UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):
December 23, 2024

USANA HEALTH SCIENCES, INC.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation)

001-35024 (Commission File No.)	87-0500306 (IRS Employer Identification No.)

3838 West Parkway Boulevard
Salt Lake City, Utah 84120
(Address of principal executive offices, Zip Code)
Registrant's telephone number, including area code: (801) 954-7100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, $0.001 par value per share	USNA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

EXPLANATORY NOTE

This Amendment No. 1 on Form 8-K/A (this "**Amendment**") is being filed by USANA Health Sciences, Inc. (the "**Company**" or "**USANA**") with the U.S. Securities and Exchange Commission (the "**SEC**") for the purpose of amending and supplementing Item 9.01 of that certain Current Report on Form 8-K originally filed by the Company with the SEC on December 23, 2024 (the "**Original Form 8-K**"), in which the Company reported, among other things, USANA's acquisition of a controlling interest in Hiya Health Products, LLC, a Delaware limited liability company ("**Hiya**"), pursuant to an Agreement and Plan of Merger dated December 23, 2024 (the "**Merger Agreement**") by and among USANA, Karate Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of USANA ("**Merger Sub**"), Hiya, and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of the unitholders of Hiya. Pursuant to the Merger Agreement, Merger Sub merged with and into Hiya, with Hiya continuing as the surviving company.

This Amendment amends the Original Form 8-K to provide the audited financial statements and pro forma financial information required by Item 9.01 of Form 8-K that was previously omitted from the Original Form 8-K in reliance on Item 9.01(a)(3) and Item 9.01(b)(2), respectively, of Form 8-K. This Amendment No. 1 does not amend any other item of the Original Form 8-K and all other information previously reported in or filed with the Original Form 8-K (including the other information in Item 9.01) is hereby incorporated by reference in this Amendment.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired

The audited consolidated financial statements of Hiya as of and for the nine months ended September 30, 2024, and the notes related thereto, and the related independent auditors' report of WithumSmith+Brown, PC are attached as Exhibit 99.1 hereto and incorporated by reference herein. Audited consolidated financial statements for the nine months ended September 30, 2024 are presented in lieu of the required period of one year pursuant to Regulation S-X Rule 3-06(a).

(b) Pro forma financial information.

The unaudited pro forma condensed combined financial information as of and for the nine months ended September 28, 2024 and for the year ended December 30, 2023, and the notes related thereto are filed as Exhibit 99.2 hereto and incorporated by reference herein.

The consent of WithumSmith+Brown, PC, Hiya's independent auditor, is attached as Exhibit 23.1 hereto.

Exhibit No.	Description
23.1	Consent of WithumSmith+Brown, PC.
99.1	Audited consolidated financial statements of Hiya Health Products, LLC as of and for the nine months ended September 30, 2024, and the notes related thereto, and the related independent auditors' report of WithumSmith+Brown, PC.
99.2	Unaudited pro forma condensed combined financial information as of and for the nine months ended September 30, 2024 and for the year ended December 31, 2023, and the notes related thereto.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

USANA HEALTH SCIENCES, INC.

By: /s/ G. Douglas Hekking
G. Douglas Hekking, Chief Financial Officer

Date: March 7, 2025

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the registration statement (Nos. 333-96645, 333-128103, 333-133385, 333-174695, and 333-206070) on Form S-8 and (No. 333-169946) on Form S-3 of USANA Health Sciences, Inc. of our report dated December 16, 2024, with respect to the balance sheets of Hiya Health Products, LLC as of September 30, 2024 and December 31, 2023, the related statements of operations, changes in members' equity, and cash flows for the nine months ended September 30, 2024 and for the year ended December 31, 2023, and the related notes to the financial statements, which report appears in Form 8-K/A of USANA Health Sciences, Inc. dated March 7, 2025.

/s/ WithumSmith+Brown, PC

Whippany, New Jersey

March 7, 2025

HIYA HEALTH PRODUCTS, LLC
Financial Statements
September 30, 2024 and December 31, 2023
With Independent Auditor's Report

Hiya Health Products, LLC
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September 30, 2024 and December 31, 2023

withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Hiya Health Products, LLC:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hiya Health Products, LLC (the "Company"), which comprise the balance sheets as of September 30, 2024 and December 31, 2023, and the related statements of operations, changes in members' equity, and cash flows for the nine months ended September 30, 2024 and for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hiya Health Products, LLC as of September 30, 2024 and December 31, 2023, and the results of its operations and its cash flows for the nine months ended September 30, 2024 and the year ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hiya Health Products, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hiya Health Products, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hiya Health Products, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hiya Health Products, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

WithumSmith+Brown, PC

December 16, 2024

Hiya Health Products, LLC
Balance Sheets
September 30, 2024 and December 31, 2023

	September 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 3,849,559	$ 1,185,606
Inventory	8,146,747	5,537,085
Prepaid expenses and other current assets	3,496,237	699,347
Total current assets	15,492,543	7,422,038
Right-of-use assets - operating leases, net	411,205	491,854
Intangible assets, net	152,498	161,475
Property and equipment, net	103,663	117,726
Total noncurrent assets	667,366	771,055
Total assets	$ 16,159,909	$ 8,193,093
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 4,517,254	$ 3,847,026
Accrued expenses	1,363,145	918,739
Line of credit	-	1,563,738
SAFE notes	-	250,000
Lease liability - operating, current portion	119,397	107,530
Total current liabilities	5,999,796	6,687,033
Lease liability - operating, net of current portion	316,392	408,006
Total liabilities	6,316,188	7,095,039
Members' equity	9,843,721	1,098,054
Total liabilities and members' equity	$ 16,159,909	$ 8,193,093

The Notes to Financial Statements are an integral part of these statements.

Hiya Health Products, LLC
Statements of Operations
For the Nine Months Ended September 30, 2024 and for the Year Ended December 31, 2023

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Revenue, net	$ 80,925,177	$ 68,398,678
Cost of revenue	24,193,168	22,627,427
Gross margin	56,732,009	45,771,251
Operating expenses		
Selling and marketing	30,647,196	31,864,985
General and administrative	11,193,868	13,779,763
	41,841,064	45,644,748
Income from operations	14,890,945	126,503
Other (income) expense		
Other income	(57,394)	(235,156)
Interest expense	37,735	829,421
	(19,659)	594,265
Net income (loss)	$ 14,910,604	$ (467,762)

The Notes to Financial Statements are an integral part of these statements.

Hiya Health Products, LLC
Statements of Changes in Members' Equity
For the Nine Months Ended September 30, 2024 and for the Year Ended December 31, 2023

January 1, 2023	$ (3,207,852)
Issuance of units for conversion of SAFE notes	1,737,843
Distribution to member	(105,489)
Secondary unit-based compensation expense	3,141,314
Net loss	(467,762)
December 31, 2023	1,098,054
Issuance of units for conversion of SAFE notes	250,000
Distribution to members	(6,428,073)
Stock compensation expense	13,136
Net income	14,910,604
September 30, 2024	$ 9,843,721

The Notes to Financial Statements are an integral part of these statements.

Hiya Health Products, LLC
Statements of Cash Flows
For the Nine Months Ended September 30, 2024 and for the Year Ended December 31, 2023

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Operating activities		
Net income (loss)	$ 14,910,604	$ (467,762)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	29,940	18,207
Amortization of right-of-use asset	80,649	99,831
Stock compensation expense	13,136	-
Compensation expense - secondary	-	3,141,314
Changes in assets and liabilities		
Inventory	(2,609,662)	(894,879)
Prepaid expenses and other current assets	(2,796,890)	(493,905)
Accounts payable and accrued expenses	1,114,634	(38,470)
Operating lease liability	(79,747)	(91,309)
Net cash provided by operating activities	10,662,664	1,273,027
Investing activities		
Purchase of property and equipment	(6,900)	(82,750)
Net cash used in investing activities	(6,900)	(82,750)
Financing activities		
Borrowings on line of credit and working capital loans	1,850,000	23,750,248
Payments on line of credit and working capital loans	(3,413,738)	(24,030,247)
Distribution to members	(6,428,073)	(105,489)
Proceeds from issuance of convertible SAFE notes	-	250,000
Net cash used in financing activities	(7,991,811)	(135,488)
Net change in cash and cash equivalents	2,663,953	1,054,789
Cash and cash equivalents		
Beginning of year	1,185,606	130,817
End of year	$ 3,849,559	$ 1,185,606
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 37,735	$ 829,421

Supplemental disclosure of non-cash investing and financing activities

During 2024, 2,520 units with a value of $250,000 were issued in exchange for the conversion of SAFE notes

During 2023, 63,379 units with a value of $1,737,843 were issued in exchange for the conversion of SAFE notes

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hiya Health Products, LLC (the "Company") was organized on June 28, 2018, as a Delaware limited liability company. The Company is a vitamins, minerals, and supplements ("VMS") e-commerce company specializing in children's wellness for customers throughout the United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's most significant estimate relates to the assumptions used in the determination of inventory valuation. The actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments, with an original maturity of three months or less, to be cash equivalents. Within the ordinary course of business, the Company records credit card receivables in connection with the sale of its products. The Company considers credit card receivables to be cash equivalents. The credit card receivable balance was $1,279,649 and $958,508 as of September 30, 2024 and December 30, 2023, respectively.

The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

Inventory

Inventory is carried at the lower of cost or net realizable value using the weighted-average cost method. Net realizable value is determined using various assumptions with regard to excess or slow-moving inventories. The Company did not record a valuation adjustment to inventory as of September 30, 2024 and December 31, 2023. Prepayments on inventory are included in prepaid expenses and other current assets on the balance sheets.

Sales Tax

The Company records sales tax collected on behalf of customers as a current liability on the balance sheet until such time that it is remitted to the applicable state and local tax jurisdiction, in accordance with the respective statutory requirements. The Company evaluates economic nexus for sales tax in various states in order to attain or maintain compliance with state and local regulations. The Company has not been informed of any noncompliance from any taxing jurisdiction.

Property and Equipment

Property and equipment is carried at cost. Depreciation of property and equipment is provided using the straight-line method at the following rates:

Description	Estimated Life (Years)
Furniture and fixtures	5

Automobiles	5
Leasehold improvements	**

** Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

U.S. GAAP requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and undiscounted cash flows estimated to be generated by those assets or asset group are less than the assets' carrying amount. The Company continually evaluates whether events and circumstances have occurred that have indicated that the remaining estimated useful life of long-lived assets, such as property and equipment and identifiable intangibles may warrant revision, or the remaining balance may not be recoverable. The Company did not recognize any impairment charges on its long-lived assets for the nine months ended September 30, 2024 or for the year ended December 31, 2023.

Leases

The Company accounts for its leases under Accounting Standards Codification ("ASC") 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the balance sheets as both a right-of-use asset and a lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on similarly secured borrowings available to the Company. Right-of-use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line lease expense over the lease term. Variable lease expenses are recorded when incurred. The Company had no finance leases for the nine months ended September 30, 2024 and for the year ended December 31, 2023.

The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election and recognizes lease expense on a straight-line basis over the lease term.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Income Taxes

The Company is not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual partners for inclusion in their respective tax returns and no provision for federal and state income taxes has been included in the accompanying financial statements. The Company had no uncertain tax positions at September 30, 2024 and December 30, 2023.

Revenue Recognition

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Company performs the following steps: (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognize revenue when (or as) the Company satisfies each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Financial Accounting Standards Board ("FASB") ASC 606, *Revenue from Contracts with Customers* (Topic 606). The Company's performance obligations are to fulfill the delivery of goods with regards to online product sales.

The Company's revenue is generated from e-commerce / direct to consumer sales. Revenue from online product sales is recognized at the point in time when control of the promised goods is transferred to the shipping carrier in the amount that reflects the consideration the Company expects to receive in exchange for those goods. The Company receives payment, primarily via credit card or PayPal, for the sale of products at the time customers place orders and payment is required prior to shipment. There are no extended payment terms offered to consumers. To encourage customers to purchase its products, the Company periodically provides incentive offers. Generally, these promotions include current discount offers, such as percentage discounts off current purchases and other similar offers. These offers, when accepted by customers, are treated as a reduction to the transaction price. Revenue typically consists of the consideration received from the customer when the order is executed less refunds.

Shipping and handling activities are performed upon delivery to the third-party carrier for shipment. Therefore, the costs are recognized when revenue for the goods is recognized. Shipping and handling costs are included in cost of revenue.

Cost of Revenue

The Company's cost of revenue primarily consists of the purchase price of inventory sold, packaging material costs, and costs that are directly associated with the production and distribution of products.

Selling and Marketing

Sales and marketing expenses primarily include advertising costs, and merchant fees. For the nine months ended September 30, 2024 and the year ended December 31, 2023, advertising expense included in sales and marketing expense totaled approximately $30,647,000 and $31,865,000, respectively.

General and Administrative

General and administrative expenses primarily include salaries and employee benefits, professional service costs, insurance, rent and depreciation.

Stock Compensation Expense

Stock compensation expense is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the service period of the award, which generally coincides with the vesting period.

Calculating stock-based compensation expense requires the input of highly subjective assumptions, including the expected term of the stock-based awards, volatility, dividend yield, and risk-free rates. The Company elected to account for forfeitures as they occur and to account for its graded vesting options on a straight-line basis over the requisite service period for the entire award.

Reclassifications

Certain amounts in the prior period presented have been reclassified to confirm to current period presentations. These reclassifications had no impact on the net loss or equity of the Company as of and for the year ended December 31, 2023.

Fair Value Measurements

The Company applies ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and

The Company applies ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities that are required to be measured at fair value on a recurring basis, and non-financial assets and liabilities that are required to be measured at fair value on a non-recurring basis.

ASC 820 provides that the measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The inputs create the following fair value hierarchy:

Level 1 - Observable inputs based on unadjusted quoted prices for identical instruments in active markets.

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - Unobservable inputs for which there is little or no market data, which require the Company to develop its own assumptions.

The assets or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company utilized unobservable Level 3 inputs to determine the fair market value of its SAFE notes. The change in fair value was immaterial to the financial statements as a whole. There were no transfers between levels for the nine months ended September 30, 2024 or for the year ended December 31, 2023.

2. INVENTORY

Inventory consists of the following:

	September 30, 2024	December 31, 2023
Raw materials	$ 2,850,865	$ 1,390,356
Work in process	3,182,394	2,687,668
Finished goods	2,113,488	1,459,061
	$ 8,146,747	$ 5,537,085

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	September 30, 2024	December 31, 2023
Inventory deposits	$ 2,730,317	$ 360,381
Prepaid expense	582,502	261,805
Prepaid insurance	108,839	21,637
Other current assets	74,579	55,524
	$ 3,496,237	$ 699,347

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	September 30, 2024	December 31, 2023
Furniture and fixtures	$ 42,000	$ 42,000
Leasehold improvements	84,359	77,459
Automobiles	17,990	17,990
	144,349	137,449
Less: Accumulated depreciation	(40,686)	(19,723)
Property and equipment, net	$ 103,663	$ 117,726

Depreciation expense for the nine months ended September 30, 2024 and for the year ended December 31, 2023 was $20,963 and $18,207, respectively, and is included in general and administrative expenses in the statement of operations.

5. DEBT

Growth Capital Line

In January 2023, the Company obtained a growth line of credit that is secured by substantially all of the assets of the Company. The line bears interest at 10.25% plus the Effective Federal Funds Rate ("EFFR") per year. The Company amended the line of credit in April and October 2023, increasing the aggregate credit limit for the line to $5,700,000 and approximately $9,369,000, respectively.

The interest rate as of September 30, 2024 and December 31, 2023 was 15.58%. Interest expense amounted to $37,735 and $829,421 for the nine months ended September 30, 2024 and for the year ended December 31, 2023, respectively. The Company had $0 and $1,563,738 outstanding in borrowings under the line of credit as of September 30, 2024 and December 31, 2023, respectively.

The Company has certain financial covenants that it is required to meet in order to maintain its line of credit. As of December 31, 2023 and until the termination of the line, the Company was in compliance with those covenants.

In May 2024, the Company repaid and terminated its growth line of credit agreement.

Working Capital Loans

The Company received working capital loans from three lenders during 2022. The outstanding balance of the working capital loans as of January 1, 2023, was $1,843,737. During 2023, the loans were fully repaid, and the facilities were closed. Interest expense related to these loans was immaterial to the financial statements as a whole for the year ended December 31, 2023.

6. CONVERTIBLE SAFE NOTES

In January 2020 ("2020 SAFE notes") and May 2023 ("2023 SAFE notes"), the Company raised $570,000 and $250,000, respectively, in simple agreements for future equity ("SAFEs"), which are unsecured, non-interest bearing and have no prescribed maturity date. SAFEs are subject to an agreed-upon valuation cap and represent an agreement between an investor and the Company in which the Company promises to give the investor either a future equity stake in the Company, or cash repayment to the investor at the respective carrying amount, if certain triggering events occur. These triggering events include a future preferred equity raise, a liquidity event (i.e., change in control or initial public offering), automatic conversion if still outstanding at a prescribed date, or dissolution event, all of which are further defined in the agreements.

The 2020 SAFE notes automatically converted into 63,379 common units on January 1, 2023 at fair value of $1,737,843 which was recorded to members' equity.

As of December 31, 2023, the 2023 SAFE notes remained outstanding and are required to be marked to fair value at each reporting period. The change in fair value was immaterial to the financial statements as whole. The 2023 SAFE notes converted into 2,520 common units in April 2024 at a fair value of $250,000, which was recorded to member's equity.

7. MEMBERS' EQUITY

The Company has a single authorized class of Units of which 1,022,336 and 998,233 units were outstanding as of September 30, 2024 and December 31, 2023, respectively.

8. SECONDARY COMPENSATION EXPENSE

During 2023, an investor repurchased 57,027 units from employees of the Company for an aggregate purchase price of $4,999,897. In connection with the repurchase, the Company recorded $3,141,314 in secondary compensation expense for the excess amount paid over the fair value of the Units, which is included in general and administrative expenses in the statement of operations for the year ended December 31, 2023.

9. STOCK COMPENSATION EXPENSE

During 2024, the Company adopted the 2024 Equity Option Plan (the "Plan") whereby management may make discretionary awards of incentive stock options and nonqualified options to management, officers, executive personnel, employees, and independent contractors.

Options may be awarded to participants at any time as determined by management. Each option may be exercised for one unit. The exercise price of each option is equal to the fair value of the Company's units on the date of the award. The options expire at such time as determined by management under the Plan, but not to exceed ten years from date of grant, and vest over various periods as defined as by each award agreement. Current options outstanding generally vest 25% on each annual anniversary date.

The Company recognized $13,136 of compensation costs related to stock compensation arrangements in general and administrative expenses during the nine months ended September 30, 2024. As of September 30, 2024, the total unrecognized stock-based compensation balance for unvested options is $163,321 which is expected to be recognized ratably through June 2028. The weighted-average fair value of options granted during the nine months ended September 30, 2024 amounted to $58.82 per share. As of September 30, 2024, the remaining weighted-average contractual term on outstanding options is 4.71. The remaining unrecognized compensation expense above is expected to be recognized over a weighted-average period of 3.7 years.

The following table summarizes the Company's stock option plan and the activity for the nine months ended September 30, 2024:

	Options Outstanding	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Balance at January 1, 2024	-		
Options granted	3,000	$ 97.53	$ -
Balance at September 30, 2024	3,000	$ 97.53	$ -
Exercisable at September 30, 2024	-	$ -	$ -

Valuation Assumptions

The Company estimated the fair value of stock options granted during 2024 using the Black-Scholes model with the following weighted-average assumptions:

Expected term	3.7 years
Volatility	80.95%
Risk-free interest rate	4.53%
Dividend yield	0%

Expected Term

The Company's expected term represents the period that the awards are expected to be outstanding and was determined as a function of contractual terms of the stock-based awards and vesting schedules. The Company used the simplified method of calculation for estimating expected term. The options granted in 2024 have a five year term.

Expected Volatility

The volatility factor for the Company's stock options was estimated using the average volatility of comparable publicly traded companies as a proxy for what would have been the Company's volatility had the Company been public.

Risk-Free Interest Rate

The Company bases the risk-free interest rate used in the Black-Scholes model on implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Expected Dividend Yield

The Company does not anticipate that dividends will be distributed in the near future.

Incentive Membership Interests

The Company grants executives, key employees, consultants, independent contractors, or other service providers Units of the Company. The Units are intended to constitute a profits interest for federal income tax purposes. Vesting of the Units under the Plan are subject to both performance and service conditions. Under the terms of the participant's award agreement, awards typically vest in equal annual installments over a specified period provided the participant continues to provide services to the Company. If a participant terminates their service before completing the vesting period, any unvested awards will generally be forfeited, subject to specific exceptions outlined in the participant's respective agreement. In addition to service based vesting provisions, the units contain a performance condition that is based on the Company receiving net proceeds from a change of control transaction at least equal to the respective benchmark as defined in the participant's respective agreement.

The following table summarizes the Company's incentive membership interests and the activity for the nine months ended September 30, 2024:

	Units Outstanding	Weighted-Average Fair Value Price
Balance at January 1, 2024	79,608	
Units granted	21,583	$ 26.14
Balance at September 30, 2024	101,191	
Exercisable at September 30, 2024	-	

Unrecognized compensation expense related to incentive member interests as of September 30, 2024 is approximately $3,800,000. Incentive units vest upon achievement of certain performance-based milestones. The Units contain a performance condition that is based on the Company achieving specific distribution thresholds as defined by the agreements. As of September 30, 2024 and December 31, 2023, the distribution thresholds were not probable of being achieved and, as such, no unit-based compensation expense has been recorded.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases and Right-of-Use Assets

The Company has a long-term lease agreement for a warehouse in Boca Raton which was classified as an operating lease. The lease expires in November 2027 and does not contain a renewal option.

The Company utilized its incremental borrowing rate of 9% as the discount rate to be applied to its future lease payments when accounting for its right-of-use assets and liabilities.

As of September 30, 2024, the future minimum rental payments required under operating leases are as follows:

2025	$	153,909
2026		161,604
2027		169,684
2028		13,581
		498,778
Less: Imputed interest on lease liability		(62,989)
Total lease liability	$	435,789

Total lease expense amounted to $132,963 and $165,901 for the period ended September 30, 2024 and year ended December 31, 2023, respectively. The weighted-average remaining lease term is 3.17 and 3.92 years as of September 30, 2024 and December 31, 2023. Cash paid for operating leases included in the measurement of the lease liability was $110,087 and $141,338 for the nine months ended September 30, 2024 and the year ended December 31, 2023, respectively.

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. The Company will recognize a loss contingency when it is both possible and can be reasonably estimated. As of September 30, 2024, and December 31, 2023, there are no loss contingencies that are considered reasonably probable.

11. CONCENTRATION OF CREDIT RISK

During the nine months ended September 30, 2024 and for the year ended December 31, 2023, there was no single customer that represented more than 10% of total Company sales.

The Company had three inventory suppliers that accounted for approximately 92% of purchases and $430,000 in outstanding payables for the nine months ended September 30, 2024. The Company expects to maintain its relationship with these vendors.

The Company had four inventory suppliers that accounted for approximately 85% of purchases and $1,332,000 in outstanding payables for the year ended December 31, 2023. The Company expects to maintain its relationship with these vendors.

12. RELATED PARTY TRANSACTIONS

The Company utilizes a digital marketing agency where the founders of the agency are members of the Company. Services provided for the nine months ended September 30, 2024 and for the year ended December 31, 2023 amounted to approximately $558,000 and $1,493,000, respectively, and are included in general and administrative expenses on the Company's statement of operations.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through December 16, 2024, the date the financial statements were available to be issued, and has determined that there were no other events other than the events described above which occurred requiring disclosure in or adjustments to the financial statements.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 23, 2024, USANA Health Sciences, Inc. (“USANA” or “the Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among USANA, Karate Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of USANA (“Merger Sub”), Hiya Health Products, LLC, a Delaware limited liability company (“Hiya”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of the unitholders of Hiya, to acquire a controlling interest in Hiya. Pursuant to the Merger Agreement, Merger Sub merged with and into Hiya (the “Merger”), with Hiya continuing as the surviving company. The Merger was completed on December 23, 2024.

The following unaudited pro forma condensed combined financial information (the “pro forma financial statements”) combines the historical consolidated financial position and results of operations of USANA and the historical financial position and results of operations of Hiya after giving effect to the Merger as further described in *Note 1 — Description of the Merger and Basis of Presentation* and the pro forma effects of certain assumptions and adjustments described in “*Notes to the Unaudited Pro Forma Condensed Combined Financial Statements*” below. The pro forma financial statements have been prepared to give effect to the following:

- Application of the acquisition method of accounting under the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 805, *Business Combinations* (“ASC 805”) where the assets acquired, liabilities assumed, and noncontrolling interest of Hiya is recorded by USANA at their respective fair values as of the closing date;
- Preliminary reclassification adjustments to conform the financial statement presentation of Hiya to that of USANA; and
- Adjustments to reflect estimated post-combination impacts, including transaction costs of the Merger.

The following pro forma financial statements and related notes are based on and should be read in conjunction with:

- The historical audited consolidated financial statements of USANA and the related notes included in USANA’s Annual Report on Form 10-K as of and for the year ended December 30, 2023;
- The historical audited financial statements of Hiya and the related notes for the year ended December 31, 2023;
- The historical unaudited interim condensed consolidated financial statements of USANA and the related notes included in USANA’s Quarterly Report on Form 10-Q as of and for the nine months ended September 28, 2024; and
- The historical audited financial statements of Hiya and the related notes as of and for the nine months ended September 30, 2024.

The unaudited pro forma condensed combined balance sheet as of September 28, 2024, gives pro forma effect to the Merger as if it had occurred on September 28, 2024. The unaudited pro forma condensed combined income statements for the nine months ended September 28, 2024, and for the year ended December 30, 2023, combine the historical results of USANA and Hiya to give pro forma effect to the Merger as if it had occurred on January 1, 2023.

The pro forma financial statements are provided for informational purposes only. The pro forma financial statements are not necessarily, and should not be assumed to be, an indication of the actual results that would have been achieved had the Merger been completed as of the dates indicated or that may be achieved in the future. The pro forma financial statements have been prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses,” using the assumptions set forth in the notes to the pro forma financial statements. The pro forma financial statements do not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities which might result from the Merger. Further, there may be certain additional charges related to integration activities resulting from the Merger, the timing, nature and amount of which management cannot identify as of the filing date of the Form 8-K to which this information is attached, or the dates of the pro forma financial statements, as applicable, and thus, such charges are not reflected in the pro forma financial statements.

The pro forma financial statements have been prepared using the acquisition method of accounting pursuant to the provisions of ASC 805, whereby USANA is considered the accounting acquirer. For purposes of the pro forma financial statements, the purchase consideration will be allocated to the identifiable assets acquired, liabilities assumed, and noncontrolling interest based upon their estimated fair values as of the acquisition date, and any excess value of the purchase consideration over the acquired net assets and noncontrolling interest is recognized as goodwill. The assets acquired, liabilities assumed, and noncontrolling interest of Hiya have been measured based on various preliminary estimates using assumptions that USANA believes are reasonable, based on information that is currently available. Due to the pro forma financial statements being prepared based on preliminary estimates of the net assets acquired and noncontrolling interest and balances as of September 28, 2024, the final purchase price allocation and the resulting effect on financial position and results of operations may differ significantly from the pro forma amounts included herein. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. Accordingly, actual adjustments may differ from the amounts reflected in the pro forma financial statements and the differences may be material.

The unaudited pro forma condensed combined balance sheet and statements of income do not give effect to certain one-time charges USANA and Hiya incurred in connection with the Merger.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 30, 2023
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	USANA	Hiya*	Reclassification Adjustments	Notes	Pro Forma Adjustments	Notes	Pro Forma Combined USANA and Hiya
Net sales	$ 921,010	$ 68,398	$ —		$ —		$ 989,408
Cost of sales	176,693	22,627	858	2(a)	(69)	4(a)	200,109
Gross profit	744,317	45,771	(858)		69		789,299
Operating expenses:							
Associate incentives	394,257	—	—		—		394,257
Selling, general and administrative	256,989	—	44,787	2(b)	17,409	4(b)	319,185
Selling and marketing	—	31,865	(31,865)	2(a,b)	—		—
General and administrative	—	13,780	(13,780)	2(b)	—		—
Total operating expenses	651,246	45,645	(858)		17,409		713,442
Earnings from operations	93,071	126	—		(17,340)		75,857
Other income (expense):							
Interest income	9,637	—	11	2(c)	(8,127)	4(c)	1,521
Interest expense	(262)	(829)	—		(1,581)	4(d)	(2,672)
Other, net	7	235	(11)	2(c)	(171)	4(e)	60
Other income (expense), net	9,382	(594)	—		(9,879)		(1,091)
Earnings before income taxes	102,453	(468)	—		(27,219)		74,766
Income taxes	38,665	—	—		(481)	4(f)	38,184
Net earnings (loss)	63,788	(468)	—		(26,738)		36,582
Less: Net earnings (loss) attributable to redeemable noncontrolling interest	—	—	—		(3,803)	4(g)	(3,803)
Net earnings (loss) attributable to USANA stockholders	$ 63,788	$ —	$ —		$ (22,935)		$ 40,385
Earnings per common share attributable to USANA							
Basic	$ 3.31						$ 2.10
Diluted	$ 3.30						$ 2.09
Weighted average common shares outstanding							
Basic	19,250						19,250
Diluted	19,345						19,345

*The audited income statement of Hiya is for the year ended December 31, 2023. See Note 1 for further information.

See the accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 28, 2024
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	USANA	Hiya*	Reclassification Adjustments	Notes	Pro Forma Adjustments	Notes	Pro Forma Combined USANA and Hiya
Net sales	$ 640,890	$ 80,925	$ —		$ —		$ 721,815
Cost of sales	122,659	24,193	250	2(a)	31	4(a)	147,133
Gross profit	518,231	56,732	(250)		(31)		574,682
Operating expenses:							
Associate incentives	270,197	—	—		—		270,197
Selling, general and administrative	189,920	—	41,591	2(b)	12,919	4(b)	244,430
Selling and marketing	—	30,647	(30,647)	2(a,b)	—		—
General and administrative	—	11,194	(11,194)	2(b)	—		—
Total operating expenses	460,117	41,841	(250)		12,919		514,627
Earnings from operations	58,114	14,891	—		(12,950)		60,055
Other income (expense):							
Interest income	8,581	—	44	2(c)	(7,306)	4(c)	1,319
Interest expense	(152)	(37)	—		(1,229)		(1,418)
Other, net	(621)	57	(44)	2(c)	(7)	4(e)	(615)
Other income (expense), net	7,808	20	—		(8,542)		(714)
Earnings before income taxes	65,922	14,911	—		(21,492)		59,341
Income taxes	28,346	—	—		15	4(f)	28,361
Net earnings (loss)	37,576	14,911	—		(21,507)		30,980
Less: Net earnings (loss) attributable to redeemable noncontrolling interest	—	—	—		413	4(g)	413
Net earnings (loss) attributable to USANA stockholders	$ 37,576	$ —	$ —		$ (21,920)		$ 30,567
Earnings per common share attributable to USANA							
Basic	$ 1.97						$ 1.60
Diluted	$ 1.96						$ 1.59
Weighted average common shares outstanding							
Basic	19,108						19,108
Diluted	19,181						19,181

*The audited income statement of Hiya is for the nine months ended September 30, 2024. See Note 1 for further information.

See the accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 28, 2024
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	USANA	Hiya*	Reclassification Adjustments	Notes	Pro Forma Adjustments	Notes	Pro Forma Combined USANA and Hiya
ASSETS							
Current assets							
Cash and cash equivalents	$ 364,889	$ 3,850	$ —		$ (185,458)	5(a,f)	$ 183,281
Inventories	63,984	8,147	—		904	5(b)	73,035
Prepaid expenses and other current assets	22,318	3,496	(31)	2(d)	—		25,783
Total current assets	451,191	15,493	(31)		(184,554)		282,099
Property and equipment, net	98,033	104	152	2(e)	—		98,289
Goodwill	17,196	—	—		128,307	5(c)	145,503
Intangible assets, net	29,237	152	(152)	2(e)	124,200	5(d)	153,437
Deferred tax assets	16,823	—	—		—		16,823
Right-of-use assets - operating leases, net	—	411	(411)	2(f)	—		—
Other assets	58,828	—	442	2(d,f)	—		59,270
	$ 671,308	$ 16,160	$ —		$ 67,953		$ 755,421
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY							
Current liabilities							
Accounts payable	$ 7,041	$ 4,517	$ (209)	2(g)	$ —		$ 11,349
Accrued expenses	—	1,363	(1,363)	2(h)	—		—
Lease liability - operating, current portion	—	120	(120)	2(i)	—		—
Other current liabilities	107,738	—	1,692	2(g,h,i)	8,243	5(e)	117,673
Line of credit	—	—	—		23,000	5(f)	23,000
Total current liabilities	114,779	6,000	—		31,243		152,022
Deferred tax liabilities	4,727	—	—		—		4,727
Other long-term liabilities	18,715	—	316	2(j)	—		19,031
Lease liability - operating, net of current portion	—	316	(316)	2(j)	—		—
Total liabilities	138,221	6,316	—		31,243		175,780
Redeemable noncontrolling interest	—	—	—		54,797	5(g)	54,797
Stockholders' equity							
Common stock, $0.001 par value; Authorized -- 50,000 shares, issued and outstanding 19,056 as of September 28, 2024	19	—	—		—		19
Additional paid-in capital	72,277	—	—		—		72,277
Retained earnings	474,490	—	—		(8,243)	5(e)	466,247
Accumulated other comprehensive income (loss)	(13,699)	—	—		—		(13,699)
Members' equity	—	9,844	—		(9,844)	5(h)	—
Total USANA stockholders' equity	533,087	9,844	—		(18,087)		524,844
Total liabilities, redeemable noncontrolling interest, and equity	$ 671,308	$ 16,160	$ —		$ 67,953		$ 755,421

*The audited balance sheet of Hiya is as of September 30, 2024. See Note 1 for further information.

See the accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(IN THOUSANDS)

Note 1. Description of the Merger and Basis of Presentation

Acquisition of Hiya

On December 23, 2024, Health Sciences, Inc. (“USANA” or “the Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among USANA, Karate Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of USANA (“Merger Sub”), Hiya Health Products, LLC, a Delaware limited liability company (“Hiya”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of the unitholders of Hiya, to acquire a controlling interest in Hiya. Pursuant to the Merger Agreement, Merger Sub merged with and into Hiya (the “Merger”), with Hiya continuing as the surviving company. The Merger was completed on December 23, 2024.

Basis of Presentation

The accompanying pro forma financial information (the “pro forma financial statements”) have been prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses,” using the assumptions set forth in these notes to the pro forma financial statements.

The unaudited pro forma condensed combined balance sheet as of September 28, 2024, combines the historical consolidated balance sheets of USANA and Hiya, giving effect to the Merger as it had occurred on September 28, 2024. The unaudited pro forma condensed combined income statements for the nine months ended September 28, 2024, and for the year ended December 30, 2023, combines the historical consolidated income statements of USANA and Hiya, giving effect to the Merger as if it had occurred on January 1, 2023. Hiya has a 2023 fiscal year end as of and for the year ended December 31, 2023. Hiya’s nine-month 2024 period end is as of and for the nine months ended September 30, 2024. The difference between the USANA and Hiya year and period ends is not significant.

The pro forma financial statements and explanatory notes have been prepared to illustrate the effects of the Merger under the acquisition method of accounting whereby USANA is considered the accounting acquirer. The pro forma financial statements are presented for informational purposes only and do not necessarily indicate the financial results of the combined company had the companies been combined at the beginning of the periods presented, nor do they necessarily indicate the results of operations in future periods or the future financial position of the combined company. Under the acquisition method of accounting, the assets, liabilities, and noncontrolling interest of Hiya, as of the effective time of the Merger (the “Effective Time”), is recorded by USANA at their estimated fair values and any excess of the purchase consideration over the fair value of Hiya’s net assets and noncontrolling interest is allocated to goodwill. The pro forma allocation of the purchase consideration reflected in the pro forma financial statements is preliminary and may vary materially from the actual allocation that will be recorded as of the closing date of the Merger.

The pro forma financial statements do not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities which might result from the Merger.

Note 2. Significant Accounting Policies and Reclassification Adjustments

During the preparation of the pro forma financial statements, USANA performed a preliminary analysis of Hiya’s historical financial information to identify differences in accounting policies and financial statement presentation as compared to those of USANA. Accordingly, certain reclassification adjustments have been made to conform Hiya’s historical financial statements to the presentation used by USANA in the preparation of the pro forma financial statements.

The following reclassification adjustments were made to conform the presentation of Hiya’s historical income statements for the nine months ended September 28, 2024, and for the year ended December 30, 2023, to USANA’s presentation:

(a) Adjustment reflects the reclassification of certain “Selling and marketing” expenses to “Cost of sales”.

(b) Adjustment reflects the reclassification of certain “Selling and marketing” and “General and administrative” expenses to “Selling, general and administrative”.

(c) Adjustment reflects the reclassification of certain “Other, net” to “Interest income”.

The following reclassification adjustments were made to conform the presentation of Hiya’s historical balance sheet as of September 28, 2024, to USANA’s presentation:

(d) Adjustment reflects the reclassification of “Prepaid expenses and other current assets” to “Other assets”.

(e) Adjustment reflects the reclassification of “Intangible assets, net” to “Property and equipment, net”.

(f) Adjustment reflects the reclassification of “Right-of-use assets - operating leases, net” to “Other assets”.

(g) Adjustment reflects the reclassification of “Accounts payable” to “Other current liabilities”.

(h) Adjustment reflects the reclassification of “Accrued expenses” to “Other current liabilities”.

(i) Adjustment reflects the reclassification of “Lease liability – operating, current portion” to “Other current liabilities”.

(j) Adjustment reflects the reclassification of “Lease liability – operating, net of current portion” to “Other long-term liabilities”.

Note 3. Preliminary Purchase Price Allocation

Preliminary Purchase Consideration

The total preliminary merger consideration is calculated as follows:

(in thousands)	As of September 28, 2024
Cash	$ 205,000
Cash acquired	3,850
Preliminary working capital adjustment	(392)
Total preliminary merger consideration	$ 208,458

Preliminary Purchase Price Allocation

The preliminary purchase consideration as shown in the table above is allocated to the identifiable assets acquired and liabilities assumed, and noncontrolling interests of Hiya based on their preliminary estimated fair values. The fair value assessments are preliminary and are based on available information and certain assumptions, which USANA believes are reasonable. The following table sets forth a preliminary allocation of the preliminary purchase consideration to the fair value of the identifiable tangible and intangible assets acquired, liabilities assumed, and noncontrolling interest of Hiya using Hiya’s balance sheet as of September 30, 2024, adjusted for reclassifications and presentational alignment to that of USANA’s historical financial information:

(in thousands)		As of September 28, 2024
Purchase consideration	$	208,458
Assets		
Cash and cash equivalents	$	3,850
Inventories		9,051
Prepaid expenses and other current assets		3,496
Property and equipment, net		256
Intangible assets, net		124,200
Other assets		411
Total assets acquired	$	141,264
Liabilities		
Accounts payable	$	4,517
Other current liabilities		1,483
Other long-term liabilities		316
Total liabilities assumed		6,316
Net assets acquired	$	134,948
Noncontrolling interest	$	54,797
Goodwill	$	128,307

Note 4. Adjustments to the Unaudited Pro Forma Condensed Combined Income Statements

The unaudited pro forma condensed combined income statements for the year ended December 30, 2023 and the nine months ended September 28, 2024 are presented as if the Merger had occurred on January 1, 2023, the first day of fiscal year 2023. The pro forma adjustments which impact the condensed combined income statements for the year ended December 30, 2023 and the nine months ended September 28, 2024 give effect to the events that are directly attributable to the Merger and are expected to have a continuing impact. The pro forma adjustments are based on available information and certain assumptions the Company believes are factually supportable. The pro forma adjustments included in the unaudited pro forma financial statements are as follows:

(a) Adjustment reflects the impact of a change in inventory valuation costing method to align with USANA accounting policies. The impact of the adjustment was a $69 reduction to Cost of sales for the year ended December 30, 2023 and a $31 increase to Cost of sales for the nine months ended September 28, 2024.

(b) Adjustment reflects the impact for amortization expense of acquired intangible assets. The adjustment also removes the impact of non-recurring expenses totaling $412 and $447, for the year ended December 30, 2023 and the nine months ended September 28, 2024, respectively. The following table summarizes the estimated fair value of Hiya's amortizable intangible assets, their estimated useful lives, and amortization for the year ended December 30, 2023 and the nine months ended September 28, 2024.

		Estimated Fair Value	Estimated Useful Life (Years)		Annual 2023 Amortization Expense		Nine months ended September 28, 2024 Amortization Expense
Customer relationship	$	54,700	5	$	10,898	$	8,174
Trade name		69,500	10		6,923		5,192
	$	124,200		$	17,821	$	13,366

Future amortization expense for acquired intangible assets as of December 23, 2024, for the remainder of 2024 and five years thereafter is as follows:

2024	$	294
2025	$	18,164
2026	$	17,821
2027	$	17,821
2028	$	17,821
2029	$	17,643

(c) Adjustment reflects the impact for interest income historically earned from the cash on hand which was utilized to fund the Merger. The impact of the reduction of interest income for the year ended December 30, 2023 and the nine months ended September 28, 2024 is $8,127 and $7,306, respectively.

(d) Adjustment reflects the impact for interest expense related to the portion of the purchase consideration which was financed through the Company's line of credit. The impact of the related interest expense for the year ended December 30, 2023 and the nine months ended September 28, 2024, is $1,581 and $1,229, respectively. The impact of a 1/8% adjustment to the pro forma adjustment related to interest expense is $198 and $154 for the year ended December 30, 2023 and the nine months ended September 28, 2024, respectively.

(e) Adjustment reflects the impact of cash received in COVID-19 Employee Retention Tax Credits that were not used and subsequently returned.

(f) Adjustment reflects the tax effect of the pro forma condensed combined income statement based upon the blended federal and state statutory rates.

(g) Adjustment reflects the impact of the 21.15% Hiya noncontrolling interest impact of the relevant pro forma adjustments to the income statement for the year ended December 30, 2023 and the nine months ended September 28, 2024.

Note 5. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

The unaudited pro forma condensed combined balance sheet as of September 28, 2024 is presented as if the Merger had occurred on September 28, 2024. The pro forma adjustments which impact the unaudited pro forma condensed combined balance sheet as of September 28, 2024 reflect events that are directly attributable to the transaction regardless of whether they have a continuing effect or are nonrecurring. The pro forma adjustments are based on available information and certain assumptions the Company believes are factually supportable. The pro forma adjustments included in the unaudited pro forma financial information are as follows:

(a) Adjustment reflects $208,458 cash consideration transferred, reduced by $23,000 borrowed on the Company's line of credit to finance the transaction.

(b) Adjustment is to record acquired inventory at its estimated fair value. As the Company sells the acquired inventory, its cost of sales will reflect the increased valuation of Hiya inventory, which will temporarily reduce gross margin through the first half of fiscal year 2025. The impact on cost of sales from the Hiya inventory fair value step up is not reflected in the pro forma income statement as it is considered a non-recurring adjustment.

(c) Adjustment reflects the adjustment to goodwill from the excess of the purchase consideration over the assets acquired, liabilities assumed, and noncontrolling interest as of September 28, 2024.

(d) Adjustment reflects the recognition of acquired intangible assets as of September 28, 2024.

(e) Adjustment reflects direct and incremental acquisition costs which are primarily investment bank fees, legal fees, and other professional fees which are not reflected in the pro forma condensed combined income statements.

(f) Adjustment reflects the use of the Company's line of credit to finance $23,000 of the purchase price consideration.

(g) Adjustment reflects the recognition of the Hiya redeemable noncontrolling interest at estimated fair value as of September 28, 2024. In connection with the Merger Agreement, USANA acquired a controlling 78.85% interest of Hiya. Simultaneously, USANA and the remaining noncontrolling interest holders entered into an Amended and Restated Limited Liability Company Agreement ("LLC Agreement") granting USANA the right to buy ("Call Right") and the noncontrolling interest holders the right to cause USANA to purchase ("Put Right") half of the remaining noncontrolling interest units beginning on April 30, 2028, and the remaining unpurchased noncontrolling interest units beginning on April 30, 2030 or, if the Put Right and Call Right have not, collectively, been exercised with respect to all noncontrolling interest units prior to the end of the 2030, the period beginning on April 30th of each year after 2030. The purchase price for the noncontrolling interest units pursuant to the Call Right and Put Right is based on Hiya's Adjusted EBITDA (as defined in the LLC Agreement) for the calendar year immediately prior to the year in which such right is exercised, multiplied by the Company Value Reference Amount (as defined in the LLC Agreement). The Call Right and Put Right are not mandatorily redeemable. The redemption of the noncontrolling interest is contingent upon the passage of time and within the control of the interest holders, therefore, the redeemable noncontrolling interest is classified within the mezzanine section on the pro forma condensed combined balance sheet.

(h) Adjustment reflects the elimination of the Members' equity of Hiya as of the date of the pro forma condensed combined balance sheet.