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: June 30, 2024

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 No. 000-24657

MANNATECH, INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Texas	**75-2508900**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1410 Lakeside Parkway, Suite 200, Flower Mound, Texas	**75028**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, including Area Code: **(972) 471-7400**

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, par value $0.0001 per share	MTEX	The Nasdaq Stock Market LLC

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 definitions of "accelerated filer", "large 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, indicated 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 July 31, 2024, the number of shares outstanding of the registrant's sole class of common stock, par value $0.0001 per share, was 1,884,814.

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Special Note Regarding Forward-Looking Statements

Certain disclosures and analyses in this Form 10-Q, including information incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 that are subject to various risks and uncertainties. Opinions, forecasts, projections, guidance, or other statements other than statements of historical fact are considered forward-looking statements and reflect only current views about future events and financial performance. Some of these forward-looking statements include statements regarding:

- management's plans and objectives for future operations;
- existing cash flows being adequate to fund future operational needs;
- future plans related to budgets, future capital requirements, market share growth, and anticipated capital projects and obligations;
- the realization of net deferred tax assets;
- the ability to curtail operating expenditures;
- global statutory tax rates remaining unchanged;
- the impact of future market changes due to exposure to foreign currency translations;
- the possibility of certain policies, procedures, and internal processes minimizing exposure to market risk;
- the impact of new accounting pronouncements on financial condition, results of operations, or cash flows;
- the outcome of new or existing litigation matters;
- the outcome of new or existing regulatory inquiries or investigations; and
- other assumptions described in this report underlying such forward-looking statements.

Although we believe that the expectations included in these forward-looking statements are reasonable, these forward-looking statements are subject to certain events, risks, assumptions, and uncertainties, including those discussed below, the "Risk Factors" section in Part I, Item 1A of our Form 10-K for the year ended December 31, 2023, and elsewhere in this Form 10-Q and the documents incorporated by reference herein. If one or more of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results and developments could materially differ from those expressed in or implied by such forward-looking statements. For example, any of the following factors could cause actual results to vary materially from our projections:

- overall growth or lack of growth in the nutritional supplements industry;
- plans for expected future product development;
- changes in manufacturing costs;
- shifts in the mix of packs and products;
- the future impact of any changes to global associate career and compensation plans or incentives or the regulations governing such plans and incentives;
- the ability to attract and retain independent associates and preferred customers;
- new regulatory changes that may affect operations, products or compensation plans and incentives;
- ability of our outside suppliers and manufacturers to supply products in sufficient quantities and comply with our product safety and quality standards or applicable law;
- the competitive nature of our business with respect to products and pricing;
- publicity related to our products or network marketing; and
- the political, social and economic climate of the countries in which we operate.

Forward-looking statements generally can be identified by use of phrases or terminology such as "may," "will," "should," "could," "would," "expects," "plans," "intends," "anticipates," "believes," "estimates," "approximates," "predicts," "projects," "hopes," "potential," and "continues" or other similar words or the negative of such terms and other comparable terminology. Similarly, descriptions of Mannatech's objectives, strategies, plans, goals, or targets contained herein are also considered forward-looking statements. Readers are cautioned when considering these forward-looking statements to keep in mind these risks, assumptions, and uncertainties and any other cautionary statements in this report, as all of the forward-looking statements contained herein speak only as of the date of this report.

Unless stated otherwise, all financial information throughout this report and in the Condensed Consolidated Financial Statements and related Notes include Mannatech, Incorporated and all of its subsidiaries on a consolidated basis and may be referred to herein as "Mannatech," "the Company," "its," "we," "us," "our," or "their."

Our products are not intended to diagnose, cure, treat, or prevent any disease, and any statements about our products contained in this report have not been evaluated by the Food and Drug Administration, also referred to herein as the "FDA".

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements
MANNATECH, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

ASSETS	June 30, 2024 (unaudited)	December 31, 2023
Cash and cash equivalents	$ 9,196	$ 7,731
Restricted cash	938	938
Accounts receivable, net of allowance of $1,364 and $1,278	99	91
Income tax receivable	416	465
Inventories, net	13,155	14,535
Prepaid expenses and other current assets	2,214	1,774
Deferred commissions	1,910	2,130
Total current assets	**27,928**	**27,664**
Property and equipment, net	3,303	4,147
Operating lease right-of-use assets	2,807	3,315
Other assets	3,511	3,751
Deferred tax assets, net	1,690	1,611
Long-term restricted cash	676	718
Total assets	**$ 39,915**	**$ 41,206**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commissions and incentives payable	$ 8,011	$ 8,175
Accrued expenses	5,965	6,779
Deferred revenue	4,152	4,786
Accounts payable	3,454	4,010
Taxes payable	1,743	1,521
Current notes payable	369	240
Current portion of finance lease liabilities	267	269
Total current liabilities	**23,961**	**25,780**
Long-term notes payable	3,600	—
Operating lease liabilities, excluding current portion	1,975	2,582
Other long-term liabilities	1,360	1,404
Finance lease liabilities, excluding current portion	820	956
Total liabilities	**31,716**	**30,722**
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.0001 par value, 99,000,000 shares authorized, 2,742,857 shares issued and 1,884,814 shares outstanding as of June 30, 2024 and 2,742,857 shares issued and 1,860,154 shares outstanding as of December 31, 2023	—	—
Additional paid-in capital	32,982	33,309
Accumulated deficit	(745)	(1,301)
Accumulated other comprehensive loss	(4,102)	(1,015)
Treasury stock, at average cost, 858,043 shares as of June 30, 2024 and 882,703 shares as of December 31, 2023	(19,936)	(20,509)
Total shareholders' equity	**8,199**	**10,484**
Total liabilities and shareholders' equity	**$ 39,915**	**$ 41,206**

See accompanying notes to unaudited condensed consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS – *(UNAUDITED)*
(in thousands, except per share information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net sales	**$ 27,740**	**$ 32,594**	**$ 57,133**	**$ 66,708**
Cost of sales	6,363	7,004	12,658	14,417
Gross profit	**21,377**	**25,590**	**44,475**	**52,291**
Operating expenses:				
Commissions and incentives	11,660	13,465	23,345	27,022
Selling and administrative expenses	10,860	13,079	21,452	25,510
Total operating expenses	22,520	26,544	44,797	52,532
Loss from operations	**(1,143)**	**(954)**	**(322)**	**(241)**
Interest (expense) income, net	(105)	(10)	(87)	14
Other income, net	1,120	150	1,990	483
(Loss) income before income taxes	**(128)**	**(814)**	**1,581**	**256**
Income tax expense	(496)	(291)	(1,025)	(757)
Net (loss) income	**$ (624)**	**$ (1,105)**	**$ 556**	**$ (501)**
(Loss) income per common share:				
Basic	**$ (0.33)**	**$ (0.59)**	**$ 0.30**	**$ (0.27)**
Diluted	**$ (0.33)**	**$ (0.59)**	**$ 0.30**	**$ (0.27)**
Weighted-average common shares outstanding:				
Basic	**1,885**	**1,870**	**1,885**	**1,871**
Diluted	**1,885**	**1,870**	**1,885**	**1,871**

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS – *(UNAUDITED)*
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net (loss) income	**$ (624)**	**$ (1,105)**	**$ 556**	**$ (501)**
Foreign currency translations	(1,656)	(651)	(3,087)	(1,450)
Comprehensive loss	**$ (2,280)**	**$ (1,756)**	**$ (2,531)**	**$ (1,951)**

See accompanying notes to unaudited condensed consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY – *(UNAUDITED)*
(amounts in thousands, except share data)

	Common Stock, $0.0001 par value						
	Number of Shares	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Treasury stock	Total shareholders' equity
Balance at January 1, 2024	**1,860,154**	**$ —**	**$ 33,309**	**$ (1,301)**	**$ (1,015)**	**$ (20,509)**	**$ 10,484**
Net income	—	—	—	1,180	—	—	1,180
Charge related to stock-based compensation	—	—	12	—	—	—	12
Issuance of unrestricted shares	24,660	—	(373)	—	—	573	200
Foreign currency translations	—	—	—	—	(1,431)	—	(1,431)
Balance at March 31, 2024	**1,884,814**	$ —	**$ 32,948**	**$ (121)**	**$ (2,446)**	**$ (19,936)**	**$ 10,445**
Net loss	—	—	—	(624)	—	—	(624)
Charge related to stock-based compensation	—	—	34	—	—	—	34
Foreign currency translations	—	—	—	—	(1,656)	—	(1,656)
Balance at June 30, 2024	**1,884,814**	$ —	**$ 32,982**	**$ (745)**	**$ (4,102)**	**$ (19,936)**	**$ 8,199**

	Common Stock, $0.0001 par value						
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total shareholders' equity
Balance at January 1, 2023	**1,858,800**	**$ —**	**$ 33,377**	**$ 1,686**	**$ (208)**	**$ (20,679)**	**$ 14,176**
Net income	—	—	—	604	—	—	604
Payment of cash dividends	—	—	—	(375)	—	—	(375)
Charge related to stock-based compensation	—	—	11	—	—	—	11
Issuance of unrestricted shares	12,808	—	(76)	—	—	299	223
Stock option exercises	2,000	—	(35)	—	—	47	12
Foreign currency translations	—	—	—	—	(799)	—	(799)
Balance at March 31, 2023	**1,873,608**	**$ —**	**$ 33,277**	**$ 1,915**	**$ (1,007)**	**$ (20,333)**	**$ 13,852**
Net loss	—	—	—	(1,105)	—	—	(1,105)
Payment of cash dividends	—	—	—	(373)	—	—	(373)
Charge related to stock-based compensation	—	—	17	—	—	—	17
Repurchase of common stock	(7,396)	—	—	—	—	(98)	(98)
Foreign currency translations	—	—	—	—	(651)	—	(651)
Balance at June 30, 2023	**1,866,212**	**$ —**	**$ 33,294**	**$ 437**	**$ (1,658)**	**$ (20,431)**	**$ 11,642**

See accompanying notes to unaudited condensed consolidated financial statements.

MANNATECH, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – *(UNAUDITED)*
(in thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	**$ 556**	**$ (501)**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	803	774
Non-cash operating lease expense	789	823
Provision for inventory losses	370	275
Provision for allowance for credit losses	106	130
Loss on retirement of fixed assets	126	—
(Gain) on disposal of subsidiary entity	(226)	—
Unrealized loss (gain) from foreign exchange	(1,895)	—
Charge related to stock-based compensation	246	251
Deferred income taxes	(79)	337
Changes in operating assets and liabilities:		
Accounts receivable	(133)	(557)
Income tax receivable	45	1
Inventories	520	(1,387)
Prepaid expenses and other current assets	26	695
Deferred commissions	206	624
Other assets	(43)	122
Accounts payable	(506)	1,464
Accrued expenses	(850)	(920)
Other long-term liabilities	(651)	(626)
Taxes payable	326	(1,543)
Commissions and incentives payable	64	(522)
Deferred revenue	(592)	(776)
Net cash provided by (used in) operating activities	**(792)**	**(1,336)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(143)	(354)
Net cash used in investing activities	**(143)**	**(354)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock options exercised	—	12
Repurchase of common stock	—	(98)
Payment of cash dividends	—	(748)
Proceeds from notes payable	3,600	—
Repayment of finance lease obligations and other long-term liabilities	(491)	(446)
Net cash provided by (used in) financing activities	**3,109**	**(1,280)**
Effect of currency exchange rate changes on cash and cash equivalents	(751)	(1,455)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**1,423**	**(4,425)**
Cash, cash equivalents, and restricted cash at the beginning of the period	9,387	15,197
Cash, cash equivalents, and restricted cash at the end of the period	**$ 10,810**	**$ 10,772**

See accompanying notes to unaudited condensed consolidated financial statements.

		Six Months Ended June 30,		
		2024		2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Income taxes paid	$	586	$	2,390
Interest paid on finance leases and other financing arrangements	$	160	$	27
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Assets acquired through other financing arrangements	$	446	$	497
Operating lease right-of-use assets acquired in exchange for new operating lease liabilities	$	304	$	340
Finance lease right-of-use assets acquired in exchange for new finance lease liabilities	$	—	$	1,345

See accompanying notes to unaudited condensed consolidated financial statements.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mannatech, Incorporated (together with its subsidiaries, the "Company"), located in Flower Mound, Texas, was incorporated in the state of Texas on November 4, 1993 and is listed on the Nasdaq Global Select Market under the symbol "MTEX." The Company develops, markets, and sells high-quality, proprietary nutritional supplements, skin care and anti-aging products, and weight-management products. We currently sell our products into three regions: (i) the Americas (the United States, Canada and Mexico); (ii) EMEA (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Thailand, Hong Kong, and China). During the quarter ended June 30, 2024 the Company liquidated its entity in Sweden, Mannatech Sverige AB.

The Company sells its products principally through network marketing distribution channels via its active associates ("independent associate" or "associates" or "distributors") and its "preferred customers," Active business building associates and preferred customers purchase the Company's products at published wholesale prices. The Company cannot distinguish products sold for personal use from other sales, when sold to associates, because it is not involved with the products after delivery, other than usual and customary product warranties and returns. Only associates are eligible to earn commissions and incentives. We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland. The Company operates a non-direct selling business in mainland China. Our subsidiary in China, Meitai Daily Necessity & Health Products Co., Ltd. ("Meitai"), is operating as a traditional retailer under a cross-border e-commerce model in China. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with instructions for Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, the Company's condensed consolidated financial statements and footnotes contained herein do not include all of the information and footnotes required by GAAP to be considered "complete financial statements". However, in the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements and footnotes contain all adjustments, including normal recurring adjustments, considered necessary for a fair presentation of the Company's consolidated financial information as of, and for, the periods presented. The Company cautions that its consolidated results of operations for an interim period are not necessarily indicative of its consolidated results of operations to be expected for its fiscal year. The December 31, 2023 consolidated balance sheet was included in the audited consolidated financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2023 and filed with the United States Securities and Exchange Commission (the "SEC") on March 28, 2024 (the "2023 Annual Report"), which includes all disclosures required by GAAP. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2023 Annual Report.

Principles of Consolidation

The condensed consolidated financial statements and footnotes include the accounts of Mannatech and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in accordance with GAAP requires the use of estimates that affect the reported value of assets, liabilities, revenues and expenses. These estimates are based on historical experience and various other factors. The Company continually evaluates the information used to make these estimates as the business and economic environment changes. Historically, actual results have not varied materially from the Company's estimates and the Company does not currently anticipate a significant change in its assumptions related to these estimates. However, actual results may differ from these estimates under different assumptions or conditions.

The use of estimates is pervasive throughout the condensed consolidated financial statements, but the accounting policies and estimates considered the most significant are described in this note to the condensed consolidated financial statements, *Organization and Summary of Significant Accounting Policies*.

Significant Accounting Policies

Our significant accounting policies are described in the notes to our consolidated financial statements for the year ended December 31, 2023 included in our 2023 Annual Report. There have been no significant changes in our accounting policies or the application thereof during the first or second quarter of 2024.

Basis of Presentation

Certain prior year amounts have been reclassified on the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations to conform to the current year presentation. These reclassifications had no effect on the previously reported results of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents was $9.2 million at June 30, 2024 and $7.7 million at December 31, 2023. The Company includes in its cash and cash equivalents credit card receivables due from its credit card processor, as the cash proceeds from credit card receivables are received within 24 to 72 hours. At June 30, 2024 and December 31, 2023, credit card receivables were $2.2 million and $1.4 million, respectively, and cash and cash equivalents held in bank accounts in foreign countries totaled $3.9 million and $3.5 million at June 30, 2024 and December 31, 2023, respectively. The Company invests cash in liquid instruments, such as money market funds and interest-bearing deposits. The Company holds cash in high quality financial institutions and does not believe it has an excessive exposure to credit concentration risk.

A significant portion of our cash and cash equivalent balances were concentrated within the Republic of Korea, with cash and cash equivalents totaling $3.2 million and $2.3 million at June 30, 2024 and December 31, 2023, respectively. In addition, for the three and six months ended June 30, 2024 and 2023, a concentrated portion of our operating cash flows were earned from operations within the Republic of Korea. An adverse change in economic conditions within the Republic of Korea could negatively affect the Company’s results of operations.

Restricted Cash

The Company is required to restrict cash for: (i) direct selling insurance premiums and credit card sales in the Republic of Korea; (ii) reserve on credit card sales in the United States and Canada; and (iii) the Australia building lease collateral. At June 30, 2024 and December 31, 2023, our total restricted cash was $1.6 million and $1.7 million, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Company's condensed consolidated balance sheets to the total amount presented in the condensed consolidated statement of cash flows *(in thousands)*:

	June 30, 2024	December 31, 2023	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 9,196	$ 7,731	$ 9,374	$ 13,777
Current restricted cash	938	938	938	944
Long-term restricted cash	676	718	460	476
Cash, cash equivalents, and restricted cash	$ 10,810	$ 9,387	$ 10,772	$ 15,197

Accounts Receivable, net

Accounts receivable are carried at their estimated collectible amounts. Receivables are created upon shipment of an order if the credit card payment is rejected or does not match the order total. As of June 30, 2024 and December 31, 2023, receivables consisted primarily of amounts due from preferred customers and associates.

The Company's accounts receivable balances, net, are presented below *(in thousands)*:

	June 30, 2024	December 31, 2023	December 31, 2022
Accounts receivable, net	$ 99	$ 91	$ 218

In accordance with ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), the Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. Expected loss estimates are determined utilizing an aging schedule. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data.

At June 30, 2024 and June 30, 2023, the Company held an allowance for credit losses of $1.4 million and $1.1 million, respectively.

	June 30, 2024	June 30, 2023
Allowance for credit losses at beginning of period	$ 1,278	$ 973
Provision in current period	106	(9)
Accounts charged off against the allowance	(20)	145
Allowance for credit losses at end of period	$ 1,364	$ 1,109

Inventories

Inventories consist of raw materials, finished goods, and promotional materials that are stated at the lower of cost (using standard costs that approximate average costs) or net realizable value. The Company periodically reviews inventories for obsolescence and any inventories identified as obsolete are reserved or written off.

Other Assets

Other Assets consisted of the following *(in thousands):*

	June 30, 2024	December 31, 2023
Investment in Korea Mutual Aid Cooperative & Consumer	2,064	2,204
Deposits for building leases	1,210	1,310
Manapol Trademark	237	237
	$ 3,511	$ 3,751

Accrued Expenses

Accrued expenses consisted of the following *(in thousands):*

	June 30, 2024	December 31, 2023
Accrued compensation	$ 1,756	$ 1,707
Operating Lease Liabilities - Current Portion	1,679	1,661
Accrued legal and accounting fees	837	865
Customer deposits and sales returns	474	515
Other accrued operating expenses	442	506
Accrued shipping and handling costs	281	291
Accrued sales and other taxes	191	201
Accrued travel expenses related to corporate events	178	131
Accrued inventory purchases	90	861
Accrued royalties	34	38
Accrued rent expense	3	3
	$ 5,965	$ 6,779

Other Long-Term Liabilities

Other long-term liabilities consisted of the following *(in thousands)*. See Note 9, *Employee Benefit Plans*, of the Company's 2023 Annual Report for more information.

	June 30, 2024	December 31, 2023
Government required severance	846	822
Accrued lease restoration costs	339	369
Defined benefit plan obligation	175	213
	$ 1,360	$ 1,404

Revenue Recognition

The Company's revenue is derived from sales of individual products and associate fees or, in certain geographic markets, starter packs. Substantially all of the Company's product sales are made at published wholesale prices to associates and preferred customers. The Company records revenue net of any sales taxes and records a reserve for expected sales returns based on its historical experience. The Company recognizes revenue from shipped products when delivered to the customer, thus the performance obligation is satisfied. Corporate-sponsored event revenue is recognized when the event is held. At June 30, 2024 and December 31, 2023, remaining performance obligations related to shipments were $1.2 million and $1.4 million, respectively. The Company's remaining performance obligations related to associate fees were $0.1 million at both June 30, 2024 and December 31, 2023. These amounts are included in Deferred Revenue on the accompanying Condensed Consolidated Balance Sheets, respectively.

Orders placed by associates or preferred customers constitute our contracts with customers. Product sales placed in the form of an automatic order contain two performance obligations: (a) the sale of the product and (b) the loyalty program. The Company's customer loyalty program conveys a material right to the customer to redeem loyalty points for the purchase of products. For these contracts, the Company accounts for each of these obligations separately as they are each distinct. The transaction price is allocated between the product sale and the loyalty program on a relative standalone selling price basis. Sales placed through a one-time order contain only the first performance obligation noted above — the delivery of the product. Payments are made immediately through credit card upon purchase of the products.

The Company provides associates with access to a complimentary three-month package for the Success Tracker™ and Mannatech+ online business tools with the first payment of an associate fee. The first payment of an associate fee contains three performance obligations: (a) the associate fee, whereby the Company provides an associate with the right to earn commissions, bonuses and incentives for a year, (b) three months of complimentary access to utilize the Success Tracker™ online tool and (c) three months of complimentary access to utilize the Mannatech+ online business tool. The transaction price is allocated between the three performance obligations on a relative standalone selling price basis and revenue is recognized over the period that access to the tools is active. Associates do not have complimentary access to online business tools after the first contractual period.

With regard to both of the aforementioned contracts, the Company determines the standalone selling prices by using observable inputs which includes the Company's standard published price lists.

Deferred Revenue

The Company defers certain components of its revenue. Deferred revenue consisted of: (i) sales of products shipped but not received by customers by the end of the respective period; (ii) revenue from the loyalty program; (iii) prepaid registration fees from customers planning to attend a future corporate-sponsored event; and (iv) prepaid annual associate fees. To defer product sales that have not been received by customers, the Company estimates order delivery dates using weighted averages of historical delivery data collected from its freight carriers.

The table below presents the changes to deferred revenue balances *(in thousands)*.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total deferred revenue at beginning of the period	$ 4,235	$ 5,504	$ 4,786	$ 5,106
Amount recognized as revenue during the period	$ (2,090)	(3,453)	(5,823)	(7,019)
New deferrals at the end of the period	$ 2,007	2,279	5,189	6,243
Total deferred revenue at end of the period	$ 4,152	$ 4,330	$ 4,152	$ 4,330

The Company's customer loyalty program conveys a material right to the customer as it provides the promise to redeem loyalty points for the purchase of products, which is based on earning points through placing consecutive qualified orders. The Company factors in breakage rates, which is the percentage of the loyalty points that are expected to be forfeited or expire, for purposes of revenue recognition. Breakage rates are estimated based on historical data and can be reasonably and objectively determined.

The deferred revenue associated with the loyalty program at each of June 30, 2024 and June 30, 2023 was $2.9 million and $2.6 million, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
Loyalty program *(in thousands)*	**2024**	**2023**	**2024**	**2023**
Loyalty deferred revenue at beginning of the period	$ 3,056	$ 3,748	$ 3,242	$ 4,167
Loyalty points forfeited or expired	(692)	(1,966)	(1,410)	(2,736)
Loyalty points used	(2,137)	(2,189)	(4,518)	(4,672)
Loyalty points vested	1,820	2,176	4,733	5,010
Loyalty points unvested	814	828	814	828
Loyalty deferred revenue at end of period	$ 2,861	$ 2,597	$ 2,861	$ 2,597

Deferred Commissions

The Company defers commissions on (i) the sales of products shipped but not received by customers by the end of the respective period and (ii) the loyalty program. Deferred commissions are incremental costs and are charged to expense when the related revenue is recognized.

The table below illustrates the changes to deferred commission balances *(in thousands)*.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Deferred commissions at beginning of the period	$ 1,836	$ 2,525	$ 2,130	$ 2,476
Amount recognized as commissions expense	(883)	(1,464)	(2,294)	(3,243)
New commission deferrals at the end of the period	957	791	2,074	2,619
Total deferred commissions at end of the period	$ 1,910	$ 1,852	$ 1,910	$ 1,852

Sales Refunds and Allowances

The Company utilizes the expected value method, as set forth by Accounting Standard Codification ("ASC") Topic 606 Revenue from Contracts with Customers ("ASC 606"), to estimate the sales returns and allowance liability by taking the weighted average of the sales return rates over a rolling six-month period. The Company allocates the total amount recorded within the sales return and allowance liability as a reduction of the overall transaction price for the Company's product sales. The Company deems the sales refund and allowance liability to be a variable consideration.

Historically, sales returns have not materially changed through the years, as the majority of our customers who return their merchandise do so within the first 90 days after the original sale. Sales returns have historically averaged 0.5% or less of our gross sales.

As of each of the periods shown below, our sales return reserve consisted of the following *(in thousands)*:

	June 30, 2024	**June 30, 2023**
Sales reserve at beginning of period	$ 41	$ 59
Provision in current period	405	461
Returns charged off against the reserve	(387)	(450)
Sales reserve at end of period	$ 59	$ 70

Shipping and Handling Costs

The Company records inbound freight as a component of inventory and cost of sales. The Company records freight and shipping fees collected from its customers as fulfillment costs. In accordance with ASC 606-10-25-18a, freight and shipping fees are not deemed to be separate performance obligations as these activities occur before the customer receives the product.

Commissions and Incentives

Associates earn commissions and incentives based on their direct and indirect commissionable net sales over each month of the fiscal year. The Company accrues commissions and incentives when earned by associates and pays commissions on product and pack sales on a monthly basis.

Comprehensive Income and Accumulated Other Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company’s comprehensive income consists of the Company’s net income, foreign currency translation adjustments from its Japan, Republic of Korea, Taiwan, Denmark, Norway, Sweden, Mexico and China operations, remeasurement of intercompany balances of a long-term-investment nature from its Taiwan, Mexico and Cyprus operations, and changes in the pension obligation for its Japanese employees.

Accounting Pronouncements Issued but Not Yet Effective

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of implementing this guidance, but does not expect adoption to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of implementing this guidance on its consolidated financial statements.

Other recently issued accounting pronouncements did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

NOTE 2: INVENTORIES

Inventories consist of raw materials, finished goods, and promotional materials. The Company provides an allowance for any slow-moving or obsolete inventories. The allowance for slow-moving inventory obsolescence was $0.4 million at each of June 30, 2024 and December 31, 2023.

Inventories as of June 30, 2024 and December 31, 2023, consisted of the following *(in thousands)*:

	June 30, 2024	December 31, 2023
Raw materials	$ 5,062	$ 5,104
Finished goods	8,093	9,431
Total	**$ 13,155**	**$ 14,535**

NOTE 3: INCOME TAXES

For the three and six months ended June 30, 2024, the Company’s effective tax rate was (277.4)% and 74.8%, respectively. For the three and six months ended June 30, 2023, the Company’s effective tax rate was (20.8)% and (228.0)%, respectively. For the three and six months ended June 30, 2024 and 2023, the Company's effective tax rate was determined based on the estimated annual effective income tax rate.

NOTE 4: NOTES PAYABLE

Notes payable were $4.0 million and $0.2 million as of June 30, 2024 and December 31, 2023, respectively.

The current portion was $0.4 million and $0.2 million at June 30, 2024 and December 31, 2023, respectively, as a result of insurance financing arrangements. The notes are fully amortizing and payments are made monthly, according to the terms of the agreements which have a weighted average effective interest rate of 10.5%.

The long-term portion of notes payable relates to three unsecured notes, described below. The long-term portion of notes payable was $3.6 million and $0.0 million as of June 30, 2024 and December 31, 2023, respectively.

On April 23, 2024, the Company issued an unsecured note payable to Jade Capital in the amount of $2.5 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Tyler Rameson is an independent member of Mannatech's Board of Directors, and is the managing member of Jade Capital. As of June 30, 2024, there was no current portion and the long term portion of the balance was $2.5 million.

On April 23, 2024, the Company issued an unsecured note payable to J. Stanley Fredrick in the amount of $1.0 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Mr. Fredrick is the Chairman of Mannatech's Board of Directors. As of June 30, 2024, there was no current portion and the long term portion of the balance was $1.0 million.

On April 23, 2024, the Company issued an unsecured note payable to Kevin Robbins in the amount of $0.1 million. The note bears interest at 16% per annum and requires quarterly interest payments beginning June 30, 2024. The note is due in full on September 30, 2026. The Company has the right to prepay all or a portion of the Promissory Note at any time without premium or penalty. Mr. Robbins is a member of Mannatech's Board of Directors. As of June 30, 2024, there was no current portion and the long term portion of the balance was $0.1 million.

As of June 30, 2024, the Company's future principal payments on notes payable were as follows *(in thousands):*

Principal Payments	Remaining 2024	2025	2026	Thereafter	Total
Insurance Financing Notes	$ 285	$ 84	$ —	$ —	$ 369
Jade Capital Note	—	—	2,500	—	2,500
J.S. Fredrick Note	—	—	1,000	—	1,000
K. Robbins Note	—	—	100	—	100
Total	**$ 285**	**$ 84**	**$ 3,600**	**$ —**	**$ 3,969**

NOTE 5: STOCK-BASED COMPENSATION

Stock Option Plan

The Company currently has one active stock-based compensation plan, the Mannatech, Incorporated 2017 Stock Incentive Plan, which was adopted by the Company's Board of Directors (the "Board") on April 17, 2017 and was approved by its shareholders on June 8, 2017, and subsequently amended by the Board in February 2019, which amendment was approved by the Company's shareholders on June 11, 2019 (as amended, the "2017 Plan"). The Board has reserved a maximum of 370,000 shares of our common stock that may be issued under the 2017 Plan (subject to adjustments for stock splits, stock dividends or other changes in corporate capitalization). As of June 30, 2024, the Company had a total of 94,621 shares available for grant under the 2017 Plan, which expires on April 16, 2027.

The 2017 Plan provides for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock and performance stock units to our employees, board members, and consultants. However, only employees of the Company and its corporate subsidiaries are eligible to receive incentive stock options. The exercise price per share for all stock options will be no less than the market value of a share of common stock on the date of grant. Any incentive stock option granted to an employee owning more than 10% of our common stock will have an exercise price of no less than 110% of our common stock's market value on the grant date.

The majority of stock options vest over two or three years, and generally are granted with a term of ten years, or five years in the case of an incentive option granted to an employee who owns more than 10% of our common stock.

The Company is required to measure and recognize compensation expense related to any outstanding and unvested stock options in its consolidated financial statements using a fair-value based option-pricing model. The Company records stock-based compensation expense related to granting stock options in selling and administrative expenses. The fair value of the stock option award is calculated using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires us to apply judgment and use subjective assumptions, including expected stock option life, expected volatility, expected average risk-free interest rates, and expected forfeiture rates.

The following assumptions were used to calculate the fair value of stock options granted:

	June 2024 Grant
Estimated fair value per share of options granted:	$ 4.67
Assumptions:	
Annualized dividend yield	— %
Risk-free rate of return	4.4 %
Common stock price volatility	69.6 %
Expected average life of stock options (in years)	4.5

The computation of the expected volatility assumption used in the Black-Scholes calculations for new grants is based on historical volatility of the Company's stock. The expected life assumptions are based on the Company's historical employee exercise and forfeiture behavior.

During the six months ended June 30, 2024 and 2023, the Company granted 10,000 and 5,000 stock options, respectively. The fair value of stock options granted during the six months ended June 30, 2024 and 2023 was approximately $4.67 and $4.32 per share, respectively.

Stock Grants

On March 11, 2024, the Company issued a grant of 8,187 restricted stock units of our common stock to our Chief Executive Officer. Under the terms of the stock grant, the grant is available for 18 months and will not vest until Mannatech's stock price averages $15.00 per share (i.e., the volume weighted price) for 60 consecutive days. If the contingency is not met within the 18-month period, the grant will lapse and will not be awarded.

The Company is required to measure and recognize compensation expense related to the grant in its consolidated financial statements using a fair-value based model. The Company has determined the fair value of the grant is $0.1 million. Accordingly, the company has recognized compensation expense related to the grant of $10 thousand and $13 thousand for the three and six months ended June 30, 2024, respectively.

The Company recognized compensation expense as follows for the three and six months ended June 30 *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total gross compensation expense	$ 34	$ 17	$ 46	$ 28
Total tax benefit associated with compensation expense	6	4	8	7
Total net compensation expense	$ 28	$ 13	$ 38	$ 21

As of June 30, 2024, the Company expects to record compensation expense in the future as follows *(in thousands)*:

	Six months ending December 31, 2024	Years ending December 31,	
		2025	2026
Total gross unrecognized compensation expense	$ 40	$ 51	$ —

Equity-Based Compensation to Directors

At the discretion of the Board, each director may receive a portion of their fees payable in stock grants in lieu of cash compensation. At June 30, 2024 and 2023, the Company issued a total of 24,660 and 12,808 treasury stock to the members of the Board as a part of their compensation, respectively. The stock grants to the Board were vested upon grant and the Company recognized $0.2 million compensation expense at each of June 30, 2024 and 2023.

NOTE 6: SHAREHOLDERS' EQUITY

Treasury Stock

There were no shares repurchased during the three and six months ended June 30, 2024. During the three and six months ended June 30, 2023, the Company repurchased 7,396 shares of its outstanding common stock.

As of June 30, 2024 and December 31, 2023, the Company had 858,043 and 882,703 treasury shares, respectively.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss displayed in the Condensed Consolidated Statement of Shareholders' Equity represents the results of certain shareholders' equity changes not reflected in the Condensed Consolidated Statements of Operations, such as foreign currency translation and certain pension and post-retirement benefit obligations.

The after-tax components of accumulated other comprehensive loss are as follows *(in thousands)*:

	Foreign Currency Translation	Pension Postretirement Benefit Obligation	Accumulated Other Comprehensive Loss, Net
Balance as of December 31, 2023	$ (1,427)	$ 412	$ (1,015)
Current-period change [(1)]	(3,087)	—	(3,087)
Balance as of June 30, 2024	$ (4,514)	$ 412	$ (4,102)

[(1)] No material amounts were reclassified from accumulated other comprehensive loss.

Dividends

Holders of Common Stock are entitled to receive dividends at the same rate, when, as and if declared by our Board of Directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders of one or more outstanding series of our preferred stock. For the three and six months ended June 30, 2024, the Company did not pay any dividends. For the three and six months ended June 30, 2023, the Company paid dividends of $0.20 per share to holders of our Common Stock in the amount of $0.4 million and $0.8 million, respectively.

NOTE 7: LITIGATION

Litigation in General

As of June 30, 2024, the Company had no open or pending litigation and no legal reserve was deemed necessary. The Company has incurred several claims in the normal course of business. The Company believes such claims can be resolved without any material adverse effect on its consolidated financial position, results of operations, or cash flows.

The Company maintains certain liability insurance; however, certain costs of defending lawsuits are not covered by or only partially covered by its insurance policies, including claims that are below insurance deductibles. Additionally, insurance carriers could refuse to cover certain claims, in whole or in part. The Company accrues costs to defend itself from litigation as they are incurred.

NOTE 8: LEASES

The Company has entered into contractual lease arrangements to rent office space and equipment from third-party lessors and accounts for leases in accordance with ASC Topic 842. See Note 5 to the consolidated financial statements in our 2023 Annual Report. Right of use assets represent the Company's right to use an underlying asset over the lease term and lease liabilities represent the Company's obligation to make future lease payments arising from the lease.

Generally, the Company's operating leases relate to office space used in Mannatech's operations, including its headquarters in Flower Mound, Texas and office space in international locations in which the Company does business. As of June 30, 2024 and December 31, 2023, all of the Company's finance leases pertain to certain equipment used in the business.

On March 10, 2023, the Company entered into a five-year agreement to sublease 10,000 rentable square feet of the Company's leased office space in Flower Mound, Texas to a subtenant. There was no modification or impairment by entering into the sublease agreement because the Company was not released from its obligations under the head lease. Sublease income is presented as a component of net sales on the Company's Condensed Consolidated Statements of Operations. The Company has made a policy election in accordance with ASC 842-10-15-39A to exclude from consideration taxes that are assessed on and collected from the sublessee from consideration. For the three and six months ended June 30, 2024, the Company had earned less than $0.1 million and $0.1 million income from the sublease, respectively. For the three and six months ended June 30, 2023, the Company had earned less than $0.1 million and $0.1 million income from the sublease, respectively.

As of June 30, 2024, the Company had net operating lease right-of-use assets of $2.8 million and net finance lease right-of-use assets of $1.1 million. At June 30, 2024, our operating lease liabilities were $3.7 million and our finance lease liabilities were $1.1 million.

The weighted-average remaining lease term and discount rate related to the Company's operating lease liabilities as of June 30, 2024 were 2.99 years and 5.2%, respectively. The weighted-average remaining lease term and discount rate related to the Company's finance lease liabilities as of June 30, 2024 were 3.79 years and 6.5%, respectively. The Company uses the discount rates implicit in each lease, or an estimate of the Company's incremental borrowing rate if the rate implicit in a lease cannot be readily determined.

As of June 30, 2024 and December 31, 2023 our right-of-use assets and lease liabilities balances, net of accumulated amortization, were as follows *(in thousands)*:

Leases	**Classification**	**June 30, 2024**	**December 31, 2023**
Right-of-use assets			
Operating leases	Operating lease right-of-use assets	$ 2,807	$ 3,315
Finance leases	Property and equipment, net	1,079	1,236
Total right-of-use assets		$ 3,886	$ 4,551
Current portion of lease liabilities			
Operating leases	Accrued expenses	$ 1,679	$ 1,661
Finance leases	Current portion of finance leases	267	269
Long-term portion of lease liabilities			
Operating leases	Operating lease liabilities	1,975	2,582
Finance leases	Finance leases, excluding current portion	820	956
Total lease liabilities		$ 4,741	$ 5,468

As of June 30, 2024, the Company's future sublease income and minimum future lease payments on operating and finance leases were as follows *(in thousands)*:

	June 30, 2024		
Future Maturities of Leases	**Operating Leases**	**Finance Leases**	**Sublease Income**
Remaining 2024	$ 984	$ 163	$ (66)
2025	1,272	327	(132)
2026	766	327	(132)
2027	649	315	(132)
2028	268	90	(55)
Total minimum lease payments	**3,939**	**1,222**	**(517)**
Imputed interest	(286)	(135)	—
Present value of minimum lease payments	**$ 3,653**	**$ 1,087**	**$ (517)**

`NOTE 9: FAIR VALUE

The Company utilizes fair value measurements to record fair value adjustments to certain financial assets and to determine fair value disclosures.

Fair Value Measurements and Disclosure (Topic 820) of the Financial Accounting Standards Board ("FASB") establishes a fair value hierarchy that requires the use of observable market data, when available, and prioritizes the inputs to valuation techniques used to measure fair value in the following categories:

- Level 1 – Quoted unadjusted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.
- Level 3 – Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

The primary objective of the Company's investment activities is to preserve principal while maximizing yields without significantly increasing risk. The investment instruments held by the Company are money market funds and interest-bearing deposits for which quoted market prices are readily available. The Company considers these highly liquid investments to be cash equivalents. These investments are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company does not have any material financial liabilities that were required to be measured at fair value on a recurring basis at June 30, 2024.

The tables below present the recorded amount of financial assets measured at fair value (money market fund) (in thousands) on a recurring basis as of June 30, 2024 and December 31, 2023. The Company's interest-bearing deposits are measured at amortized cost, which approximates fair value to the carrying value due to the relatively short maturity of the asset, (in thousands). The Company did not have any financial assets measured at fair value on a recurring basis at June 30, 2024 and December 31, 2023. The Company did not have any material financial liabilities that were required to be measured at fair value on a recurring basis at June 30, 2024 and December 31, 2023.

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Money Market Funds – JPMorgan Chase, US	$ 2,676	$ —	$ —	$ 2,676
Interest bearing deposits – various banks	1,059	—	—	1,059
Total assets	$ 3,735	$ —	$ —	$ 3,735
Amounts included in Assets:				
Cash and cash equivalents	$ 2,676	$ —	$ —	$ 2,676
Restricted cash	674	—	—	674
Long-term restricted cash	385	—	—	385
Total	$ 3,735	$ —	$ —	$ 3,735

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Money Market Funds – JPMorgan Chase, US	$ 2,310	$ —	$ —	$ 2,310
Interest bearing deposits – various banks	1,084	—	—	1,084
Total assets	$ 3,394	$ —	$ —	$ 3,394
Amounts included in Assets:				
Cash and cash equivalents	$ 2,310	$ —	$ —	$ 2,310
Restricted cash	674	—	—	674
Long-term restricted cash	410	—	—	410
Total	$ 3,394	$ —	$ —	$ 3,394

NOTE 10: SEGMENT INFORMATION

The Company operates as a direct seller in the nutritional supplement industry. The Company's sole reporting segment is one in which it sells proprietary nutritional supplements, skin care and anti-aging products, and weight-management and fitness products operating in twenty-five markets. The products are primarily sold through a network marketing distribution channel of approximately 142,000 active associates and preferred customer positions who we refer to as current associates and preferred customers. The Company's subsidiary in China, Meitai, is currently operating as a traditional retailer under a cross-border e-commerce model. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China. The Company's subsidiary, NEMO, operates an affiliate business model under the brand name, "Trulu," in the United States. Each of our subsidiaries sells similar products and exhibits similar economic characteristics, such as selling prices, paying commissions and incentives, gross margins and operating characteristics.

Management reviews and analyzes net sales by geographical location and by products and packs on a consolidated basis. The Company currently sells its products in three regions: (i) the Americas (the United States, Canada and Mexico); (ii) Europe/the Middle East/Africa ("EMEA") (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Hong Kong, and China). It also ships products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland.

Consolidated net sales shipped to customers in these regions, along with pack or associate fee and product information for the three and six months ended June 30, were as follows *(in millions, except percentages)*:

	Three Months Ended June 30,				Six Months Ended June 30,			
Region	**2024**		**2023**		**2024**		**2023**	
Americas	$ 9.5	34.3 %	$ 10.6	32.5 %	$ 19.7	34.5 %	$ 21.1	31.6 %
Asia/Pacific	15.9	57.4 %	19.3	59.2 %	33.0	57.8 %	40.4	60.6 %
EMEA	2.3	8.3 %	2.7	8.3 %	4.4	7.7 %	5.2	7.8 %
Total sales	**$ 27.7**	**100.0 %**	**$ 32.6**	**100.0 %**	**$ 57.1**	**100.0 %**	**$ 66.7**	**100.0 %**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Product sales	$ 26.3	$ 31.0	$ 54.2	$ 62.9
Pack sales	1.0	1.4	2.1	3.5
Other	0.4	0.2	0.8	0.3
Total sales	**$ 27.7**	**$ 32.6**	**$ 57.1**	**$ 66.7**

Long-lived assets, which include property and equipment and construction in process for the Company and its subsidiaries, as of June 30, 2024 and December 31, 2023, reside in the following regions, as follows *(in millions)*:

Region	**June 30, 2024**	**December 31, 2023**
Americas	$ 2.9	$ 3.6
Asia/Pacific	0.4	0.5
EMEA	—	—
Total long-lived assets	**$ 3.3**	**$ 4.1**

Inventory balances, which consist of raw materials, finished goods, and promotional materials, as offset by the allowance for slow moving or obsolete inventories, reside in the following regions *(in millions)*:

Region	**June 30, 2024**	**December 31, 2023**
Americas	$ 7.6	$ 8.3
Asia/Pacific	4.3	4.6
EMEA	1.3	1.6
Total inventory	**$ 13.2**	**$ 14.5**

NOTE 11: EARNINGS PER SHARE

The Company calculates basic Earnings per Share ("EPS") by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS also reflects the potential dilution that could occur if common stock were issued for awards outstanding under the Mannatech, Incorporated 2017 Stock Incentive Plan (described above).

In determining the potential dilutive effect of outstanding stock options for the three and six months ended June 30, 2024, the Company used the quarterly and six-month average common stock close price of $7.92 and $8.37 per share, respectively.

For three months ended June 30, 2024, the Company's common stock subject to options were excluded from the diluted EPS calculation as their effect would have been antidilutive. The company reported a net loss for the three months ended June 30, 2024.

For the six months ended June 30, 2024, there were 1.89 million weighted-average common shares outstanding used for the basic EPS calculation. For the six months ended June 30, 2024, 8,187 shares granted (see Note 5 — *Stock Based Compensation,* for more information). These shares were excluded from the calculation of diluted EPS because the related market condition was not achieved. In addition, 375,824 shares underlying stock options were excluded from the diluted EPS calculation, as their effect would have been antidilutive.

For the three and six months ended June 30, 2023, the Company's common stock subject to options were excluded from the diluted EPS calculation as their effect would have been antidilutive. The company reported a net loss for the three and six months ended June 30, 2023.

Calculation of net EPS— basic and diluted (*in thousands, except EPS*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net earnings attributable to common stockholders	$ (624)	$ (1,105)	$ 556	$ (501)
Weighted average common shares outstanding (for basic calculation)	1,885	1,870	1,885	1,871
Dilutive effect of outstanding common stock options and RSU’s	—	—	—	—
Weighted average common and common equivalent shares outstanding	1,885	1,870	1,885	1,871
EPS - Basic	$ (0.33)	$ (0.59)	$ 0.30	$ (0.27)
EPS - Diluted	$ (0.33)	$ (0.59)	$ 0.30	$ (0.27)

NOTE 12: SUBSEQUENT EVENTS

CFO Executive Employment Agreement

On July 1, 2024, the Board of Directors appointed James Clavijo as Chief Financial Officer ("CFO"), principal financial officer and principal accounting officer of the Company. Per the terms of the Employment Agreement with Mr. Clavijo, he is entitled to an annual base salary of $275,000 and is eligible to participate in the Company's annual executive bonus program established by the Board of Directors' Compensation Committee. The Company granted an option to Mr. Clavijo to purchase 4,500 shares of the Company's common stock, pursuant to the Company's 2017 Plan. The Company extended a one-time $15,000 relocation allowance to Mr. Clavijo and he will be eligible to participate in the Company's employee benefits, including its 401k, health insurance, and paid time off benefits. Under the terms of the Employment Agreement, Mr. Clavijo is entitled to severance if the Company either exercises its right to early termination or provides notice of its intent to not renew the agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in the understanding of our consolidated financial position and results of operations for the three and six months ended June 30, 2024 as compared to the same period in 2023 and should be read in conjunction with Item 1 "Financial Statements" in Part I of this quarterly report on Form 10-Q and Item 1A "Risk Factors" in Part I of our 2023 Annual Report. Unless stated otherwise, all financial information presented below, throughout this report, and in the condensed consolidated financial statements and related notes includes Mannatech and all of our subsidiaries on a consolidated basis. To supplement our financial results presented in accordance with GAAP, we disclose certain adjusted financial measures which we refer to as Constant dollar ("Constant dollar") measures, which are non-GAAP financial measures. Refer to the *Non-GAAP Financial Measures* section herein for a description of how such Constant dollar measures are determined.

COMPANY OVERVIEW

The Company is a global wellness solution provider, which was incorporated and began operations in November 1993. We develop and sell innovative, high quality, proprietary nutritional supplements, topical and skin care and anti-aging products, and weight-management products that target optimal health and wellness. We currently sell our products in twenty-five countries which we group into three regions: (i) the Americas (the United States, Canada and Mexico); (ii) Europe/the Middle East/Africa ("EMEA") (Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, Namibia, the Netherlands, Norway, South Africa, Spain, Sweden and the United Kingdom); and (iii) Asia/Pacific (Australia, Japan, New Zealand, the Republic of Korea, Singapore, Taiwan, Thailand, Hong Kong, and China). We also ship our products to customers in the following countries: Belgium, France, Greece, Italy, Luxembourg, and Poland. During the quarter ended June 30, 2024 the Company liquidated its entity in Sweden, Mannatech Sverige AB.

We conduct our business as a single operating segment and primarily sell our products through a network of approximately 142,000 active associates and preferred customer positions held by individuals that purchased our products and/or packs or paid associate fees during the last twelve months, who we refer to as *current associates* and *preferred customers*. New pack sales and the receipt of new associate fees in connection with new positions in our network are leading indicators for the long-term success of our business. New associate or preferred customer positions are created in our network when our associate fees are paid, or packs and products are purchased for the first time under a new account. We review and analyze net sales by geographical location and by packs and products on a consolidated basis. Each of our subsidiaries sells similar products and exhibits similar economic characteristics, such as selling prices and gross margins.

Because we sell our products principally through network marketing distribution channels, the opportunities and challenges that affect us most are: recruitment of new and retention of current associates and preferred customers that occupy sales or purchasing positions in our network; entry into new markets and growth of existing markets; niche market development; new product introduction; and investment in our infrastructure. Our subsidiary in China, Meitai, is currently operating as a traditional retailer under a cross-border e-commerce model. Meitai cannot legally conduct a direct selling business in China unless it acquires a direct selling license in China.

The Company maintains a corporate website at www.mannatech.com.

Overview of Operating Results

Consolidated net sales for the three months ended June 30, 2024 was $27.7 million, as compared to $32.6 million for the three months ended June 30, 2023, a decrease of $4.9 million, or 14.9%. Consolidated net sales for the six months ended June 30, 2024 was $57.1 million, as compared to $66.7 million for the six months ended June 30, 2023, a decrease of $9.6 million, or 14.4%. The decline in revenues was principally due to supply chain constraints, items on back order, and some weakening of economic conditions in Asia.

The decrease in revenue during the six months ended June 30, 2024 was accompanied by a 1.4% drop in gross profit margins due to the effects of supply chain disruptions, which increased fulfillment costs. Despite these challenges, management continued to prioritize the reduction of selling and administrative expenses as a countermeasure to soften the impact on profitability. These efforts yielded a $1.4 million reduction in payroll costs and $1.3 million reduction in consulting fees, compared with the six months ended June 30, 2023.

Foreign currency gains of $0.9 million and $1.1 million in the quarters ended March 31, 2024 and June 30, 2024, respectively, were related to the strengthening of the U.S. Dollar. Foreign exchange gains also included a one-time gain of $0.2 million during the quarter ended June 30, 2024 attributable to the liquidation of the Company's entity in Sweden.

Net loss was $0.6 million for the three months ended June 30, 2024, or $0.33 per diluted share, as compared to a net loss of $1.1 million, or $0.59 per diluted share for the three months ended June 30, 2023.

Net income was $0.6 million for the six months ended June 30, 2024, or $0.30 per diluted share, as compared to a net loss of $0.5 million , or $0.27 per diluted share for the three months ended June 30, 2023.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below summarizes our consolidated operating results in dollars and as a percentage of net sales for the three months ended June 30, 2024 and 2023 *(in thousands, except percentages):*

	2024		2023		Change from 2023 to 2024	
	Total dollars	% of net sales	Total dollars	% of net sales	Dollar	Percentage
Net sales	**$ 27,740**	**100.0 %**	**$ 32,594**	**100.0 %**	**$ (4,854)**	**(14.9)%**
Cost of sales	6,363	22.9 %	7,004	21.5 %	(641)	(9.2) %
Gross profit	**21,377**	**77.1 %**	**25,590**	**78.5 %**	**(4,213)**	**(16.5)%**
Operating expenses:						
Commissions and incentives	11,660	42.0 %	13,465	41.3 %	(1,805)	(13.4) %
Selling and administrative expenses	10,860	39.1 %	13,079	40.1 %	(2,219)	(17.0) %
Total operating expenses	22,520	81.2 %	26,544	81.4 %	(4,024)	(15.2) %
Loss from operations	**(1,143)**	**(4.1)%**	**(954)**	**(2.9)%**	**(189)**	**19.8 %**
Interest expense, net	(105)	(0.4) %	(10)	— %	(95)	950.0 %
Other income, net	1,120	4.0 %	150	0.5 %	970	646.7 %
Loss before income taxes	**(128)**	**(0.5)%**	**(814)**	**(2.5)%**	**686**	**(84.3)%**
Income tax expense	(496)	(1.8) %	(291)	(0.9) %	(205)	70.4 %
Net loss	**$ (624)**	**(2.2)%**	**$ (1,105)**	**(3.4)%**	**$ 481**	**(43.5)%**

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below summarizes our consolidated operating results in dollars and as a percentage of net sales for the six months ended June 30, 2024 and 2023 *(in thousands, except percentages):*

	2024		2023		Change from 2022 to 2023	
	Total dollars	% of net sales	Total dollars	% of net sales	Dollar	Percentage
Net sales	**$ 57,133**	**100.0 %**	**$ 66,708**	**100.0 %**	**$ (9,575)**	**(14.4)%**
Cost of sales	12,658	22.2 %	14,417	21.6 %	(1,759)	(12.2) %
Gross profit	**44,475**	77.8 %	**52,291**	78.4 %	**(7,816)**	**(14.9)%**
Operating expenses:						
Commissions and incentives	23,345	40.9 %	27,022	40.5 %	(3,677)	(13.6) %
Selling and administrative expenses	21,452	37.5 %	25,510	38.2 %	(4,058)	(15.9) %
Total operating expenses	44,797	78.4 %	52,532	78.7 %	(7,735)	(14.7) %
Loss from operations	**(322)**	**(0.6)%**	**(241)**	**(0.4)%**	**(81)**	**33.6 %**
Interest (expense) income, net	(87)	(0.2) %	14	— %	(101)	(721.4) %
Other income, net	1,990	3.5 %	483	0.7 %	1,507	312.0 %
Income before income taxes	**1,581**	**2.8 %**	**256**	**0.4 %**	**1,325**	**517.6 %**
Income tax provision	(1,025)	(1.8) %	(757)	(1.1) %	(268)	35.4 %
Net income (loss)	**$ 556**	**1.0 %**	**$ (501)**	**(0.8)%**	**$ 1,057**	**(211.0)%**

Non-GAAP Financial Measures

To supplement our financial results presented in accordance with GAAP, we disclose operating results that have been adjusted to exclude the impact of changes due to the translation of foreign currencies into U.S. dollars, including changes in: Net Sales, Gross Profit, and Income from Operations. We refer to these adjusted financial measures as Constant dollar items, which are non-GAAP financial measures. We believe these measures provide investors an additional perspective on trends and our operating results. To exclude the impact of changes due to the translation of foreign currencies into U.S. dollars in the current year, we calculate current year results at a constant exchange rate utilizing the prior year's rate. Currency impact is determined as the difference between the actual GAAP results and the recalculated results for the current year at the Constant dollar rates.

For the three and six months ended June 30, 2024, our net sales decreased $4.2 million and $8.1 million, or 12.9% and 12.1% on a Constant dollar basis, respectively (see reconciliation of Non-GAAP Financial Measures in the tables below); and unfavorable foreign exchange caused a $0.7 million and $1.5 million decrease in GAAP net sales as compared to the same periods in 2023, respectively.

A reconciliation non-GAAP financial measures to GAAP results for the three and six months ended June 30, 2024 and 2023 is presented as follows *(in millions, except percentages)*:

Three-month period ended	**June 30, 2024**			**June 30, 2023**	**Constant $ Change**	
	GAAP Measure: Total $	**Translation Adjustment**	**Non-GAAP Measure: Constant $**	**GAAP Measure: Total $**	**Dollar**	**Percen**
Net sales	$ 27.7	$ 0.7	$ 28.4	$ 32.6	$ (4.2)	(12
Gross profit	21.4	0.5	21.9	25.6	(3.7)	(14
Loss from operations	(1.1)	0.1	(1.0)	(1.0)	—	

Six-month period ended	**June 30, 2024**			**June 30, 2023**	**Constant $ Change**	
	GAAP Measure: Total $	**Translation Adjustment**	**Non-GAAP Measure: Constant $**	**GAAP Measure: Total $**	**Dollar**	**Percen**
Net sales	$ 57.1	$ 1.5	$ 58.6	$ 66.7	$ (8.1)	(12
Gross profit	44.5	1.2	45.7	52.3	(6.6)	(12
(Loss) income from operations	(0.3)	$ 0.4	0.1	(0.2)	0.3	(150

Net Sales by Region

Operations outside of the Americas accounted for approximately 65.7% of our consolidated net sales in the three months ended June 30, 2024, as compared to 67.5% in the same period last year. Our operations outside of the Americas accounted for approximately 65.5% of our consolidated net sales in the six months ended June 30, 2024, as compared to 68.4% in the same period last year.

Consolidated net sales by region for the three months ended June 30, 2024 and 2023 were as follows *(in millions, except percentages)*:

Region	**Three Months Ended June 30, 2024**		**Three Months Ended June 30, 2023**	
Americas	$ 9.5	34.3 %	$ 10.6	32.5 %
Asia/Pacific	15.9	57.4 %	19.3	59.2 %
EMEA	2.3	8.3 %	2.7	8.3 %
Total	**$ 27.7**	**100.0 %**	**$ 32.6**	**100.0 %**

Consolidated net sales by region for the six months ended June 30, 2024 and 2023 were as follows *(in millions, except percentages)*:

Region	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023	
Americas	$ 19.7	34.5 %	$ 21.1	31.6 %
Asia/Pacific	33.0	57.8 %	40.4	60.6 %
EMEA	4.4	7.7 %	5.2	7.8 %
Total	**$ 57.1**	**100.0 %**	**$ 66.7**	**100.0 %**

For the three months ended June 30, 2024, net sales in the Americas decreased by $1.1 million, or 10.4%, to $9.5 million, as compared to $10.6 million for the same period in 2023. Revenue per active independent associate and preferred customer decreased by 13.3%, which was partially offset by a 3.3% increase in number of active independent associates and preferred customers. Foreign currency had no effect on revenue for the three months ended June 30, 2024 when compared to the same period in 2023.

For the six months ended June 30, 2024, net sales in the Americas decreased by $1.4 million, or 6.6%, to $19.7 million, as compared to $21.1 million for the same period in 2023. Revenue per active independent associate and preferred customer decreased by 9.6%, which was partially offset by a 1.6% increase in number of active independent associates and preferred customers. Foreign currency had the effect of increasing revenue by $0.1 million for the six months ended June 30, 2024, as compared to the same period in 2023. The currency impact is primarily due to the strengthening of the Mexican Peso.

For the three months ended June 30, 2024, Asia/Pacific net sales decreased by $3.4 million, or 17.6%, to $15.9 million, as compared to $19.3 million for the same period in 2023. Revenue per active independent associate and preferred customer decreased 19.2%, which was partially offset by a 1.9% increase in the number of active independent associates and preferred customers. In addition, due to supply chain issues we deferred a key product promotion in Korea to later in the year, which drove the decline in revenue in Korea. Foreign currency exchange had the effect of decreasing revenue by $0.7 million for the three months ended June 30, 2024, as compared to the same period in 2023. The currency impact is primarily due to the weakening of the Korean Won and Japanese Yen.

For the six months ended June 30, 2024, Asia/Pacific net sales decreased by $7.4 million, or 18.3%, to 33.0 million, as compared to 40.4 million for the same period in 2023. Revenue per active independent associate and preferred customer decreased 19.8%, which was partially offset by a 5.1% increase in the number of active independent associates and preferred customers. We deferred a key product promotion in Korea to later in the year due to supply chain issues, which drove the decline in revenue in Korea. Foreign currency exchange had the effect of decreasing revenue by $1.5 million for the six months ended June 30, 2024, as compared to the same period in 2023. The currency impact is primarily due to the weakening of the Korean Won and Japanese Yen.

For the three months ended June 30, 2024, EMEA net sales decreased by $0.4 million, or 14.8%, to $2.3 million, as compared to $2.7 million for the same period in 2023. The decrease was primarily due to a 10.1% decrease in the number of active independent associates and preferred customers and a 5.2% decrease in revenue per active independent associate and preferred customer. Foreign currency exchange had a minimal effect on revenue for the three months ended June 30, 2024 as compared to the same period in 2023.

For the six months ended June 30, 2024, EMEA net sales decreased by $0.8 million, or 15.4%, to $4.4 million, as compared to $5.2 million for the same period in 2023. The decrease was primarily due to a 11.8% decrease in the number of active independent associates and preferred customers and a 5.9% decrease in revenue per active independent associate and preferred customer. Foreign currency exchange had the effect of decreasing revenue by $0.1 million for the six months ended June 30, 2024 as compared to the same period in 2023. The currency impact is primarily due to the weakening of the South African Rand.

Sales Mix

Our sales mix for the three and six months ended June 30, was as follows *(in millions, except percentages):*

Three-month period ended	June 30, 2024			June 30, 2023	Constant $ Change	
	GAAP Measure: Total $	Translation Adjustment	Non-GAAP Measure: Constant $	GAAP Measure: Total $	Dollar	Percent
Product	$ 26.3	$ 0.7	$ 27.0	$ 31.0	$ (4.0)	(12.9)%
Pack sales and associate fees	1.0	—	1.0	1.4	(0.4)	(28.6)%
Other	0.4	—	0.4	0.2	0.2	100.0 %
Total	$ 27.7	$ 0.7	$ 28.4	$ 32.6	$ (4.2)	(12.9)%

Six-month period ended	June 30, 2024			June 30, 2023	Constant $ Change	
	GAAP Measure: Total $	Translation Adjustment	Non-GAAP Measure: Constant $	GAAP Measure: Total $	Dollar	Percent
Product	$ 54.2	$ 1.4	$ 55.6	$ 62.9	$ (7.3)	(11.6)%
Pack sales and associate fees	2.1	0.1	2.2	3.5	(1.3)	(37.1)%
Other	0.8	0.0	0.8	0.3	0.5	166.7 %
Total	$ 57.1	$ 1.5	$ 58.6	$ 66.7	$ (8.1)	(12.1)%

Product Sales

Our product sales consist primarily of sales made to our independent associates and preferred customers at published wholesale prices. Product sales for the three months ended June 30, 2024 decreased by $4.7 million, or 15.2%, as compared to the same period in 2023. On a Constant dollar basis, product sales for the three months ended June 30, 2024 decreased $4.0 million, or 12.9%, as compared to the same period in 2023. The decrease in product sales for the three months ended June 30, 2024 reflects a 7.9% decrease in the number of orders processed and a decrease in the average order value to $166, as compared to $173 for the same period in 2023.

Product sales for the six months ended June 30, 2024 decreased by $8.7 million, or 13.8%, as compared to the same period in 2023. On a Constant dollar basis, product sales for the six months ended June 30, 2024 declined $7.3 million, or 11.6%, as compared to the same period in 2023. The decrease in product sales for the six months ended June 30, 2024 reflects a 7.5% decrease in the number of orders processed and a decrease in the average order value to $167, as compared to $179 for the same period in 2023.

Pack sales, Associate Fees and Recruiting

Recruitment of new independent associates and preferred customers decreased by 13.6% to 16,690 in the second quarter of 2024 from 19,309 in the second quarter of 2023.We attribute the lower number of orders processed in the three months ended June 30, 2024 to a combination of the lower number of new independent associates and preferred customers recruited during the period.

The approximate number of new and continuing active independent associates and preferred customers who purchased our packs or products or paid associate fees during the twelve months ended June 30, 2024 and 2023 were as follows:

	2024		2023	
New	74,000	52.1 %	75,000	52.8 %
Continuing	68,000	47.9 %	67,000	47.2 %
Total	**142,000**	**100.0 %**	**142,000**	**100.0 %**

The Company collects associate fees in lieu of selling packs in certain markets. Associate fees are paid annually by new and continuing associates to the Company, which entitle them to earn commissions, benefits and incentives for that year. The Company collected associate fees in lieu of pack sales within the United States, Canada, South Africa, Japan, Australia, New Zealand, Singapore, Hong Kong, Taiwan, Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, the Republic of Ireland, the Netherlands, Norway, Spain, Sweden and the United Kingdom.

In the Republic of Korea and Mexico, packs may still be purchased by our associates who wish to build a Mannatech business. These packs contain products that are discounted from both the published retail and associate prices. There are several pack options available to our associates. In certain of these markets, pack sales are completed during the final stages of the registration process and can provide new associates with valuable training and promotional materials, as well as products for resale to retail customers, demonstration purposes, and personal consumption. Business-building associates in these markets can also purchase an upgrade pack, which provides the associate with additional promotional materials. We also do not collect associate fees or sell packs in our non-direct selling business in mainland China. The decline in pack sales occurred principally in Korea.

Other Sales

Other sales consisted of: (i) sales of promotional materials; (ii) monthly fees collected for the Success Tracker™ and Mannatech+ customized electronic business-building and educational materials, databases and applications; (iii) training and event registration fees; and (iv) a reserve for estimated sales refunds and returns. Promotional materials, training, database applications and business management tools support our independent associates, which in turn helps stimulate product sales.

For the three months ended June 30, 2024 and 2023, other sales were $0.4 million and $0.2 million, respectively.

For the six months ended June 30, 2024 and 2023, other sales were $0.8 million and $0.3 million, respectively.

Gross Profit

For the three months ended June 30, 2024, gross profit decreased by $4.2 million, or 16.5%, to $21.4 million, as compared to $25.6 million for the same period in 2023. The decrease in gross profit in dollar terms is principally due to the decline in sales. For the three months ended June 30, 2024, gross profit as a percentage of net sales decreased to 77.1%, as compared to 78.5% for the same period in 2023. Some of the increase in costs were related to increased freight costs related to back ordered items and running some sales promotions on products thereby reducing our margin.

For the six months ended June 30, 2024, gross profit decreased by $7.8 million, or 14.9%, to $44.5 million, as compared to $52.3 million for the same period in 2023. The decrease in gross profit in dollar terms is principally due to the decline in sales. For the six months ended June 30, 2024, gross profit as a percentage of net sales decreased to 77.8%, as compared to 78.4% for the same period in 2023.

Commissions and Incentives

Commission expense for the three months ended June 30, 2024 decreased by 12.5%, or $1.6 million, to $11.1 million, as compared to $12.7 million for the same period in 2023. Commissions are earned on sales. Commission expense in dollar terms decreased during the three months ended June 30, 2024 primarily due to a decline in our sales. For the three months ended June 30, 2024, commissions as a percentage of net sales increased to 40.0% from 38.9% for the same period in 2023. The increase in commissions was due partially to running promotions on our products.

Commission expense for the six months ended June 30, 2024 decreased by 12.9%, or $3.3 million, to $22.3 million, as compared to $25.6 million for the same period in 2023. Commissions are earned on sales. Commission expense in dollar terms decreased during the six months ended June 30, 2024 primarily due to a decline in our sales. For the six months ended June 30, 2024, commissions as a percentage of net sales increased to 39.0% from 38.4% for the same period in 2023, due in part to the product promotions run in the quarter ended June 30, 2024.

Incentive costs for the three months ended June 30, 2024 decreased to $0.6 million, as compared to $0.8 million for the same period in 2023 . For the three months ended June 30, 2024, incentives as a percentage of net sales decreased to 2.0% from 2.4% for the same period in 2023. The decrease was related to travel incentives in the Americas and Asia/Pacific.

Incentive costs for the six months ended June 30, 2024 decreased to $1.1 million, as compared to $1.4 million for the same period in 2023 . For the six months ended June 30, 2024, incentives as a percentage of net sales decreased to 1.8% from 2.1% for the same period in 2023. The decrease was related to travel incentives in the Americas and Asia/Pacific.

Selling and Administrative Expenses

Selling and administrative expenses include a combination of both fixed and variable expenses. These expenses consist of compensation and benefits for employees; temporary and contract labor; accounting, legal and consulting fees; compensation to our board of directors; warehouse and fulfillment costs; depreciation and amortization; marketing-related expenses; travel and entertainment expenses; credit card processing fees; costs for software maintenance agreements; insurance; charitable contributions; office lease expense; utilities; bad debt; and other miscellaneous operating expenses.

For the three months ended June 30, 2024, selling and administrative expenses decreased by $2.2 million, or 17.0%, to $10.9 million, as compared to $13.1 million for the same period in 2023. The decrease in selling and administrative expenses was the result of a $0.9 million reduction in payroll costs, a $0.7 million decrease in legal and consulting fees, a $0.3 million decrease in travel and entertainment costs, a $0.2 million decrease in marketing costs and a $0.1 million decrease in office expenses. Selling and administrative expenses, as a percentage of net sales, for the three months ended June 30, 2024 decreased to 39.1% from 40.1% for the same period in 2023.

For the six months ended June 30, 2024, selling and administrative expenses decreased by $4.0 million, or 15.9%, to $21.5 million, as compared to $25.5 million for the same period in 2023. The decrease in selling and administrative expenses was the result of judicious cost reductions, including a $1.4 million decrease in payroll costs and a $1.3 million decrease in consulting fees. Selling and administrative expenses, as a percentage of net sales, for the six months ended June 30, 2024 decreased to 37.5% from 38.2% for the same period in 2023.

Other Income (Expense), Net

Due to the strengthening of the U.S. Dollar foreign exchange gains were \$1.1 million and \$0.2 million for the three months ended June 30, 2024 and 2023, respectively.

Foreign exchange gains were \$2.0 million and \$0.5 million for the six months ended June 30, 2024 and 2023, respectively.

Income Tax (Provision) Benefit

Income tax expense was \$0.5 million for the three months ended June 30, 2024 as compared to \$0.3 million in the same period last year.

Income tax (provision) or benefit includes current and deferred income taxes for both our domestic and foreign operations. Our statutory income tax rates for key jurisdictions are as follows, for the six months ended June 30:

Country	2024	2023
China(1)	25.0 %	25.0 %
Hong Kong	16.5 %	16.5 %
Japan	34.6 %	34.6 %
Republic of Korea	20.9 %	20.9 %
United States(2)	22.2 %	22.2 %

(1)For 2024, the Company qualified for a reduced tax rate of 5% in China as a Small Low Profit Enterprise.
(2) Includes blended state effective rate of 1.2% for 2024 and 2023 in addition to U.S. federal statutory rate of 21%.

Income from our international operations is subject to taxation in the countries in which we operate. Although we may receive foreign income tax credits that would reduce the total amount of income taxes owed in the United States, we may not be able to fully utilize our foreign income tax credits in the United States.

We use the recognition and measurement provisions of the FASB ASC Topic 740, Income Taxes (“Topic 740”), to account for income taxes. The provisions of Topic 740 require a company to record a valuation allowance when the “more likely than not” criterion for realizing net deferred tax assets cannot be met. Furthermore, the weight given to the potential effect of such evidence should be commensurate with the extent to which it can be objectively verified. As a result, we reviewed the operating results, as well as all of the positive and negative evidence related to realization of such deferred tax assets to evaluate the need for a valuation allowance in each tax jurisdiction.

The provision for income taxes is directly related to our profitability and changes in the taxable income among countries of operation. For the three and six months ended June 30, 2024, the Company’s effective tax rate was (277.4)% and 74.8%, respectively. For the three and six months ended June 30, 2023, the Company’s effective tax rate was (20.8)% and (228.0)%, respectively.

The effective tax rates for the three and six months ended June 30, 2024 and 2023 was different from the federal statutory rate due primarily to the mix of earnings across jurisdictions and the associated valuation allowances recorded on losses in certain jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

As of June 30, 2024, our cash and cash equivalents increased by 18.9%, or $1.5 million, to $9.2 million from $7.7 million as of December 31, 2023. The Company is required to restrict cash for: (i) direct selling insurance premiums and credit card sales in the Republic of Korea; (ii) reserve on credit card sales in the United States and Canada; and (iii) the Australia building lease collateral. The current portion of restricted cash balances was $0.9 million at each of June 30, 2024 and December 31, 2023. The long-term portion of restricted cash balances was $0.7 million at each of June 30, 2024 and December 31, 2023.

Our principal use of cash is to pay for operating expenses, including commissions and incentives, capital assets, inventory purchases, and periodic cash dividends. We did not pay a dividend in the current quarter. Business objectives, operations, and expansion of operations are funded through net cash flows from operations rather than incurring long-term debt.

Working Capital

Working capital represents total current assets less total current liabilities. At June 30, 2024 and December 31, 2023, our working capital was $4.0 million and $1.9 million, respectively.

Net Cash Flows

Our net consolidated cash flows consisted of the following, for the six months ended June 30 *(in millions)*:

Provided by (Used in):	**2024**		**2023**	
Operating activities	$	(0.8)	$	(1.3)
Investing activities	$	(0.1)	$	(0.4)
Financing activities	$	3.1	$	(1.3)

Operating Activities

Operating activities used $0.8 million cash for the six months ended June 30, 2024 as compared to a use of $1.3 million cash in the same period in 2023. The improvement is due to reduced operating costs and management of inventory carrying balances, which yielded net income of $0.6 million for the six months ended June 30, 2024.

Investing Activities

For the six months ended June 30, 2024 and 2023, we invested cash of $0.1 million and $0.4 million, respectively, principally for back-office software projects, reported as property and equipment.

Financing Activities

For the six months ended June 30, 2024 our financing activities provided cash of $3.1 million. We received $3.6 million from the issuance of notes payable (see Note 4) and we used $0.5 million in the repayment of finance lease obligations.

For the six months ended June 30, 2023 our financing activities used $1.3 million. For the six months ended June 30, 2023, we used $0.8 million in payments of dividends to shareholders, $0.4 million in the repayment of finance lease obligations and $0.1 million in the repurchase of common stock.

General Liquidity and Cash Flows

Short Term Liquidity

As of June 30, 2024, our cash and cash equivalents was $9.2 million. We believe our existing liquidity and cash flows from operations are adequate to fund our normal expected future business operations for the next twelve months.

On April 23, 2024, the Company entered into unsecured Loan and Promissory Note agreements with three related parties, who are members of the Company's Board of Directors, and who are current stockholders of the Company, in an aggregate principal amount of $3.6 million. The purpose of the borrowing was to provide funds to the Company for general working capital needs, including payment to vendors, expansion of the Company's non-US operations, technology investment primarily for improving the customer ordering process and software updates to improve visibility of sales associate activity.

We have contractual purchase commitments with certain raw materials suppliers to purchase minimum quantities. At June 30, 2024, we have one supply agreement which was amended on April 18, 2024, that requires the Company to purchase an aggregate of $2.6 million through 2025, with no purchase commitments thereafter. We also maintain other supply agreements and manufacturing agreements to protect our products, regulate product costs, and help ensure quality control standards. These agreements do not require us to purchase any minimum quantities.

We have operating lease liabilities for the property and equipment we use in our business operations. These operating lease liabilities represent our minimum future payment obligations on operating leases, including imputed interest. At June 30, 2024, our operating lease liabilities were $3.7 million, of which the current portion of $1.7 million is presented as a component of Accrued expenses and $2.0 million is presented as Operating lease liabilities excluding current portion on our Condensed Consolidated Balance Sheets. We also have finance lease liabilities of $1.1 million and lease restoration liabilities of $0.3 million.

As our primary source of liquidity has historically been our cash flows from operations, our liquidity is dependent on our ability to maintain and/or continue to improve revenue as compared to our operational expenses. In this regard, our management has established a 2024 business reorganization plan focusing on revenue growth, margin improvement and cost control and reduction, including a plan to improve margin through a price increase, continued focus on supply chain costs, and certain compensation plan adjustments, as well as to reorganize certain functional operations and reduce our fixed selling and administrative overhead.

However, if our reorganization plans are not successful, or if we experience disruption in our supply chain, and/or potential decreases in consumer demands, our sales and our overall liquidity in the next twelve months could be negatively impacted. If our existing capital resources or cash flows become insufficient to meet current business plans, projections, and existing capital requirements, we may be required to raise additional funds, which may not be available on favorable terms, if at all.

Long Term Liquidity

We believe our cash flows from operations should be adequate to fund our normal expected future business operations and possible international expansion costs for the long term. As our primary source of liquidity is from our cash flows from operations, this will be dependent on our ability to maintain or improve revenue as compared to operational expenses.

However, if our existing capital resources or cash flows become insufficient to meet anticipated business plans and existing capital requirements, we may be required to raise additional funds, which may not be available on favorable terms, if at all.

Our future access to the capital markets may be adversely impacted if we fail to maintain compliance with the Nasdaq Marketplace Rules for the continued listing of our stock. We continuously monitor our compliance with the Nasdaq continued listing rules.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any special-purpose entity arrangements, nor do we have any off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Our condensed consolidated financial statements are prepared in accordance with GAAP. The application of GAAP requires us to make estimates and assumptions that affect the reported values of assets and liabilities at the date of our financial statements, the reported amounts of revenues and expenses during the reporting period, and the related disclosures of contingent assets and liabilities. We use estimates throughout our financial statements, which are influenced by management's judgment and uncertainties. Our estimates are based on historical trends, industry standards, and various other assumptions that we believe are applicable and reasonable under the circumstances at the time the condensed consolidated financial statements are prepared. Our Audit Committee reviews our significant accounting policies and critical estimates. We continually evaluate and review our policies related to the portrayal of our consolidated financial position and consolidated results of operations that require the application of significant judgment by our management. We also analyze the need for certain estimates, including the need for such items as allowance for doubtful accounts, inventory reserves, long-lived fixed assets and capitalization of internal-use software development costs, reserve for uncertain income tax positions and tax valuation allowances, revenue recognition, sales returns, and deferred revenues, accounting for stock-based compensation, and contingencies and litigation. Historically, actual results have not materially deviated from our estimates. However, we caution readers that actual results could differ from our estimates and assumptions applied in the preparation of our condensed consolidated financial statements. If circumstances change relating to the various assumptions or conditions used in our estimates, we could experience an adverse effect on our financial position, results of operations, and cash flows. We have identified the following applicable significant accounting policies and critical estimates as of June 30, 2024.

Inventory Reserves

Inventory consists of raw materials, finished goods, and promotional materials that are stated at the lower of cost (using standard costs that approximate average costs) or market. We record the amounts charged by the vendors as the costs of inventory. Typically, the net realizable value of our inventory is higher than the aggregate cost. Determination of net realizable value can be complex and, therefore, requires a high degree of judgment. In order for management to make the appropriate determination of net realizable value, the following items are considered: inventory turnover statistics, current selling prices, seasonality factors, consumer demand, regulatory changes, competitive pricing, and performance of similar products. If we determine the carrying value of inventory is in excess of estimated net realizable value, we write down the value of inventory to the estimated net realizable value.

We also review inventory for obsolescence in a similar manner and any inventory identified as obsolete is reserved or written off. Our determination of obsolescence is based on assumptions about the demand for our products, product expiration dates, estimated future sales, and general future plans. We monitor actual sales compared to original projections, and if actual sales are less favorable than those originally projected by us, we record an additional inventory reserve or write-down. Historically, our estimates have been close to our actual reported amounts. However, if our estimates regarding inventory obsolescence are inaccurate or consumer demand for our products changes in an unforeseen manner, we may be exposed to additional material losses or gains in excess of our established estimated inventory reserves.

Tax Valuation Allowances

As of June 30, 2024, there was nothing recorded in other long-term liabilities on our condensed consolidated balance sheet related to uncertain income tax positions. As required by Topic 740, we use judgments and make estimates and assumptions related to evaluating the probability of uncertain income tax positions. We base our estimates and assumptions on the potential liability related to an assessment of whether the income tax position will "more likely than not" be sustained in an income tax audit. We are also subject to periodic audits from multiple domestic and foreign tax authorities related to income tax and other forms of taxation. These audits examine our tax positions, timing of income and deductions, and allocation procedures across multiple jurisdictions. Depending on the nature of the tax issue, we could be subject to audit over several years. There are ongoing income tax audits in various international jurisdictions that we believe are not material to our financial statements.

Revenue Recognition and Deferred Commissions

Our revenue is derived from sales of individual products and associate fees or, in certain geographic markets, starter packs. Substantially all of our product and pack sales are to associates and preferred customers at published wholesale prices. We record revenue net of any sales taxes and record a reserve for expected sales returns based on historical experience. We recognize revenue from shipped packs and products upon receipt by the customer. We estimate order delivery dates using weighted averages of historical delivery data periodically provided by our freight carriers. We record the value of orders shipped but not yet delivered to customers as Deferred Revenue on our Consolidated Balance Sheet. If our assumptions and estimate of the delivery time from shipment to receipt by the customer changes, the new estimate could have a material impact on our revenues and financial results of operations. Corporate-sponsored event revenue is recognized when the event is held

Orders placed by associates or preferred customers constitute our contracts. Product sales placed in the form of an automatic order contain two performance obligations: (1) the sales of the product and (2) the loyalty program. For these contracts, we account for each of these obligations separately as they are each distinct. The transaction price is allocated between the product sale and the loyalty program on a relative standalone selling price basis. Sales placed through a one-time order contain only the first performance obligation noted above – the sale of the product.

We provide associates with access to a complimentary three-month package for the Success Tracker™ and Mannatech+ online business tools with the first payment of an associate fee. The first payment of an associate fee contains three performance obligations: (1) providing new associates with the eligibility to earn commissions, bonuses and incentives for twelve months, (2) three months of complimentary access to utilize the Success Tracker™ online tool, and (3) three months of complimentary access to utilize the Mannatech+ online business tool. The transaction price is allocated between the three performance obligations on a relative standalone selling price basis. Associates do not have complimentary access to online business tools after the first contractual period.

With regard to both of the aforementioned contracts, we determine the standalone selling prices by using observable inputs, which include our standard published price lists.

Product Return Policy

We stand behind our packs and products and believe we offer a reasonable and industry-standard product return policy to all of our customers. We do not resell returned products. Refunds are not processed until proper approval is obtained. All refunds must be processed and returned in the same form of payment that was originally used in the sale. Each country in which we operate has specific product return guidelines. However, we allow our associates and preferred customers to exchange products as long as the products are unopened and in good condition. Our return policies for our retail customers and our associates and preferred customers are as follows:

- ***Retail Customer Product Return Policy.*** This policy allows a retail customer to return any of our products to the original associate who sold the product and receive a full cash refund from the associate for the first 180 days following the product's purchase if located in the United States and Canada, and for the first 90 days following the product's purchase in other countries where we sell our products. The associate may then return or exchange the product based on the associate product return policy.
- ***Associate and Preferred Customer Product Return Policy.*** This policy allows the associate or preferred customer to return an order within one year of the purchase date upon terminating his/her account. If an associate or preferred customer returns a product unopened and in good condition, he/she may receive a full refund minus a 10% restocking fee. We may also allow the associate or preferred customer to receive a full satisfaction guarantee refund if they have tried the product and are not satisfied for any reason, excluding promotional materials. This satisfaction guarantee refund applies in the United States and Canada, only for the first 180 days following the product's purchase and applies in other countries where we sell our products for the first 90 days following the product's purchase; however, any commissions earned by an associate will be deducted from the refund. If we discover abuse of the refund policy, we may terminate the associate's or preferred customer's account.

Historically, sales returns estimates have not materially deviated from actual sales returns, as the majority of our customers who return merchandise do so within the first 90 days after the original sale. Based upon our return policies and historical experience, we estimate a sales return reserve for expected sales refunds over a rolling six-month period. If actual results differ from our estimated sales returns reserves due to various factors, the amount of revenue recorded each period could be materially affected. Historically, our sales returns have not materially changed through the years and have averaged 0.5% or less of our gross sales.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not engage in trading market risk sensitive instruments and do not purchase investments as hedges or for purposes "other than trading" that are likely to expose us to certain types of market risk, including interest rate, commodity price, or equity price risk. Although we have investments, we believe there has been no material change in our exposure to interest rate risk. We have not issued any debt instruments, entered into any forward or futures contracts, purchased any options, or entered into any swap agreements.

We are exposed, however, to other market risks, including changes in currency exchange rates as measured against the United States dollar. Because the change in value of the United States dollar measured against foreign currency may affect our consolidated financial results, changes in foreign currency exchange rates could positively or negatively affect our results as expressed in United States dollars. For example, when the United States dollar strengthens against foreign currencies in which our products are sold or weakens against foreign currencies in which we may incur costs, our consolidated net sales or related costs and expenses could be adversely affected. We translate our revenues and expenses in foreign markets using an average rate.

We maintain policies, procedures, and internal processes in an effort to help monitor any significant market risks and we do not use any financial instruments to manage our exposure to such risks. We assess the anticipated foreign currency working capital requirements of our foreign operations and maintain a portion of our cash and cash equivalents denominated in foreign currencies sufficient to satisfy most of these anticipated requirements.

We caution that we cannot predict with any certainty our future exposure to such currency exchange rate fluctuations or the impact, if any, such fluctuations may have on our future business, product pricing, operating expenses, and on our consolidated financial position, results of operations, or cash flows. However, to combat such market risk, we closely monitor our exposure to currency fluctuations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2024, there were no changes in our internal control over our financial reporting that we believe materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 7, *Litigation,* of our Notes to Unaudited Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2023 Annual Report, which could materially affect our business or our consolidated financial position, results of operations, and cash flows. The risks described in our 2023 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be insignificant also may become materially adverse or may affect our business in the future or our consolidated financial position, results of operations, or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6 Exhibits

See Index to Exhibits immediately following this page.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit (s)	Filing Date
3.1	Amended and Restated Articles of Incorporation of Mannatech, Incorporated, dated May 19, 1998.	S-1	333-63133	3.1	September 10, 1998
3.2	Amendment to the Amended and Restated Articles of Incorporation of Mannatech, dated January 13, 2012.	8-K	000-24657	3.1	January 17, 2012
3.3	Fifth Amended and Restated Bylaws of Mannatech, dated August 25, 2014.	8-K	000-24657	3.1	August 27, 2014
4.1	Specimen Certificate representing Mannatech's common stock, par value $0.0001 per share.	S-1	333-63133	4.1	October 28, 1998
10.17	Loan Agreement and Promissory Note with Jade Capital, signed April 23, 2024.	8-K	000-24657	10.2	April 23, 2024
10.18	Loan Agreement and Promissory Note with J. Stanley Fredrick, signed April 23, 2024.	8-K	000-24657	10.2	April 23, 2024
10.19	Loan Agreement and Promissory Note with Kevin Robbins, signed April 23, 2024.	8-K	000-24657	10.2	April 23, 2024
31.1**	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer of Mannatech.	*	*	*	*
31.2**	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer of Mannatech.	*	*	*	*
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer of Mannatech.	**	**	**	**
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer of Mannatech.	**	**	**	**
101.INS*	XBRL Instance Document	*	*	*	*
101.SCH*	XBRL Taxonomy Extension Schema Document	*	*	*	*
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	*	*	*	*
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	*	*	*	*
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	*	*	*	*
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	*	*	*	*

* Filed herewith.

** Furnished herewith.

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.

MANNATECH, INCORPORATED

Dated: August 13, 2024	By:	***/s/ Landen Fredrick*** Landen Fredrick Chief Executive Officer (principal executive officer)
Dated: August 13, 2024	By:	***/s/ James Clavijo*** James Clavijo Chief Financial Officer (principal financial officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Landen Fredrick, certify that:

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

Date: August 13, 2024

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Clavijo, certify that:

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

Date: August 13, 2024

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Mannatech, Incorporated (the “Company”) on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Landen Fredrick, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

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

In connection with the Quarterly Report of Mannatech, Incorporated (the “Company”) on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James Clavijo, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Landen Fredrick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mannatech, Incorporated;
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. As the registrant's certifying officer, I am 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. As the registrant's certifying officer, I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Clavijo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mannatech, Incorporated;
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. As the registrant's certifying officer, I am 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. As the registrant's certifying officer, I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Mannatech, Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Landen Fredrick, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ Landen Fredrick
Landen Fredrick
Chief Executive Officer
(principal executive officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

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

In connection with the Quarterly Report of Mannatech, Incorporated (the “Company”) on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James Clavijo, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ James Clavijo
James Clavijo
Chief Financial Officer
(principal financial officer)

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO MANNATECH, INCORPORATED AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.