

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 September 27, 2025

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
(State or other jurisdiction
of incorporation or organization)

87-0500306
(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 October 31, 2025, there were 18,280,857 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 September 27, 2025

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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 the direct selling business model and the activities of our independent Brand Partners (whom we formerly referred to as “Associates”) to grow our direct selling business;
- Our dependence on our acquired direct-to-consumer businesses, Hiya Health Products, LLC (“Hiya”) and Rise Bar Wellness, Inc. (“Rise”), to grow our business in channels outside of direct selling 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 direct selling business model 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 direct selling 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 direct selling 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;
- 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, trade policies, trade disputes, and tariffs, the impact of customs, duties, taxation, and transfer pricing regulations, as well as regulations governing distinctions between and our responsibilities to employees and independent contractors;
- Geo-political tensions or conflicts, including impacts from the conflicts involving Russia and Ukraine, and Israel and Palestine, 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 direct selling products or if we lose key management personnel or employees in our direct selling or direct-to-consumer businesses;
- Our ability to adequately protect and enforce our intellectual property and proprietary technology; and
- Our ability to utilize or develop artificial intelligence technology effectively.

Unless otherwise indicated or otherwise required by the context, the terms “we,” “our,” “it,” “its,” “Company,” and “USANA” refer to USANA Health Sciences, Inc. and its wholly owned subsidiaries, 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 September 27, 2025	As of December 28, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 145,349	\$ 181,768
Inventories	90,781	69,735
Prepaid expenses and other current assets	27,935	27,684
Total current assets	264,065	279,187
Property and equipment, net	96,212	94,565
Goodwill	144,288	144,168
Intangible assets, net	138,159	151,823
Deferred tax assets	24,157	19,644
Other assets	59,710	58,806
Total assets	\$ 726,591	\$ 748,193
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 16,219	\$ 11,984
Line of credit	—	23,000
Other current liabilities	102,445	104,641
Total current liabilities	118,664	139,625
Deferred tax liabilities	4,467	4,073
Other long-term liabilities	21,907	18,163
Total liabilities	145,038	161,861
Redeemable noncontrolling interest	53,479	54,223
Stockholders' equity		
Common stock, \$0.001 par value; Authorized -- 50,000 shares, issued and outstanding 18,272 as of September 27, 2025 and 19,064 as of December 28, 2024	18	19
Additional paid-in capital	79,850	75,816
Retained earnings	467,495	478,944
Accumulated other comprehensive income (loss)	(19,289)	(22,670)
Total stockholders' equity attributable to USANA	528,074	532,109
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	\$ 726,591	\$ 748,193

The accompanying notes are an integral part of these statements.

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

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net sales	\$ 213,670	\$ 200,221	\$ 699,057	\$ 640,890
Cost of sales	48,815	39,257	151,444	122,659
Gross profit	164,855	160,964	547,613	518,231
Operating expenses:				
Brand Partner incentives	77,684	84,068	254,709	270,197
Selling, general and administrative	85,947	61,295	259,291	189,920
Total operating expenses	163,631	145,363	514,000	460,117
Earnings from operations	1,224	15,601	33,613	58,114
Other income (expense):				
Interest income	578	3,142	1,920	8,581
Interest expense	(49)	(49)	(719)	(152)
Other, net	41	(86)	2,536	(621)
Other income (expense), net	570	3,007	3,737	7,808
Earnings before income taxes	1,794	18,608	37,350	65,922
Income taxes	8,456	8,001	24,278	28,346
Net (loss) earnings	(6,662)	10,607	13,072	37,576
Less: Net (loss) earnings attributable to redeemable noncontrolling interest	(140)	—	537	—
Net (loss) earnings attributable to USANA	\$ (6,522)	\$ 10,607	\$ 12,535	\$ 37,576
(Loss) earnings per common share attributable to USANA				
Basic	\$ (0.36)	\$ 0.56	\$ 0.67	\$ 1.97
Diluted	\$ (0.36)	\$ 0.56	\$ 0.67	\$ 1.96
Weighted average common shares outstanding				
Basic	18,293	19,078	18,618	19,108
Diluted	18,293	19,083	18,671	19,181
Comprehensive income (loss):				
Net (loss) earnings	\$ (6,662)	\$ 10,607	\$ 13,072	\$ 37,576
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	112	7,654	3,910	706
Tax (expense) benefit related to foreign currency translation adjustment	(52)	(845)	(529)	(710)
Other comprehensive income (loss), net of tax	60	6,809	3,381	(4)
Comprehensive income (loss)	(6,602)	17,416	16,453	37,572
Less: comprehensive income (loss) attributable to redeemable noncontrolling interest	(140)	—	537	—
Comprehensive income (loss) attributable to USANA	\$ (6,462)	\$ 17,416	\$ 15,916	\$ 37,572

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 Nine Months Ended September 28, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity Attributable to USANA
	Shares	Value				
Balance at December 30, 2023	19,130	\$ 19	\$ 65,661	\$ 445,217	\$ (13,695)	\$ 497,202
Net earnings attributable to USANA				37,576		37,576
Other comprehensive income (loss), net of tax					(4)	(4)
Equity-based compensation expense			10,945			10,945
Common stock repurchased and retired	(194)	—	(1,180)	(8,303)		(9,483)
Common stock issued under equity award plans	120	—				—
Tax withholding for net-share settled equity awards			(3,149)			(3,149)
Balance at September 28, 2024	19,056	\$ 19	\$ 72,277	\$ 474,490	\$ (13,699)	\$ 533,087

For the Nine Months Ended September 27, 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				12,535		12,535
Other comprehensive income (loss), net of tax					3,381	3,381
Equity-based compensation expense			10,078			10,078
Common stock repurchased and retired	(927)	(1)	(3,753)	(23,984)		(27,738)
Common stock issued under equity award plans	135	—				—
Tax withholding for net-share settled equity awards			(2,291)			(2,291)
Balance at September 27, 2025	18,272	\$ 18	\$ 79,850	\$ 467,495	\$ (19,289)	\$ 528,074

The accompanying notes are an integral part of these statements.

For the Three Months Ended September 28, 2024

	Common Stock		Additional	Retained	Accumulated	Total Stockholders'
	Shares	Value	Paid-in	Earnings	Other	Equity Attributable
			Capital		Comprehensive	to USANA
					Income (Loss)	
Balance at June 29, 2024	19,051	\$ 19	\$ 68,814	\$ 463,883	\$ (20,508)	\$ 512,208
Net earnings attributable to USANA				10,607		10,607
Other comprehensive income (loss), net of tax					6,809	6,809
Equity-based compensation expense			3,542			3,542
Common stock issued under equity award plans	5	—				—
Tax withholding for net-share settled equity awards			(79)			(79)
Balance at September 28, 2024	19,056	\$ 19	\$ 72,277	\$ 474,490	\$ (13,699)	\$ 533,087

For the Three Months Ended September 27, 2025

	Common Stock		Additional	Retained	Accumulated	Total Stockholders'
	Shares	Value	Paid-in	Earnings	Other	Equity Attributable
			Capital		Comprehensive	to USANA
					Income (Loss)	
Balance at June 28, 2025	18,262	\$ 18	\$ 76,374	\$ 474,017	\$ (19,349)	\$ 531,060
Net loss attributable to USANA				(6,522)		(6,522)
Other comprehensive income (loss), net of tax					60	60
Equity-based compensation expense			3,576			3,576
Common stock issued under equity award plans	10	—				—
Tax withholding for net-share settled equity awards			(100)			(100)
Balance at September 27, 2025	18,272	\$ 18	\$ 79,850	\$ 467,495	\$ (19,289)	\$ 528,074

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Cash flows from operating activities		
Net earnings	\$ 13,072	\$ 37,576
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation and amortization	24,001	10,540
Right-of-use asset reduction	5,415	5,805
Loss on sale of property and equipment	124	1
Equity-based compensation expense	10,078	10,945
Deferred income taxes	(4,462)	(4,047)
Inventory write-down	2,415	1,889
Changes in operating assets and liabilities:		
Inventories	(21,143)	(3,794)
Prepaid expenses and other assets	(199)	1,247
Accounts payable	4,131	(3,044)
Other liabilities	(7,693)	(1,911)
Net cash provided by (used in) operating activities	25,739	55,207
Cash flows from investing activities		
Proceeds from the settlement of net investment hedges	—	1,125
Payments for net investment hedge	(1,072)	(870)
Proceeds from acquisition working capital adjustment	865	—
Proceeds from sale of property and equipment	—	64
Purchases of property and equipment	(11,028)	(8,271)
Net cash provided by (used in) investing activities	(11,235)	(7,952)
Cash flows from financing activities		
Repurchase of common stock	(27,507)	(9,444)
Borrowings on line of credit	1,600	689
Payments on line of credit	(24,600)	(1,473)
Payments related to tax withholding for net-share settled equity awards	(2,291)	(3,149)
Distributions to redeemable noncontrolling interest	(1,258)	—
Net cash provided by (used in) financing activities	(54,056)	(13,377)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	3,197	617
Net increase (decrease) in cash, cash equivalents, and restricted cash	(36,355)	34,495
Cash, cash equivalents, and restricted cash at beginning of period	184,508	333,246
Cash, cash equivalents, and restricted cash at end of period	\$ 148,153	\$ 367,741
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	\$ 145,349	\$ 364,889
Restricted cash included in other assets	2,804	2,852
Total cash, cash equivalents, and restricted cash	\$ 148,153	\$ 367,741
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 662	\$ 73
Income taxes	31,515	33,265
Cash received during the period for:		
Income tax refund	149	7
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations	6,502	9,915
Accrued purchases of property and equipment	64	101
Accrued excise tax for repurchase of common stock	231	39

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 nutrition, personal health and wellness company that develops and manufactures high quality, science-based nutritional and personal care products. For financial reporting purposes, we categorize our operations into two reportable segments: direct selling and Hiya direct-to-consumer, with the remaining operating segments that are not currently material reported collectively as "Other" in our segment information.

On December 23, 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. Refer to [Note B](#) - Business Combinations for further discussion.

The Company's direct selling operations are grouped and presented in two geographic regions: (1) Asia Pacific, and (2) Americas and Europe. Asia Pacific is further divided into three sub-regions: (i) Greater China, (ii) Southeast Asia Pacific, and (iii) North Asia.

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. Our 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).

The Condensed Consolidated Balance Sheet as of December 28, 2024, 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 September 27, 2025, and results of operations and cash flows for the three and nine months ended September 27, 2025 and September 28, 2024.

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 December 28, 2024. The results of operations for the three and nine months ended September 27, 2025, are not necessarily indicative of the results that may be expected for the fiscal year ending January 3, 2026.

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

Fiscal Year

The direct selling segment operates on a 52/53-week year, ending on the Saturday closest to December 31. The Hiya segment and the entities included in the other category currently operate on a calendar year end basis ending on December 31.

Recent Accounting Pronouncements*Issued Accounting Pronouncements Not Yet Adopted*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard is intended to benefit investors by providing more detailed income tax disclosures. ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. 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 adoption of the standard will have on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 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 No. 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 adoptions 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 – BUSINESS COMBINATIONS

On December 23, 2024, the Company entered into a merger agreement with 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 (the "Hiya Acquisition"). The total purchase price consideration for Hiya on acquisition date was \$206,161 in cash, which was inclusive of a working capital adjustment relative to a targeted working capital amount in the merger agreement. During the quarter ended June 28, 2025, per the merger agreement, we finalized the working capital adjustment, which resulted in a final purchase price consideration of \$206,074.

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

The following table summarizes the consideration transferred to acquire the 78.85% controlling ownership interest in Hiya and the estimated fair value of the assets acquired, liabilities assumed, and noncontrolling interest at the acquisition date, including measurement period adjustments for the working capital adjustment finalized during the three months ended June 28, 2025:

	Amounts Recognized as of the Acquisition Date	Measurement Period Adjustments	Amount Recognized as of Acquisition Date (as Adjusted)
Fair value of consideration transferred			
Cash consideration	\$ 206,161	\$ (87)	\$ 206,074
Recognized amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	\$ 3,603	\$ —	\$ 3,603
Inventories	11,050	—	11,050
Other current assets	1,753	—	1,753
Intangibles	124,200	—	124,200
Operating lease right-of-use assets	383	—	383
Property and equipment	247	—	247
Other long-term assets	31	—	31
Total assets acquired	\$ 141,267	\$ —	\$ 141,267
Accounts payable	(3,313)	—	(3,313)
Other current liabilities	(4,566)	—	(4,566)
Operating lease liabilities	(408)	—	(408)
Total liabilities assumed	(8,287)	—	(8,287)
Total identifiable net assets	\$ 132,980	\$ —	\$ 132,980
Redeemable noncontrolling interest	54,193	(23)	54,170
Goodwill	\$ 127,374	\$ (110)	\$ 127,264

The following unaudited supplemental pro forma data presents consolidated information as if the Hiya Acquisition had been completed on December 31, 2023. The unaudited pro forma financial information includes adjustments to give effect to pro forma events that are directly attributable to the acquisition. The pro forma financial information includes adjustments to amortization for intangible assets acquired and acquisition costs. The unaudited pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations of future periods. The unaudited pro forma financial information does not give effect to the potential impact of current financial conditions, future revenues, regulatory matters, or any anticipated synergies, operating efficiencies, or cost savings that may be associated with the acquisition. Consequently, actual results will differ from the unaudited pro forma financial information presented below:

(Unaudited)	Three Months Ended September 28, 2024	Nine Months Ended September 28, 2024
Pro forma net sales	\$ 229,985	\$ 721,815
Pro forma net earnings attributable to USANA	6,622	30,562

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NOTE C – FAIR VALUE MEASURES

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

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

As of September 27, 2025 and December 28, 2024, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	September 27, 2025	Fair Value Measurements Using		
		Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	\$ 82,806	\$ 82,806	\$ —	\$ —
Foreign currency contracts included in other current liabilities	(47)	—	(47)	—
Deferred compensation liabilities included in other long-term liabilities	(5,729)	—	(5,729)	—

	December 28, 2024	Fair Value Measurements Using		
		Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	\$ 116,071	\$ 116,071	\$ —	\$ —
Foreign currency contracts included in other current liabilities	(43)	—	(43)	—
Deferred compensation liabilities included in other long-term liabilities	(4,684)	—	(4,684)	—

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 September 27, 2025 and December 28, 2024, none of the Company's non-financial assets were measured at fair value.

As of September 27, 2025 and December 28, 2024, the Company's financial instruments include cash equivalents, restricted cash, and line of credit. The recorded values of cash equivalents and restricted cash approximate their fair values based on their short-term nature.

Acquired assets, liabilities assumed, and redeemable noncontrolling interest of Hiya were measured at fair value at the date of acquisition. Refer to [Note B](#), Business Combinations.

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NOTE D – INVENTORIES

Inventories consist of the following:

	September 27, 2025	December 28, 2024
Raw materials	\$ 33,583	\$ 24,460
Work in progress	4,382	3,612
Finished goods	52,816	41,663
Inventories	\$ 90,781	\$ 69,735
Noncurrent inventories	\$ 2,802	\$ 2,688

As of September 27, 2025, noncurrent inventories consisted of \$2,251 of raw materials and \$551 of finished goods inventory. As of December 28, 2024, noncurrent inventories consisted of \$1,892 of raw materials and \$796 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 our normal operating cycle, but prior to obsolescence.

Inventory for our Hiya segment is carried at the lower of cost or net realizable value using the weighted-average cost method. Net realizable value is determined using various assumptions with regard to excess or slow-moving inventories. Hiya recorded a \$499 valuation adjustment to inventory as of September 27, 2025. Deposits on inventory are included in “Prepaid expenses and other current assets” line item on the Company’s Condensed Consolidated Balance Sheets.

NOTE E – INVESTMENT IN EQUITY SECURITIES

As of September 27, 2025 and December 28, 2024, the carrying amount of equity securities without readily determinable fair value was \$20,000 and is included in the “Other assets” line item on the Company’s Condensed Consolidated Balance Sheets.

During the three and nine months ended September 27, 2025 and September 28, 2024, 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 nine months ended September 27, 2025, and September 28, 2024.

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 sales are for products sold at a point in time and shipped to customers, for which control is transferred as goods are delivered to the third-party carrier for shipment. The Company receives payment, primarily via credit card, for the sale of products at the time customers place orders and payment is required prior to shipment. Contract liabilities, which are recorded within the “Other current liabilities” line item in the Condensed Consolidated Balance Sheets, primarily relate to deferred revenue for product sales for customer payments received in advance of shipment, for outstanding material rights under the initial order program, and for services where control is transferred over time as services are delivered.

Other revenue includes fees, which are paid by the customer at the beginning of the service period, for access to online customer service applications and annual account renewal fees for 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.

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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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Other revenue	\$ 744	\$ 512	\$ 1,808	\$ 1,874

Disaggregation of revenue by geographic region and major product line is included in Segment Information in [Note L](#).

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

	September 27, 2025	December 28, 2024
Contract liabilities, included in other current liabilities, at beginning of period	\$ 12,050	\$ 13,910
Increase due to deferral of revenue at end of period	10,267	12,050
Decrease due to beginning contract liabilities recognized as revenue	(11,282)	(13,910)
Contract liabilities, included in other current liabilities, at end of period	\$ 11,035	\$ 12,050

NOTE G – INTANGIBLE ASSETS

The Company performed its annual goodwill impairment test as of September 27, 2025. The Company performed a qualitative assessment of each reporting unit and determined that it was not more-likely-than-not that the fair value of any reporting unit was less than its carrying amount. As a result, no impairment of goodwill was recognized.

The Company's market capitalization has been, and may continue to be, volatile. Although the Company's analysis did not result in an impairment of goodwill as of September 27, 2025, continuing volatility in the Company's stock price and resulting market capitalization or a significant reduction in the Company's projected cash flows could result in a non-cash impairment charge in a future period.

The Company also performed its annual indefinite-lived intangible asset impairment test as of September 27, 2025. The Company performed a qualitative assessment of the indefinite-lived intangible asset and determined that it was not more-likely-than-not that the fair value of the indefinite-lived intangible asset was less than the carrying amount. As a result, no impairment of the indefinite-lived intangible asset was recognized.

NOTE H – 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 \$23,000 of outstanding debt balance on the Credit Facility as of September 27, 2025 and December 28, 2024, 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,

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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 the period of four prior fiscal quarters ending on October 3, 2026 and 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 September 27, 2025 and December 28, 2024, there was no balance on the local lines of credit.

NOTE I – CONTINGENCIES

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

NOTE J – DERIVATIVE FINANCIAL INSTRUMENTS

The Company's risk management strategy includes the select use of derivative instruments to reduce the effects of volatility in foreign currency exchange exposure on operating results and cash flows. In accordance with the Company's risk management policies, the Company does not hold or issue derivative instruments for trading or speculative purposes. The Company recognizes all derivative instruments as either assets or liabilities in the balance 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 nine months ended September 27, 2025 and September 28, 2024, the Company entered into and settled European options designated as net investment hedges with notional amounts of \$70,062 and \$77,345, respectively. For the nine months ended September 27, 2025 and September 28, 2024, the Company realized (losses) gains of \$(1,072) and \$255, respectively, recorded to FCTA within AOCI. The Company assessed the hedge effectiveness under the forward rate method, determining the hedging instruments were highly effective.

As of September 27, 2025, there were no derivatives outstanding for which the Company has applied hedge accounting.

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NOTE K – COMMON STOCK AND EARNINGS PER SHARE

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

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

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net (loss) earnings attributable to USANA	\$ (6,522)	\$ 10,607	\$ 12,535	\$ 37,576
Weighted average common shares outstanding - basic	18,293	19,078	18,618	19,108
Dilutive effect of in-the-money equity awards	—	5	53	73
Weighted average common shares outstanding - diluted	18,293	19,083	18,671	19,181
(Loss) earnings per common share from net (loss) earnings attributable to USANA:				
Basic	\$ (0.36)	\$ 0.56	\$ 0.67	\$ 1.97
Diluted	\$ (0.36)	\$ 0.56	\$ 0.67	\$ 1.96
Equity awards excluded as the impact was anti-dilutive	368	628	410	570

Under the Company's share repurchase plan, there were no shares repurchased during the three months ended September 27, 2025 and September 28, 2024. During the nine months ended September 27, 2025 and September 28, 2024, the Company repurchased and retired 927 and 194 shares for \$27,738 and \$9,483, inclusive of accrued excise tax of \$231 and \$39, 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.

As of September 27, 2025, 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 L – 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 September 27, 2025, the Company had two reportable segments: direct selling and Hiya direct-to-consumer.

Management identifies segments based upon the Company's organizational and management reporting structure. The direct selling 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 direct selling channel. The Hiya direct-to-consumer segment became a new reportable segment

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resulting from the Hiya Acquisition at the end of 2024, which occurred after September 28, 2024. Hiya is a leading provider of high-quality children's health and wellness products in the U.S. that are distributed through the direct-to-consumer channel. Additionally, the Company has operating segments that are not currently material and included as a component of "Other."

The operating segments reflect the Company's primary sales channels and represent the way the chief operating decision maker ("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. The CODM does not evaluate operating segments using asset information; accordingly, the Company does not report asset information by segment.

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 September 27, 2025			
	Direct selling	Hiya direct-to-consumer	Other	Total
Net sales ⁽¹⁾	\$ 175,825	\$ 30,846	\$ 6,999	\$ 213,670
Less:				
Cost of sales	33,102	10,978	4,735	48,815
Brand Partner incentives	77,552	—	132	77,684
Selling, general and administrative ⁽²⁾	62,672	20,504	2,771	85,947
Segment earnings (loss) from operations	\$ 2,499	\$ (636)	\$ (639)	\$ 1,224
Reconciliation of segment earnings from operations				
Interest income				578
Interest expense				(49)
Other, net				41
Earnings before income taxes				<u>\$ 1,794</u>

⁽¹⁾ The direct selling segment excludes \$4,536 of intersegment net sales.

⁽²⁾ Includes amortization of acquired intangible assets of \$4,461 and \$337 for the Hiya segment and other category, respectively.

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	Three Months Ended September 28, 2024		
	Direct selling	Other	Total
Net sales ⁽¹⁾	\$ 198,467	\$ 1,754	\$ 200,221
Less:			
Cost of sales	38,286	971	39,257
Brand Partner incentives	83,999	69	84,068
Selling, general and administrative ⁽²⁾	59,419	1,876	61,295
Segment earnings (loss) from operations	\$ 16,763	\$ (1,162)	\$ 15,601
Reconciliation of segment earnings from operations			
Interest income			3,142
Interest expense			(49)
Other, net			(86)
Earnings before income taxes			\$ 18,608

⁽¹⁾ The direct selling segment excludes \$585 of intersegment net sales.

⁽²⁾ Includes amortization of acquired intangible assets of \$230 for the other category.

	Nine Months Ended September 27, 2025			
	Direct selling	Hiya direct-to-consumer	Other	Total
Net sales ⁽¹⁾	\$ 585,404	\$ 101,866	\$ 11,787	\$ 699,057
Less:				
Cost of sales	106,576	37,372	7,496	151,444
Brand Partner incentives	254,321	—	388	254,709
Selling, general and administrative ⁽²⁾	190,647	61,937	6,707	259,291
Segment earnings (loss) from operations	\$ 33,860	\$ 2,557	\$ (2,804)	\$ 33,613
Reconciliation of segment earnings from operations				
Interest income				1,920
Interest expense				(719)
Other, net				2,536
Earnings before income taxes				\$ 37,350

⁽¹⁾ The direct selling segment excludes \$6,482 of intersegment net sales.

⁽²⁾ Includes amortization of acquired intangible assets of \$13,372 and \$952 for the Hiya segment and other category, respectively.

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	Nine Months Ended September 28, 2024		
	Direct selling	Other	Total
Net sales ⁽¹⁾	\$ 635,823	\$ 5,067	\$ 640,890
Less:			
Cost of sales	119,999	2,660	122,659
Brand Partner incentives	269,795	402	270,197
Selling, general and administrative ⁽²⁾	184,703	5,217	189,920
Segment earnings (loss) from operations	\$ 61,326	\$ (3,212)	\$ 58,114
Reconciliation of segment earnings from operations			
Interest income			8,581
Interest expense			(152)
Other, net			(621)
Earnings before income taxes			\$ 65,922

⁽¹⁾ The direct selling segment excludes \$1,563 of intersegment net sales.

⁽²⁾ Includes amortization of acquired intangible assets of \$971 for the other category.

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Depreciation and amortization:				
Direct selling	\$ 3,149	\$ 3,229	\$ 9,618	\$ 9,485
Hiya direct-to-consumer	4,468	—	13,419	—
Other	302	340	964	1,055
Consolidated total	\$ 7,919	\$ 3,569	\$ 24,001	\$ 10,540

No single Brand Partner accounted for 10% or more of net sales for the periods presented. The table below summarizes the approximate percentage of total product revenue for our direct selling and Hiya direct-to-consumer segments, and other category, that has been contributed by the Company's nutritional supplements, food, and personal care and skincare products for the periods indicated.

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Direct selling:				
USANA® Nutritionals	74%	86%	74%	87%
USANA Foods ⁽¹⁾	6%	7%	6%	6%
Personal care and skincare	5%	6%	5%	6%
Hiya direct-to-consumer:				
Hiya nutritional supplements	14%	—%	14%	—%
Other	1%	1%	1%	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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net sales to external customers:				
Asia Pacific				
Greater China	\$ 92,571	\$ 102,261	\$ 324,488	\$ 345,389
Southeast Asia Pacific	29,178	37,267	97,785	108,734
North Asia	17,690	20,541	53,797	61,672
Asia Pacific total	139,439	160,069	476,070	515,795
Americas and Europe ⁽¹⁾	74,231	40,152	222,987	125,095
Consolidated total	\$ 213,670	\$ 200,221	\$ 699,057	\$ 640,890

⁽¹⁾ Includes results of the Hiya direct-to-consumer segment.

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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net sales:				
China	\$ 82,616	\$ 91,278	\$ 292,411	\$ 312,147
United States ⁽¹⁾	56,889	21,463	168,894	65,267
South Korea	17,247	20,077	52,451	60,339

⁽¹⁾ Includes results of the Hiya direct-to-consumer segment.

	As of	
	September 27, 2025	December 28, 2024
Long-lived assets:		
United States	\$ 79,342	\$ 81,459
China	29,520	29,304

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

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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 September 27, 2025	Nine Months Ended September 27, 2025
Beginning balance	\$ 54,498	\$ 54,223
Net earnings (loss) attributable to redeemable noncontrolling interest	(140)	537
Distributions to redeemable noncontrolling interest	(879)	(1,258)
Business combination measurement period adjustment	—	(23)
Ending balance	<u>\$ 53,479</u>	<u>\$ 53,479</u>

NOTE N – SUBSEQUENT EVENT

During the fourth quarter of 2025, we initiated and began executing a comprehensive process to align all costs throughout the business globally. This process supports business strategy while ensuring organizational costs are aligned with sales performance. As a result of this realignment and rightsizing process, we expect to incur an estimated one-time charge of \$4,700 in the fourth quarter of 2025.

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 December 28, 2024 (“[2024 Form 10-K](#)”), filed with the SEC on March 12, 2025, and our other filings, including the Current Reports on Form 8-K, that have been filed with the SEC through the date of this report. Forward-looking statements in Part I, Item 2 may involve risks and uncertainties that could cause results to differ materially from those projected (refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements and Certain Risks” on page 1 and the risk factors provided in Part II, Item 1A for discussion of these risks and uncertainties).

Overview

We develop and manufacture high quality, science-based nutritional and personal care and skincare products that are distributed internationally primarily through direct selling. We use this distribution method because we believe it is more conducive to meeting our vision as a company, which is to improve the overall health and nutrition of individuals and families around the world. 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. Consequently, we operate and sell products through both the direct selling and direct-to-consumer channels and organize our business into two reportable segments: direct selling and Hiya direct-to-consumer.

Direct selling: Direct selling is our primary business with approximately 84% of consolidated net sales during the nine months ended September 27, 2025. Our direct selling 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 September 27, 2025, we had approximately 388,000 active Customers worldwide in our direct selling business.

We have direct selling operations in multiple markets, with sales and expenses being generated and incurred in multiple currencies. Our reported U.S. dollar sales and earnings can be significantly affected by fluctuations in currency exchange rates. In general, our operating results are affected positively by a weakening of the U.S. dollar and negatively by a strengthening of the U.S. dollar. During the nine months ended September 27, 2025, net sales outside of the United States represented 90.6% of direct selling 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 direct-to-consumer: Hiya operates and sells products to customers in the United States. 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. As of September 27, 2025, Hiya had approximately 193,400 active Monthly Subscribers.

Other: The "other" category is comprised of Rise Bar Wellness, Inc. ("Rise") and Oola Global, LLC ("Oola"), which are both businesses we acquired in 2022. 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. Oola is a direct selling company that offers a personal development framework and nutritional products that helps individuals create a life of balance, growth, and purpose.

We discuss our "other" category, which is not a reportable segment, together with our "direct selling" segment.

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

	Three Months Ended					
	September 27, 2025			September 28, 2024		
	Direct selling & Other	Hiya direct-to-consumer	Consolidated	Direct selling & Other	Hiya direct-to-consumer	Consolidated
Net sales	100.0%	100.0%	100.0%	100.0%	N/A	100.0%
Cost of sales	20.7%	35.6%	22.8%	19.6%	N/A	19.6%
Gross profit	79.3%	64.4%	77.2%	80.4%	N/A	80.4%
Operating expenses:						
Brand Partner incentives	42.5%	—%	36.4%	42.0%	N/A	42.0%
Selling, general and administrative	35.8%	66.5%	40.2%	30.6%	N/A	30.6%
Total operating expenses	78.3%	66.5%	76.6%	72.6%	N/A	72.6%
Earnings (loss) from operations	1.0%	(2.1%)	0.6%	7.8%	N/A	7.8%
Amortization of acquired intangible assets	0.2%	14.5%	2.2%	0.1%	N/A	0.1%

	Nine Months Ended					
	September 27, 2025			September 28, 2024		
	Direct selling & Other	Hiya direct-to-consumer	Consolidated	Direct selling & Other	Hiya direct-to-consumer	Consolidated
Net sales	100.0%	100.0%	100.0%	100.0%	N/A	100.0%
Cost of sales	19.1%	36.7%	21.7%	19.1%	N/A	19.1%
Gross profit	80.9%	63.3%	78.3%	80.9%	N/A	80.9%
Operating expenses:						
Brand Partner incentives	42.7%	—%	36.4%	42.2%	N/A	42.2%
Selling, general and administrative	33.0%	60.8%	37.1%	29.6%	N/A	29.6%
Total operating expenses	75.7%	60.8%	73.5%	71.8%	N/A	71.8%
Earnings from operations	5.2%	2.5%	4.8%	9.1%	N/A	9.1%
Amortization of acquired intangible assets	0.2%	13.1%	2.0%	0.2%	N/A	0.2%

For more information relating to our reportable segments, see [Note L](#) to our Condensed Consolidated Financial Statements.

Products

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

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Product Line		
USANA® Nutritionals		
Optimizers	71%	71%
Essentials/CellSentials ⁽¹⁾	16%	16%
USANA Foods ⁽²⁾	6%	6%
Personal care and Skincare	6%	6%
All other	1%	1%
Key Product		
USANA® Essentials/CellSentials	10%	10%
Proflavanol®	9%	9%
Probiotic	8%	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 direct-to-consumer segment that has been contributed by major product lines for the current period, as indicated:

Product Line	Nine Months Ended September 27, 2025
Kids Daily Multivitamin	54%
Kids Daily Probiotic	14%
Kids Daily Greens and Superfoods	13%
Kids Bedtime Essentials	11%
Kids Daily Iron	4%
Kids Daily Immune	3%
Kids Daily Hydration	1%

Customers

Direct selling

Because we sell our products to a direct selling 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 53% of direct selling segment sales during the nine months ended September 27, 2025, with the remainder of our sales generated from Preferred Customers. As of September 27, 2025, Brand Partners and Preferred Customers represented approximately 43% and 57%, respectively, of the total active Customer base for the quarter in the direct selling segment. The table below summarizes the changes in our active Customer base for our direct selling segment by geographic region, rounded to the nearest thousand as of the dates indicated:

	Total Active Customers by Region					
	As of September 27, 2025		As of September 28, 2024		Change from Prior Year	Percent Change
Asia Pacific:						
Greater China	210,000	54.1%	243,000	53.7%	(33,000)	(13.6%)
Southeast Asia Pacific	61,000	15.7%	76,000	16.8%	(15,000)	(19.7%)
North Asia	37,000	9.6%	41,000	9.1%	(4,000)	(9.8%)
Asia Pacific total	308,000	79.4%	360,000	79.6%	(52,000)	(14.4%)
Americas and Europe	80,000	20.6%	92,000	20.4%	(12,000)	(13.0%)
	388,000	100.0%	452,000	100.0%	(64,000)	(14.2%)

Hiya direct-to-consumer

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.

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 third quarter of 2025 increased 6.7% to \$213.7 million, an increase of \$13.4 million, compared with the prior-year quarter. The net sales increase was primarily the result of adding quarterly net sales for Hiya of \$30.8 million and incremental net sales of \$5.2 million for the other category, partially offset by a decline in net sales for the direct selling segment.

Direct selling segment net sales were below expectations, primarily due to softer-than-expected Brand Partner productivity during the rollout of our enhanced Brand Partner compensation plan, which began during the third quarter. Our enhanced Brand Partner compensation plan represents a strategic move to modernize our business and better position our Brand Partners, and the Company, for long-term success in a competitive landscape. While we expected a slowdown during this transition, it was more pronounced than anticipated. Our commercial team will remain actively engaged in prioritizing in-person meetings with our Brand Partners in the fourth quarter and into next year, with a focus on training and education, to ensure that recent product launches and compensation plan enhancements are successful and fully leveraged by our global active Brand Partners.

Net loss attributable to USANA for the third quarter of 2025 was \$6.5 million, compared with net earnings of \$10.6 million during the prior-year quarter. The change is primarily attributable to an increase in the estimated annual effective income tax rate. Lower than expected earnings before income taxes coupled with the concentration of operating and administrative expenses in the United States resulted in a meaningful increase in the annualized effective income tax rate in the third quarter from 45% to 65%. The resulting adjustment to income taxes during the current year quarter was approximately \$7.6 million greater than what was expected using the previously anticipated 45% tax rate. Other items also contributed to reduced earnings before income taxes compared to the prior year quarter, including amortization costs of acquired intangible assets as well as lower net interest income attributable to deploying cash reserves related to the acquisition of Hiya.

Three Months Ended September 27, 2025 and September 28, 2024

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)						Change from prior year	Percent change	Currency impact on sales	Percent change excluding currency impact
	Three Months Ended									
	September 27, 2025		September 28, 2024							
Direct Selling:										
Asia Pacific										
Greater China	\$	92,571	43.3%	\$	102,261	51.1%	\$ (9,690)	(9.5%)	\$ 504	(10.0%)
Southeast Asia Pacific		29,178	13.7%		37,267	18.6%	(8,089)	(21.7%)	393	(22.8%)
North Asia		17,690	8.3%		20,541	10.2%	(2,851)	(13.9%)	(403)	(11.9%)
Asia Pacific total		139,439	65.3%		160,069	79.9%	(20,630)	(12.9%)	494	(13.2%)
Americas and Europe		36,386	17.0%		38,398	19.2%	(2,012)	(5.2%)	72	(5.4%)
Direct Selling total		175,825	82.3%		198,467	99.1%	(22,642)	(11.4%)	566	(11.7%)
Hiya		30,846	14.4%		—	—%	30,846	N/A	—	N/A
Other		6,999	3.3%		1,754	0.9%	5,245	299.0%	—	299.0%
Consolidated total	\$	213,670	100.0%	\$	200,221	100.0%	\$ 13,449	6.7%	\$ 566	6.4%

Direct Selling Net Sales

Net sales in our direct selling business (discussed with our "other" category) for the three-month period ended September 27, 2025 were \$182.8 million, down 8.7% when compared to the corresponding period of 2024. On a constant currency basis, net sales in the direct selling segment declined 9.0%. A challenging economic and operating environment, which contributed to a decrease in active Customers, was the primary contributor to lower net sales in the direct selling segment. This decrease was partially offset by modest price increases and higher sales per active Customer. While net sales in the direct selling segment declined year-over-year, net sales in the other category increased \$5.2 million and 299.0%.

Asia Pacific: Net sales declined 12.9%, or 13.2% on a constant currency basis, in this region during the current year quarter. Active Customers in this region declined 14.4% year-over-year, while overall average spend per customer remained consistent year-over-year for the region. The net sales decline reflects a challenging economic and operating environment.

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
China	(11.6%)	(13.3%)	2.2%
Malaysia	(32.6%)	(25.0%)	(10.1%)
South Korea	(12.3%)	(10.0%)	(2.6%)
The Philippines	(19.4%)	(21.1%)	2.1%
Australia	(17.4%)	(7.7%)	(10.6%)

Americas and Europe: Net sales declined 5.2%, or 5.4% on a constant currency basis, in this region during the current year quarter. Active Customers in this region declined 13.0% year-over-year and average spend per customer increased 8.9% year-over-year. Year-over-year results in this region reflect a continued challenging environment to attract new customers, partially offset by an increase in average spend per active Customer.

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
United States	(3.4%)	(12.8%)	10.9%
Canada	(6.3%)	(10.0%)	4.2%
Mexico	(7.0%)	(18.8%)	14.5%

Hiya Net Sales

Our Hiya direct-to-consumer net sales for the three-month period ended September 27, 2025 were \$30.8 million. There were no sales in the corresponding period of 2024 as the acquisition of Hiya occurred in the fourth quarter of 2024.

Gross Profit

Gross profit decreased 320 basis points to 77.2% of net sales, down from 80.4% in the prior-year quarter. The decrease in gross profit is largely attributed to an approximate 210 basis point unfavorable impact on consolidated results from the inclusion of Hiya, which carries lower gross margins relative to the direct selling business. Gross margin in the direct selling business declined 110 basis points from the prior year mainly due to the inclusion of higher sales from the other category, which generates meaningfully lower gross margins. Excluding the impact of the other category, direct selling gross margin improved 50 basis points from the prior-year quarter. This improvement can primarily be attributed to the change in cost attribution from cost of sales to selling, general and administrative expenses resulting from the reorganization of our commercial team, modest price increases, and favorable changes in currency exchange rates.

Brand Partner Incentives

Brand Partner incentives expense is incurred only in the direct selling segment. Brand Partner incentives increased 50 basis points to 42.5% of segment net sales, up from 42.0% in the prior-year quarter. The relative increase was primarily driven by higher accruals for incentives related to the rollout of our enhanced Brand Partner compensation plan as well as an unfavorable change in market sales mix, partially offset by lower accruals for incentive trips and events in the current year quarter. On a consolidated basis, Brand Partner incentives decreased 560 basis points to 36.4% of consolidated net sales, down from 42.0% in the prior-year quarter. This decrease can be attributed to the inclusion of Hiya net sales and the incremental net sales of the other category where no Brand Partner incentives are paid.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$24.7 million in absolute terms during the current year quarter, or 960 basis points relative to net sales. The increase reflects an approximate 440 basis point unfavorable impact on consolidated results from the Hiya direct-to-consumer segment, which has a higher mix of selling, general and administrative expenses compared to the direct selling segment. Hiya's third quarter reflected slightly elevated levels of marketing spend, as well as the inclusion of amortization costs of acquired intangible assets. Relative selling, general and administrative expenses for our direct selling segment increased 520 basis points from the prior year to 35.8% of segment net sales. The increase is primarily due to incremental event costs in the United States for the Global Convention in the current year quarter versus a smaller Americas/Europe Convention in the prior year quarter, and the change in cost attribution from cost of sales to selling, general and administrative expenses resulting from the reorganization of the commercial team, partially offset by a decrease in accrued employee bonus.

Income Taxes

The year-to-date effective tax rate increased to 65.0% from the 43.0% reported in the comparable period of fiscal 2024. The higher effective tax rate was driven by lower-than-expected earnings before income taxes coupled with the

concentration of operating and administrative expenses in the United States, resulting in a disproportionate increase in income taxes during the third quarter. Earnings before income taxes for the current year quarter totaled \$1.8 million with income tax expense of \$8.5 million, or 471% of pretax income. The year-to-date estimated adjustment in the annual effective tax rate in the third quarter resulted in an incremental increase in income taxes of approximately \$7.6 million.

Diluted (Loss) Earnings per Share Attributable to USANA

Diluted earnings per share attributable to USANA decreased to \$(0.36) as compared to \$0.56 reported in the prior-year quarter primarily as a result of the substantially higher income tax provision as well as lower earnings from operations in the current year quarter.

Nine Months Ended September 27, 2025 and September 28, 2024

Net Sales

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

	Net Sales by Region (in thousands)						Percent change excluding currency impact		
	Nine Months Ended				Change from prior year	Percent change		Currency impact on sales	
	September 27, 2025		September 28, 2024						
Direct Selling:									
Asia Pacific									
Greater China	\$	324,488	46.4%	\$	345,389	53.9%	\$	(20,901)	(6.1%)
Southeast Asia Pacific		97,785	14.0%		108,734	17.0%		(10,949)	(10.1%)
North Asia		53,797	7.7%		61,672	9.6%		(7,875)	(12.8%)
Asia Pacific total		476,070	68.1%		515,795	80.5%		(39,725)	(7.7%)
Americas and Europe		109,334	15.6%		120,028	18.7%		(10,694)	(8.9%)
Direct Selling total		585,404	83.7%		635,823	99.2%		(50,419)	(7.9%)
Hiya		101,866	14.6%		—	—%		101,866	N/A
Other		11,787	1.7%		5,067	0.8%		6,720	132.6%
Consolidated total	\$	699,057	100.0%	\$	640,890	100.0%	\$	58,167	9.1%
								(4,984)	9.9%

Direct Selling Net Sales

Net sales in our direct selling business (discussed with our "other" category) for the nine-month period ended September 27, 2025 were \$597.2 million, down 6.8% when compared to the corresponding period of 2024. On a constant currency basis, net sales in the direct selling segment declined 6.0%. A generally lower cadence of promotional activity during the current year period and a decrease in active Customer counts were the primary contributors to lower net sales in the direct selling segment. This decrease was partially offset by modest price increases and higher sales per active Customer.

Asia Pacific: Net sales declined 7.7%, or 7.2% on a constant currency basis, in this region during the current year period. Active Customers in this region declined 9.4% year-over-year, partially offset by 2.4% higher average spend per customer throughout the region. The net sales decline reflects a challenging economic and operating environment.

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
China	(5.6%)	(9.5%)	4.3%
Malaysia	(18.6%)	(13.7%)	(5.4%)
South Korea	(9.1%)	(6.5%)	(2.6%)
The Philippines	(7.6%)	(7.3%)	(0.3%)
Australia	(9.6%)	(9.8%)	(0.1%)

Americas and Europe: Net sales declined 8.9%, or 6.9% on a constant currency basis, in this region during the current year period. Active Customers in this region declined 14.8% year-over-year, while average spend per customer increased 9.3% year-over-year. 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
United States	(8.2%)	(15.6%)	8.7%
Mexico	(6.8%)	(18.0%)	13.4%
Canada	(4.5%)	(12.6%)	9.4%

Hiya Net Sales

Our Hiya direct-to-consumer net sales for the nine-month period ended September 27, 2025 were \$101.9 million. There were no sales in the corresponding period of 2024 as the acquisition of Hiya occurred in the fourth quarter of 2024.

Gross Profit

Gross profit decreased 260 basis points to 78.3% of net sales, down from 80.9% for the nine months ended September 28, 2024. The decrease in gross profit can be entirely attributed to an approximate 260 basis point unfavorable impact on consolidated results from the inclusion of Hiya, which carries lower gross margins relative to the direct selling business. Gross margin in the direct selling business was flat year-over-year, which is primarily attributed to a change in cost attribution from cost of sales to selling, general and administrative expenses resulting from the reorganization of our commercial team, and modest price increases, offset by unfavorable changes in currency exchange rates and market and product sales mix.

Brand Partner Incentives

Brand Partner incentives expense is incurred only in the direct selling segment. Brand Partner incentives within the direct selling business increased 50 basis points to 42.7% of segment net sales, up from 42.2% in the prior-year period. The relative increase was mainly due to higher accruals for incentives related to the rollout of our enhanced Brand Partner compensation plan as well as an unfavorable change in market sales mix, partially offset by modest price increases. On a consolidated basis, Brand Partner incentives decreased 580 basis points to 36.4% of net sales, down from 42.2% in the prior-year period. This decrease can be attributed to the inclusion of Hiya net sales and the incremental net sales for the other category where no Brand Partner incentives are paid.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$69.4 million in absolute terms during the current year period, or 750 basis points relative to net sales. The increase reflects an approximate 410 basis point unfavorable impact on consolidated results from the Hiya direct-to-consumer segment, which has a higher mix of selling, general and

administrative expenses compared to the direct selling segment. Hiya reflected slightly elevated levels of marketing spend, as well as the inclusion of amortization costs of acquired intangible assets, which is approximately \$4.5 million per quarter. Our direct selling segment increased 340 basis points from the prior year to 33.0% of segment net sales. The increase is primarily attributed to the change in cost attribution from cost of sales to selling, general and administrative expenses resulting from the reorganization of our commercial team, higher spending on distributor events, and costs related to the Hiya integration, partially offset by a decrease in employee related costs.

Income Taxes

The year-to-date effective tax rate increased to 65.0% from the 43.0% reported in the comparable period of fiscal 2024. The higher effective tax rate was driven by lower-than-expected earnings before income taxes as well as a concentration of operating and administrative expenses in the United States.

Diluted Earnings per Share Attributable to USANA

Diluted earnings per share attributable to USANA decreased to \$0.67 as compared to \$1.96 reported in the prior year primarily as a result of the substantially higher income tax provision that occurred during the third quarter of 2025, as well as lower earnings from operations and interest income.

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, 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 decreased to \$145.3 million as of September 27, 2025, from \$181.8 million as of December 28, 2024. Cash flow provided by operating activities was \$25.7 million, offset by cash used in financing activities of \$54.1 million, and cash used in investing activities of \$11.2 million. Additionally, favorable changes in currency exchange rates have impacted cash and cash equivalents, and restricted cash by \$3.2 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 September 27, 2025	As of December 28, 2024
United States	\$ 34.5	\$ 43.0
China	76.1	101.2
All other markets	34.7	37.6
Total cash and cash equivalents	<u>\$ 145.3</u>	<u>\$ 181.8</u>

During the nine months ended September 27, 2025, our China subsidiary remitted profits through an annual dividend of \$69.4 million to the United States, inclusive of net loss from a dividend hedge and net of 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 \$25.7 million for the first nine 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 purchases of inventories, cash used to pay the 2024 annual employee bonus, and accrued Brand Partner incentives.

Net cash flow provided by operating activities was \$55.2 million for the first nine months of 2024. Net earnings combined with adjustments of non-cash items contributed positively to our net cash flow provided by operating activities, partially offset by cash used to pay accounts payable, accrued Brand Partner incentives, and the 2023 annual employee bonus and the purchase of inventories.

Line of Credit

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

Share Repurchase

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

Summary

We believe our current cash balances, future cash provided by operations, and amounts available under our line of credit will be sufficient to cover our operating and capital needs in the ordinary course of business for the foreseeable future. If we experience an adverse operating environment or unanticipated and unusual capital expenditure requirements, additional financing may be required. No assurance can be given, however, that additional financing, if required, would be available to us at all or on favorable terms. We might also require or seek additional financing for the purpose of expanding into new markets, growing our existing markets, mergers and acquisitions, share repurchases, 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 2024 Form 10-K. Our significant accounting policies are disclosed in Note A to our Consolidated Financial Statements filed with our 2024 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 2024 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 [2024 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 and Accounting 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 the design and operation of our disclosure controls and procedures (as defined in Rule 13a- 15(e) under the Exchange Act). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 27, 2025.

Changes in Internal Control Over Financial Reporting

On December 23, 2024, the Company acquired Hiya. We continue to integrate Hiya's controls and processes into our control environment and will incorporate Hiya in our assessment of the effectiveness of our internal control over financial reporting as of the end of 2025. Other than the change related to the integration of Hiya, as described above, there were no changes in our internal control over financial reporting during the three months ended September 27, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Information with respect to our legal proceedings may be found in [Note I](#) to the Condensed Consolidated Financial Statements included in Item 1 Part I of this report.

Item 1A. RISK FACTORS

Our business, results of operations, and financial condition are subject to various risks. Our material risk factors are disclosed in Part I, Item 1A of our [2024 Form 10-K](#). The risk factors identified in our 2024 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 September 27, 2025, 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 September 27, 2025, we did not make any purchases of our common stock under our share repurchase plan.

Item 5. OTHER INFORMATION

During the three months ended September 27, 2025, 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	<u>*Certification of Principal Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>*Certification of Principal Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>*Certification of Principal Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350</u>
32.2	<u>*Certification of Principal Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350</u>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data file (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 5, 2025

USANA HEALTH SCIENCES, INC.

/s/ G. Douglas Hekking

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

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Jim H. Brown, certify that:

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

Date: November 5, 2025

/s/ Jim H. Brown

Jim H. Brown
Chief Executive Officer
(Principal Executive Officer)

CHIEF FINANCIAL OFFICER CERTIFICATION

I, G. Douglas Hekking, certify that:

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

Date: November 5, 2025

/s/ G. Douglas Hekking

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

**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 September 27, 2025 as filed November 5, 2025 with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of USANA Health Sciences, Inc.

Date: November 5, 2025

/s/ Jim H. Brown

Jim H. Brown

Chief Executive Officer
(Principal Executive Officer)

**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 September 27, 2025 as filed November 5, 2025 with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of USANA Health Sciences, Inc.

Date: November 5, 2025

/s/ G. Douglas Hekking

G. Douglas Hekking

Chief Financial Officer

(Principal Accounting and Financial Officer)