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 October 1, 2022

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 November 4, 2022, there were 19,206,289 outstanding shares of the registrant's common stock, $0.001 par value.

Auditor Name: KPMG LLP	Auditor Location: Salt Lake City, Utah	Auditor Firm ID: 185

USANA HEALTH SCIENCES, INC.

FORM 10-Q

For the Quarterly Period Ended October 1, 2022

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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”). We 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, our 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, 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 requirements; individual, group or city-wide lock-downs; 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;
- Geo-political tensions or conflicts, including deterioration in foreign relations, as well as disputes or tensions amongst countries around the world in general or 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, significant price increases of freight and transportation, meaningful delays in freight and shipping, 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 other sections, in “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 October 1, 2022	As of January 1, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 246,879	$ 239,832
Inventories	67,278	98,318
Prepaid expenses and other current assets	26,997	26,967
Total current assets	341,154	365,117
Property and equipment, net	95,228	101,780
Goodwill	17,104	17,668
Intangible assets, net	32,158	30,442
Deferred tax assets	13,019	4,839
Other assets	57,400	57,894
	$ 556,063	$ 577,740
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 10,362	$ 13,508
Other current liabilities	115,484	147,282
Total current liabilities	125,846	160,790
Deferred tax liabilities	4,801	7,497
Other long-term liabilities	14,317	14,329
Stockholders' equity		
Common stock, $0.001 par value; Authorized - 50,000 shares, issued and outstanding 19,198 as of October 1, 2022 and 19,393 as of January 1, 2022	19	19
Additional paid-in capital	52,238	50,010
Retained earnings	378,841	344,637
Accumulated other comprehensive income (loss)	(19,999)	458
Total stockholders' equity	411,099	395,124
	$ 556,063	$ 577,740

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		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales	$ 233,300	$ 274,352	$ 770,641	$ 919,165
Cost of sales	46,560	50,715	147,460	165,380
Gross profit	186,740	223,637	623,181	753,785
Operating expenses:				
Associate incentives	98,090	116,222	336,914	404,580
Selling, general and administrative	66,020	66,645	201,204	210,518
Total operating expenses	164,110	182,867	538,118	615,098
Earnings from operations	22,630	40,770	85,063	138,687
Other income (expense):				
Interest income	918	487	2,330	1,926
Interest expense	(32)	(18)	(160)	(39)
Other, net	(292)	(889)	(1,414)	(1,578)
Other income (expense), net	594	(420)	756	309
Earnings before income taxes	23,224	40,350	85,819	138,996
Income taxes	8,295	13,020	29,264	42,811
Net earnings	$ 14,929	$ 27,330	$ 56,555	$ 96,185
Earnings per common share				
Basic	$ 0.78	$ 1.37	$ 2.94	$ 4.72
Diluted	$ 0.78	$ 1.36	$ 2.93	$ 4.68
Weighted average common shares outstanding				
Basic	19,221	19,961	19,263	20,367
Diluted	19,252	20,156	19,325	20,566
Comprehensive income:				
Net earnings	$ 14,929	$ 27,330	$ 56,555	$ 96,185
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(11,677)	(776)	(24,040)	(448)
Tax benefit (expense) related to foreign currency translation adjustment	1,134	259	3,583	2,600
Other comprehensive income (loss), net of tax	(10,543)	(517)	(20,457)	2,152
Comprehensive income	$ 4,386	$ 26,813	$ 36,098	$ 98,337

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 nine months ended October 2, 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				96,185		96,185
Other comprehensive income (loss), net of tax					2,152	2,152
Equity-based compensation expense			11,039			11,039
Common stock repurchased and retired	(1,548)	(1)	(19,512)	(129,393)		(148,906)
Common stock issued under equity award plans	156	—				—
Tax withholding for net-share settled equity awards			(3,041)			(3,041)
Balance at October 2, 2021	19,646	$ 20	$ 50,946	$ 349,586	$ (1,473)	$ 399,079

For nine months ended October 1, 2022

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Value				
Balance at January 1, 2022	19,393	$ 19	$ 50,010	$ 344,637	$ 458	$ 395,124
Net earnings				56,555		56,555
Other comprehensive income (loss), net of tax					(20,457)	(20,457)
Equity-based compensation expense			9,815			9,815
Common stock repurchased and retired	(288)	—	(3,031)	(22,351)		(25,382)
Common stock issued under equity award plans	93	—				—
Tax withholding for net-share settled equity awards			(4,556)			(4,556)
Balance at October 1, 2022	19,198	$ 19	$ 52,238	$ 378,841	$ (19,999)	$ 411,099

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 October 2, 2021

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Value				
Balance at July 3, 2021	20,134	$ 20	$ 53,909	$ 365,650	$ (956)	$ 418,623
Net earnings				27,330		27,330
Other comprehensive income (loss), net of tax					(517)	(517)
Equity-based compensation expense			3,454			3,454
Common stock repurchased and retired	(523)	—	(6,357)	(43,394)		(49,751)
Common stock issued under equity award plans	35	—				—
Tax withholding for net-share settled equity awards			(60)			(60)
Balance at October 2, 2021	19,646	$ 20	$ 50,946	$ 349,586	$ (1,473)	$ 399,079

For the three months ended October 1, 2022

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Value				
Balance at July 2, 2022	19,196	$ 19	$ 49,206	$ 363,912	$ (9,456)	$ 403,681
Net earnings				14,929		14,929
Other comprehensive income (loss), net of tax					(10,543)	(10,543)
Equity-based compensation expense			3,076			3,076
Common stock issued under equity award plans	2	—				—
Tax withholding for net-share settled equity awards			(44)			(44)
Balance at October 1, 2022	19,198	$ 19	$ 52,238	$ 378,841	$ (19,999)	$ 411,099

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)

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Cash flows from operating activities		
Net earnings	$ 56,555	$ 96,185
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation and amortization	10,101	9,754
Right-of-use asset amortization	6,057	6,778
(Gain) loss on sale of property and equipment	138	45
Equity-based compensation expense	9,815	11,039
Deferred income taxes	(8,314)	(2,603)
Changes in operating assets and liabilities:		
Inventories	14,241	(8,608)
Prepaid expenses and other assets	1,160	1,650
Accounts payable	(2,742)	(4,223)
Other liabilities	(23,572)	(13,712)
Net cash provided by (used in) operating activities	63,439	96,305
Cash flows from investing activities		
Receipts on notes receivable	—	116
Proceeds from the settlement of net investment hedges	4,555	—
Payments for net investment hedge	—	(1,555)
Payments to acquire assets	(6,532)	—
Proceeds from sale of property and equipment	4	15
Purchases of property and equipment	(7,115)	(9,610)
Net cash provided by (used in) investing activities	(9,088)	(11,034)
Cash flows from financing activities		
Repurchase of common stock	(25,382)	(145,926)
Borrowings on line of credit	11,000	—
Payments on line of credit	(11,000)	—
Payments related to tax withholding for net-share settled equity awards	(4,556)	(3,041)
Net cash provided by (used in) financing activities	(29,938)	(148,967)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(17,702)	(351)
Net increase (decrease) in cash, cash equivalents, and restricted cash	6,711	(64,047)
Cash, cash equivalents, and restricted cash at beginning of period	243,653	315,937
Cash, cash equivalents, and restricted cash at end of period	$ 250,364	$ 251,890
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 246,879	$ 248,695
Restricted cash included in prepaid expenses and other current assets	—	93
Restricted cash included in other assets	3,485	3,102
Total cash, cash equivalents, and restricted cash	$ 250,364	$ 251,890
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 47	$ 8
Income taxes	39,204	49,065
Cash received during the period for:		
Income tax refund	96	138
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations	5,108	1,948
Accrued purchases of property and equipment	204	245
Contingent consideration given to acquire assets	886	—
Unsettled trades for repurchase of common stock	—	2,980

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

The COVID-19 pandemic has negatively impacted economies, businesses, sales practices, supply chains, and consumer behavior around the world. The ongoing COVID-19 pandemic has created an unpredictable operating environment for us in many of our markets around the world and caused meaningful disruptions in both sales and operations for the three and nine months ended October 1, 2022, and for fiscal 2021. At this time, the Company is unable 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. Additionally, we have been experiencing inflationary pressures across several areas of our business which has created a challenging operating environment.

USANA Health Sciences, Inc. develops and manufactures high quality, science-based nutritional and personal care products that are sold internationally through a direct selling channel. 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 intothree 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 1, 2022, 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 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 October 1, 2022, and results of operations and cash flows for the three and nine months ended October 1, 2022 and October 2, 2021.

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 1, 2022. The results of operations for the three and nine months ended October 1, 2022, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022.

Recent Accounting Pronouncements

Issued Accounting Pronouncements Not Yet Adopted

In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*.* ASU

2021-08 requires an acquirer to recognize and measure contract assets and contract liabilities (deferred revenue) acquired in a business combination in accordance with Revenue from Contracts with Customers (Topic 606). Under this approach, the acquirer applies the revenue model as if it had originated the contracts. This is a departure from the current requirement to measure contract assets and contract liabilities at fair value at the acquisition date. ASU 2021-08 is effective for annual periods beginning after December 15, 2022 and interim periods within those annual periods. ASU 2021-08 should be applied prospectively to business combinations occurring on or after the date of adoption. Evaluation of this new standard is dependent on multiple circumstances including the timing and complexity of completed business combinations. As a result, the Company intends to adopt the provisions of ASU 2021-08 in the first quarter of 2023.

No other new accounting pronouncement issued or effective during the three and nine months ended October 1, 2022, had, or is expected to have, a material impact on the Company's condensed consolidated financial statements.

NOTE B – BUSINESS COMBINATIONS

During the second quarter, the Company acquired assets in business combinations for an aggregate purchase consideration of $6,532 in cash and $886 in contingent consideration. The preliminary purchase price allocations were $964 to tangible assets, $6,065 to intangible assets, and $389 to goodwill. The primary reasons for the business combinations are to augment and expand the Company's core competencies. The amount of revenue and earnings related to the business combinations since the acquisition date is immaterial.

Subsequent to the acquisition date, the Company made certain measurement period adjustments to the preliminary purchase price allocation, which resulted in an increase to goodwill of $252. The increase was primarily due to a $105 decrease of certain tangible assets acquired and an increase to assumed liabilities of $147.

The contingent consideration liability is based on the achievement of certain milestones over a three-year period. Under the terms of the purchase agreement, the contingent consideration consists of three earn-out periods capped at $500 per earn-out period. The maximum earn-out is $1,500 per the asset purchase agreement. As of the acquisition date, the contingent consideration had a fair value of $886. The estimated fair value of the contingent consideration liability as of the date of acquisition was determined using an option pricing method based upon available information and certain assumptions known and contains key inputs that are unobservable in the market, which represents a Level 3 measurement within the fair value hierarchy. Contingent consideration is included in Fair Value Measures in Note C.

Pro forma results of operations have not been presented because the effects of the acquisitions were not material to the Company’s condensed consolidated financial statements.

NOTE C – 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.

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

As of October 1, 2022, and January 1, 2022, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	October 1, 2022	Fair Value Measurements Using Inputs Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 174,519	$ 174,519	$ —	$ —
Foreign currency contracts included in prepaid expenses and other current assets	2,022	—	2,022	—
Contingent consideration included in other current liabilities of ($338) and other long-term liabilities of ($548)	(886)	—	—	(886)
	$ 175,655	$ 174,519	$ 2,022	$ (886)

	January 1, 2022	Fair Value Measurements Using Inputs Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 163,619	$ 163,619	$ —	$ —
Foreign currency contracts included in other current liabilities	(461)	—	(461)	—
	$ 163,158	$ 163,619	$ (461)	$ —

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 October 1, 2022 and January 1, 2022, there were no non-financial assets measured at fair value on a non-recurring basis.

The Company’s financial instruments include cash equivalents, restricted cash, other liabilities, and foreign currency contracts. The recorded values of cash equivalents and restricted cash approximate their fair values, based on their short-term nature.

NOTE D – INVENTORIES

Inventories consist of the following:

	October 1, 2022	January 1, 2022
Raw materials	$ 19,592	$ 30,280
Work in progress	6,850	9,586
Finished goods	40,836	58,452
Inventories	$ 67,278	$ 98,318
Noncurrent inventories	$ 5,532	$ —

Noncurrent inventory consists of $2.9 million of raw materials and $2.6 million of finished goods inventory and is included in the “Other assets” line item on the Company’s condensed consolidated balance sheets. Noncurrent inventory is anticipated to be consumed beyond our normal operating cycle, but prior to obsolescence.

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

NOTE E – INVESTMENT IN EQUITY SECURITIES

As of October 1, 2022 and January 1, 2022, the carrying amount of equity securities without readily determinable fair value was $20,000 and is included in the “Other assets” line item on the Company’s condensed consolidated balance sheets.

During the three and nine months ended October 1, 2022, and the fiscal year ended January 1, 2022, no observable price changes occurred, and no impairment of securities was recorded.

NOTE F - INTANGIBLE ASSETS

The Company performed its annual goodwill impairment test during the third quarter of 2022. The Company performed a qualitative assessment of each reporting unit and determined that it was not more-likely-than-not that the fair value of any reporting unit was less than its carrying amount. As a result, no impairment of goodwill was recognized.

The Company also performed its annual indefinite-lived intangible asset impairment test during the third quarter of 2022. The Company performed a qualitative assessment of the indefinite-lived intangible asset and determined that it was not more-likely-than-not that the fair value of the indefinite-lived intangible asset was less than the carrying amount. As a result, no impairment of the indefinite-lived intangible asset was recognized.

NOTE G – 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		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Other Revenue	$ 894	$ 942	$ 2,689	$ 2,880

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

(in thousands, except per share data)

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

	October 1, 2022	January 1, 2022
Contract liabilities at beginning of period	$ 19,635	$ 15,952
Increase due to deferral of revenue at end of period	12,114	19,635
Decrease due to beginning contract liabilities recognized as revenue	(18,427)	(15,952)
Contract liabilities at end of period	$ 13,322	$ 19,635

NOTE H – 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”) 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. On August 10, 2022, the Company entered into the Second Amendment to the Second Amended and Restated Credit Agreement ("Restated Credit Agreement"), which replaces the Eurodollar Rate, and LIBOR terms and provisions with the Bloomberg Short-Term Bank Yield Index rate("BSBY").

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 to up to an additional $200,000.

There was no outstanding debt on the Credit Facility at October 1, 2022. 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 is computed at BSBY, adjusted by features specified in the Credit Agreement. The Credit Agreement covenants require the Company’s rolling four-quarter consolidated EBITDA (per the credit agreement) to be $100,000 or greater and its ratio of consolidated funded debt to consolidated EBITDA to be 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.

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

NOTE I – 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 J – 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

(in thousands, except per share data)

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 nine months ended October 1, 2022, the Company settled a forward contract with a notional amount of $98,930. During the nine months ended October 2, 2021, the Company settled a European option with a notional amount of $98,684. Both the forward contract and the European option were designated as net investment hedges. No settlements occurred during the three months ended October 1, 2022 and October 2, 2021. For the three and nine months ended October 1, 2022 and October 2, 2021, the Company realized a gain of $4,555 and a loss of $1,555, respectively, recorded to FCTA within AOCI. The Company assessed hedge effectiveness under the forward rate method, determining the hedging instruments were highly effective.

As of October 1, 2022, there were no derivatives outstanding for which the Company has applied hedge accounting.

NOTE K – 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		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net earnings available to common shareholders	$ 14,929	$ 27,330	$ 56,555	$ 96,185
Weighted average common shares outstanding - basic	19,221	19,961	19,263	20,367
Dilutive effect of in-the-money equity awards	31	195	62	199
Weighted average common shares outstanding - diluted	19,252	20,156	19,325	20,566
Earnings per common share from net earnings - basic	$ 0.78	$ 1.37	$ 2.94	$ 4.72
Earnings per common share from net earnings - diluted	$ 0.78	$ 1.36	$ 2.93	$ 4.68

(in thousands, except per share data)

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		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
	439	60	328	59

There were no shares repurchased during the three months ended October 1, 2022. During the three months ended October 2, 2021, the Company repurchased and retired 523 shares for $49,751 under the Company's share repurchase plan.

During the nine months ended October 1, 2022 and October 2, 2021, the Company repurchased and retired288 shares and 1,548 shares for $25,382 and $148,906, 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 October 1, 2022, the remaining authorized repurchase amount under the stock repurchase plan was $82,839. There is no expiration date on the remaining approved repurchase amount and no requirement for future share repurchases.

NOTE L – SEGMENT INFORMATION

USANA develops, manufactures, and distributes high-quality, science-based nutritional and personal care and skin care products that are distributed internationally through direct selling. 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 customer 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		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
USANA® Nutritionals	86 %	85 %	86 %	86 %
USANA Foods(1)	7 %	8 %	7 %	8 %
Personal care and Skincare	6 %	6 %	6 %	5 %
All Other	1 %	1 %	1 %	1 %

(1) Includes the Company's new Active Nutrition line, which launched in five markets in 2021 and all but two of the remaining markets through the third quarter of 2022.

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

Selected Financial Information

Financial information, presented by geographic region is listed below:

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net Sales to External Customers				
Asia Pacific				
Greater China	$ 109,682	$ 123,235	$ 384,196	$ 437,629
Southeast Asia Pacific	47,308	64,570	149,880	212,819
North Asia	25,667	33,068	84,409	100,671
Asia Pacific Total	182,657	220,873	618,485	751,119
Americas and Europe	50,643	53,479	152,156	168,046
Consolidated Total	$ 233,300	$ 274,352	$ 770,641	$ 919,165

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

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales:				
China	$ 97,443	$ 109,226	$ 346,086	$ 394,407
South Korea	$ 25,099	$ 32,117	$ 82,439	$ 97,474
United States	$ 26,942	$ 26,969	$ 79,803	$ 81,107

	As of	
	October 1, 2022	January 1, 2022
Long-lived assets:		
China	$ 81,752	$ 91,530
United States	$ 83,539	$ 85,350

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 seven sections as follows:

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

This discussion and analysis from management's perspective 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 1, 2022 ("2021 Form 10-K"), filed with the SEC on March 1, 2022, 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 October 1, 2022, we had approximately 474,000 active Customers worldwide.

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 nine months ended October 1, 2022, net sales outside of the United States represented 89.6% 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.

Products

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:

	Nine Months Ended	
	October 1, 2022	**October 2, 2021**
Product Line		
USANA® Nutritionals		
Optimizers	69%	68%
Essentials/CellSentials(1)	17%	18%
USANA Foods(2)	7%	8%
Personal care and Skincare	6%	5%
All Other	1%	1%
Key Product		
USANA® Essentials/CellSentials	11%	12%
Proflavanol®	10%	10%
Probiotic	10%	9%

(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, which launched in five markets in 2021 and all but two of our remaining markets through the third quarter of 2022.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic, including the spread of new variants of the virus, has negatively impacted economies, businesses, sales practices, supply chains, and consumer behavior around the world. The ongoing COVID-19 pandemic has created an unpredictable operating environment for us in many of our markets around the world and caused meaningful disruptions in both sales and operations. 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 modify our workforce strategies, and required us, at times, to temporarily close our walk-in and fulfillment locations in some markets where we have such properties. The pandemic has also affected the availability and cost of various of our raw materials, packaging materials and shipping resources to transport our products to our various markets around the world. 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, including the spread of new variants of the virus, will likely continue to negatively affect our business throughout 2022 in a number of ways.

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 54% of product sales during the nine months ended October 1, 2022. 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 update 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.

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.

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 October 1, 2022		As of October 2, 2021		Change from Prior Year	Percent Change
Asia Pacific:						
Greater China	213,000	44.9 %	246,000	42.7 %	(33,000)	(13.4 %)
Southeast Asia Pacific	95,000	20.1 %	134,000	23.3 %	(39,000)	(29.1 %)
North Asia	54,000	11.4 %	63,000	10.9 %	(9,000)	(14.3 %)
Asia Pacific Total	362,000	76.4 %	443,000	76.9 %	(81,000)	(18.3 %)
Americas and Europe	112,000	23.6 %	133,000	23.1 %	(21,000)	(15.8 %)
	474,000	100.0 %	576,000	100.0 %	(102,000)	(17.7 %)

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. Our 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 third quarter of 2022 decreased 15.0% to $233.3 million, a decrease of $41.1 million, compared with the prior-year quarter. Current year sales programs and market specific promotions have performed below expectations, largely due to disruptions attributable to COVID-19 related lockdowns, and inflationary and economic challenges in many of our markets, particularly in our Asia Pacific markets. These disruptions have contributed to a 17.7% decline in active Customers compared to the prior-year quarter. Additionally, unfavorable changes in currency exchange rates, have negatively impacted net sales by an estimated $15.0 million.

Net earnings for the third quarter of 2022 were $14.9 million, a decrease of 45.4% compared with $27.3 million during the prior-year quarter. The decrease in net earnings was primarily the result of decreased sales and higher relative operating expenses.

Quarters Ended October 1, 2022 and October 2, 2021

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				Change from prior year	Percent change	Currency impact on sales	Percent change excluding currency impact
	October 1, 2022		October 2, 2021					
Asia Pacific								
Greater China	$ 109,682	47.0 %	$ 123,235	44.9 %	$ (13,553)	(11.0 %)	$ (6,199)	(6.0 %)
Southeast Asia Pacific	47,308	20.3 %	$ 64,570	23.5 %	(17,262)	(26.7 %)	(3,969)	(20.6 %)
North Asia	25,667	11.0 %	$ 33,068	12.1 %	(7,401)	(22.4 %)	(4,006)	(10.3 %)
Asia Pacific Total	182,657	78.3 %	220,873	80.5 %	(38,216)	(17.3 %)	(14,174)	(10.9 %)
Americas and Europe	50,643	21.7 %	53,479	19.5 %	(2,836)	(5.3 %)	(875)	(3.7 %)
	$ 233,300	100.0 %	$ 274,352	100.0 %	$ (41,052)	(15.0 %)	$ (15,049)	(9.5 %)

Asia Pacific: The decline in this region is largely the result of lower active Customer counts in the region caused, in part, by the challenging operating environment due to COVID-19. The decrease in constant currency net sales in Greater China was primarily the result of a sales decline in China, where local currency net sales decreased 5.6%, due to a 13.8% decrease in active Customers. The decrease in constant currency net sales in Southeast Asia Pacific is largely the result of sales declines in Malaysia, and the Philippines, which had local currency net sales declines of 28.6%, and 23.4%, due to a 40.4%, and 26.8% decrease in active Customers, respectively. The decrease in constant currency net sales in North Asia was primarily the result of a sales decline in South Korea, where local currency net sales decreased 9.8%, due to a 14.8% decrease in active Customers.

Americas and Europe: The decrease in this region is largely the result of lower active Customer counts in the region. There were local currency sales declines in all markets in this region, most notable among these markets, Canada and Mexico, which had local currency net sales declines of 14.4%, and 20.4%, due to a 12.2%, and 24.0% decrease in active Customers, respectively.

Gross Profit

Gross profit decreased 150 basis points to 80.0% of net sales, down from 81.5% in the prior-year quarter. The decrease can be attributed to unfavorable changes in currency exchange rates, an increase in inventory valuation adjustments, higher material costs, and loss of leverage on lower sales. These decreases were partially offset by favorable changes in market and product sales mix.

Associate Incentives

Associate incentives decreased 40 basis points to 42.0% of net sales, down from 42.4% in the prior-year quarter.The relative decrease can primarily be attributed to the decreased spend associated with the worldwide sales program offered during the current-year quarter, as well as, decreased spend on miscellaneous associate incentives.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 400 basis points relative to net sales and was essentially flat in absolute terms. The relative increase can be attributed to leverage lost on lower net sales.

Income Taxes

Income taxes increased to 35.7% of pre-tax earnings, up from 32.3% of pre-tax earnings in the prior-year quarter. The effective tax rate increase is due primarily to a change in the mix of pre-tax income by market.

Diluted Earnings per Share

Diluted EPS decreased 42.6% to $0.78 as compared to $1.36 reported in the prior-year quarter. This decrease can be attributed to lower net earnings, partially offset by lower diluted share count.

Nine Months Ended October 1, 2022 and October 2, 2021

Net Sales

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

	Net Sales by Region (in thousands) Nine Months Ended				Change from prior year	Percent change	Currency impact on sales	Percent change excluding currency impact
	October 1, 2022		October 2, 2021					
Asia Pacific								
Greater China	$ 384,196	49.9 %	$ 437,629	47.6 %	$ (53,433)	(12.2 %)	$ (6,731)	(10.7 %)
Southeast Asia Pacific	149,880	19.4 %	$ 212,819	23.2 %	(62,939)	(29.6 %)	(9,906)	(24.9 %)
North Asia	84,409	11.0 %	$ 100,671	10.9 %	(16,262)	(16.2 %)	(10,084)	(6.1 %)
Asia Pacific Total	618,485	80.3 %	751,119	81.7 %	(132,634)	(17.7 %)	(26,721)	(14.1 %)
Americas and Europe	152,156	19.7 %	168,046	18.3 %	(15,890)	(9.5 %)	(2,031)	(8.2 %)
	$ 770,641	100.0 %	$ 919,165	100.0 %	$ (148,524)	(16.2 %)	$ (28,752)	(13.0 %)

Asia Pacific: The decline in this region is largely the result of the challenging operating environment as discussed above. As a result, there were local currency sales declines in all markets in this region. The decrease in constant currency net sales in Greater China was most notable in China, where local currency net sales decreased 10.7%. The decrease in constant currency net sales in Southeast Asia Pacific was most notable in the Philippines, and Malaysia, which had local currency net sales declines of 34.8%, and 28.0%, respectively. The decrease in constant currency net sales in North Asia was most notable in South Korea, which had a local currency net sales decline of 5.5%.

Americas and Europe: The decline in this region is largely the result of the challenging operating environment as discussed above, as a result, there were local currency sales declines in all markets in this region, most notable among these markets, Canada and Mexico, where local currency net sales decreased 14.2% and 23.9%, respectively.

Gross Profit

Gross profit decreased 110 basis points to 80.9% of net sales, down from 82.0% for the nine months ended 2021. The decrease in gross profit margin can be attributed to unfavorable changes in currency exchange rates, inventory valuation adjustments, increased product costs, and loss of leverage on lower sales. These decreases were partially offset by favorable changes in market and product sales mix, and increased transportation costs in the prior-year period related to the strategic buildup of inventory due to COVID-19 related disruptions to our supply chain and logistics.

Associate Incentives

Associate incentives decreased 30 basis points to 43.7% of net sales, down from 44.0% for the nine months ended 2021. The relative decrease can primarily be attributed to a decrease in promotional incentives, as described above, and decreased spend on miscellaneous associate incentives.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 320 basis points relative to net sales and decreased $9.3 million in absolute terms. The relative increase can be attributed to leverage lost on lower net sales. The decreased expense in absolute terms can be primarily attributed to lower costs on variable expenses, as well as lower employee related costs.

Income Taxes

Income taxes increased to 34.1% of pre-tax earnings, up from 30.8% of pre-tax earnings for thenine months ended 2021. The effective tax rate increase is due primarily to a change in mix of pre-tax income by market.

Diluted Earnings per Share

Diluted EPS decreased 37.4% to $2.93 as compared to $4.68 reported for the nine months ended 2021. This decrease can be attributed to lower net earnings, partially offset by lower diluted share count.

Liquidity and Capital Resources

We have historically met our working capital and capital expenditure requirements by using 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 increased to $246.9 million as of October 1, 2022, from $239.8 million as of January 1, 2022. Cash flow provided by operating activities generated $63.4 million partially offset by cash used in financing activities of $29.9 million, and cash used in investing activities of $9.1 million primarily to acquire property and equipment and assets in business combinations during the nine months ended October 1, 2022. Additionally, unfavorable changes in currency exchange rates, have negatively impacted cash and cash equivalents, and restricted cash by an estimated $17.7 million.

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

	Cash and cash equivalents (in Millions)	
	As of October 1, 2022	As of January 1, 2022
United States	$ 120.0	$ 51.9
China	87.9	139.9
All other markets	39.0	48.0
Total Cash and cash equivalents	$ 246.9	$ 239.8

Cash Flows Provided by Operations

As discussed above, our principal source of liquidity comes from our net cash flow from operations, whih results from a strong operating margin. Net cash flow provided by operating activities was $63.4 million for the first nine months of 2022. Net earnings combined with adjustments of non-cash items contributed positively to our net cash flow provided by operating activities, partially offset by cash used to pay the 2021 annual employee bonus, and a reduction in trade payables.

Net cash flow provided by operating activities was $96.3 million for the first nine months of 2021. Net earnings combined with adjustments of non-cash items contributed positively to our net cash flows provided by operating activities, partially offset by cash used to pay the 2020 annual employee bonus, reduce accruals related to inventories received at year-end, renew our annual insurance policies, and renew contracts for certain IT-related services.

Line of Credit

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

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 2021 Form 10-K. Our significant accounting policies are disclosed in Note A to our Consolidated Financial Statements filed with our 2021 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 2021 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 2021 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 Exeutive 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 October 1, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended October 1, 2022, 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 I to the Condensed Consolidated Financial Statements included in Item 1 Part I of this report.

Item 1A. RISK FACTORS

Our business, results of operations, and financial condition are subject to various risks. Our material risk factors are disclosed in Part I, Item 1A of our 2021 Form 10-K. The risk factors identified in our 2021 Form 10-K have not changed in any material respect.

Item 6. Exhibits

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

Exhibit Number	Description
10.22	*Second Amendment to Second Amended and Restated Credit Agreement, dated as of August 10, 2022, (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.

USANA HEALTH SCIENCES, INC.

Date: November 8, 2022

/s/ G. Douglas Hekking

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

EXHIBIT 10.22

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of August 10, 2022, 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 (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 1.01 of the Credit Agreement in the appropriate alphabetical order:

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Bloomberg" means Bloomberg Index Services Limited.

"BSBY" means the Bloomberg Short-Term Bank Yield Index rate.

"BSBY Daily Floating Rate Loan" means a Revolving Loan that bears interest at a rate based on clause (a) of the definition of "BSBY Rate";

"*BSBY Fixed Rate Loan*" means a Revolving Loan that bears interest at a rate based on clause (b) of the definition of "BSBY Rate".

"BSBY Rate" means:

(a) for any interest calculation with respect to a BSBY Daily Floating Rate Loan on any date, a fluctuating rate of interest, which can change on each Business Day, equal to the BSBY Screen Rate, two (2) Business Days prior to such day, for Dollar deposits with a term

equivalent to one (1) month beginning on that date; provided, that if the rate is not published on such determination date then the BSBY Daily Floating Rate means the BSBY Screen Rate for Dollar deposits with a term equivalent to one (1) month on the first Business Day immediately prior thereto; and

(b) for any Interest Period with respect to a BSBY Rate Loan, the rate per annum equal to the BSBY Screen Rate two Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published on such determination date then BSBY Rate means the BSBY Screen Rate on the first Business Day immediately prior thereto; and

(c) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the BSBY Screen Rate with a term of one month commencing that day;

provided that if the BSBY Rate determined in accordance with either of the foregoing provisions (a), (b) or (c) of this definition would otherwise be less than zero, the BSBY Rate shall be deemed zero for purposes of this Agreement.

"*BSBY Rate Loan*" means a Revolving Loan that bears interest at a rate based on the BSBY Rate.

"*BSBY Screen Rate*" means the Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and 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).

"*Communication*" means this Agreement, any Loan Document and any document, any amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Loan Document.

"*Conforming Changes*" means, with respect to the use, administration of or any conventions associated with BSBY or any proposed Successor Rate, as applicable, any conforming changes to the definitions of Base Rate, BSBY and 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 applicable 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 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).

"*Daily Simple SOFR*" with respect to any applicable determination date means the secured overnight financing rate ("*SOFR*") published on such date 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).

"*Electronic Record*" and "*Electronic Signature*" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

"*Resolution Authority*" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"*SOFR Adjustment*" with respect to Daily Simple SOFR means 0.26161% (26.161 basis points); and with respect to Term SOFR means 0.11448% (11.448 basis points) for an interest period of one-month's duration, 0.26161% (26.161 basis points) for an interest period of three-month's duration, 0.42826% (42.826 basis points) for an interest period of six-months' duration, and 0.71513% (71.513 basis points) for an interest period of twelve–months' duration.

"*Successor Rate*" has the meaning specified in Section 3.03(b).

"*Term SOFR*" means, for the applicable corresponding Interest Period of BSBY (or if any Interest Period does not correspond to an interest period applicable to SOFR, the closest corresponding interest period of SOFR, and if such interest period of SOFR corresponds equally to two Interest Periods of BSBY, the corresponding interest period of the shorter duration shall be applied) the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"*UK Financial Institution*" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"*UK Resolution Authority*" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

1.2 Amendment to Definitions. The following definitions hereby amend and restate the definitions of the same defined terms set forth in Section 1.01 of the Credit Agreement:

"*Applicable Rate*" shall mean, for any day, a rate per annum equal to (a) in the case of Base Rate Loans, 0%, (b) in the case of BSBY Rate Loans, 1.75%, (c) in the case of the Letter of Credit Fee, 1.75% and (d) in the case of the Commitment Fee, 0.25%.

"*Bail-In Action*" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"*Bail-In Legislation*" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"*Base Rate*" means for any day a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate *plus* 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) the BSBY Rate *plus* 1.00%, subject to the interest rate floors set forth therein; *provided* that if the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such

change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 hereof, then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

"*Business Day*" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any BSBY Rate Loan, in New York City.

"*ERISA Event*" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate or (i) a failure by the Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by the Borrower or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

"*FATCA*" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, as of the date of this Agreement (or any amended or successor version described above) and any intergovernmental agreement (and related fiscal or regulatory legislation, or related official rules or practices) implementing the foregoing.

"*Interest Payment Date*" means, (a) as to any BSBY Fixed Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; *provided*, *however*, that if any Interest Period for a BSBY Rate Loan exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any BSBY Floating Rate Loan, Base Rate Loan or Swingline Loan, the last Business Day of each March, June, September and December and the Maturity Date of the Facility under which such Loan was made (with Swingline Loans being deemed made under the Revolving Facility for purposes of this definition).

"*Interest Period*" means, as to each BSBY Fixed Rate Loan, the period commencing on the date such BSBY Rate Loan is disbursed or converted to or continued as a BSBY 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, in the case of a BSBY Rate Loan,

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 pertaining to a BSBY Rate Loan 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.

"*Loan Notice*" means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of BSBY Rate Loans, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit E or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

"*Relevant Governmental Body*" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve Systems or the Federal Reserve Bank of New York, or any successor thereto.

"*Type*" means, with respect to a Loan, its character as a Base Rate Loan, a BSBY Fixed Rate Loan or a BSBY Floating Rate Loan.

"*Write-Down and Conversion Powers*" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.3 Deletion of Definitions. The defined terms "*Eurodollar Fixed Rate Loan*", "*Eurodollar Floating Rate Loan,*" "*Eurodollar Rate*", "*Eurodollar Rate Loans*", "*Impacted Loans*", "*LIBOR*", "*LIBOR Screen Rate,*" "*LIBOR Successor Rate,*" "*LIBOR Successor Rate Conforming Changes*" and "*London Banking Day*" are hereby deleted from Section 1.01 of the Credit Agreement.

1.4 Amendment to Section 1.08. Section 1.08 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

1.08 Interest Rates.

The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate) (or any

component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

1.5 Replacement of Eurodollar and LIBOR Terms. The Credit Agreement is hereby amended by replacing terms and provisions related to Eurodollar Rate Loans with terms and provisions related to BSBY Rate Loans, as follows:

(a) Each reference in the Credit Agreement to "Eurodollar Rate" is hereby stricken and replaced with "BSBY Rate";

(b) Each reference in the Credit Agreement to "Eurodollar Floating Rate Loans" is hereby stricken and replaced with "BSBY Daily Floating Rate Loans";

(c) Each reference in the Credit Agreement to "Eurodollar Fixed Rate Loans" is hereby stricken and replaced with "BSBY Fixed Rate Loans".

(d) In Section 3.02, the words "or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market," are hereby stricken in their entirety.

(e) In Section 3.04((a)(i) the parenthetical "(except and reserve requirement contemplated by Section 3.04(d))" is hereby stricken in its entirety.

(f) In Section 3.04(a)(ii) the words "or London interbank market" are hereby stricken in their entirety.

(g) Section 3.04(d) is hereby stricken in its entirety.

(h) The final sentence of Section 3.05 is hereby stricken in its entirety.

1.6 Amendment to Section 2.02. Section 2.02 of the Credit Agreement is hereby amended by adding subsection (g) to read as follows:

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

amendment becomes effective.

1.7 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 BSBY Rate Loan or a conversion to or continuation thereof, as applicable, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate has been determined in accordance with Section 3.03(b), and the circumstances under clause (i) of Section 3.03(b) or the Scheduled Unavailability Date has occurred (as applicable) or (B) adequate and reasonable means do not otherwise exist for determining BSBY for any requested Interest Period with respect to a proposed BSBY Rate Loan or in connection with an existing or proposed Base Rate Loan or (ii) the Administrative Agent or the Required Lenders determine that for any reason that the BSBY Rate for any requested Interest Period with respect to a proposed BSBY 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, (x) the obligation of the Lenders to make or maintain BSBY Rate Loans or to convert Base Rate Loans to BSBY Rate Loans shall be suspended (to the extent of the affected BSBY Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the BSBY Rate component of the Base Rate, the utilization of the BSBY Rate component in determining the Base Rate shall be suspended, in each case 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, (i) the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of BSBY Rate Loans (to the extent of the affected BSBY 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 and (ii) any outstanding BSBY Rate Loans shall be deemed to have been converted to Base Rate Loans immediately at the end of their respective applicable Interest Period.

(b) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, but without limiting this Section 3.03, if the Administrative Agent determines (which determination shall be conclusive and binding upon all parties hereto 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 (which determination likewise shall be conclusive and binding upon all parties hereto absent manifest error), that:

(i) adequate and reasonable means do not exist for ascertaining one month, three month and six month interest periods of BSBY including, without limitation, because the BSBY Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) Bloomberg or any successor administrator of the BSBY Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or Bloomberg or such administrator with respect to its publication of BSBY, in each case acting in such capacity, has made a public statement identifying a specific date after which one month, three month and six month interest periods of BSBY or the BSBY Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of U.S. dollar denominated syndicated loans, or shall or will otherwise cease, 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 such interest periods of BSBY after such specific date (the latest date on which one month, three month and six month interest periods of BSBY or the BSBY Screen Rate are no longer available permanently or indefinitely, the "*Scheduled Unavailability Date*");

are no longer available permanently or indefinitely, the "*Scheduled Unavailability Date*"), then, on a date and time determined by the Administrative Agent (any such date, the "*BSBY 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, solely with respect to clause (ii) above, no later than the Scheduled Unavailability Date, BSBY 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 "Successor Rate):

(x) Term SOFR plus the SOFR Adjustment; and

(y) Daily Simple SOFR plus the SOFR Adjustment;

provided that, if initially BSBY is replaced with the rate contained in clause (y) above (Daily Simple SOFR plus the SOFR Adjustment) and subsequent to such replacement, the Administrative Agent determines that Term SOFR has become available and is administratively feasible for the Administrative Agent in its sole discretion, 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 Successor Rate shall be Term SOFR plus the SOFR Adjustment.

If the Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a quarterly basis.

Notwithstanding anything to the contrary herein, (i) if the Administrative Agent determines that neither of the alternatives set forth in clauses (x) and (y) above are available on or prior to the BSBY Replacement Date or (ii) if the events or circumstances of the type described in Section 3.03(b)(i) or (ii) have occurred with respect to the Successor Rate then in effect, then in each case, the Administrative Agent and the Borrower may amend this Agreement solely for purpose of replacing BSBY or any then current 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 credit facilities syndicated and agented in the United States for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities syndicated and agented in the United States 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 "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.

The Administrative Agent will promptly (in one or more notices) notify the Borrower and each Lender of the implementation of any Successor Rate.

Any 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 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 Successor Rate as so determined would otherwise be less than 0.00%, the 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 Successor Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such 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 Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

1.8 Amendment to Section 11.10. Section 11.10 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

11.10 Integration; Effectiveness.

This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent or the L/C Issuer, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successor and assigns.

1.9 Amendment to Section 11.18. Section 11.18 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

11.18 Electronic Execution; Electronic Records; Counterparts.

This Agreement, any Loan Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each of the Loan Parties and each of the Administrative Agent, the L/C Issuer, the Swingline Lender, and each Lender (collectively, each a "Credit Party") agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each of the Credit Parties may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent, L/C record. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent, L/C

Issuer nor Swingline Lender is under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by such Person pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent, L/C Issuer and/or Swingline Lender has agreed to accept such Electronic Signature, the Administrative Agent and each of the Credit Parties shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Loan Party and/or any Credit Party without further verification and (b) upon the request of the Administrative Agent or any Credit Party, any Electronic Signature shall be promptly followed by such manually executed counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

Neither the Administrative Agent, L/C Issuer nor Swingline Lender shall be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Administrative Agent's, L/C Issuer's or Swingline Lender's reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Administrative Agent, L/C Issuer and Swingline Lender shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any Communication (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution or signed using an Electronic Signature) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

Each of the Loan Parties and each Credit Party hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document based solely on the lack of paper original copies of this Agreement, such other Loan Document, and (ii) waives any claim against the Administrative Agent, each Credit Party and each Related Party for any liabilities arising solely from the Administrative Agent's and/or any Credit Party's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Loan Parties to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

1.10 Amendment to Section 11.20. Section 11.20 of the Credit Agreement is hereby amended by striking the words "EEA Financial Institution" and replacing them with "Affected Financial Institutions", and by striking the words "an EEA Regulatory Authority" and "any EEA Regulatory Authority" and replacing them with "the applicable Regulatory Authority."

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 August 5, 2022:

(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 **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.

3.6 **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.

3.7 **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.

3.8 **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.

3.9 **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.**

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

3.11 **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: Stephanie McClure Title: Senior Vice President
LENDERS:	**BANK OF AMERICA, N.A.**, in its capacity as Lender By:____ Name: Stephanie McClure 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 Registrant’s internal control over financial reporting.

Date: November 8, 2022

/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 Registrant's internal control over financial reporting.

Date: November 8, 2022

/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 October 1, 2022 as filed November 8, 2022 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: November 8, 2022	/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 October 1, 2022 as filed November 8, 2022 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: November 8, 2022

/s/ G. Douglas Hekking

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