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 July 4, 2026

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, including 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 August 11, 2026, there were 18,476,534 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 July 4, 2026

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Cautionary Note Regarding Forward-Looking Statements and Certain Risks

This report 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”). 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 may include, but are not limited to, statements regarding future financial results, long-term value creation goals, focus and strategy, integration of acquisitions and performance expectations regarding such acquisitions, productivity, raw material prices and related costs, supply chain, asset impairment, litigation, sustainability and governance efforts, compliance with current or proposed international laws and regulations, the impact of COVID-19 or other pandemics, or geo-political relationships, trade policies, tariffs, tensions, conflicts or wars on our operations. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “seek,” “believe,” “project,” “estimate,” "target", “expect,” “strategy,” "potential", “future,” “likely,” “may,” “should,” "could", “will” and similar references to future periods, or the negative of these terms, or other similar expressions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely unduly on forward-looking statements.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those we project or assume in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission (“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 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. Among some of the 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 are the following:

- Our dependence upon our Core Nutritional and direct sales business model to distribute our nutritional, foods and personal care products and the activities of our independent Brand Partners (whom we formerly referred to as "Associates") to grow our business; our core business is referred to in this report as both our Core Nutritional business and the direct sales business and has experienced a decline in net sales, net income and active Customers over the last few years;

- The evolution of our consolidated business to an omni-channel health and wellness company and related dependence on our acquired direct-to-consumer businesses, Hiya Health Products, LLC ("Hiya") and Rise Wellness, Inc. ("Rise"), to grow our business in channels outside of our Core Nutritional business including direct-to-consumer, retail, and online marketplaces;

- Our ability to invest in R&D, to innovate and produce new products, and to increase the cadence of releasing new products;

- Extensive regulation of our Core Nutritional business and uncertainties relating to the interpretation and enforcement of applicable laws and regulations governing direct selling and anti-pyramiding in the United States, China, and other markets where we have operations;

- The operation of our Core Nutritional 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, (iv) data privacy and security laws and regulations in China, and (v) changes in the Chinese economy, marketplace or consumer environment;

- Export control and trade sanctions laws and regulations which could impair our ability to compete in international markets or subject us to liability if we violate those controls;

- Our Brand Partner Compensation Plan, or changes we may make to it, may be viewed negatively by some Brand Partners, could fail to achieve our desired objectives, and could have a negative impact on our Core Nutritional business;
- Product liability claims, litigation or other liability associated with our products or the manufacturing of our products by us or third parties;
- 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;
- Macroeconomic conditions and other factors, including inflationary pressures, slower economic growth or recession, general conditions affecting consumer spending or discretionary income, or disruptions to our supply chain;
- Hiya's growth strategy, including (i) their expansion into additional distribution channels and international markets, and (ii) ability to adapt to changes in the digital marketing environment to generate customer acquisition, including changes in social media advertising algorithms;
- Rise's growth strategy, including their dependence on product orders from certain key retailers and the risk that future orders do not materialize or meet our forecasts;
- 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 in the legal and regulatory environment including environmental, health and safety regulations, data security and privacy, and 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;
- Geopolitical tensions or conflicts, including impacts from the conflicts involving Russia and Ukraine; Israel and Palestine; and the United States, Israel and Iran; deterioration in foreign relations, as well as disputes or tensions among other countries around the world in general or among the United States, China and other countries;
- Volatile fluctuation in the value of foreign currencies against the U.S. dollar;
- Noncompliance by us or our Brand Partners with any data privacy or security laws or any security breach by us or a third-party involving the misappropriation, loss, destruction or other unauthorized use or disclosure of confidential information;
- Shortages of raw materials, disruptions in the business of our contract manufacturers, significant price increases of key raw materials, and other disruptions to our supply chain;
- Our continued compliance with debt covenants in our credit facility agreement;
- Litigation, tax, and legal compliance risk and costs, especially if materially different from the amount we expect to incur or have accrued for, and any disruptions caused by the same;
- Information technology system failures, data security breaches, data security and privacy compliance, network disruptions, and cybersecurity attacks;
- Acquisition, divestiture, and investment-related risks, including risks associated with our acquisition of Hiya, Rise, or other past or future acquisitions;
- Human capital risks associated with our business, including if we are unable to attract or retain Brand Partner leaders to sell our products or if we lose key management personnel or employees in our Core Nutritional or direct-to-consumer businesses;
- Our ability to adequately protect and enforce our intellectual property and proprietary technology;

- Our ability to incorporate and utilize artificial intelligence technology effectively and compliantly; and
- Other risks and uncertainties, including those listed in the section titled "*Item 1A. Risk Factors*" in our fiscal year 2025 Annual Report on Form 10-K.

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 and consolidated subsidiaries, including Hiya and Rise.

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 July 4, 2026	As of January 3, 2026
ASSETS		
Current assets		
Cash and cash equivalents	$ 168,560	$ 158,380
Trade accounts receivable (net of allowance of $92 and $137, respectively)	3,337	4,285
Inventories	86,343	102,608
Prepaid expenses and other current assets	22,826	23,132
Total current assets	281,066	288,405
Property and equipment, net	94,269	94,383
Goodwill	109,141	137,962
Intangible assets, net	124,615	133,151
Deferred tax assets	29,539	27,209
Other assets	64,580	61,805
Total assets	$ 703,210	$ 742,915
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 15,431	$ 17,263
Line of credit	—	14,000
Other current liabilities	90,244	97,302
Total current liabilities	105,675	128,565
Deferred tax liabilities	4,662	4,892
Other long-term liabilities	21,900	23,186
Total liabilities	132,237	156,643
Redeemable noncontrolling interest	44,667	53,168
Stockholders' equity		
Common stock, $0.001 par value; Authorized -- 50,000 shares, issued and outstanding 18,463 as of July 4, 2026 and 18,281 as of January 3, 2026	18	18
Additional paid-in capital	88,111	83,544
Retained earnings	451,853	465,720
Accumulated other comprehensive income (loss)	(13,676)	(16,178)
Total stockholders' equity attributable to USANA	526,306	533,104
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	$ 703,210	$ 742,915

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)

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Net sales	$ 223,273	$ 235,848	$ 473,491	$ 485,387
Cost of sales	48,339	50,184	107,775	102,629
Gross profit	174,934	185,664	365,716	382,758
Operating expenses:				
Brand Partner incentives	83,475	87,040	172,129	177,025
Selling, general and administrative	82,318	81,906	170,572	173,344
Goodwill impairment	29,137	—	29,137	—
Total operating expenses	194,930	168,946	371,838	350,369
(Loss) earnings from operations	(19,996)	16,718	(6,122)	32,389
Other income (expense):				
Interest income	595	619	1,032	1,342
Interest expense	—	(259)	(240)	(670)
Other, net	501	1,739	1,895	2,495
Other income (expense), net	1,096	2,099	2,687	3,167
(Loss) earnings before income taxes	(18,900)	18,817	(3,435)	35,556
Income taxes	9,051	8,373	17,557	15,822
Net (loss) earnings	(27,951)	10,444	(20,992)	19,734
Net (loss) earnings attributable to redeemable noncontrolling interest	(6,569)	789	(7,125)	677
Net (loss) earnings attributable to USANA	$ (21,382)	$ 9,655	$ (13,867)	$ 19,057
(Loss) earnings per common share attributable to USANA				
Basic	$ (1.16)	$ 0.52	$ (0.75)	$ 1.01
Diluted	$ (1.16)	$ 0.52	$ (0.75)	$ 1.01
Weighted average common shares outstanding				
Basic	18,486	18,513	18,442	18,781
Diluted	18,486	18,536	18,442	18,811
Comprehensive income (loss):				
Net (loss) earnings	$ (27,951)	$ 10,444	$ (20,992)	$ 19,734
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	1,368	3,673	3,246	3,798
Tax (expense) benefit related to foreign currency translation adjustment	(608)	(270)	(744)	(477)
Other comprehensive income (loss), net of tax	760	3,403	2,502	3,321
Comprehensive income (loss)	(27,191)	13,847	(18,490)	23,055
Comprehensive (loss) income attributable to redeemable noncontrolling interest	(6,569)	789	(7,125)	677
Comprehensive (loss) income attributable to USANA	$ (20,622)	$ 13,058	$ (11,365)	$ 22,378

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 six months ended June 28, 2025

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity attributable to USANA
	Shares	Value				
Balance at December 28, 2024	19,064	$ 19	$ 75,816	$ 478,944	$ (22,670)	$ 532,109
Net earnings attributable to USANA				19,057		19,057
Other comprehensive income (loss), net of tax					3,321	3,321
Equity-based compensation expense			6,502			6,502
Common stock repurchased and retired	(927)	(1)	(3,753)	(23,984)		(27,738)
Common stock issued under equity award plans	125	—				—
Tax withholding for net-share settled equity awards			(2,191)			(2,191)
Balance at June 28, 2025	18,262	$ 18	$ 76,374	$ 474,017	$ (19,349)	$ 531,060

For the six months ended July 4, 2026

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity attributable to USANA
	Shares	Value				
Balance at January 3, 2026	18,281	$ 18	$ 83,544	$ 465,720	$ (16,178)	$ 533,104
Net loss attributable to USANA				(13,867)		(13,867)
Other comprehensive income (loss), net of tax					2,502	2,502
Equity-based compensation expense			6,858			6,858
Common stock issued under equity award plans	182	—				—
Tax withholding for net-share settled equity awards			(2,291)			(2,291)
Balance at July 4, 2026	18,463	$ 18	$ 88,111	$ 451,853	$ (13,676)	$ 526,306

The accompanying notes are an integral part of these statements.

For the three months ended June 28, 2025

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity attributable to USANA
	Shares	Value				
Balance at March 29, 2025	18,786	$ 19	$ 74,867	$ 477,628	$ (22,752)	$ 529,762
Net earnings attributable to USANA				9,655		9,655
Other comprehensive income (loss), net of tax					3,403	3,403
Equity-based compensation expense			3,622			3,622
Common stock repurchased and retired	(528)	(1)	(2,091)	(13,266)		(15,358)
Common stock issued under equity award plans	4	—				—
Tax withholding for net-share settled equity awards			(24)			(24)
Balance at June 28, 2025	18,262	$ 18	$ 76,374	$ 474,017	$ (19,349)	$ 531,060

For the three months ended July 4, 2026

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity attributable to USANA
	Shares	Value				
Balance at April 4, 2026	18,457	$ 18	$ 84,733	$ 473,235	$ (14,436)	$ 543,550
Net loss attributable to USANA				(21,382)		(21,382)
Other comprehensive income (loss), net of tax					760	760
Equity-based compensation expense			3,404			3,404
Common stock issued under equity award plans	6	—				—
Tax withholding for net-share settled equity awards			(26)			(26)
Balance at July 4, 2026	18,463	$ 18	$ 88,111	$ 451,853	$ (13,676)	$ 526,306

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)

	Six months ended	
	July 4, 2026	June 28, 2025
Cash flows from operating activities		
Net (loss) earnings	$ (20,992)	$ 19,734
Adjustments to reconcile net (loss) earnings to net cash provided by (used in) operating activities		
Depreciation and amortization	15,951	16,082
Right-of-use asset reduction	3,008	3,767
Loss on sale of property and equipment	26	29
Equity-based compensation expense	6,858	6,502
Deferred income taxes	(3,224)	(6,485)
Inventory write-down	3,069	2,045
Goodwill impairment	29,137	—
Changes in operating assets and liabilities:		
Trade accounts receivable	959	1,729
Inventories	9,421	(12,988)
Prepaid expenses and other assets	715	(2,189)
Accounts payable	(1,860)	5,813
Other liabilities	(9,990)	(6,339)
Net cash provided by (used in) operating activities	33,078	27,700
Cash flows from investing activities		
Payments for the settlement of net investment hedges	(917)	—
Payments for net investment hedge	—	(1,072)
Proceeds from acquisition working capital adjustment	—	865
Proceeds from sale of property and equipment	63	—
Purchases of property and equipment	(5,800)	(7,830)
Net cash provided by (used in) investing activities	(6,654)	(8,037)
Cash flows from financing activities		
Repurchase of common stock	—	(27,507)
Borrowings on line of credit	9,000	1,600
Payments on line of credit	(23,000)	(24,600)
Payments related to tax withholding for net-share settled equity awards	(2,291)	(2,191)
Distributions to redeemable noncontrolling interest	(1,376)	(379)
Net cash provided by (used in) financing activities	(17,667)	(53,077)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1,511	3,032
Net increase (decrease) in cash, cash equivalents, and restricted cash	10,268	(30,382)
Cash, cash equivalents, and restricted cash at beginning of period	161,240	184,508
Cash, cash equivalents, and restricted cash at end of period	$ 171,508	$ 154,126
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 168,560	$ 151,338
Restricted cash included in other assets	2,948	2,788
Total cash, cash equivalents, and restricted cash	$ 171,508	$ 154,126
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 473	$ 662
Income taxes	22,930	25,302
Cash received during the period for:		
Income tax refund	249	45
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations	1,647	6,262
Accrued purchases of property and equipment	13	63
Accrued excise tax for repurchase of common stock	—	231

The accompanying notes are an integral part of these statements.

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

NOTE A – ORGANIZATION, CONSOLIDATION, AND BASIS OF PRESENTATION

USANA Health Sciences, Inc. and subsidiaries ("the Company") is a global nutritional, personal health and wellness company that develops and manufactures high quality, science-based nutritional and personal care products. For financial reporting purposes, the Company categorizes its operations into three reportable segments: Core Nutritional, Hiya, and Rise. Effective January 4, 2026, the Company reorganized its reportable segments to reflect changes in how its chief operating decision maker (CODM) evaluates the Company's business performance and allocates resources. All prior period segment information has been recast to conform to the current period presentation.

Core Nutritional is the Company's primary business with approximately 84% of consolidated net sales year to date 2026. It is grouped and presented in two geographic regions:

Asia Pacific

(1) Asia Pacific is organized into three sub-regions: Greater China, Southeast Asia Pacific, and North Asia. Markets included in each of these sub-regions are as follows:

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

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

(iii) North Asia – Japan and South Korea.

Americas and Europe

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

In 2024, the Company entered into a merger agreement with Hiya Health Products, LLC ("Hiya"), a leading direct-to-consumer provider of high-quality children's health and wellness products, by which the Company acquired a 78.85% controlling ownership interest. Hiya operates and sells products in the United States, and during the first quarter of 2026 expanded into Canada and the United Kingdom. In 2022, the Company acquired Rise Wellness, Inc. ("Rise") and has expanded Rise's product offering, distribution channel, and customer base over the last three years. Rise operates and sells products in the United States and Canada. Consequently, through the Company's Core Nutritional business, Hiya and Rise, we now operate and sell products through an omni-channel platform, which includes direct selling, direct-to-consumer, third-party marketplace (i.e. Amazon), and retail channels.

The condensed consolidated balance sheet as of January 3, 2026, 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 unaudited 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 July 4, 2026, and results of operations and cash flows for the three and six months ended July 4, 2026 and June 28, 2025.

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 3, 2026. The results of operations for the three and six months ended July 4, 2026, are not necessarily indicative of the results that may be expected for the fiscal year ending January 2, 2027.

Certain reclassifications have been made to prior period amounts to conform to current period presentation. These reclassifications had no effect on the reported results of operations. These reclassifications relate to disaggregation of Trade accounts receivable, net, that were previously included within "Prepaid expenses and other current assets" and "Prepaid expenses and other assets" line items of the condensed consolidated balance sheets and the condensed consolidated statements of cash flows, respectively.

Fiscal Year

The Core Nutritional and Rise segments operate on a 52/53-week year, ending on the Saturday closest to December 31. The Hiya segment currently operates on a calendar year end basis ending on December 31.

Recent Accounting Pronouncements

Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-04): Expense Disaggregation Disclosures. The standard is intended to provide investors with more decision-useful information about a public business entity's expenses by improving disclosures on income statement expenses through disclosure of disaggregated information about specific natural expense categories underlying certain relevant income statement expense line items that include one or more of five natural expense categories. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating the impact that adoption of the standard will have on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The standard is intended to modernize old internal-use software guidance written in 1998 to adapt to the agile (i.e. iterative and flexible) basis predominantly used to develop software today. ASU 2025-06 is effective for annual and interim reporting periods beginning after December 15, 2027. Early adoption is permitted as of the beginning of an annual reporting period. The guidance requires adoption on either a prospective, retrospective, or modified prospective basis. The Company is currently evaluating the impact that adoption of the standard will have on its consolidated financial statements.

No other recent accounting pronouncements had, or are expected to have, a material impact on the Company's consolidated financial statements.

NOTE B – FAIR VALUE MEASURES

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

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

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

As of July 4, 2026 and January 3, 2026, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	July 4, 2026	Fair value measurements using Inputs Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 103,109	$ 103,109	$ —	$ —
Foreign currency contracts included in other current liabilities	(26)	—	(26)	—
Deferred compensation liabilities included in other long-term liabilities	(6,465)	—	(6,465)	—

	January 3, 2026	Fair value measurements using Inputs Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 87,851	$ 87,851	$ —	$ —
Foreign currency contracts included in other current liabilities	(26)	—	(26)	—
Deferred compensation liabilities included in other long-term liabilities	(6,024)	—	(6,024)	—

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 July 4, 2026, the fair value of the Hiya reporting unit was estimated using an income approach and a market approach (level 3 measurement), which resulted in an impairment of goodwill in the reporting unit. As of January 3, 2026, the fair value of the Buy-Sell reporting unit was estimated using an income approach and a market approach (level 3 measurement), which resulted in an impairment of goodwill in the reporting unit. Refer to Note C – Goodwill.

As of July 4, 2026 and January 3, 2026, the Company's financial instruments include cash equivalents, restricted cash, accounts receivable, and line of credit. The recorded values of cash equivalents, restricted cash, accounts receivable, and line of credit approximate their fair values based on their short-term nature.

NOTE C – GOODWILL

During the three months ended July 4, 2026, the Company identified a potential impairment indicator within its Hiya reporting unit related to current lower-than-expected financial performance and changes in the near-term forecast. As such, the Company performed a quantitative impairment analysis. Based on the results of this analysis, the Company concluded that the estimated fair value of its Hiya reporting unit was less than its carrying value. The fair value of the Hiya reporting unit was determined using a combination of an income approach, which estimates fair value based upon projected financial information discounted to present values, and a market approach based on guideline public companies.

These methods involve the use of significant estimates, assumptions, and judgments by management. The principal assumptions used in this analysis consisted of management's best estimates of future financial results including revenue growth rates and profitability margins, an appropriate discount rate to apply to projected cash flows, and selection and weighting of market multiples. The impairment resulted primarily from changes to projected financial information, as well as adjustments to market multiples and discount rates to reflect current facts and circumstances.

As a result, the Company recorded a non-cash goodwill impairment charge of $29,137 for the Hiya reporting unit during the second quarter of 2026, included in the "Goodwill impairment" line item of the condensed consolidated statements of comprehensive income. For all other reporting units, the Company identified no indicators that it was more likely than not that their fair values were less than their carrying values.

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The changes in the carrying amount of goodwill, including by reportable segment are as follows:

	Core Nutritional	Hiya	Rise	Total
Balance as of January 3, 2026[(1)]				
Gross goodwill	$ 16,670	$ 127,374	$ 445	$ 144,489
Accumulated impairment losses	(6,527)	—	—	(6,527)
Net goodwill as of January 3, 2026	10,143	127,374	445	137,962
Currency translation adjustment	165	—	—	165
Balance as of April 4, 2026				
Gross goodwill	16,835	127,374	445	144,654
Accumulated impairment losses	(6,527)	—	—	(6,527)
Net goodwill as of April 4, 2026	10,308	127,374	445	138,127
Impairment	—	(29,137)	—	(29,137)
Currency translation adjustment	151	—	—	151
Balance as of July 4, 2026				
Gross goodwill	16,986	127,374	445	144,805
Accumulated impairment losses	(6,527)	(29,137)	—	(35,664)
Net goodwill as of July 4, 2026	$ 10,459	$ 98,237	$ 445	$ 109,141

(1) January 3, 2026 reflects the recast of previously reported goodwill by reportable segment to conform to the Company's reorganized reportable segments, effective January 4, 2026, See Note A and Note K.

NOTE D – INVENTORIES

Inventories consist of the following:

	July 4, 2026	January 3, 2026
Raw materials	$ 27,565	$ 31,732
Work in progress	5,029	5,003
Finished goods	53,749	65,873
Inventories	$ 86,343	$ 102,608
Noncurrent inventories	$ 8,513	$ 4,799

As of July 4, 2026, noncurrent inventories consisted of $7,163 of raw materials and $1,350 of finished goods inventory. As of January 3, 2026, noncurrent inventories consisted of $3,928 of raw materials and $871 of finished goods inventory. Noncurrent inventories are included in the “Other assets” line item on the Company’s condensed consolidated balance sheets. Noncurrent inventory is anticipated to be consumed beyond the Company's normal operating cycle, but prior to obsolescence.

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NOTE E – INVESTMENT IN EQUITY SECURITIES

As of July 4, 2026 and January 3, 2026, 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. The investment was made with the objective of generating long-term total return through capital appreciation, and, where applicable, dividend income.

During the three and six months ended July 4, 2026 and June 28, 2025, no observable price changes occurred and no adjustment to the carrying value of the securities was recorded. Additionally, no impairment of securities was recorded for the three and six months ended July 4, 2026, and June 28, 2025.

NOTE F – 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 Core Nutritional 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.

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 Brand Partners, 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, included in Net sales in the condensed consolidated statements of comprehensive income, for the periods indicated:

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Other revenue	$ 424	$ 566	$ 906	$ 1,064

Hiya's revenue is generated primarily from e-commerce/direct-to-consumer sales, with expansion into retail in the first quarter of 2026. Revenue from online product sales is recognized at the point in time when control of the promised good is transferred to the third-party shipping carrier. The Company receives payments, primarily via credit card and PayPal, for the sale of products at the time customers place orders and subsequent subscription 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 provides incentive offers on initial e-commerce orders. These offers, when accepted by customers, are treated as a reduction to the transaction price.

Rise's revenue is generated primarily from sales to large national retailers and club retailers, with revenue recognized at the point in time when control of the promised good is transferred to the third-party shipping carrier. The transaction price may include variable consideration arising from trade promotional programs, discounts, spoilage, and other retailer deductions. The Company estimates variable consideration using the expected value method based on historical experience, contractual terms, and current market conditions. Variable consideration is recognized as a reduction of net revenue in the period the related sales are recorded.

As of July 4, 2026, one of the Company's customers accounted for more than 10% of trade accounts receivable, representing approximately47% of total trade accounts receivable. As of January 3, 2026, two customers accounted for 10% or more of trade accounts receivable, representing approximately 50% and 16% of total trade accounts receivable.

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Contract liabilities, which are recorded within the "Other current liabilities" line item in the Company's 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. The Company does not recognize assets associated with costs to obtain or fulfill a contract with a customer.

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

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

	July 4, 2026	January 3, 2026
Contract liabilities, included in other current liabilities, at beginning of period	$ 10,640	$ 12,050
Increase due to deferral of revenue at end of period	8,659	10,640
Decrease due to beginning contract liabilities recognized as revenue	(9,208)	(12,050)
Contract liabilities, included in other current liabilities, at end of period	$ 10,091	$ 10,640

NOTE G – LINE OF CREDIT

On June 27, 2025, the Company as borrower, and certain of its material subsidiaries as guarantors, entered into a Third 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.

The Credit Agreement provides for a revolving credit limit for loans to the Company of 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 by up to $200,000.

There was $0 and $14,000 of outstanding debt balance on the Credit Facility as of July 4, 2026 and January 3, 2026, respectively. The obligations of the Company under the Credit Agreement are secured by the pledge of capital stock of subsidiaries of the Company, pursuant to a Security and Pledge Agreement.

Interest on revolving borrowings under the Credit Facility is computed using the Secured Overnight Financing Rate ("SOFR") or the base rate, which is based on the Federal Funds Rate, the Bank of America Prime Rate, or SOFR, adjusted by features specified in the Credit Agreement. The covenants require the Company's rolling four-quarter consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") (as defined in the Credit Agreement) to be equal to or greater than $80,000 for the period of four prior fiscal quarters ending on each of June 28, 2025, September 27, 2025, January 3, 2026, April 4, 2026, and July 4, 2026, and $100,000 for each fiscal quarter ending thereafter. The covenants also require the Company's 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 June 2030.

The Company maintains local lines of credit across different markets to secure sufficient working capital. As of July 4, 2026 and January 3, 2026, there was no balance on the local lines of credit.

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NOTE H – 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 I – 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 condensed consolidated balance sheets at their respective fair values. When the Company becomes a party to a derivative instrument and intends to apply hedge accounting, the Company formally documents the hedge relationship and the risk management objective for undertaking the hedge, the nature of risk being hedged, and the hedged transaction, which includes designating the instrument for financial reporting purposes as a fair value hedge, a cash flow hedge, or a net investment hedge. The Company also documents how the hedging instrument’s effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness.

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

During the six months ended July 4, 2026, the Company entered into and settled a forward foreign currency contract designated as a net investment hedge with a notional amount of $61,766. During the six months ended June 28, 2025, the Company entered into and settled a European option designated as a net investment hedge with a notional amount of $70,062.

For the three and six months ended July 4, 2026 and June 28, 2025, the Company realized losses of $917 and $1,072, respectively, related to its net investment hedges. These amounts were recorded in FCTA within AOCI. The Company assessed hedge effectiveness using the forward rate method and determined that the hedging instruments were highly effective.

As of July 4, 2026, there were no derivatives outstanding for which the Company has applied hedge accounting.

NOTE J – 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.

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

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Net (loss) earnings attributable to USANA	$ (21,382)	$ 9,655	$ (13,867)	$ 19,057
Weighted average common shares outstanding – basic	18,486	18,513	18,442	18,781
Dilutive effect of in-the-money equity awards	—	23	—	30
Weighted average common shares outstanding – diluted	18,486	18,536	18,442	18,811
(Loss) earnings per common share from net (loss) earnings attributable to USANA:				
Basic	$ (1.16)	$ 0.52	$ (0.75)	$ 1.01
Diluted	$ (1.16)	$ 0.52	$ (0.75)	$ 1.01
Equity awards excluded as the impact was anti-dilutive	1,169	396	1,097	431

Under the Company's share repurchase plan, there wereno share repurchases during the three and six months ended July 4, 2026. During the three and six months ended June 28, 2025, the Company repurchased and retired 528 and 927 shares for $15,358 and $27,738, inclusive of accrued excise tax of $151 and $231, respectively.

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.

Because the Company reported a net loss for the three and six months ended July 4, 2026, all potentially dilutive shares have been excluded from the calculation of diluted net loss per share as their effect would have been antidilutive. Accordingly, basic and diluted net loss per share are the same for these two periods. The number of shares excluded for the three and six months ended July 4, 2026 was 6 and 10, respectively.

As of July 4, 2026, the remaining authorized repurchase amount under the stock repurchase plan was $3,965, inclusive of accrued excise tax. There is no expiration date on the remaining approved repurchase amount and no requirement for future share repurchases.

NOTE K – SEGMENT INFORMATION

The Company primarily operates as a global nutrition, personal health and wellness company that develops and manufactures high quality, science-based nutritional, and personal care products. As of the Company's 2025 fiscal year ended January 3, 2026, the Company had two reportable segments: Core Nutritional and Hiya. Additionally, the Company had operating segments that were not material and included as a component of an other category. Effective January 4, 2026, the Company reorganized its reportable segments to three - Core Nutritional, Hiya, and Rise, reflecting the changes in how its chief operating decision maker ("CODM") evaluates the Company's business performance and allocates resources. Additionally, operations of Oola Global, LLC, which was previously included in the other category, were merged into the Core Nutritional segment. All prior period segment information has been recast to conform to the current period presentation.

Management identifies segments based upon the Company's organizational and management reporting structure. The Core Nutritional reportable segment develops and manufactures high quality, science-based nutritional, personal care and skincare products with a primary focus on promoting long-term health and wellness in various geographic markets worldwide that are distributed through the Core Nutritional channel. The Hiya reportable segment is a leading provider of high-quality children's health and wellness products in the U.S. that are distributed primarily through the direct-to-consumer channel, with recent expansion into retail sales. The Rise reportable segment manufactures and sells high-quality protein bars, powdered protein drinks, and ready-to-drink ("RTD") liquid protein drinks that are formulated to help customers achieve their health goals through clean and simple ingredients. Their products are distributed primarily through sales to large national retailers and club retailers, as well as through the direct-to-consumer channel.

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The operating segments primarily reflect the Company's sales channels and represent the way the CODM evaluates the Company's business performance and allocates resources. The CODM is the Company's Chief Executive Officer. The CODM evaluates the performance of each segment based on segment earnings from operations in order to determine how to allocate the Company's resources across its operating segments, including allocating capital and personnel. Transactions between reportable segments are accounted for at cost plus a negotiated mark-up. Intersegment revenues and expenses are eliminated in consolidation and are not included in the Company's consolidated results. The negotiated mark-up is intended to approximate the return that would be expected in an arm's-length transaction and is reviewed periodically by management to ensure it remains commercially reasonable. The CODM does not evaluate operating segments using asset information, accordingly, the Company does not report asset information by segment.

In accordance with FASB Accounting Standards Codification ("ASC") 280, Segment Reporting, the Company has recast prior-period segment information to conform to the current-year presentation. The recast affects the presentation of segment financial information for the periods shown below, but there was no impact on the Company's condensed consolidated financial statements.

Summarized financial information for the Company's reportable segments is shown in the following tables, including significant segment expenses that are regularly reviewed by the CODM.

	Three months ended July 4, 2026			
	Core Nutritional	**Hiya**	**Rise**	**Total**
Net sales [1]	$ 191,605	$ 28,261	$ 3,407	$ 223,273
Less:				
Cost of sales	36,231	9,068	3,040	48,339
Brand Partner incentives	83,475	—	—	83,475
Selling, general and administrative [2]	59,079	21,152	2,087	82,318
Goodwill impairment	—	29,137	—	29,137
Segment earnings (loss) from operations	$ 12,820	$ (31,096)	$ (1,720)	$ (19,996)
Reconciliation of segment earnings from operations				
Interest income				595
Interest expense				—
Other, net				501
Loss before income taxes				$ (18,900)

(1) The Core Nutritional segment excludes $124 and $1,251 of intersegment net sales to Hiya and Rise, respectively.
(2) Includes amortization of acquired intangible assets of $4,456 and $210 for the Hiya and Rise segments, respectively.

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	Three months ended June 28, 2025			
	Core Nutritional	Hiya	Rise	Total
Net sales [1]	$ 199,488	$ 33,931	$ 2,429	$ 235,848
Less:				
Cost of sales	36,396	12,287	1,501	50,184
Brand Partner incentives	87,040	—	—	87,040
Selling, general and administrative [2]	62,745	17,920	1,241	81,906
Segment earnings (loss) from operations	$ 13,307	$ 3,724	$ (313)	$ 16,718
Reconciliation of segment earnings from operations				
Interest income				619
Interest expense				(259)
Other, net				1,739
Earnings before income taxes				$ 18,817

(1) The Core Nutritional segment excludes $1,183 of intersegment net sales to Rise.
(2) Includes amortization of acquired intangible assets of $99, $4,456, and $210, for the Core Nutritional, Hiya, and Rise segments, respectively.

	Six months ended July 4, 2026			
	Core Nutritional	Hiya	Rise	Total
Net sales [1]	$ 396,004	$ 60,411	$ 17,076	$ 473,491
Less:				
Cost of sales	72,980	19,051	15,744	107,775
Brand Partner incentives	172,129	—	—	172,129
Selling, general and administrative [2]	119,826	45,923	4,823	170,572
Goodwill impairment	—	29,137	—	29,137
Segment earnings (loss) from operations	$ 31,069	$ (33,700)	$ (3,491)	$ (6,122)
Reconciliation of segment earnings from operations				
Interest income				1,032
Interest expense				(240)
Other, net				1,895
Loss before income taxes				$ (3,435)

(1) The Core Nutritional segment excludes $1,052 and $14,277 of intersegment net sales to Hiya and Rise, respectively.
(2) Includes amortization of acquired intangible assets of $8,911 and $421 for the Hiya and Rise segments, respectively.

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	Six months ended June 28, 2025			
	Core Nutritional	Hiya	Rise	Total
Net sales [1]	$ 410,312	$ 71,020	$ 4,055	$ 485,387
Less:				
Cost of sales	73,675	26,394	2,560	102,629
Brand Partner incentives	177,025	—	—	177,025
Selling, general and administrative [2]	129,382	41,433	2,529	173,344
Segment earnings (loss) from operations	$ 30,230	$ 3,193	$ (1,034)	$ 32,389
Reconciliation of segment earnings from operations				
Interest income				1,342
Interest expense				(670)
Other, net				2,495
Earnings before income taxes				$ 35,556

(1) The Core Nutritional segment excludes $1,946 of intersegment net sales to Rise.
(2) Includes amortization of acquired intangible assets of $194, $8,911, and $421 for the Core Nutritional, Hiya, and Rise segments, respectively.

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Depreciation and amortization:				
Core Nutritional	$ 2,996	$ 3,065	$ 6,594	$ 6,710
Hiya	4,468	4,468	8,936	8,951
Rise	210	210	421	421
Consolidated total	$ 7,674	$ 7,743	$ 15,951	$ 16,082

No single Brand Partner or customer accounted for 10% or more of net sales for the periods presented. The table below summarizes the approximate percentage of total product revenue for the Company's Core Nutritional, Hiya, and Rise reportable segments, that has been contributed by the Company’s Core Nutritional, foods, and personal care and skincare products for the periods indicated.

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Core Nutritional:				
USANA® Nutritionals	73%	75%	73%	75%
USANA Foods [1]	8%	6%	7%	5%
Personal care and skincare	6%	5%	5%	5%
Hiya	12%	13%	12%	14%
Rise	1%	1%	3%	1%

(1) Includes the Company’s Active Nutrition line.

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Selected Financial Information

Financial information, presented by geographic region is listed below:

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Net sales to external customers:				
Asia Pacific				
Greater China	$ 114,614	$ 113,171	$ 237,948	$ 231,917
Southeast Asia Pacific	28,719	32,887	59,382	68,607
North Asia	13,814	17,166	29,166	36,107
Asia Pacific total	157,147	163,224	326,496	336,631
Americas and Europe [1]	66,126	72,624	146,995	148,756
Consolidated total	$ 223,273	$ 235,848	$ 473,491	$ 485,387

(1) Includes results of the Hiya and Rise segments.

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

	Three months ended		Six months ended	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Net sales:				
China	$ 105,348	$ 102,105	$ 217,858	$ 209,795
United States [1]	49,087	54,082	112,618	112,005

(1) Includes results of the Hiya and Rise segments.

	As of	
	July 4, 2026	January 3, 2026
Long-lived assets:		
United States [1]	$ 77,316	$ 77,137
China	30,207	29,556

(1) Includes balances of the Hiya and Rise segments.

NOTE L – INCOME TAXES

For the three and six months ended July 4, 2026, the Company recorded income tax expense of $9,051 and $17,557, respectively, on loss before income taxes of $18,900 and $3,435, respectively. This compares to the Company’s effective tax rate of 44.5% for both the three and six months ended June 28, 2025, which reflects the Company’s customary relationship between earnings before income taxes and income taxes after considering the impact of foreign, state, and other taxes in excess of the U.S. federal statutory rate of 21%.

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The variation from the Company’s customary effective tax rate relationship for the three and six months ended July 4, 2026 is primarily attributable to (i) the estimated annual effective tax rate on ordinary earnings before income taxes that is significantly higher than in the prior year due primarily to an unfavorable shift in the jurisdictional mix of the Company’s projected earnings, such that losses generated in certain markets are not producing a corresponding income tax benefit while income earned in other, generally higher-taxed, jurisdictions continues to generate income tax expense, and (ii) a $6,346 discrete tax benefit recognized during the three months ended July 4, 2026 related to the non-cash goodwill impairment charge recorded in the Hiya reporting unit (see Note C), which partially offset the increase in income tax expense described above.

NOTE M – REDEEMABLE NONCONTROLLING INTEREST

On December 23, 2024, the Company acquired a controlling financial interest in Hiya. Simultaneously, USANA and the remaining noncontrolling interest holders entered into an Amended and Restated Limited Liability Company Agreement ("LLC Agreement"). The agreement granted 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 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 Company has classified the noncontrolling interest as redeemable within the mezzanine section on the condensed consolidated balance sheets.

The noncontrolling interest was recognized and measured at fair value on the acquisition date. The Company records the redeemable noncontrolling interest at the greater of: (i) the carrying value, which is adjusted each period for the noncontrolling interests' share of net earnings or loss and distributions or (ii) the redemption value. The following is a reconciliation of the changes in the redeemable noncontrolling interest for the periods indicated:

	Three months ended		Six months ended	
	July 4, 2026	**June 28, 2025**	**July 4, 2026**	**June 28, 2025**
Beginning balance	$ 51,236	$ 54,111	$ 53,168	$ 54,223
Net (loss) earnings attributable to redeemable noncontrolling interest	(6,569)	789	(7,125)	677
Distributions to redeemable noncontrolling interest	—	(379)	(1,376)	(379)
Business combination measurement period adjustment	—	(23)	—	(23)
Ending balance	$ 44,667	$ 54,498	$ 44,667	$ 54,498

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

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

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

- Overview
- Products
- 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 3, 2026 ("2025 Form 10-K"), filed with the SEC on March 16, 2026, 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 nutritional supplements, functional foods and personal care products that are sold throughout the world. Historically, we have distributed our products through the direct selling channel, because we believe it is conducive to our vision of improving the overall health and nutrition of individuals and families around the world. On December 23, 2024, we acquired a 78.85% controlling ownership interest in Hiya, a leading provider of high-quality children's health and wellness products. We believe that the addition of Hiya to our business promotes our vision and adds a diversified layer of growth in the direct-to-consumer channel. In 2022, we acquired Rise and have expanded Rise's product offering, distribution channel, and customer base over the last three years. Consequently, through our Core Nutritional business, Hiya, and Rise, we now operate and sell products through an omni-channel platform, which includes direct selling, direct-to-consumer, third-party marketplace and retail channels and organize our business into three reportable segments: Core Nutritional, Hiya, and Rise.

Core Nutritional: Core Nutritional is our primary business with approximately 84% of consolidated net sales during the six months ended July 4, 2026. Our Core Nutritional customer base is primarily comprised of two types of customers: "Brand Partners" and "Preferred Customers," referred to together as "active Customers." Our Brand Partners also sell our products to retail customers. Brand Partners share in our company vision by acting as independent distributors of our products in addition to purchasing our products for their personal use. In 2023, we launched our Affiliate program in the United States, Canada, and Mexico, which offers another sales and compensation opportunity to individuals who are interested in selling USANA products. Affiliates are discussed and reported in the report as part of our Brand Partners. 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 Brand Partners and Preferred Customers who have purchased from us at any time during the most recent three-month period. As of July 4, 2026, we had approximately 384,000 active Customers worldwide in the Core Nutritional business.

We have Core Nutritional 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 six months ended July 4, 2026, net sales outside of the United States represented 91.1% of Core Nutritional 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.

Hiya: Hiya operates and sells products to customers in the United States, Canada, and the United Kingdom. Hiya's customers purchase Hiya products for personal use primarily through a subscription model, which is intended to provide a steady, predictable income stream for Hiya. The ongoing nature of subscriptions fosters stronger relationships with customers by making it easier for them to receive products regularly, which we believe leads to retention and loyalty. Hiya's subscription model also provides important data on customer preferences and behaviors, which enables personalized offerings, efficient marketing and data-driven innovation insights. We evaluate Hiya's customer counts and behavior through their monthly subscribers and only count as "active Monthly Subscribers" those Hiya customers who have purchased from Hiya at any time during the most recent month. Hiya expanded distribution into retail during the first quarter of 2026.

Rise: Rise manufactures and sells high-quality protein bars, powdered drinks, and clear protein drinks that are formulated to help customers achieve their health goals through clean and simple ingredients. Rise's revenue is generated primarily from sales to large national retailers and club retailers.

The following tables summarize operating results as a percentage of net sales for thecurrent and prior-year periods, as indicated:

	Three months ended							
	July 4, 2026				June 28, 2025			
	Core Nutritional	Hiya	Rise	Consolidated	Core Nutritional	Hiya	Rise	Consolidated
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	18.9%	32.1%	89.2%	21.7%	18.2%	36.2%	61.8%	21.3%
Gross profit	81.1%	67.9%	10.8%	78.3%	81.8%	63.8%	38.2%	78.7%
Operating expenses:								
Brand Partner incentives	43.6%	—%	—%	37.4%	43.6%	—%	—%	36.9%
Selling, general and administrative	30.8%	74.8%	61.3%	36.9%	31.5%	52.8%	51.1%	34.7%
Goodwill impairment	—%	103.1%	—%	13.0%	—%	—%	—%	—%
Total operating expenses	74.4%	177.9%	61.3%	87.3%	75.1%	52.8%	51.1%	71.6%
(Loss) earnings from operations	6.7%	(110.0%)	(50.5%)	(9.0%)	6.7%	11.0%	(12.9%)	7.1%
Amortization of acquired intangible assets	—%	15.8%	6.2%	2.1%	—%	13.1%	8.6%	2.0%

	Six months ended							
	July 4, 2026				June 28, 2025			
	Core Nutritional	Hiya	Rise	Consolidated	Core Nutritional	Hiya	Rise	Consolidated
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	18.4%	31.5%	92.2%	22.8%	18.0%	37.2%	63.1%	21.1%
Gross profit	81.6%	68.5%	7.8%	77.2%	82.0%	62.8%	36.9%	78.9%
Operating expenses:								
Brand Partner incentives	43.5%	—%	—%	36.4%	43.1%	—%	—%	36.5%
Selling, general and administrative	30.3%	76.0%	28.2%	35.9%	31.5%	58.3%	62.4%	35.7%
Goodwill impairment	—%	48.2%	—%	6.2%	—%	—%	—%	—%
Total operating expenses	73.8%	124.2%	28.2%	78.5%	74.6%	58.3%	62.4%	72.2%
(Loss) earnings from operations	7.8%	(55.7%)	(20.4%)	(1.3%)	7.4%	4.5%	(25.5%)	6.7%
Amortization of acquired intangible assets	—%	14.8%	2.5%	2.0%	—%	12.5%	10.4%	2.0%

For more information relating to our reportable segments, see Note K to our condensed consolidated financial statements.

Products

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

	Six months ended	
	July 4, 2026	**June 28, 2025**
Product line		
USANA® Nutritionals		
Optimizers	71%	72%
Essentials/CellSentials[1]	15%	16%
USANA Foods[2]	8%	6%
Personal care and Skincare	5%	5%
All other	1%	1%
Key product		
USANA® Essentials/CellSentials	8%	9%
Proflavanol®	8%	9%
Probiotic	6%	8%

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

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

	Six months ended	
Product line	**July 4, 2026**	**June 28, 2025**
Kids Daily Multivitamin	55%	53%
Kids Daily Probiotic	13%	14%
Kids Daily Greens and Superfoods	12%	14%
Kids Bedtime Essentials	11%	11%
Kids Daily Iron	5%	4%
Kids Daily Hydration	2%	1%
Kids Daily Immune	1%	3%
Kids Daily Fiber+	1%	—%

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

	Six months ended	
Product line	July 4, 2026	June 28, 2025
Protein Pop [1]	70%	—%
Bars	29%	91%
Powders	1%	9%

[1] Protein Pop was launched in the third quarter of 2025.

Customers

Core Nutritional

Because we primarily sell our products to a customer base of independent Brand Partners 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. 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 Customers is, therefore, used by management as a key non-financial indicator to evaluate our operational performance.

Sales to Brand Partners accounted for approximately 51% of Core Nutritional business sales during the six months ended July 4, 2026, with the remainder of our sales generated from Preferred Customers. As of July 4, 2026, Brand Partners and Preferred Customers represented approximately 43% and 57%, respectively, of the total active Customer base for the quarter in the Core Nutritional business. The table below summarizes the changes in our active Customer base for the Core Nutritional business by geographic region, rounded to the nearest thousand as of the dates indicated:

	Total active customers by region					
	As of July 4, 2026		As of June 28, 2025		Change from prior year	Percent change
Asia Pacific:						
Greater China	216,000	56.2%	231,000	55.3%	(15,000)	(6.5%)
Southeast Asia Pacific	59,000	15.4%	68,000	16.3%	(9,000)	(13.2%)
North Asia	32,000	8.3%	37,000	8.8%	(5,000)	(13.5%)
Asia Pacific total	307,000	79.9%	336,000	80.4%	(29,000)	(8.6%)
Americas and Europe	77,000	20.1%	82,000	19.6%	(5,000)	(6.1%)
	384,000	100.0%	418,000	100.0%	(34,000)	(8.1%)

Hiya

Hiya's active Monthly Subscribers are comprised of two types: first-time customers and recurring customers. First-time customers are viewed as an investment as the customer is provided a discount, and shipping costs are higher due to the inclusion of a refillable glass bottle. Additionally, as a direct-to-consumer company, customer acquisition is heavily influenced by the level of marketing spend. Recurring customers are not provided the same discount, and shipping costs are lower on refill orders. Both gross margins as well as operating margins improve with recurring customer orders, therefore, profitability margins are affected by sales mix between these two types of customers. As of July 4, 2026 and June 28, 2025, Hiya had approximately 166,000 and 200,400 active Monthly Subscribers, respectively.

Rise

Rise sells its products primarily to large national retailers and club retailers throughout the United States. Rise does not operate under long-term supply agreements with any of its retail customers. Instead, sales are generally made pursuant to purchase orders. As a result, our revenue in any given period is dependent on ordering patterns and inventory management decisions made by our retail customers, which can be difficult to predict and may vary significantly from period to period. Rise offers trade promotions, discounts, spoilage, and other retailer deductions, which are recorded as reductions to gross revenue.

Non-GAAP Financial Measures

We believe that presentation of certain non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes these measures reflect an additional way of viewing aspects of our business that, when viewed with our U.S. GAAP results, provide a more complete understanding of factors and trends affecting our business. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes. We provide such non-GAAP financial information for informational purposes only. Readers should consider the information in addition but not instead of or superior to, our condensed consolidated financial statements prepared in accordance with U.S. GAAP, accompanying this report.

In analyzing business trends and performance, management uses "constant currency" net sales, "local currency" net sales, and other currency-related financial information terms to discuss our financial results in a way we believe is helpful in understanding the impact of fluctuations in foreign-currency exchange rates and facilitating period-to-period comparisons of results of operations and providing 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.

Results of Operations

Summary of Financial Results

Net sales for the second quarter of 2026 decreased 5.3% to $223.3 million, a decrease of $12.6 million, compared with the prior-year quarter. The decrease in sales is primarily the result of a decline in both the Core Nutritional and Hiya segments of $7.9 million and $5.7 million, respectively, partially offset by a $1.0 million increase in net sales for Rise. Additionally, favorable changes in currency exchange rates positively impacted Core Nutritional net sales by an estimated $5.6 million in the current-year quarter.

Net loss attributable to USANA for the second quarter of 2026 was $21.4 million, a decrease compared with net earnings of $9.7 million during the prior-year quarter. The change is primarily attributable to lower net sales, operating margins, a higher effective tax rate, and a goodwill impairment for our Hiya segment in the current-year quarter.

Three months ended July 4, 2026 and June 28, 2025

Net Sales

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

	Net sales by region (in thousands) Three months ended				Change from prior year	Percent change	Currency impact on sales	Percent change excluding currency impact
	July 04, 2026		June 28, 2025					
Core Nutritional:								
Asia Pacific								
Greater China	$ 114,614	51.3%	$ 113,171	48.0%	$ 1,443	1.3%	$ 5,230	(3.3%)
Southeast Asia Pacific	28,719	12.9%	32,887	13.9%	(4,168)	(12.7%)	776	(15.0%)
North Asia	13,814	6.2%	17,166	7.3%	(3,352)	(19.5%)	(991)	(13.8%)
Asia Pacific total	157,147	70.4%	163,224	69.2%	(6,077)	(3.7%)	5,015	(6.8%)
Americas and Europe	34,458	15.4%	36,264	15.4%	(1,806)	(5.0%)	632	(6.7%)
Core Nutritional total	191,605	85.8%	199,488	84.6%	(7,883)	(4.0%)	5,647	(6.8%)
Hiya	28,261	12.7%	33,931	14.4%	(5,670)	(16.7%)	—	(16.7%)
Rise	3,407	1.5%	2,429	1.0%	978	40.3%	—	40.3%
Consolidated total	$ 223,273	100.0%	$ 235,848	100.0%	$ (12,575)	(5.3%)	$ 5,647	(7.7%)

<u>*Core Nutritional Net Sales*</u>

Net sales in the Core Nutritional business for the three-month period ended July 4, 2026 were $191.6 million, down 4.0% when compared to the corresponding period of 2025. On a constant currency basis, net sales in the Core Nutritional business declined 6.8%. The decrease in Core Nutritional net sales was mainly due to the decrease in active Customers.

<u>Asia Pacific:</u> Net sales declined 3.7%, or 6.8% on a constant currency basis during the current-year quarter. Active Customers in this region declined 8.6% year-over-year. The net sales decline in this region reflects a continued challenging environment to attract new customers.

The following table summarizes changes in local currency net sales, active Customer counts, and average spend per active Customer for the markets primarily contributing to the decline in net sales within the Asia Pacific region:

Market	Local currency net sales	Active Customers	Average spend per active Customer
Malaysia	(22.7%)	(25.0%)	2.9%
South Korea	(13.7%)	(13.9%)	0.2%
China	(3.1%)	(5.6%)	0.8%

Americas and Europe: Net sales declined 5.0%, or 6.7% on a constant currency basis during the current-year quarter. Active Customers in this region declined 6.1% year-over-year, partially offset by a slight increase in average spend per active Customer. Year-over-year results in this region reflect a continued challenging environment to attract new customers.

The following table summarizes changes in local currency net sales, active Customer counts, and average spend per active Customer for the markets primarily contributing to the decline in net sales within the Americas and Europe region:

Market	Local currency net sales	Active Customers	Average spend per active Customer
Canada	(13.8%)	(3.7%)	(10.5%)

Hiya Net Sales

Net sales in the Hiya segment for the three-month period ended July 4, 2026 were $28.3 million, down 16.7% when compared to the corresponding period of 2025. The decrease was driven by a challenging digital marketing environment, which created pressure in both net sales and subscriber growth.

Rise Net Sales

Net sales in the Rise segment for the three-month period ended July 4, 2026 were $3.4 million, up 40.3% when compared to the corresponding period of 2025. The increase was primarily the result of sales of Protein Pop through large national retailers and club retailers not present in the prior-year period.

Gross Profit

Consolidated gross profit decreased 40 basis points to 78.3% of net sales, down from 78.7% in the prior-year quarter. Gross profit margin in the Core Nutritional business declined 70 basis points from the prior year to 81.1% of segment net sales, reflecting lower production levels, partially offset by changes in currency and market sales mix. Hiya gross margins increased 410 basis points from the prior year to 67.9% of segment net sales, largely reflecting savings in shipping costs, favorable sales mix, and an acquisition related inventory basis step-up in the last year's second quarter. Rise gross margins of 10.8% primarily reflected a change in sales mix with the growth of Protein Pop.

Brand Partner Incentives

Brand Partner incentives increased 50 basis points to 37.4% of consolidated net sales, up from 36.9% in the prior year quarter. The increase in relative Brand Partner incentives can be attributed to the sales mix between our Core Nutritional business and Hiya and Rise, because Hiya and Rise do not pay Brand Partner incentives. For the Core Nutritional business, Brand Partner incentives were flat year-over-year at 43.6% of segment net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased slightly by $0.4 million in absolute terms during the current-year quarter, or 220 basis points relative to net sales. Selling, general and administrative expense for the Core Nutritional business decreased 70 basis points from the prior year to 30.8% of segment net sales. The decrease is primarily attributable to lower employee compensation associated with the cost realignment initiatives that took place in the fourth quarter of 2025. Hiya, which operates with higher relative selling, general and administrative expense compared to the Core Nutritional business, experienced a notable increase in relative expense that can primarily be attributed to higher advertising and marketing costs. Although small in absolute terms, Rise invested higher relative costs to continue building its retail opportunity.

Goodwill Impairment

Due to current lower-than-expected performance and changes in the near-term forecast in the Hiya reporting unit, the Company took additional steps to perform an interim goodwill impairment test. As a result of this analysis, the Company recorded a non-cash goodwill impairment charge of $29.1 million during second quarter of 2026. This non-cash charge primarily reflects the current performance and changes in near-term forecasts, as well as updated valuation assumptions under applicable accounting standards, including adjustments to market multiples and discount rates. The impairment does not reflect a change in management's commitment to the business. The Company remains confident in the future of Hiya and recognizes the strategic importance as part of our consolidated long-term growth strategy as Hiya leverages their brand across additional channels and international markets. There was no comparable goodwill impairment charge in the three months ended June 28, 2025.

Income Taxes

Income tax expense totaled $9.1 million during the second quarter of 2026 on losses before income taxes of $18.9 million.The disproportionate income tax expense reported for the quarter was driven by changes in current performance and the near-term forecasts for our Hiya and Rise segments, the non-cash goodwill impairment charge, and the updating of the annualized effective income tax rate due to lower consolidated earnings projections and China's increased relative share of taxable income. As a result, the Company recorded income tax expense in a period of pretax loss compared to an effective tax rate of 44.5% for the prior-year quarter (see Note L to the condensed consolidated financial statements).

Diluted (Loss) Earnings per Share Attributable to USANA

Diluted (loss) earnings per share attributable to USANA decreased to $(1.16) during the second quarter of 2026 as compared to $0.52 reported in the prior-year quarter primarily as a result of lower earnings from operations, higher income taxes, and the non-cash charge for goodwill impairment.

Six months ended July 4, 2026 and June 28, 2025

Net Sales

The following table summarizes the changes in net sales by segment for the six months ended as of the dates indicated:

	Net Sales by Region (in thousands) Six months ended							
	July 4, 2026		June 28, 2025		Change from prior year	Percent change	Currency impact on sales	Percent change excluding currency impact
Core Nutritional:								
Asia Pacific								
Greater China	$ 237,948	50.3%	$ 231,917	47.8%	$ 6,031	2.6%	$ 10,216	(1.8%)
Southeast Asia Pacific	59,382	12.5%	68,607	14.1%	(9,225)	(13.4%)	2,718	(17.4%)
North Asia	29,166	6.2%	36,107	7.5%	(6,941)	(19.2%)	(1,151)	(16.0%)
Asia Pacific total	326,496	69.0%	336,631	69.4%	(10,135)	(3.0%)	11,783	(6.5%)
Americas and Europe	69,508	14.6%	73,681	15.2%	(4,173)	(5.7%)	1,955	(8.3%)
Core Nutritional total	396,004	83.6%	410,312	84.6%	(14,308)	(3.5%)	13,738	(6.8%)
Hiya	60,411	12.8%	71,020	14.6%	(10,609)	(14.9%)	—	(14.9%)
Rise	17,076	3.6%	4,055	0.8%	13,021	321.1%	—	321.1%
Consolidated total	$ 473,491	100.0%	$ 485,387	100.0%	$ (11,896)	(2.5%)	$ 13,738	(5.3%)

Core Nutritional Net Sales

Net sales in the Core Nutritional business for the six-month period ended July 4, 2026 were $396.0 million, down 3.5% when compared to the corresponding period of 2025. On a constant currency basis, net sales in the Core Nutritional business declined 6.8%. The decrease in Core Nutritional net sales was mainly due to a 10.1% decrease in active Customers, partially offset by an increase in average spend per active Customer of 2.9%.

Asia Pacific: Net sales declined 3.0%, or 6.5% on a constant currency basis during the current-year period. Active Customers declined 10.8% year-over-year, partially offset by 3.5% higher average spend per customer. The net sales decline in this region reflects a continued challenging environment to attract new customers.

The following table summarizes changes in local currency net sales, active Customer counts, and average spend per active Customer for the markets primarily contributing to the decline in net sales within the Asia Pacific region:

Market	Local currency net sales	Active Customers	Average spend per active Customer
Malaysia	(23.5%)	(31.1%)	10.5%
The Philippines	(18.2%)	(19.4%)	1.5%
South Korea	(16.3%)	(22.5%)	7.7%
China	(1.7%)	(6.7%)	4.2%

Americas and Europe: Net sales declined 5.7%, or 8.3% on a constant currency basis during the current-year period, primarily due to a decline in active Customers of 7.2%. Year-over-year results in this region reflect a continued challenging environment to attract new customers.

The following table summarizes changes in local currency net sales, active Customer counts, and average spend per active Customer for the markets primarily contributing to the decline in net sales within the Americas and Europe region:

Market	Local currency net sales	Active Customers	Average spend per active Customer
Canada	(11.7%)	(5.4%)	(6.8%)
United States	(2.9%)	(1.4%)	(1.5%)

Hiya Net Sales

Net sales in the Hiya segment for the six-month period ended July 4, 2026 were $60.4 million, down 14.9% when compared to the corresponding period of 2025. The decrease was driven by a continued challenging digital marketing environment, which created pressure in both net sales and subscriber growth.

Rise Net Sales

Net sales in the Rise segment for the six-month period ended July 4, 2026 were $17.1 million, up $13.0, or 321.1%, when compared to the corresponding period of 2025. The increase was primarily the result of Protein Pop sales through large national retailers and club retailers not present in the prior-year period.

Gross Profit

Gross profit decreased 170 basis points to 77.2% of net sales, down from 78.9% for the six months ended June 28, 2025. Gross profit margin in the Core Nutritional business declined 40 basis points from the prior year to 81.6% of segment net sales, reflecting lower production levels, partially offset by changes in currency and market sales mix. Hiya gross margins increased 570 basis points from the prior year to 68.5% of segment net sales, largely reflecting savings in shipping costs, favorable sales mix, and an acquisition related inventory basis step-up in the prior year. Rise gross margins of 7.8% primarily reflected a change in sales mix with the growth of Protein Pop.

Brand Partner Incentives

Brand Partner incentives decreased 10 basis points to 36.4% of consolidated net sales, down from 36.5% in the prior-year period. The decrease in relative Brand Partner incentives can be attributed to the sale mix between our Core Nutritional business and Hiya and Rise, because Hiya and Rise do not pay Brand Partner incentives. Brand Partner incentives for the Core segment were up 40 basis points to 43.5% of segment net sales. This increase can be primarily attributed to an unfavorable change in market sales mix, and an increase in incentive promotions.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $2.8 million in absolute terms during the current-year period, but increased 20 basis points from a relative perspective. Selling, general and administrative expense for the Core Nutritional business decreased120 basis points to 30.3% of segment net sales. The decrease is primarily attributable to lower employee compensation associated with the cost realignment initiatives that took place in the fourth quarter of 2025. Hiya, which operates with higher relative selling, general and administrative expense compared to the Core Nutritional business, experienced a notable increase in relative expense that can primarily be attributed to higher advertising and marketing costs. Although small in absolute terms, Rise invested higher relative costs to continue building its retail opportunity.

Goodwill Impairment

Due to current lower-than-expected performance and changes in the near-term forecast in the Hiya reporting unit, the Company took additional steps to perform an interim goodwill impairment test. As a result of this analysis, the Company recorded a non-cash goodwill impairment charge of $29.1 million during second quarter of 2026. This non-cash charge primarily reflects the current performance and changes in near-term forecasts, as well as updated valuation assumptions under applicable accounting standards, including adjustments to market multiples and discount rates. The impairment does not reflect a change in management’s commitment to the business. The Company remains confident in the future of Hiya and recognizes the strategic importance as part of our consolidated long-term growth strategy as Hiya leverages their brand across additional channels and international markets. There was no comparable goodwill impairment charge in the six months ended June 28, 2025.

Income Taxes

Income tax expense totaled $17.6 million during six-month period ended July 4, 2026 on losses before income taxes of $3.4 million.The disproportionate income tax expense reported for the quarter was driven by changes in current performance and the near-term forecasts for our Hiya and Rise segments, the non-cash goodwill impairment charge, and the updating of the annualized effective income tax rate due to lower consolidated earnings projections and China's increased relative share of taxable income. As a result, the Company recorded income tax expense in a period of pretax loss for the year-to-date period compared to an effective tax rate of 44.5% for the prior-year period (see Note L to the condensed consolidated financial statements).

Diluted (Loss) Earnings per Share Attributable to USANA

Diluted (loss) earnings per share attributable to USANA decreased to $(0.75) during the six months ended July 4, 2026 as compared to $1.01 reported in the prior year primarily as a result of lower earnings from operations, higher income taxes, and the non-cash charge for goodwill impairment.

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 our current liquidity, through cash flow from operations along with our line of credit, is adequate to meet our cash requirements and sustain our operations. Maintaining a capital structure that emphasizes sufficient liquidity and adaptability in the prevailing economic climate is our top priority. We actively assess potential acquisition opportunities and investments in complementary ventures. While we continuously aim to preserve ample liquidity and ensure business continuity amid uncertainties, we also explore initiatives such as stock repurchases. These strategic decisions have the potential to impact our liquidity and the ability to navigate these challenging times effectively.

Cash and Cash Equivalents

Cash and cash equivalents increased to $168.6 million as of July 4, 2026, from $158.4 million as of January 3, 2026. Cash flow provided by operating activities was $33.1 million, offset by cash used in financing activities of $17.7 million, and cash used in investing activities of $6.7 million. Additionally, favorable changes in currency exchange rates have impacted cash and cash equivalents, and restricted cash by $1.5 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 July 4, 2026	**As of January 3, 2026**
United States	$ 76.6	$ 28.5
China	57.7	89.3
All other markets	34.3	40.6
Total cash and cash equivalents	$ 168.6	$ 158.4

During the six months ended July 4, 2026, our China subsidiary remitted profits through an annual dividend of $62.3 million to the United States, net of a loss from a dividend hedge and applicable taxes.

Cash Flows Provided by Operations

As discussed above, our principal source of liquidity comes from our net cash flow from operations.

Net cash flow provided by operating activities was $33.1 million for the first six months of 2026. Net earnings combined with adjustments of non-cash items and a decrease in inventory purchases contributed positively to our net cash flow provided by operating activities, partially offset by cash used to pay the 2025 annual employee bonus and accrued Brand Partner incentives.

Net cash flow provided by operating activities was $27.7 million for the first six months of 2025. Net earnings combined with adjustments of non-cash items and an increase in accounts payable contributed positively to our net cash flow provided by operating activities, partially offset by cash used to pay the 2024 annual employee bonus, accrued Brand Partner incentives, and the purchase of inventories.

Line of Credit

Information with respect to our line of credit may be found in Note G to the condensed consolidated financial statements included in Item 1 of Part I of this report.

Share Repurchases

Information with respect to share repurchases may be found in Note J 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 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 2025 Form 10-K. Our significant accounting policies are disclosed in Note A to our Consolidated Financial Statements filed with our 2025 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 2025 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 2025 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 Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow timely decisions regarding any required disclosure. In designing and evaluating these disclosure controls and procedures, management recognizes 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 and Chief Financial Officer evaluated the effectiveness 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 the disclosure controls and procedures were effective to provide reasonable assurance as of July 4, 2026.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended July 4, 2026, 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 H 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 2025 Form 10-K. The risk factors identified in our 2025 Form 10-K have not changed in any material respect.

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

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

Our share repurchase plan has been ongoing since the fourth quarter of 2000, with the Board of Directors periodically approving additional dollar amounts for share repurchases under the plan. At July 4, 2026, the authorized amount available for repurchases under the plan was $34.0 million.

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

During the three months ended July 4, 2026, we did not make any purchases of our common stock under our share repurchase plan.

Item 5. OTHER INFORMATION

During the three months ended July 4, 2026, none of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

Item 6. EXHIBITS

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

Exhibit Number	Description
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: August 13, 2026

/s/ G. Douglas Hekking

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

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: August 13, 2026

/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: August 13, 2026

/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 July 4, 2026 as filed August 13, 2026 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: August 13, 2026	/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 July 4, 2026 as filed August 13, 2026 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: August 13, 2026	/s/ G. Douglas Hekking
	G. Douglas Hekking
	Chief Financial Officer (Principal Accounting and Financial Officer)