows provided by operating activities, partially offset by cash used to (i) payout the 2019 annual employee bonus, and (ii) payout accrued Associate incentives related to contest, promotions, and reward trips.

Line of Credit

Information with respect to our line of credit may be found in Note F to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this report.

Share Repurchase

Information with respect to share repurchases may be found in Note I to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this report.

Off-Balance Sheet Arrangements

None.

Summary

We believe our current cash balances, future cash provided by operations, and amounts available under our line of credit will be sufficient to cover our operating and capital needs in the ordinary course of business for the foreseeable future. If we experience an adverse operating environment or unanticipated and unusual capital expenditure requirements, additional financing may be required. No assurance can be given, however, that additional financing, if required, would be available to us at all or on favorable terms. We might also require or seek additional financing for the purpose of expanding into new markets, growing our existing markets, mergers and acquisitions, or for other reasons. Such financing may include the use of additional debt or the sale of additional equity securities. Any financing which involves the sale of equity securities or instruments that are convertible into equity securities could result in immediate and possibly significant dilution to our existing shareholders.

Critical Accounting Policies

There were no changes during the quarter to our critical accounting policies as disclosed in our 2020 Form 10-K. Our significant accounting policies are disclosed in Note A to our Consolidated Financial Statements filed with our 2020 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have no material changes to the disclosures on this matter made in our 2020 Form 10-K. For a discussion of our exposure to market risk, refer to our market risk disclosures set forth in the section entitled "Quantitative and Qualitative Disclosures About Market Risk" in the 2020 Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information that is required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods that are specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure. In designing and evaluating these disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this report, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial and Accounting Officer) evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a- 15(e) under the Exchange Act). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of April 3, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended April 3, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are a party to litigation and other proceedings that arise in the ordinary course of conducting business, including matters involving our products, intellectual property, supplier relationships, distributors, competitor relationships, employees and other matters.

Information with respect to our legal proceedings may be found in Note G to the Condensed Consolidated Financial Statements included in Item 1 Part I of this report on Form 10-Q.

Item 1A. RISK FACTORS

Our business, results of operations, and financial condition are subject to various risks. These risks are described elsewhere in this Quarterly Report on Form 10-Q and our other filings with the SEC, including the 2020 Form 10-K. Except as provided below, the risk factors identified in our 2020 Form 10-K have not changed in any material respect.

The transition away from and discontinuation of LIBOR and other interest rate benchmarks may have a negative impact on the calculation of interest rates under our Credit Agreement.

Interest rates under our Credit Agreement are based partly on LIBOR, the London interbank offered rate, which is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. ICE Benchmark Administration, the administrator of LIBOR, will cease the publication of certain tenors of U.S. dollar LIBOR after December 31, 2021, and plans to cease the publication of all other tenors of U.S. dollar LIBOR after June 30, 2023. It is unclear if new methods of calculating LIBOR will be established such that it continues to exist after 2023. The U.S. Federal Reserve has begun publishing a Secured Overnight Funding Rate, which is currently intended to serve as an alternative reference rate to LIBOR. If the method for calculation of LIBOR changes, if LIBOR is no longer available, or if lenders have increased costs due to changes in LIBOR, we may suffer from potential increases in interest rates on our borrowings. After the period covered by this Report on Form 10-Q, we entered into the 2021 Amendment of our Credit Agreement, which, among other things, amended the definition of "LIBOR Replacement Date," "LIBOR Successor Rate," and "Eurodollar Rate" used by the Credit Agreement. We will continue to monitor and evaluate the potential impact of the transition and discontinuation of LIBOR, if any, on our financial condition and operating results. A copy of the 2021 Amendment is filed as Exhibit 10.18 to this Report on Form 10-Q.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Our share repurchase plan has been ongoing since the fourth quarter of 2000, with the Board of Directors periodically approving additional dollar amounts for share repurchases under the plan. At April 3, 2021, the authorized amount available for repurchases under the plan was $80.5 million.

Repurchases are made from time to time at management's discretion in accordance with applicable federal securities laws. Repurchases may occur through open market purchases, pursuant to a Rule 10b5-1 trading plan, or in other transactions as permitted by the rules of the SEC. There is no requirement for future share repurchases, and there is no expiration date of the repurchase plan.

The following table summarizes information relating to purchases of our common stock made by or on behalf of the Company during the quarter ended April 3, 2021.

Issuer Purchases of Equity Securities
(amounts in thousands, except per share data)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Fiscal January				
(Jan. 3, 2021 through Feb. 6, 2021)	0	$0.00	0	$150,000
Fiscal February				
(Feb. 7, 2021 through Mar. 6, 2021)	378	$94.57	378	$114,289
Fiscal March				
(Mar. 7, 2021 through Apr. 3, 2021)	343	$98.26	343	$80,546
	721		721	

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

Item 5. OTHER INFORMATION

None.

Item 6. Exhibits

Exhibits marked with an asterisk (*) are filed herewith.

Exhibit Number	Description
10.18	First Amendment to the Second Amended and Restated Credit Agreement dated as of April 21, 2021 (filed herewith)
31.1	*Certification of Principal Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	*Certification of Principal Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	*Certification of Principal Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	*Certification of Principal Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data file (formatted as Inline XBRL and contained in Exhibit 101)

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 thereunto duly authorized.

Date: May 11, 2021

USANA HEALTH SCIENCES, INC.

/s/ G. Douglas Hekking
G. Douglas Hekking
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.18

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of April 21, 2021, is by and among USANA HEALTH SCIENCES, INC., a Utah corporation (the "Borrower"), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Borrower, certain Domestic Subsidiaries of the Borrower party from time to time party thereto (the "Guarantors"), certain banks and financial institutions from time to time party thereto (the "Lenders") and the Administrative Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of August 25, 2020 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement;

WHEREAS, the Loan Parties have requested that the Required Lenders amend certain provisions of the Credit Agreement; and

WHEREAS, the Required Lenders are willing to make such amendments to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT

1.1 New Definitions. The following definitions are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"LIBOR Replacement Date" has the meaning specified in Section 3.03(c).

"LIBOR Successor Rate" has the meaning specified in Section 3.03(c).

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definition of Business Day, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with

market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

"Pre-Adjustment Successor Rate" has the meaning specified in Section 3.03(c).

"Related Adjustment" means, in determining any LIBOR Successor Rate, the first relevant available alternative set forth in the order below that can be determined by the Administrative Agent applicable to such LIBOR Successor Rate:

(A) the spread adjustment, or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the relevant Pre-Adjustment Successor Rate (taking into account the interest period, interest payment date or payment period for interest calculated and/or tenor thereto) and which adjustment or method (x) is published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion or (y) solely with respect to Term SOFR, if not currently published, which was previously so recommended for Term SOFR and published on an information service acceptable to the Administrative Agent; or

(B) the spread adjustment that would apply (or has previously been applied) to the fallback rate for a derivative transaction referencing the ISDA Definitions (taking into account the interest period, interest payment date or payment period for interest calculated and/or tenor thereto).

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York.

"SOFR" with respect to any Business Day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York's website (or any successor source) at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day and, in each case, that has been selected or recommended by the Relevant Governmental Body.

"Term SOFR" means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of "Interest Period" and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

1.2 Amendment to Definition of Eurodollar Rate. The definition of Eurodollar Rate set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Eurodollar Rate" means:

(a) for any Interest Period with respect to a Eurodollar Fixed Rate Loan, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars ("*LIBOR*"), as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) for a period equal in length to such Interest Period (in such case, the "*LIBOR Rate*") at or about 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Eurodollar Floating Rate Loan on any date, the rate per annum equal to the fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal LIBOR (or a comparable or successor rate which is approved by the Administrative Agent) for U.S. Dollar deposits for delivery on the date in question for a one month term beginning on that date. The Administrative Agent will use LIBOR as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Administrative Agent from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Administrative Agent's sole discretion pursuant to Section 3.04 for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Administrative Agent.

Notwithstanding the foregoing, for purposes of this Agreement, the Eurodollar Rate shall in no event be less than 0.00% at any time.

1.3 Amendment to Definition of Interest Period. The definition of Interest Period set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"*Interest Period*" means, as to each Eurodollar Fixed Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), three (3) or six (6) months thereafter (in each case, subject to availability), as selected by the Borrower in its Loan Notice; *provided* that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made.

1.4 Amendment to Section 3.03. Section 3.03 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

3.03 Inability to Determine Rates

(a) If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, (i) the Administrative Agent determines that (A) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (B) (1) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Fixed Rate Loan or in connection with an existing or proposed Eurodollar Floating Rate Loan and (2) the circumstances described in Section 3.03(c)(i) do not apply (in each case with respect to this clause (i), "*Impacted Loans*"), or (ii) the Administrative Agent or the Required Lenders determine that for any reason Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods) until the Administrative Agent (or, in the case of a determination by the Required Lenders described in clause (ii) of this Section 3.03(a), until the Administrative Agent upon instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

(b) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a)(i) of this Section 3.03, the Administrative Agent in consultation with the Borrower, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (a)(i) of this Section 3.03, (ii) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to the Lenders of funding the Impacted Loans, or (iii) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(ii) adequate and reasonable means do not exist for ascertaining LIBOR for any Interest Period hereunder or any other tenors of LIBOR, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(iii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the "Scheduled Unavailability Date"); or

(iv) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over such administrator has made a public statement announcing that all Interest Periods and other tenors of LIBOR are no longer representative; or

(v) syndicated loans currently being executed, or that include language similar to that contained in this Section 3.03, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;,

then, in the case of clauses (i)-(iii) above, on a date and time determined by the Administrative Agent (any such date, the "LIBOR Replacement Date"), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and shall occur reasonably promptly upon the occurrence of any of the events or circumstances under clauses (i), (ii) or (iii) above and, solely with respect to clause (ii) above, no later than the Scheduled Unavailability Date, LIBOR will be replaced hereunder and under any Loan Document with, subject to the proviso below, the first available alternative set forth in the order below for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document (the "LIBOR Successor Rate"; and any such rate before giving effect to the Related Adjustment, the "Pre-Adjustment Successor Rate"):

(x) Term SOFR plus the Related Adjustement; and

(y) SOFR plus the Related Adjustment;

and in the case of clause (iv) above, the Borrower and Administrative Agent may amend this Agreement solely for the purpose of replacing LIBOR under this Agreement and under any other Loan Document in accordance with the definition of "LIBOR Successor Rate" and such amendment will become effective at 5:00 p.m., on the fifth Business Day after the Administrative Agent shall have notified all Lenders and the Borrower of the occurrence of the circumstances described in clause (iv) above unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to the implementation of a LIBOR Successor Rate pursuant to such clause;

provided that, if the Administrative Agent determines that Term SOFR has become available, is administratively feasible for the Administrative Agent and would have been identified as the Pre-Adjustment Successor Rate in accordance with the foregoing if it had been so available at the time that the LIBOR Successor Rate then in effect was so identified, and the Administrative Agent notifies the Borrower and each Lender of such availability, then from and after the beginning of the Interest Period, relevant interest payment date or payment period for interest calculated, in each case, commencing no less than thirty (30) days after the date of such notice, the Pre-Adjustment Successor Rate shall be Term SOFR and the LIBOR Successor Rate shall be Term SOFR *plus* the relevant Related Adjustment.

The Administrative Agent will promptly (in one or more notices) notify the Borrower and each Lender of (x) any occurrence of any of the events, periods or circumstances under clauses (i) through (iii) above, (y) a LIBOR Replacement Date and (z) the LIBOR Successor Rate.

Any LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any LIBOR Successor Rate as so determined would otherwise be less than 0.00%, the LIBOR Successor Rate will be deemed to be 0.00% for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Rate Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

If the events or circumstances of the type described in 3.03(c)(i)-(iii) have occurred with respect to the LIBOR Successor Rate then in effect, then the successor rate thereto shall be determined in accordance with the definition of "LIBOR Successor Rate."

(d) Notwithstanding anything to the contrary herein, (i) after any such determination by the Administrative Agent or receipt by the Administrative Agent of any such notice described under Section 3.03(c)(i)-(iii), as applicable, if the Administrative Agent determines that none of the LIBOR Successor Rates is available on or prior to the LIBOR Replacement Date, (ii) if the events or circumstances described in Section 3.03(c)(iv) have occurred but none of the LIBOR Successor Rates is available, or (iii) if the events or circumstances of the type described in Section 3.03(c)(i)-(iii) have occurred with respect to the LIBOR Successor Rate then in effect and the Administrative Agent determines that none of the LIBOR Successor Rates is available, then in each case, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing LIBOR or any then current LIBOR Successor Rate in accordance with this Section 3.03 at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any Related Adjustments and any other mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated. For the avoidance of doubt, any such proposed rate and adjustments shall constitute a LIBOR Successor Rate. Any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

(e) If, at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, no LIBOR Successor Rate has been determined in accordance with clauses (c) or (d) of this Section 3.03 and the circumstances under clauses (c)(i) or (c)(iii) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans, Interest Periods, interest payment dates or payment periods), and (y) the Eurodollar Rate component shall no longer be utilized in determining the Base Rate, until the LIBOR Successor Rate has been determined in accordance with clauses (c) or (d). Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans, Interest Periods, interest payment dates or payment periods) or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein.

ARTICLE II
CONDITIONS TO EFFECTIVENESS

2.1 Closing Conditions. This Amendment shall become effective as of the day and year set forth above (the "Amendment Effective Date") upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to the Administrative Agent) on or prior to April 30, 2021:

(a) Executed Amendment. The Administrative Agent shall have received a copy of this Amendment duly executed by each of the Loan Parties, the Required Lenders and the Administrative Agent.

(b) Default. After giving effect to this Amendment, no Default or Event of Default shall exist.

(c) Miscellaneous. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

ARTICLE III MISCELLANEOUS

3.1 Amended Terms. On and after the Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 Representations and Warranties of Loan Parties. Each of the Loan Parties represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties set forth in Article V of the Credit Agreement are true and correct as of the date hereof (except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

3.3 Reaffirmation of Obligations. Each Loan Party hereby ratifies the Credit Agreement and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

3.4 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

3.5 Expenses. The Borrower agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

3.6 Further Assurances. The Loan Parties agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

3.7 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.8 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. Without limiting the foregoing, upon the request of any party, such fax transmission or e- mail transmission shall be promptly followed by such manually executed counterpart.

3.9 No Actions, Claims, Etc. As of the date hereof, each of the Loan Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent's or the Lenders' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

3.11 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.12 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWER:

USANA HEALTH SCIENCES, INC., a Utah corporation
By: ______________________________
Name: Jim H. Brown
Title: President

GUARANTORS:

USANA ACQUISITION CORP., a Utah corporation
By: ______________________________
Name: Jim H. Brown
Title: President

USANA SENSÉ **COMPANY, INC.**, a Utah corporation
By: ______________________________
Name: Jim H. Brown
Title: President

USANA HEALTH SCIENCES NEW ZEALAND, INC. a Delaware corporation
By: ______________________________
Name: Jim H. Brown
Title: President

USANA CANADA HOLDING, INC. a Delaware corporation
By: ______________________________
Name: Jim H. Brown
Title: President

FMG PRODUCTIONS, INC., a Utah corporation
By: ____________________
Name: Jim H. Brown
Title: President

INTERNATIONAL HOLDINGS, INC., a Delaware corporation
By: ____________________
Name: Jim H. Brown
Title: President

USANA HEALTH SCIENCES CHINA, INC., a Delaware corporation
By: ____________________
Name: Jim H. Brown
Title: President

PET LANE, INC., a Delaware corporation
By: ____________________
Name: Jim H. Brown
Title: President

UHS ESSENTIAL HEALTH PHILIPPINES, INC., a Utah corporation
By: ____________________
Name: Jim H. Brown
Title: President

ADMINISTRATIVE AGENT:	**BANK OF AMERICA, N.A.**, in its capacity as Administrative Agent By: ______________________________ Name: Donald Schulke Title: Senior Vice President
LENDERS:	**BANK OF AMERICA, N.A.**, in its capacity as Lender By: ______________________________ Name: Donald Schulke Title: Senior Vice President

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Kevin G. Guest, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of USANA Health Sciences, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the the Registrant’s internal control over financial reporting.

Date: May 11, 2021

/s/ Kevin G. Guest
Kevin G. Guest
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, G. Douglas Hekking, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of USANA Health Sciences, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the the Registrant’s internal control over financial reporting.

Date: May 11, 2021

/s/ G. Douglas Hekking
G. Douglas Hekking
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies that the Quarterly Report on Form 10-Q of USANA Health Sciences, Inc. for the period ended April 3, 2021 as filed May11, 2021 with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of USANA Health Sciences, Inc.

Date: May 11, 2021

/s/ Kevin G. Guest
Kevin G. Guest
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies that the Quarterly Report on Form 10-Q of USANA Health Sciences, Inc. for the period ended April 3, 2021 as filed May 11, 2021 with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of USANA Health Sciences, Inc.

Date: May 11, 2021

/s/ G. Douglas Hekking
G. Douglas Hekking
Chief Financial Officer
(Principal Accounting and Financial Officer)