# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 8-K

### **CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Date of Report (Date of earliest event reported): February 8, 2017

### LIFEVANTAGE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado 001-35647 90-0224471

(State or other Jurisdiction (Commission file Number) (IRS Employer Identification No.)

9785 S. Monroe Street, Suite 300, Sandy, UT, 84070 (Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (801) 432-9000

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

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

### Item 2.02 Results of Operations and Financial Condition.

On February 8, 2017, LifeVantage Corporation (the "Company") issued a press release announcing its financial results for the second fiscal quarter ended December 31, 2016. A copy of the Company's press release is attached as Exhibit 99.1 to this report and incorporated by reference.

The information furnished in this Item 2.02 and the exhibit hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

### Exhibit No. Description

99.1 Press release issued by the Company on February 8, 2017 announcing its financial results for the second fiscal quarter ended December 31,

2016.

### **SIGNATURE**

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.

LIFEVANTAGE CORPORATION

Date: February 8, 2017

By: <u>/s/ Beatryx Washington</u>

Name: Beatryx Washington

Title: Senior Vice President, Legal Affairs



## LifeVantage Announces Financial Results for the Second Quarter of Fiscal 2017

Second Quarter Revenue of \$48.9 million

Revenue in the First Six Months of Fiscal 2017 Increased 6.7% year-over-year

Company Reiterates Fiscal 2017 Guidance

**Salt Lake City, UT, February 8, 2017**, LifeVantage Corporation (Nasdaq: LFVN) today reported financial results for its second guarter ended December 31, 2016.

### **Second Quarter Fiscal 2017 Highlights:**

- Revenue decreased 5.9% to \$48.9 million, compared to \$52.0 million in the second quarter of fiscal 2016;
- Revenue in the Americas decreased 6.1% and revenue in Asia/Pacific & Europe decreased 5.1%, both when compared to the comparable period of fiscal 2016;
- Adjusted EBITDA decreased 13.7% to \$3.9 million, compared to \$4.5 million in the comparable period of fiscal 2016;
- Earnings per diluted share were \$0.02, compared to \$0.11 in the second guarter of fiscal 2016; and
- Adjusted earnings per diluted share were \$0.11, compared to \$0.14 in the second quarter of fiscal 2016.

"The second quarter results were consistent with our expectations," stated LifeVantage President and Chief Executive Officer Darren Jensen. "Our recent implementation of new international policies and procedures disrupted second quarter sales as anticipated. As the implementation nears completion, we are focused on rebuilding our sales momentum while continuing to focus on additional international opportunities. We recently hired a new Hong Kong based executive responsible for both Hong Kong and Asia Market Development, focusing on expanding our business into additional Chinese markets, including Taiwan and Mainland China."

### **Second Quarter Fiscal 2017 Results**

For the second fiscal quarter ended December 31, 2016, the Company reported revenue at the top end of previously announced guidance of \$48.9 million, a 5.9% decrease compared to \$52.0 million for the comparable period in fiscal 2016. Year-over-year quarterly revenue reflects a decrease of 6.1% in the Americas and a 5.1% decrease in the Asia/Pacific & Europe region. Revenues in the Company's United States and Hong Kong markets decreased for the second quarter of fiscal 2017 as the Company began to takes steps, following the completion of the independent review conducted by the Audit Committee of the Board of Directors, to help ensure



that the Company's products are not distributed or sold into countries without complying with applicable customs, tax and other regulatory requirements and to appropriately verify the residency of individuals who want to become independent distributors of the Company. Consistent with these regulatory requirements, in the future independent distributors may be able to purchase a limited quantity of such products for personal consumption in one or more of these countries.

Commissions and incentives expense for the second quarter of fiscal 2017 was \$23.5 million, or 48.1% of revenue, compared to \$27.3 million, or 52.5% of revenue, for the same period in fiscal 2016. Selling, general and administrative expense (SG&A) for the second quarter of fiscal 2017 was \$17.2 million, or 35.2% of revenue, compared to \$13.8 million, or 26.6% of revenue, in the comparable period of fiscal 2016.

Operating income for the second quarter of fiscal 2017 was \$0.7 million, compared to \$3.0 million for the second quarter of fiscal 2016. Operating income during the second quarter of fiscal 2017 included approximately \$1.7 million of costs associated with the Audit Committee's independent review and \$0.1 million of net executive team severance, recruiting and transition expenses. Operating income during the second quarter of fiscal 2016 included approximately \$0.4 million of costs associated with executive team recruiting and transition expenses and \$0.1 million of administrative costs associated with the reverse stock split. Adjusted EBITDA was \$3.9 million for the second quarter of fiscal 2017, compared to \$4.5 million for the comparable period in fiscal 2016.

Net income for the second quarter of fiscal 2017 was \$0.3 million, or \$0.02 per diluted share, calculated on 14.1 million fully diluted shares. This compares to net income for the second quarter of fiscal 2016 of \$1.6 million, or \$0.11 per diluted share, calculated on 14.0 million fully diluted shares. Adjusted for costs associated with the audit committee's independent review of \$1.2 million and net executive severance, recruiting and transition expenses of \$0.1 million, all net of tax, adjusted Non-GAAP net income was \$1.6 million for the second quarter of fiscal 2017, or \$0.11 per diluted share; compared to \$1.9 million, or \$0.14 per diluted share for the comparable period of fiscal 2016. Non-GAAP adjustments to net income during the second quarter of fiscal 2016 included \$0.3 million of executive team transition costs and reverse split administrative expenses, net of tax.

### **Fiscal 2017 First Six Months Results**

For the six months ended December 31, 2016, the Company reported net revenue of \$103.8 million, an increase of 6.7% compared to \$97.3 million for the first six months of fiscal 2016. In the first half of fiscal 2017, revenue in the Americas increased 4.0%, while revenue in Asia/Pacific & Europe increased 15.6%. Revenue for the first half of fiscal year 2017 was positively impacted \$3.4 million, or 3.5%, by foreign currency fluctuations associated with revenue generated in several international markets.

Commissions and incentives expense for the first half of fiscal 2017 was \$49.8 million, or 48.0% of revenue, compared to \$49.3 million, or 50.7% of revenue, for the first half of fiscal 2016. SG&A



for the first six months of fiscal 2017 was \$35.0 million, or 33.7% of revenue, compared to \$27.5 million, or 28.2% of revenue, in the prior year period.

Operating income for the first six months of fiscal 2017 was \$2.7 million, compared to \$5.7 million for the first six months of fiscal 2016. Operating income for the six months ended December 31, 2016 includes \$2.7 million for expenses associated with the Audit Committee independent review and \$0.1 million for net executive severance, recruiting and transition expenses. Operating income in the first six months of fiscal 2016 includes \$1.3 million of net executive severance, recruiting and transition costs as well as \$0.1 million for expenses associated with the reverse stock split completed during October 2015. Adjusted EBITDA was \$8.2 million for the first six months of fiscal 2017, compared to \$8.9 million for the same period in fiscal 2016.

Net income for the first half of fiscal 2017 was \$1.5 million, or \$0.10 per diluted share, compared to \$2.7 million, or \$0.19 per diluted share for the first half of fiscal 2016. On a tax adjusted basis, adjusting for previously announced expenses associated with the audit committee independent review of \$1.9 million, along with a \$0.1 million of costs for net executive severance, recruiting and transition expenses, adjusted Non-GAAP net income for the six months ended December 31, 2016 was \$3.5 million, or \$0.24 per diluted share. On a tax adjusted basis, adjusting for executive severance, recruiting and transition costs of \$0.8 million, along with the \$0.1 million for expenses associated with the reserve stock split in October 2015, adjusted Non-GAAP net income for the first six months of fiscal year 2016 was \$3.6 million or \$0.26 per diluted share.

### **Balance Sheet & Liquidity**

The Company generated \$5.1 million of cash from operations during the first six months of fiscal year 2017 and \$8.5 million in the same period last year. The year-over-year reduction in cash provided by operations during the first half of fiscal 2017 primarily relates to the lower level of net income relative to the prior year period and cash used to reduce payables. The Company's cash and cash equivalents at December 31, 2016 were \$11.7 million compared to \$7.9 million at June 30, 2016.

### Fiscal Year 2017 Guidance

The Company is reiterating fiscal year 2017 annual guidance. The Company expects to generate revenue in the range of \$207 million to \$212 million during fiscal year 2017, and anticipates adjusted earnings per diluted share in the range of \$0.40 to \$0.47 and GAAP earnings per diluted share in the range of \$0.26 to \$0.33. The Company's earnings per diluted share guidance excludes any non-operating or non-recurring expenses that may materialize during fiscal 2017, including estimated costs of \$2.5 million to \$3.0 million associated with the recently completed review by the Audit Committee of the Board of Directors.

### **Conference Call Information**

The Company will hold an investor conference call today at 2:30 p.m. MST (4:30 p.m. EST). Investors interested in participating in the live call can dial (888) 215-7030 from the U.S. International callers can dial (913) 312-1276. A telephone replay will be available



approximately two hours after the call concludes and will be available through Wednesday, February 15, 2017, by dialing (844) 512-2921 from the U.S. and entering confirmation code 1969252, or (412) 317-6671 from international locations, and entering confirmation code 1969252.

There will also be a simultaneous, live webcast available on the Investor Relations section of the Company's web site at <a href="http://investor.lifevantage.com/events.cfm">http://investor.lifevantage.com/events.cfm</a>. The webcast will be archived for approximately 30 days.

### About LifeVantage Corporation

LifeVantage Corporation (Nasdaq:LFVN), is a science-based direct selling company dedicated to visionary science that looks to transform health, wellness and anti-aging internally and externally at the cellular level. The company is the maker of Protandim<sup>®</sup> Nrf2 and NRF1 Synergizers, its line of scientifically-validated dietary supplements, the TrueScience<sup>®</sup> Anti-Aging Skin Care Regimen, Canine Health<sup>®</sup>, the AXIO<sup>®</sup> energy product line and the PhysIQ<sup>™</sup> Smart Weight Management System. LifeVantage was founded in 2003 and is headquartered in Salt Lake City, Utah. www.lifevantage.com

### **Forward Looking Statements**

This document contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words and expressions reflecting optimism, satisfaction or disappointment with current prospects, as well as words such as "believe", "hopes", "intends", "estimates", "expects", "projects", "plans", "anticipates", "look forward to", "goal", "may be", and variations thereof, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements we make regarding our leadership in the global market, new product launches, the effectiveness of our policies and procedures, future growth and expected financial performance. Such forward-looking statements are not guarantees of performance and the Company's actual results could differ materially from those contained in such statements. These forward-looking statements are based on the Company's current expectations and beliefs concerning future events affecting the Company and involve known and unknown risks and uncertainties that may cause the Company's actual results or outcomes to be materially different from those anticipated and discussed herein. These risks and uncertainties include, among others, those discussed in greater detail in the Company's Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q under the caption "Risk Factors," and in other documents filed by the Company from time to time with the Securities and Exchange Commission. The Company cautions investors not to place undue reliance on the forward-looking statements contained in this document. All forward-looking statements are based on information currently available to the Company on the date hereof, and the Company undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this document, except as required by law.

### **About Non-GAAP Financial Measures**

We define Non-GAAP EBITDA as earnings before interest expense, income taxes, depreciation and amortization and Non-GAAP Adjusted EBITDA as earnings before interest expense, income taxes, depreciation and amortization, stock compensation expense, other income, net, and certain other adjustments. Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We define Non-GAAP Net Income and Non-GAAP Earnings per Share as GAAP net income less certain tax adjusted non-recurring one-time expenses incurred during the period.

We are presenting Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share because management believes that they provide additional ways to view our operations when considered with both our GAAP results and the reconciliation to net income, which we believe provides a more complete understanding of our business than could be obtained absent this disclosure. Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share are presented solely as supplemental disclosure because: (i) we believe these measures are a useful tool for investors to assess the operating performance of the business without the effect of these items; (ii) we believe that investors will



find this data useful in assessing shareholder value; and (iii) we use Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share internally as benchmarks to evaluate our operating performance or compare our performance to that of our competitors. The use of Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings per Share has limitations and you should not consider these measures in isolation from or as an alternative to the relevant GAAP measure of net income prepared in accordance with GAAP, or as a measure of profitability or liquidity.

The tables set forth below present Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings per Share which are non-GAAP financial measures to Net Income and Earnings per Share, our most directly comparable financial measures presented in accordance with GAAP.

### **Investor Relations Contacts:**

Cindy England Director of Investor Relations (801) 432-9036 cengland@lifevantage.com

-or-Scott Van Winkle Managing Director, ICR (617) 956-6736 scott.vanwinkle@icrinc.com



### LIFEVANTAGE CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(unaudited)

	(In thousands, except per share data)		A	s of	
Cân and cash equivalens         \$         11,73         \$         7,78           Accounts receivable         717         1,552           Income acceivable         903         -—2           Income acceivable         903         -—2,776           Income acceivable         21,377         25,116           Inventory, net         21,377         25,117           Property and equipment asses         1,993         3,672         4,408           Property and equipment, net         1,988         3,672         1,424           Inangible assets, net         1,988         1,136         1,136         1,136           Long-tem deferred income xx asset         3,968         1,136         1,232	<u>ASSETS</u>	De	cember 31, 2016		June 30, 2016
Accounts receivable         973         1,52           Income tax receivable         92,37         2,51           Income tax receivable         92,37         2,51           Carrent deferred income tax asset         9,27         2,77           Prepaid expenses and deposits         36,271         4,00           To come tax sees         36,271         3,00           Property and equipment, net         1,08         1,10           Intangible assets, net         1,09         1,00           Obe, long-term deferred income tax asset         1,00         1,00           Other long-term asset         3,00         3,00           To Accounts payable         5         3,03         3,00           Commissions payable         9         3,00         3,00           Income tax payable         9         3,00         3,00           Cometic protion of long-term debt         2         3,00         3,00           To Counting payable         9         3,00         3,00         3,00           Cometic protion of long-term debt         9         9         3,00         3,00         3,00         3,00         3,00         3,00         3,00         3,00         3,00         3,00         3,00 <t< td=""><td>Current assets</td><td></td><td></td><td></td><td>_</td></t<>	Current assets				_
Income tax receivable         29.3         5.10           Incomero, net deferred income tax asset         2.12         5.20           Prepaid expenses and deposits         1.93         5.00           Total current asses         36.72         4.20           Property and equipment, net         2.83         4.50           Intensible assets, net         1.98         1.91           Intensible assets, net         1.98         1.02           Other long-term aderired income tax asset         3.00         1.02           Other Johnstern         3.00         3.00           TOTAL ASSET         5         3.0         3.0           TOTAL ASSET         5         5.0         3.0           ACCounts Josephale         6         7.2         1.00           ACCounted State State         5         5.0         8.0           Commissions payable         6         7.2         7.7           Combet accured expensed         2.0         2.0           Other accured expensed         2.0         2.0           Total current liabilities         6         7.0         7.0           Competent debt.         6         7.0         6.0           Perfered web         6 <td< td=""><td>Cash and cash equivalents</td><td>\$</td><td>11,731</td><td>\$</td><td>7,883</td></td<>	Cash and cash equivalents	\$	11,731	\$	7,883
Inventory, net         21,371         25,106           Current deferred income tax asset         1,938         5,082           Propel despess and deposits         36,271         4,000           Total current assets         36,271         4,000           Property and equipment, net         1,988         1,948           Intangible assets, net         1,998         1,948           Chang-term deferred income tax asset         3,968         1,928           Other long-term assets         3,968         5         36,309           TOTAL ASSETS         5         45,039         5         36,209           TOTAL TOT	Accounts receivable		717		1,552
Current deferred income tax assert         1,00         5,00           Propeal expenses and deposits         36,70         4,00           Total current asserts         36,70         3,00           Property and equipment, net         1,00         1,00           Lintangible assets, net         1,00         1,00           One long-term deferred income tax asser         3,00         1,00           Other long-term deserted income tax asser         3,00         1,00           TOTAL ASSETS         3,00         4,00           TOTAL SASETS         5         4,00         5,00           ACCOME Institution         5         5,0         5,0           ACCOMEN SASPABLE         5         5,0         5,0         5,0           Commissions payable         5         5,0         5,0         5,0         3,0         2,0	Income tax receivable		903		_
Prepaid expense and deposits         1,000         5,000           Total current asses         36,721         42,000           Property and equipment, net         2,865         1,506           Intangible assets, net         3,006         1,100           Lober long-term deferred income tax asset         3,006         1,100           Other long-term deferred income tax asset         3,006         1,200           TOTAL ASSETS         4,000         5         3,000         3,000           TABLITIZETS NOT STOCKHOLDER'S EQUITY         8         5,000         5         8,000         3,000           Commissions payable         5         5,000         5         8,000         3,000         2,000	Inventory, net		21,377		25,116
Total current assers         36,71         42,409           Property and equipment, net         2,885         3,456           Intangible assets, net         1,698         1,744           Long-term deferred income tax asset         3,906         1,130           O'the long-term assets         3,906         5,020           TOTAL ASSETS         5         46,501         5           TOTAL ISSINITIES AND STOCKHOLDERS' EQUITY           Commissions payable         6,222         7,719           Account tax payable         6,222         7,709           Income tax payable         9,80         8,734           Commissions payable         9,80         8,70           Chier accruel expenses         9,70         2,00           Other accruel expenses         9,80         8,70           Current portion of long-term debt         2,00         2,00           Total current liabilities         5         9,70         9,0           Exes: unamortized discount and deferred offering cost         6,50         9,0           Long-term debt, net of unamortized discount and deferred offering cost         6,64         7,0           Other long-term liabilities         2,041         2,1           Total liabilities         2,041<	Current deferred income tax asset		_		2,776
Property and equipment, net         2,885         3,74           Intangible assets, net         1,098         1,74           Loag-term deferred income tax asset         3,006         1,130           Other long-term assets         1,055         5,025           TOTAL ASSETS         5         46,515         5,025           Comment labilities           Accounts payable         6,722         7,719           Income tax payable         6,722         7,719           Income tax payable         9,709         2,000           Other accrued expenses         9,709         2,000           Other accrued expenses         9,709         2,000           Total current liabilities         2,000         2,000           Total current liabilities         6,500         7,000           Long-term debt         6,500         7,000           Long-term debt, net of unamortized discount and deferred offering cost         6,600         7,000           Long-term debt, net of unamortized discount and deferred offering cost         6,600         7,000           Long-term debt, net of unamortized discount and deferred offering cost         6,600         7,000           Total liabilities         3,000         3,000         3,000 <td< td=""><td>Prepaid expenses and deposits</td><td></td><td>1,993</td><td></td><td>5,082</td></td<>	Prepaid expenses and deposits		1,993		5,082
Intangible asses, net         1,648         1,748           Long-term defered income tax asset         3,906         1,130           Other long-term assets         2         3,505         5         5,525           TOTAL ASSETS         8         45,615         5         5,525           CHARLITIES AND STOCKHOLDERS F.GUITY           Current liabilities         5         5,037         8         8,781           Chomiss payable         6         5         3,781         8,781           Chome cax payable         9         7         1,206           Other accrued expenses         9,780         8,734         8,734           Other accrued expenses         9,780         8,734         8,734           Other accrued expenses         9,780         8,734         8,734           Other accrued expenses         5         5,03         8,734           For accrued expenses         5         5,03         8,73         8,734           Other long-term pottion of long-term debt         6         5         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70         9,70<	Total current assets		36,721		42,409
Long-term deferred income tax asset         3,906         1,130           Other long-term assets         1,200         5,000           TOTAL ASSETS         \$ 46,515         \$ 5,052           IABILITIES AND STOCKHOLDERS'EQUITY           Current liabilities           Accounts payable         \$ 5,037         \$ 8,801           Commissions payable         6,722         7,120           Commissions payable         9,780         8,783           Other accrued expenses         9,780         8,783           Other accrued expenses         9,780         9,780         8,783           Other accrued expenses         9,780         9,780         8,783           Total current liabilities         6,500         7,500         9,780           Principal amount         6,500         7,500         9,700         19,700 <th< td=""><td>Property and equipment, net</td><td></td><td>2,885</td><td></td><td>3,456</td></th<>	Property and equipment, net		2,885		3,456
Other long-term assers         1,305         1,502           TOTAL ASSETS         4,615         2         5,002           BUBLITIES AND STOCKHOLDERS EQUITY           Commissions payable         \$ 5,033         \$ 8,801           Accounts payable         6,722         7,719           Income tax payable         -         4         2,002         2,006           Other accrued expenses         2,003         2,000         2,0	Intangible assets, net		1,698		1,744
TOTAL ASSETS         \$ 46,515         \$ 50,202           LABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities           Accounts payable         \$ 50,303         \$ 8,801           Commissions payable         6,722         7,120           Income tax payable          1,206           Other accrued expenses         9,780         8,734           Current portion of long-tern debt         2,000         2,000           Current portion of long-tern debt         8,500         7,500           Ending         6,500         7,500           Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         6,649         7,400           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,400           Other long-term liabilities         6,249         7,400           Total liabilities         6,249         7,400           Commitments and contingencies           Commitments and contingencies           Commitments and contingencies           Errefered stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding a of December 31, 2016 and June 30, 2016, respectively         14         14	Long-term deferred income tax asset		3,906		1,130
Current liabilities	Other long-term assets		1,305		1,520
Current liabilities         Current payable         \$ 5,037         \$ 8,891           Commissions payable         6,722         7,719           Income tax payable         -         1,206           Other accrued expenses         9,780         8,734           Current portion of long-term debt         2,000         2,000           Total current liabilities         6,500         7,500           Principal amount         6,500         9,780           Less: unamortized discount and deferred offering costs         6,600         9,700           Less: unamortized discount and deferred offering costs         6,620         9,740           Chery-term debt, net of unamortized discount and deferred offering costs         6,620         9,750           Chery-term debt, net of unamortized discount and deferred offering costs         6,224         7,409           Other long-term liabilities         2,041         2,169           Total Liabilities         3,204         3,812           Commitments and contingencies         5         4           Preferred stock - par value \$.001 per share, \$5,000 shares authorized; no shares issued or outstanding outstanding as of December 31, 2016 and June 30,2016, respectively         1         1           Additional paid-in capital         121,165         120,150           Ac	TOTAL ASSETS	\$	46,515	\$	50,259
Accounts payable         \$ 5,037         \$ 7,719           Commissions payable         6,722         7,719           Income tax payable         9,780         1,206           Other accrued expenses         9,780         8,734           Current portion of long-term debt         2,000         2,000           Total current liabilities         6,500         7,500           Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         6,242         7,409           Competerm debt, net of unamortized discount and deferred offering costs         6,242         7,409           Other long-term liabilities         32,001         38,128           Total liabilities         32,001         38,128           Commitments and contingencies         2,041         2,169           Preferred stock - par value S,001 per share, 50,000 shares authorized; no shares issued or outstanding         5         5           Common stock - par value S,001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively         121,165         120,150           Accumulated deficit         (106,613)         (108,076)         140,800           Accumulated other comprehensive income (loss)         (108,076)         141,511	LIABILITIES AND STOCKHOLDERS' EQUITY				
Commissions payable         6,722         7,719           Income tax payable         -         1,206           Other accrued expenses         9,780         8,734           Current portion of long-term debt         2,000         2,000           Total current liabilities         23,539         28,550           Exprincipal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         6,20         9,10           Long-term debt, net of unamortized discount and deferred offering costs         6,24         7,409           Cong-term debt, net of unamortized discount and deferred offering costs         6,24         7,409           Other long-term liabilities         32,004         38,128           Total liabilities         32,004         38,128           Commitments and contingencies         2,041         2,169           Preferred stock - par value S.001 per share, 50,000 shares authorized, no shares issued or outstanding         5         -           Common stock - par value S.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively         121,165         120,150           Accumulated deficit         (106,613)         (108,076)           Accumulated other comprehensive income (loss)         (15,08)<	Current liabilities				
Income tax payable         1,206           Other accrued expenses         9,780         8,734           Current portion of long-term debt         2,000         2,000           Total current liabilities         23,539         28,550           Long-term debt         5,500         7,500           Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         (76)         (91)           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,409           Other long-term liabilities         2,041         2,169           Total liabilities         32,004         38,128           Commitments and contingencies         8         7         7           Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding         7         7           Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively         14         14           Additional paid-in capital         121,165         120,150           Accumulated deficit         (106,613)         (108,076)           Accumulated other comprehensive income (loss)         6,50         4           Total stockholders' equity	Accounts payable	\$	5,037	\$	8,891
Other accrued expenses         9,780         8,734           Current portion of long-term debt         2,000         2,000           Total current liabilities         23,539         28,550           Ding-term debt           Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         (76)         (91)           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,409           Other long-term liabilities         2,041         2,169           Other long-term liabilities         32,041         38,128           Total liabilities         32,041         38,128           Commitments and contingencies           Stockholders' equity	Commissions payable		6,722		7,719
Current portion of long-term debt         2,000         2,000           Total current liabilities         23,539         28,550           Long-term debt         \$5,500         7,500           Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         6,424         7,400           Long-term debt, net of unamortized discount and deferred offering costs         3,041         2,169           Other long-term liabilities         3,041         38,128           Total liabilities         3,040         38,128           Commitments and contingencies         \$5,000         3,204         38,128           Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding         \$6         \$6         \$6           Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively         14         14         14           Additional paid-in capital         121,165         120,150         120,150         43           Accumulated deficit         (106,613)         (108,076)         43           Accumulated other comprehensive income (loss)         14,511         12,131	Income tax payable		_		1,206
Total current liabilities         23,539         28,550           Long-term debt         6,500         7,500           Less: unamortized discount and deferred offering costs         (76)         (91)           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,409           Comp-term liabilities         2,041         2,169           Total liabilities         32,004         38,128           Commitments and contingencies           Stockholders' equity         -         -           Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding outstanding as of December 31, 2016 and June 30, 2016, respectively         14         14           Additional paid-in capital         121,165         120,150           Accumulated deficit         (106,613)         (108,076)           Accumulated other comprehensive income (loss)         43         43           Total stockholders' equity         14,511         12,131	Other accrued expenses		9,780		8,734
Long-term debt         Frincipal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         (76)         (91)           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,409           Other long-term liabilities         2,041         2,169           Total liabilities         32,004         38,128           Commitments and contingencies         ****  Stockholders' equity**  Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding outstanding as of December 31, 2016 and June 30, 2016, respectively         14         14           Additional paid-in capital         121,165         120,150           Accumulated deficit         (106,613)         (108,076)           Accumulated other comprehensive income (loss)         (55)         43           Total stockholders' equity         14,511         12,131	Current portion of long-term debt		2,000		2,000
Principal amount         6,500         7,500           Less: unamortized discount and deferred offering costs         (76)         (91)           Long-term debt, net of unamortized discount and deferred offering costs         6,424         7,409           Other long-term liabilities         2,041         2,169           Total liabilities         32,004         38,128           Commitments and contingencies         ****         ****           Stockholders' equity         —         —         —           Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding outstanding as of December 31, 2016 and June 30, 2016, respectively         14         14           Additional paid-in capital         121,165         120,150           Accumulated deficit         (106,613)         (108,076)           Accumulated other comprehensive income (loss)         (55)         43           Total stockholders' equity         14,511         12,131	Total current liabilities		23,539		28,550
Less: unamortized discount and deferred offering costs  Long-term debt, net of unamortized discount and deferred offering costs  Other long-term liabilities  Total liabilities  Commitments and contingencies  Stockholders' equity  Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively  Accumulated deficit  Accumulated deficit  Total stockholders' equity  10,150  112,165  120,150  132,131  14511  12,131	Long-term debt				
Long-term debt, net of unamortized discount and deferred offering costs Other long-term liabilities 2,041 2,169 Total liabilities 32,004 38,128  Commitments and contingencies Stockholders' equity Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively Additional paid-in capital Accumulated deficit Accumulated other comprehensive income (loss) Total stockholders' equity  14,511 12,131	Principal amount		6,500		7,500
Other long-term liabilities 2,169 Total liabilities 32,004 32,004 Commitments and contingencies  Stockholders' equity  Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding — — Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively 14 14.  Additional paid-in capital 121,165 120,150 Accumulated deficit (106,613) (108,076) Accumulated other comprehensive income (loss) 43 Total stockholders' equity 12,131	Less: unamortized discount and deferred offering costs		(76)		(91)
Total liabilities 32,004 38,128  Commitments and contingencies  Stockholders' equity  Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively  Additional paid-in capital 121,165 120,150  Accumulated deficit (106,613) (108,076)  Accumulated other comprehensive income (loss) 53  Total stockholders' equity 14,511 12,131	Long-term debt, net of unamortized discount and deferred offering costs		6,424		7,409
Commitments and contingencies  Stockholders' equity  Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively  Additional paid-in capital Accumulated deficit (106,613) (108,076) Accumulated other comprehensive income (loss)  Total stockholders' equity  14,511 12,131	Other long-term liabilities		2,041		2,169
Stockholders' equity Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively  Additional paid-in capital Accumulated deficit (106,613) (108,076) Accumulated other comprehensive income (loss)  Total stockholders' equity  14,511 12,131	Total liabilities		32,004		38,128
Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding  Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively  Additional paid-in capital  Accumulated deficit  (106,613)  (108,076)  Accumulated other comprehensive income (loss)  Total stockholders' equity  14,511  12,131	Commitments and contingencies				
Common stock - par value \$.001 per share, 250,000 shares authorized and 14,054 and 14,028 issued and outstanding as of December 31, 2016 and June 30, 2016, respectively1414Additional paid-in capital121,165120,150Accumulated deficit(106,613)(108,076)Accumulated other comprehensive income (loss)(55)43Total stockholders' equity14,51112,131	Stockholders' equity				
outstanding as of December 31, 2016 and June 30, 2016, respectively  Additional paid-in capital  Accumulated deficit  Accumulated other comprehensive income (loss)  Total stockholders' equity  14  121,165  120,150  (106,613)  (108,076)  43  14,511  12,131	Preferred stock - par value \$.001 per share, 50,000 shares authorized; no shares issued or outstanding		_		_
Accumulated deficit(106,613)(108,076)Accumulated other comprehensive income (loss)(55)43Total stockholders' equity14,51112,131			14		14
Accumulated other comprehensive income (loss) (55) 43 Total stockholders' equity 14,511 12,131	Additional paid-in capital		121,165		120,150
Total stockholders' equity 14,511 12,131	Accumulated deficit		(106,613)		(108,076)
Total stockholders' equity 14,511 12,131	Accumulated other comprehensive income (loss)		(55)		43
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 46,515 \$ 50,259	Total stockholders' equity				12,131
		\$	46,515	\$	50,259



### LIFEVANTAGE CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited)

For t	the	Three	Months	Ended	December
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	 31,			For the Six Months Ended December 31,				
	 2016 2015		2015		2016		2015	
(In thousands, except per share data)								
Revenue, net	\$ 48,947	\$	51,995	\$	103,841	\$	97,347	
Cost of sales	7,500		7,842		16,332		14,817	
Gross profit	41,447		44,153		87,509		82,530	
Operating expenses:								
Commissions and incentives	23,540		27,297		49,836		49,340	
Selling, general and administrative	 17,207		13,824		34,987		27,487	
Total operating expenses	40,747		41,121		84,823		76,827	
Operating income	 700		3,032		2,686		5,703	
Other income (expense):								
Interest expense	(138)		(619)		(275)		(1,368)	
Other income (expense), net	 (150)		6		(321)		(210)	
Total other income (expense)	 (288)		(613)		(596)		(1,578)	
Income before income taxes	412		2,419		2,090		4,125	
Income tax expense	 (129)		(819)		(627)		(1,459)	
Net income	\$ 283	\$	1,600	\$	1,463	\$	2,666	
Net income per share:								
Basic	\$ 0.02	\$	0.12	\$	0.11	\$	0.19	
Diluted	\$ 0.02	\$	0.11	\$	0.10	\$	0.19	
Weighted average shares outstanding:								
Basic	13,840		13,718		13,830		13,714	
Diluted	14,132		14,016		14,176		13,952	
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustment	 (189)		9		(98)		26	
Other comprehensive income (loss), net of tax:	 (189)		9		(98)		26	
Comprehensive income	\$ 94	\$	1,609	\$	1,365	\$	2,692	



### LIFEVANTAGE CORPORATION AND SUBSIDIARIES

### **Revenue by Region**

(unaudited)

### For the Three Months Ended December 31,

### For the Six Months Ended December 31,

	201	16	2015 2016			16		15		
(In thousands)										
Americas	\$ 37,613	77%	\$	40,055	77%	\$ 77,748	75%	\$	74,781	77%
Asia/Pacific & Europe	11,334	23%		11,940	23%	26,093	25%		22,566	23%
Total	\$ 48,947	100%	\$	51,995	100%	\$ 103,841	100%	\$	97,347	100%

### Active Independent Distributors (1)

(unaudited)

### December 31,

_	2016	2015		
Americas	46,000	73%	46,000	69%
Asia/Pacific & Europe	17,000	27%	21,000	31%
Total	63,000	100%	67,000	100%

### Active Preferred Customers (2)

(unaudited)

### December 31,

2016	2015			
89,000	80%	96,000	82%	
22,000	20%	21,000	18%	
111,000	100%	117,000	100%	
	89,000 22,000	22,000 20%	89,000     80%     96,000       22,000     20%     21,000	

- (1) Active Independent Distributors have purchased product in the prior three months for retail or personal consumption.
- (2) Active Preferred Customers have purchased product in the prior three months for personal consumption only.



### LIFEVANTAGE CORPORATION AND SUBSIDIARIES

### Reconciliation of GAAP Net Income to Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA:

(Unaudited)

### For the Three Months Ended December

	31,				For the Six Months Ended December 31,				
	2016			2015		2016		2015	
(In thousands)			_						
GAAP Net income	\$	283	\$	1,600	\$	1,463	\$	2,666	
Interest Expense		138		619		275		1,368	
Provision for income taxes		129		819		627		1,459	
Depreciation and amortization		414		452		826		983	
Non-GAAP EBITDA:		964	_	3,490		3,191		6,476	
Adjustments:			_						
Stock compensation expense		576		450		1,515		642	
Other (income) expense, net		150		(6)		321		210	
Other adjustments*		2,165		535		3,176		1,614	
Total adjustments		2,891	_	979		5,012		2,466	
Non-GAAP Adjusted EBITDA	\$	3,855	\$	4,469	\$	8,203	\$	8,942	

<sup>\*</sup>Other adjustments for the three months ended December 31, 2016 include approximately \$1.7 million for expenses associated with the audit committee independent review and \$0.5 million for executive severance and search firm expenses. Other adjustments for the three months ended December 31, 2015 include approximately \$0.4 million for search firm and hiring expenses associated with the search for executive officers and \$0.1 million for expenses associated with the reverse stock split completed during October 2015. Other adjustments for the six months ended December 31, 2016 include approximately \$2.7 million for expenses associated with the audit committee independent review and \$0.5 million for executive severance and search firm expenses. Other adjustments for the six months ended December 31, 2015 include approximately \$0.7 million for executive severance expenses, \$0.8 million for search firm and hiring expenses associated with the search for executive officers and \$0.1 million for expenses associated with the reverse stock split completed during October 2015.



### LIFEVANTAGE CORPORATION AND SUBSIDIARIES

### Reconciliation of GAAP Net Income to Non-GAAP Net Income and Non-GAAP Adjusted EPS:

(Unaudited)

For the Three Months Ended December
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For the Six Months Ended December 31

	51,				For the Six Months Ended December 51,				
	2016			2015	2016		2015*		
(In thousands)		_		_				_	
GAAP Net income	\$	283	\$	1,600	\$	1,463	\$	2,666	
Executive team severance expenses (1)		55				55		314	
Executive team recruiting and transition expenses (2)		45		243		45		503	
Reverse stock split administrative expenses (3)		_		103				103	
Audit committee independent review expenses (4)		1,211				1,919			
Non-GAAP Net Income:	\$	1,594	\$	1,946	\$	3,482	\$	3,586	

### For the Three Months Ended December

	31,				For the Six Months Ended December 31,				
		2016		2015		2016		2015*	
Diluted earnings per share, as reported	\$	0.02	\$	0.11	\$	0.10	\$	0.19	
Executive team severance expenses (1)		_		_		_		0.02	
Executive team recruiting and transition expenses (2)		_		0.02		_		0.04	
Reverse stock split administrative expenses (3)		_		0.01		_		0.01	
Audit committee independent review expenses (4)		0.09		_		0.14		_	
Diluted earnings per share, as adjusted	\$	0.11	\$	0.14	\$	0.24	\$	0.26	

<sup>\*</sup>Executive team severance expenses for the prior period non-GAAP adjustments have been restated from previously reported results to display these expenses net of unvested stock award reversals for comparability purposes

<sup>(1)</sup> Net of \$204,000 of after tax compensation expense benefit related to unvested stock award reversals and net of \$24,000 tax expense for the three and six months ended December 31, 2016, respectively, and net of \$124,000 of after tax compensation expense benefit related to unvested stock award reversals and net of \$172,000 tax expense for the six months ended December 31, 2015

<sup>(2)</sup> Net of \$19,000 tax expense for the three and six months ended December 31, 2016 and net of \$133,000 and \$275,000 tax expense for the three and six months ended December 31, 2015, respectively

 $<sup>^{(3)}</sup>$  Net of \$56,000 tax expense for the three and six months ended December 31, 2015

<sup>(4)</sup> Net of \$519,000 and \$823,000 tax expense for the three and six months ended December 31, 2016, respectively