UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2016

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _________ TO _________

Commission file number 001-35647

LIFEVANTAGE CORPORATION

(Exact name of Registrant as specified in its charter)

COLORADO	**90-0224471**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

9785 S. Monroe Street, Ste 300, Sandy, UT 84070
(Address of principal executive offices)

(801) 432-9000
(Registrant's telephone number)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock, par value $0.001 per share, as of February 3, 2017 was 14,100,085.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q, in particular "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the information incorporated by reference herein contains “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions, or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending; statements regarding the future performance of our network marketing efforts; statements regarding our expectations regarding ongoing litigation; statements regarding international growth; and statements regarding future financial performance, results of operations, capital expenditures and sufficiency of capital resources to fund our operating requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable rules of the Securities and Exchange Commission and common law.

These forward-looking statements may be identified in this report and the information incorporated by reference by words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “predict”, “project”, “should” and similar terms and expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- Matters relating to our audit committee's independent review into sales of our products in certain international markets;
- Non-compliance by our independent distributors with applicable legal requirements or our policies and procedures;
- Potential adverse effects on our business and stock price due to ineffective internal controls;
- Inability to manage financial reporting and internal control systems and processes and maintain appropriate level of internal control over financial reporting;
- Inability to properly manage, motivate and retain our independent distributors or to attract new independent distributors on an ongoing basis;
- Inability to manage existing markets, open new international markets or expand our operations;
- Inability of new products and technological innovations to gain distributor or market acceptance;
- Inability to execute our product launch process due to increased pressure on our supply chain, information systems and management;
- Inability to appropriately manage our inventory;
- Disruptions in our information technology systems;
- Inability to protect against cyber security risks and to maintain the integrity of data;
- Inability to comply with financial covenants imposed by our credit facility and the impact of debt service obligations and restrictive debt covenants;
- International trade or foreign exchange restrictions, increased tariffs, foreign currency exchange fluctuations;
- Deterioration of global economic conditions;
- Exposure to environmental liabilities stemming from past operations and property ownership;
- Dependence upon a few products for revenue;
- High quality materials for our products may become difficult to obtain or expensive;
- Dependence on third parties to manufacture our products;
- Disruptions to the transportation channels used to distribute our products;

- We may be subject to a product recall;
- Unfavorable publicity on our business or products;
- Our direct selling program could be found to not be in compliance with current or newly adopted laws or regulations in various markets;
- Legal proceedings may be expensive and time consuming;
- Strict government regulations on our business;
- Regulations governing the production or marketing of our skin care products;
- Risk of investigatory and enforcement action by the Federal Trade Commission;
- Government authorities may question our tax positions or transfer pricing policies or change their laws in a manner that could increase our effective tax rate or otherwise harm our business;
- Failure to comply with anti-corruption laws;
- Inability to build and integrate our management team could harm our business;
- Loss of, or inability to attract, key personnel;
- We may be held responsible for certain taxes or assessments relating to the activity of our independent distributors;
- Competition in the dietary supplement market;
- Our inability to protect our intellectual property rights;
- Third party claims that we infringe on their intellectual property;
- Product liability claims against us;
- Economic, political, foreign exchange and other risks associated with international operations;
- Potential delisting of our common stock due to non-compliance with Nasdaq's continued listing requirements;
- Inability to raise future capital when needed or complete desired acquisitions;
- Volatility of the market price of our common stock;
- Substantial sales of shares may negatively impact the market price of our common stock; and
- Dilution of outstanding voting shares if holders of our existing warrants and options exercise their securities for shares of common stock and future vesting of Performance Stock Units.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. Except as required by law, we have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

LIFEVANTAGE CORPORATION

INDEX

		PAGE
PART I. Financial Information		5
Item 1.	Financial Statements:	5
	Condensed Consolidated Balance Sheets (unaudited)	5
	Condensed Consolidated Statements of Operations and Comprehensive Income (unaudited)	6
	Condensed Consolidated Statement of Stockholders’ Equity (unaudited)	7
	Condensed Consolidated Statements of Cash Flows (unaudited)	8
	Notes to Condensed Consolidated Financial Statements (unaudited)	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	26
Item 4.	Controls and Procedures	27
PART II. Other Information		28
Item 1.	Legal Proceedings	28
Item 1A.	Risk Factors	28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 3.	Defaults Upon Senior Securities	29
Item 4.	Mine Safety Disclosures	29
Item 5.	Other Information	29
Item 6.	Exhibits	29
Signatures		30

PART I Financial Information

Item 1. Financial Statements

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	As of,	
(In thousands, except per share data)	**December 31, 2016**	**June 30, 2016**
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,731	$ 7,883
Accounts receivable	717	1,552
Income tax receivable	903	—
Inventory, net	21,377	25,116
Current deferred income tax asset	—	2,776
Prepaid expenses and deposits	1,993	5,082
Total current assets	36,721	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
Other long-term assets	1,305	1,520
TOTAL ASSETS	$ 46,515	$ 50,259
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts 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	23,539	28,550
Long-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
Total liabilities	32,004	38,128
Commitments and contingencies - Note 6		
Stockholders' equity		
Preferred stock — par value $0.001 per share, 50,000 shares authorized, no shares issued or outstanding	—	—
Common stock — par value $0.001 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)	(55)	43
Total stockholders' equity	14,511	12,131
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 46,515	$ 50,259

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2016	**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

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
(In thousands)	Shares	Amount				
Balances, June 30, 2016	**14,028**	**$ 14**	**$ 120,150**	**$ (108,076)**	**$ 43**	**$ 12,131**
Stock-based compensation	—	—	1,008	—	—	1,008
Exercise of options and warrants	29	—	7	—	—	7
Issuance of shares related to restricted stock	19	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding	(22)	—	—	—	—	—
Currency translation adjustment	—	—	—	—	(98)	(98)
Net income	—	—	—	1,463	—	1,463
Balances, December 31, 2016	**14,054**	**$ 14**	**$ 121,165**	**$ (106,613)**	**$ (55)**	**$ 14,511**

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended December 31,	
	2016	**2015**
(In thousands)		
Cash Flows from Operating Activities:		
Net income	$ 1,463	$ 2,666
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	826	983
Stock-based compensation	1,515	580
Amortization of deferred financing fees	6	229
Amortization of debt discount	9	178
Deferred income tax	—	37
Changes in operating assets and liabilities:		
Increase in receivables	(448)	(728)
Decrease / (increase) in inventory	3,366	(1,426)
Decrease in prepaid expenses and deposits	3,062	545
Decrease in long-term assets	72	223
(Decrease) / increase in accounts payable	(3,791)	674
Increase in accrued expenses	135	3,072
(Decrease) / increase in other long-term liabilities	(1,115)	1,473
Net Cash Provided by Operating Activities	**5,100**	**8,506**
Cash Flows from Investing Activities:		
Purchase of equipment	(237)	(333)
Net Cash Used in Investing Activities	**(237)**	**(333)**
Cash Flows from Financing Activities:		
Excess tax benefit from stock-based compensation	—	405
Payment on term loan	(1,000)	(6,813)
Exercise of options and warrants	7	84
Net Cash Used in Financing Activities	**(993)**	**(6,324)**
Foreign Currency Effect on Cash	**(22)**	**65**
Increase in Cash and Cash Equivalents:	**3,848**	**1,914**
Cash and Cash Equivalents — beginning of period	7,883	13,905
Cash and Cash Equivalents — end of period	**$ 11,731**	**$ 15,819**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 233	$ 954
Cash paid for income taxes	$ 1,682	$ 1,026

The accompanying notes are an integral part of these condensed consolidated statements.

These unaudited Condensed Consolidated Financial Statements and Notes should be read in conjunction with the audited financial statements and notes of LifeVantage Corporation (the "Company") as of and for the year ended June 30, 2016 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on December 12, 2016.

Note 1 — Organization and Basis of Presentation

LifeVantage Corporation is a company dedicated to helping people achieve their health, wellness and financial independence goals. We provide quality, scientifically-validated products and a financially rewarding direct sales business opportunity to customers and independent distributors who seek a healthy lifestyle and financial freedom. We sell our products to preferred customers, retail customers and independent distributors located in the United States, Japan, Hong Kong, Australia, Canada, Philippines, Mexico, Thailand, the United Kingdom and the Netherlands.

We engage in the identification, research, development and distribution of advanced nutraceutical dietary supplements and skin care products, including Protandim®, our scientifically-validated dietary supplement, LifeVantage TrueScience®, our line of anti-aging skin care products, Canine Health®, our companion pet supplement formulated to combat oxidative stress in dogs, Axio®, our energy drink mixes, and PhysIQ™, our smart weight management system.

The condensed consolidated financial statements included herein have been prepared by the Company's management, without audit, pursuant to the rules and regulations of the SEC. In the opinion of the Company's management, these interim financial statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair presentation of its financial position as of December 31, 2016, and the results of operations for the three and six months ended December 31, 2016 and 2015, respectively, and the cash flows for the six months ended December 31, 2016 and 2015, respectively. Interim results are not necessarily indicative of results for a full year or for any future period. Certain amounts in the prior year financial statements have been reclassified for comparative purposes in order to conform with current year presentation.

The condensed consolidated financial statements and notes included herein are presented as required by Form 10-Q, and do not contain certain information included in the Company's audited financial statements and notes for the fiscal year ended June 30, 2016 pursuant to the rules and regulations of the SEC. For further information, refer to the financial statements and notes thereto as of and for the year ended June 30, 2016, and included in the Annual Report on Form 10-K on file with the SEC.

Note 2 — Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

We prepare our consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America (GAAP). In preparing these statements, we are required to use estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. On an ongoing basis, we review our estimates, including those related to inventory valuation and obsolescence, sales returns, income taxes and tax valuation reserves, share-based compensation, and loss contingencies.

Translation of Foreign Currency Statements

A portion of the Company's business operations occurs outside the United States. The local currency of each of the Company's subsidiaries is generally its functional currency. All assets and liabilities are translated into U.S. dollars at exchange rates existing at the balance sheet dates, revenue and expenses are translated at weighted-average exchange rates and stockholders' equity is recorded at historical exchange rates. The resulting foreign currency translation adjustments are recorded as a separate component of stockholders' equity in the condensed consolidated balance sheets and as a component of comprehensive income. Transaction gains and losses and currency translation gains and losses on intercompany balances denominated in a foreign currency are included in other income (expense), net in the condensed consolidated statements of operations and comprehensive income. For the three months ended December 31, 2016 and 2015, net foreign currency losses of $0.3 million and $4,000, respectively, are recorded in other income (expense), net. For the six months ended December 31, 2016 and 2015, net foreign currency losses of $0.4 million and $0.2 million, respectively, are recorded in other income (expense), net.

Derivative Instruments and Hedging Activities

The Company's subsidiaries enter into transactions with each other which may not be denominated in the respective subsidiaries' functional currencies. The Company seeks to reduce its exposure to fluctuations in foreign exchange rates through the use of derivatives. The Company does not use such derivative financial instruments for trading or speculative purposes.

To hedge risks associated with the foreign-currency-denominated intercompany transactions, the Company entered into forward foreign exchange contracts which were settled in December 2016 and were not designated for hedge accounting. For the three months ended December 31, 2016 and 2015, realized gains of $0.2 million and $2,000, respectively, related to forward contracts, are recorded in other income (expense), net. For the six months ended December 31, 2016 and 2015, a realized gain of $0.1 million and a loss of $7,000, respectively, related to forward contracts, are recorded in other income (expense), net. The Company did not hold any derivative instruments at December 31, 2016.

Cash and Cash Equivalents

The Company considers only its monetary liquid assets with original maturities of three months or less as cash and cash equivalents.

Concentration of Credit Risk

Accounting guidance for financial instruments requires disclosure of significant concentrations of credit risk regardless of the degree of such risk. Financial instruments with significant credit risk include cash and investments. At December 31, 2016, the Company had $8.4 million in cash accounts that were held primarily at one financial institution and $3.3 million in accounts at other financial institutions. As of December 31, 2016 and June 30, 2016, and during the periods then ended, the Company’s cash balances exceeded federally insured limits.

Accounts Receivable

The Company’s accounts receivable as of December 31, 2016 and June 30, 2016 consist primarily of credit card receivables. Based on the Company’s verification process for customer credit cards and historical information available, management has determined that an allowance for doubtful accounts on credit card sales as of December 31, 2016 is not necessary. No bad debt expense has been recorded for the periods ended December 31, 2016 and December 31, 2015.

Inventory

As of December 31, 2016 and June 30, 2016, inventory consisted of (in thousands):

	December 31, 2016	June 30, 2016
Finished goods	$ 10,663	$ 14,852
Raw materials	10,714	10,264
Total inventory	$ 21,377	$ 25,116

Inventories are carried and depicted above at the lower of cost or net realizable value, using the first-in, first-out method, which includes a reduction in inventory values of $0.6 million and $0.4 million at December 31, 2016 and June 30, 2016, respectively, related to obsolete and slow-moving inventory.

Revenue Recognition

The Company ships the majority of its product directly to the consumer and receives substantially all payment for these sales in the form of credit card receipts. Revenue from direct product sales to customers is recognized upon shipment when passage of title and risk of loss occurs. Estimated returns are recorded when product is shipped. Subject to some exceptions based on local regulations, the Company’s return policy is to provide a full refund for product returned within 30 days if the returned product is unopened or defective. After 30 days, the Company generally does not issue refunds to direct sales customers for returned product. The Company allows terminating distributors to return up to 30% of unopened, unexpired product that they have purchased within the prior twelve months for a full refund, less a 10% restocking fee. The Company establishes the returns reserve based on historical experience. The returns reserve is evaluated on a quarterly basis. As of

December 31, 2016 and June 30, 2016, the Company’s reserve balance for returns and allowances was approximately $0.4 million and $0.3 million, respectively.

Shipping and Handling

Shipping and handling costs associated with inbound freight and freight out to customers, including independent distributors, are included in cost of sales. Shipping and handling fees charged to customers are included in sales.

Research and Development Costs

The Company expenses all costs related to research and development activities as incurred. Research and development expenses for the six months ended December 31, 2016 and 2015 were approximately $0.6 million and $0.5 million, respectively.

Stock-Based Compensation

The Company recognizes stock-based compensation by measuring the cost of services to be rendered based on the grant date fair value of the equity award. The Company recognizes stock-based compensation, net of any estimated forfeitures, over the period an employee is required to provide service in exchange for the award, generally referred to as the requisite service period. For awards with market-based performance conditions, the cost of the awards is recognized as the requisite service is rendered by employees, regardless of when, if ever, the market-based performance conditions are satisfied.

The Black-Scholes option pricing model is used to estimate the fair value of stock options. The determination of the fair value of stock options is affected by the Company's stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The Company uses historical volatility as the expected volatility assumption required in the Black-Scholes model. The Company utilizes a simplified method for estimating the expected life of the options. The Company uses this method because it believes that it provides a better estimate than the Company’s historical data as post vesting exercises have been limited. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the stock options.

The fair value of restricted stock grants is based on the closing market price of the Company's stock on the date of grant less the Company's expected dividend yield. The fair value of performance stock units that include market-based performance conditions is based on the closing market price of the Company's stock on the date of grant less the Company's expected dividend yield, with further adjustments made to reflect the market conditions that must be satisfied in order for the units to vest by using a Monte-Carlo simulation model. Key assumptions for the Monte-Carlo simulation model include the risk-free rate, expected volatility, expected dividends and the correlation coefficient. The fair value of cash-settled performance-based awards, accounted for as liabilities, is remeasured at the end of each reporting period and is based on the closing market price of the Company’s stock on the last day of the reporting period. The Company recognizes compensation costs for awards with performance conditions when it concludes it is probable that the performance conditions will be achieved. The Company reassesses the probability of vesting at each balance sheet date and adjusts compensation costs accordingly.

Reverse Stock Split

In October 2015, following approval of the Company's shareholders, the Company's board of directors approved the filing of an amendment to the Company's amended and restated articles of incorporation to effectuate a reverse split of the issued and outstanding shares of the Company's common stock on a one-for-seven basis. The reverse stock split was effective on October 19, 2015. The par value and authorized number of shares of common stock were not adjusted as a result of the reverse split. All fractional shares resulting from the reverse stock split were rounded up. All issued and outstanding common stock and per share amounts contained within the Company's consolidated financial statements and footnotes have been retroactively adjusted to reflect this reverse stock split for all periods presented.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the effective date of the change.

For the six months ended December 31, 2016 and 2015 the Company recognized income tax expense of $0.6 million and $1.5 million, respectively, which is reflective of the Company’s current estimated federal, state and foreign effective tax rate. Realization of deferred tax assets is dependent upon future earnings in specific tax jurisdictions, the timing and amount of which are uncertain. The Company continues to evaluate the realizability of the deferred tax asset based upon achieved and estimated future results. The difference between the six months ended December 31, 2016 effective rate of 30.0% and the Federal statutory rate of 35.0% is due primarily to the effect of certain permanent differences, discrete items, return to provision adjustments and benefits from our permanent reinvestment assertion.

Income Per Share

Basic income per common share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period, less unvested restricted stock awards. Diluted income per common share is computed by dividing net income by the weighted-average common shares and potentially dilutive common share equivalents using the treasury stock method.

For the three and six months ended December 31, 2016 the effects of approximately 0.1 million and 43,000 common shares, respectively, issuable upon exercise of options and non-vested shares of restricted stock granted pursuant to the Company's 2007 and 2010 Long-Term Incentive Plans are not included in computations because their effect was anti-dilutive. For the three and six months ended December 31, 2015 the effects of approximately 0.2 million and 0.2 million common shares, respectively, issuable upon exercise of options granted pursuant to the Company's 2007 and 2010 Long-Term Incentive Plans were not included in computations because their effect was anti-dilutive.

The following is a reconciliation of net income per share and the weighted-average common shares outstanding for purposes of computing basic and diluted net income per share (in thousands except per share amounts):

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2016	2015	2016	2015
Numerator:				
Net income	$ 283	$ 1,600	$ 1,463	$ 2,666
Denominator:				
Basic weighted-average common shares outstanding	13,840	13,718	13,830	13,714
Effect of dilutive securities:				
Stock awards and options	250	227	302	171
Warrants	42	71	44	67
Diluted weighted-average common shares outstanding	14,132	14,016	14,176	13,952
Net income per share, basic	$ 0.02	$ 0.12	$ 0.11	$ 0.19
Net income per share, diluted	$ 0.02	$ 0.11	$ 0.10	$ 0.19

Segment Information

The Company operates in a single operating segment by selling products to an international network of independent distributors that operates in an integrated manner from market to market. Commissions and incentives expenses are the Company's largest expense comprised of the commissions paid to its independent distributors. The Company manages its business primarily by managing its international network of independent distributors. The Company does not use profitability reports on a regional or divisional basis for making business decisions. However, the Company does report revenue in two geographic regions: the Americas region and the Asia/Pacific & Europe region. Revenues by geographic region are as follows (in thousands):

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2016	2015	2016	2015
Americas	$ 37,613	$ 40,055	$ 77,748	$ 74,781
Asia/Pacific & Europe	11,334	11,940	26,093	22,566
Total revenues	$ 48,947	$ 51,995	$ 103,841	$ 97,347

Additional information as to the Company's revenue from operations in the most significant geographical areas is set forth below (in thousands):

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2016	2015	2016	2015
United States	$ 35,535	$ 38,761	$ 74,153	$ 72,257
Japan	$ 9,498	$ 9,220	$ 20,105	$ 17,813

As of December 31, 2016, long-lived assets were $6.6 million in the United States and $1.0 million in Japan. As of June 30, 2016, long-lived assets were $4.2 million in the United States and $1.3 million in Japan.

Effect of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration it expects to receive in exchange for those goods or services. ASC 606 will be effective for the Company in the first quarter of fiscal 2019. The Company has performed a detailed analysis and does not anticipate that ASC 606 will have a significant impact on revenue recognition or its consolidated financial statements due to the types of revenue transactions that the Company enters into.

Subsequent to the release of the updated revenue recognition standard discussed above, FASB issued Accounting Standards Update (ASU) 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, ASU 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815),* ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* and ASU 2016-20*, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.* These updates are intended to improve the operability and understandability of the implementation guidance for the updated revenue standard as it relates to the subjects noted. The amendments in these updates have the same effective date as ASC 606 as noted above, and the Company does not anticipate that these updates will have a significant impact on its revenue recognition policy or its consolidated financial statements.

In November 2015, FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. To simplify the presentation of deferred income taxes, the amendments in this update require that all deferred tax assets or liabilities be classified as noncurrent in the classified statement of financial position. The Company early adopted this update prospectively during the first quarter of fiscal 2017, which resulted in the reclassification of the deferred taxes from current to noncurrent on the balance sheet. Prior period balances were not retrospectively adjusted.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 841)*. For lessees, the amendments in this update require that for all leases not considered to be short term, a company recognize both a lease liability and right-of-use asset on its balance sheet, representing the obligation to make payments and the right to use or control the use of a specified asset for the lease term. The amendments in this update are effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods. The Company is currently evaluating the impact that this amendment will have on its consolidated financial statements.

In March 2016, FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* The amendments in this update involve several aspects of the accounting for share-based compensation transactions, including the income tax consequences, forfeitures, statutory withholding requirements and cash flow classification for applicable transactions, in an effort to reduce costs and complexity associated with these transactions while maintaining the usefulness of financial information. Prior to this update, all excess tax benefits were recognized in additional paid in capital ("APIC") and accumulated in an APIC pool and any tax deficiencies realized were offset against the APIC pool to the extent available, with any excess amounts recognized in the income statement. Under this new amendment, any excess tax benefits or deficiencies resulting from the exercise, vesting or settlement of share-based payment transactions will be recognized in the income statement as tax benefits or expenses prospectively from the date of adoption. Estimating forfeitures as part of the recognition of compensation costs is no longer required, rather, an entity can make the election to account for forfeitures when they occur. The Company early adopted this update during the first quarter of fiscal 2017 and began recording the excess tax benefits to the income statement. The Company elected to continue estimating forfeitures as part of its share-based compensation accounting policy.

Note 3 — Long-Term Debt

On October 18, 2013, the Company entered into a Financing Agreement providing for a term loan facility in an aggregate principal amount of $47 million (the "October 2013 Term Loan") and a delayed draw term loan facility in an aggregate principal amount not to exceed $20 million (the "October 2013 Delayed Draw Term Loan"). The October 2013 Delayed Draw Term Loan was available for borrowing in specified minimum amounts from time to time beginning after the effective date of the Financing Agreement until October 18, 2014. The Company did not borrow any amounts under the October 2013 Delayed Draw Term Loan.

On May 1, 2015, the Company entered into an Amendment No. 1 to Financing Agreement ("Amendment No. 1"). Amendment No. 1 revised the March 31, 2015 and June 30, 2015 consolidated EBITDA covenants from $20.6 million and $21.3 million, respectively, to $17.0 million for each quarter end. Amendment No. 1 also revised the minimum unrestricted cash and cash equivalents that the Company was required to hold from $10.0 million to $8.0 million for the reporting periods ended March 31, 2015 and June 30, 2015. In addition, Amendment No. 1 required that the Company make certain accelerated principal payments on the October 2013 Term Loan totaling $4.5 million during the fourth quarter of fiscal year 2016.

On August 27, 2015, the Company entered into an Amendment No. 2 to Financing Agreement ("Amendment No. 2" and collectively, with the October 2013 Term Loan, as previously amended by Amendment No. 1, the "October 2013 Credit Facility"). Amendment No. 2 revised the covenants related to minimum consolidated EBITDA (as defined in the amended Financing Agreement) for the four consecutive fiscal quarters ending September 30, 2015, December 31, 2015, March 31, 2016 and June 30, 2016 from $22.2 million, $23.1 million, $24.4 million and $25.6 million, respectively, to $14.5 million, $15.0 million, $17.0 million and $17.5 million, respectively. In addition, Amendment No. 2 required that the Company make additional monthly accelerated principal payments on the October 2013 Term Loan in the amount of $0.5 million commencing on October 15, 2015 and continuing until the Term Loan was paid in full. Amendment No. 2 also required that the Company make additional accelerated payments at the end of each fiscal quarter in the amount of all unrestricted cash on hand as of the close of business on the last day of the quarter in excess of $12.5 million.

The principal amount of the October 2013 Term Loan was payable in consecutive quarterly installments beginning with the calendar quarter ended March 31, 2014 and matured on the earlier of October 18, 2018 or such date as the outstanding loans became payable in accordance with the terms of the Financing Agreement (the "Final Maturity Date"). The October 2013 Term loan bore interest at a rate equal to 7.5% per annum plus the greater of (i) 1.25% or (ii) LIBOR, or at the Company's option, a reference rate (as defined in the Financing Agreement) plus 6.5% per annum, with such interest payable monthly. For the six months ended December 31, 2016, the average interest rate was 8.75%. On March 30, 2016, the Company repaid the full amount outstanding under the October 2013 Term Loan and terminated the October 2013 Credit Facility.

On March 30, 2016, the Company entered into a Loan Agreement (the "March 2016 Loan Agreement") to refinance its outstanding debt under the October 2013 Term Loan. In connection with the March 2016 Loan Agreement and on the same date, the Company entered into a Security Agreement (the "March 2016 Security Agreement"). The March 2016 Loan Agreement provides for a term loan in an aggregate principal amount of $10.0 million (the "March 2016 Term Loan") and a revolving loan facility in an aggregate principal amount not to exceed $2.0 million (the "March 2016 Revolving Loan," and collectively with the March 2016 Term Loan, the March 2016 Loan Agreement and the March 2016 Security Agreement, the "March 2016 Credit Facility").

The principal amount of the March 2016 Term Loan is payable in consecutive quarterly installments in the amount of $0.5 million plus accrued interest beginning with the fiscal quarter ended June 30, 2016 and maturing on March 30, 2019 (the "Maturity Date"). The March 2016 Term Loan bears interest at a fixed rate of 4.93%. If the Company borrows under the March 2016 Revolving Loan, interest will be payable quarterly in arrears on the last day of each fiscal quarter at a variable rate equal to the 30 day LIBOR Rate plus 3.50%.

The Company's obligations under the March 2016 Credit Facility are secured by a security interest in substantially all of the Company's assets. Loans outstanding under the March 2016 Credit Facility may be prepaid in whole or in part at any time without premium or penalty. In addition, if, at any time, the aggregate principal amount outstanding under the March 2016 Revolving Loan exceeds $2.0 million, the Company must prepay an amount equal to such excess. Any principal amount of the March 2016 Term Loan which is prepaid or repaid may not be re-borrowed.

The March 2016 Credit Facility contains customary covenants, including affirmative and negative covenants that, among other things, restrict the Company's ability to create certain types of liens, incur additional indebtedness, declare or pay dividends on or redeem capital stock, make other payments to holders of equity interests in the Company, make certain investments, purchase or otherwise acquire all or substantially all the assets or equity interests of other companies, sell assets or enter into consolidations, mergers or transfers of all or any substantial part of the Company’s assets. The March 2016 Credit Facility also contains various financial covenants that require the Company to maintain a certain consolidated minimum tangible net worth, minimum working capital amounts, and certain debt to EBITDA and fixed charge coverage ratios. Additionally, the March 2016 Credit Facility contains cross-default provisions, whereby a default under the terms of certain indebtedness or an uncured default of a payment or other material obligation of the Company under a material contract of the Company will cause a default on the remaining indebtedness under the March 2016 Credit Facility. As of December 31, 2016, the Company was in compliance with all applicable covenants under the March 2016 Credit Facility; provided, however, that on October 24, 2016, the Company was granted a waiver and extension to covenants requiring the Company to provide the lender with audited financial statements for the Company's 2016 fiscal year on or before October 28, 2016. Under the limited waiver and extension, the lender agreed to waive compliance with this requirement if the Company delivered such audited financial statements prior to December 31, 2016. In connection with the filing of the Company's Form 10-K on December 12, 2016, the Company delivered all required information to the lender to satisfy the requirement.

During the six months ended December 31, 2016, the Company recorded interest expense of $16,000 related to the normal amortization of transaction costs associated with the March 2016 Credit Facility. At December 31, 2016, the Company had unamortized transaction costs totaling $0.1 million included in the consolidated balance sheet related to the March 2016 Credit Facility. This balance will be amortized to interest expense using the effective interest method over the term of the loan.

The Company’s book value for the March 2016 Credit Facility approximates the fair value. Aggregate future principal payments required in accordance with the terms of the March 2016 Credit Facility are as follows (in thousands):

Fiscal Year Ending June 30,	Amount
2017 (remaining six months ending June 30, 2017)	$ 1,000
2018	2,000
2019	5,500
	$ 8,500

Note 4 — Stockholders’ Equity

During the three and six months ended December 31, 2016, the Company issued 10,000 and 19,000 shares, respectively, of restricted stock and 1,000 and 29,000 shares, respectively, of common stock upon the exercise of warrants and options. During the three and six months ended December 31, 2016, 16,000 and 22,000 shares, respectively, of restricted stock were canceled or surrendered as payment of tax withholding upon vesting.

The Company’s Articles of Incorporation authorize the issuance of preferred shares. However, as of December 31, 2016, none have been issued and no rights or preferences have been assigned to the preferred shares by the Company’s Board of Directors.

Note 5 — Stock-based Compensation

Long-Term Incentive Plans

The Company adopted and the shareholders approved the 2007 Long-Term Incentive Plan (the “2007 Plan”), effective November 21, 2006, to provide incentives to certain eligible employees, directors and consultants. A maximum of 1.4 million shares of the Company's common stock can be issued under the 2007 Plan in connection with the grant of awards. Awards to purchase common stock have been granted pursuant to the 2007 Plan and are outstanding to various employees, officers, directors, Scientific Advisory Board members and independent distributors at prices between $1.47 and $10.50 per share, with initial vesting periods of one to three years. Awards expire in accordance with the terms of each award and the shares subject to the award are added back to the 2007 Plan upon expiration of the award. The contractual term of stock options granted is generally ten years. As of December 31, 2016, there were awards outstanding, net of awards expired, for the purchase in aggregate of 0.2 million shares of the Company's common stock.

The Company adopted and the shareholders approved the 2010 Long-Term Incentive Plan (the “2010 Plan”), effective September 27, 2010, as amended on August 21, 2014, to provide incentives to eligible employees, directors and consultants. A maximum of 1.5 million shares of the Company's common stock can be issued under the 2010 Plan in connection with the grant of awards. Awards to purchase common stock have been granted pursuant to the 2010 Plan and are outstanding to various employees, officers and directors. Outstanding stock options awarded under the 2010 Plan have exercise prices between $4.41 and $24.71 per share, and vest over one to four year vesting periods. Awards expire in accordance with the terms of each award and the shares subject to the award are added back to the 2010 Plan upon expiration of the award. The contractual term of stock options granted is generally ten years. As of December 31, 2016, there were awards outstanding, net of awards expired, for an aggregate of 0.1 million shares of the Company's common stock.

The Company adopted a Performance Incentive Plan effective July 1, 2014 (the "Fiscal 2015 Performance Plan"). The Fiscal 2015 Performance Plan is intended to provide selected employees an opportunity to earn performance-based cash bonuses whose value is based upon the Company's stock value and to encourage such employees to provide services to the Company and to attract new individuals with outstanding qualifications. The Fiscal 2015 Performance Plan seeks to achieve this purpose by providing for awards in the form of performance share units (the "Units"). No shares will be issued under the Fiscal 2015 Performance Plan. Awards may be settled only with cash and will be paid subsequent to award vesting. The fair value of share-based compensation awards, that include performance shares, are accounted for as liabilities. Vesting for the Units is subject to achievement of both service-based and performance-based vesting requirements. Performance-based vesting occurs in three installments if the Company meets certain performance criteria generally set for each year of a three-year performance period. The service-based vesting criteria occurs in a single installment at the end of the third fiscal year after the awards are granted if the participant has continuously remained in service from the date of award through the end of the third fiscal year. The fair value of these awards is based on the trading price of the Company's common stock and is remeasured at each reporting period date until settlement. The Company adopted separate Performance Incentive Plans effective July 1, 2015 (the "Fiscal 2016 Performance Plan") and July 1, 2016 (the "Fiscal 2017 Performance Plan"). The Fiscal 2016 and 2017 Performance Plans include the same performance-based and service-based vesting requirements and payment terms.

Stock-Based Compensation

In accordance with accounting guidance for stock-based compensation, payments in equity instruments for goods or services are accounted for under the fair value method. For the three and six months ended December 31, 2016, stock-based compensation of $0.3 million and $1.0 million, respectively, was reflected as an increase to additional paid-in capital and an increase of $0.1 million and $0.2 million, respectively, was included in other accrued expenses, all of which was employee related. For the three and six months ended December 31, 2015, stock-based compensation of $0.3 million and $0.5 million, respectively, was reflected as an increase to additional paid-in capital, all of which was employee related.

On January 4, 2016, the Company awarded Performance Stock Units under the 2010 Long-Term Incentive Plan to its executive officers (the "Recipients") and, in March 2016, the Company and each Recipient entered into an amended and restated stock unit agreement (the "Restated Stock Unit Agreement") amending the terms of the January 2016 awards. Under the Restated Stock Unit Agreements, vesting for the Performance Stock Units occurs at the end of a three year performance period (the "Performance Period") and is subject to achievement of both service-based and market-based performance vesting requirements. Subject generally to the Recipient's continued service with the Company (the service based requirement) and limitations otherwise set forth in the 2010 Long-Term Incentive Plan, each Performance Stock Unit represents a contingent right for the Recipient to receive, within thirty days after the end of the performance period, a distribution of shares of common stock of the Company equal to 0% to 200% of the target number of Performance Stock Units subject to the award. The actual number of shares distributed will be based on the Company's total stockholder return ("TSR") performance during the Performance Period, subject to acceleration upon a change in control of the Company. The vesting for 50% of the Performance Stock Units is based upon the Company's absolute TSR for the performance period compared to a matrix of fixed numeric values and the vesting for the other 50% of the Performance Stock Units is based upon the relative comparison of the Company's TSR to the Vanguard Russell 2000 exchange traded fund TSR. The fair value of the Performance Stock Units will be recognized on a straight-line basis over the requisite service period of the awards, regardless of when, if ever, the market-based performance conditions are satisfied.

Note 6 — Commitments and Contingencies

Contingencies

The Company accounts for contingent liabilities in accordance with Accounting Standards Codification ("ASC") Topic 450, *Contingencies*. This guidance requires management to assess potential contingent liabilities that may exist as of the date of the financial statements to determine the probability and amount of loss that may have occurred, which inherently involves an exercise of judgment. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed. For loss contingencies considered remote, no accrual or disclosures are generally made. Management has assessed potential contingent liabilities as of December 31, 2016, and based on the assessment there are no probable loss contingencies requiring accrual or disclosures within these financial statements and footnotes.

Legal Accruals

In addition to commitments and obligations in the ordinary course of business, from time to time, the Company is subject to various claims, pending and potential legal actions, investigations relating to governmental laws and regulations and other matters arising out of the normal conduct of our business. Management assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in our consolidated financial statements. An estimated loss contingency is accrued in our consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because evaluating legal claims and litigation results are inherently unpredictable and unfavorable results could occur, assessing contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, management may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed or asserted against the Company may be unsupported, exaggerated or unrelated to possible outcomes, and as such are not meaningful indicators of a potential liability. Management regularly reviews contingencies to determine the adequacy of financial statement accruals and related disclosures. The amount of ultimate loss may differ from these estimates. It is possible that cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of one or more of these contingencies. Whether any losses finally determined in any claim, action, investigation or proceeding could reasonably have a material effect on the Company's business, financial condition, results of operations or cash flows will depend on a number of variables, including: the timing and amount of such losses; the structure and type of any remedies; the significance of the impact any such losses, damages or remedies may have on our consolidated financial statements; and the unique facts and circumstances of the particular matter that may give rise to additional factors.

Former Distributor Lawsuit: On November 20, 2013, the Company filed a complaint in the United States District Court, District of Utah, Central Division naming Jason Domingo and Ovation Marketing Group, Inc. as defendants. Ovation Marketing Group, Inc. is a former distributor of our company. In the complaint, the Company alleges that the defendants breached a contract and misappropriated the Company's trade secrets. On January 21, 2014, the defendants filed an answer and counterclaim in response to the complaint. The defendants' answer and counterclaims allege defamation and tortious interference with economic relations, which the defendants claim resulted in damages of not less than $20 million. On December 14, 2015, the Company filed a motion for summary judgment seeking judgment in its favor on the Company's breach of contract claim and dismissal of all defendants' counterclaims. Also on December 14, 2015, defendants filed a motion for summary judgment seeking dismissal of the Company's claim for misappropriation of trade secrets and to dismiss the Company's judicial proceedings privilege defense against the defamation claim. The Court heard oral argument on the motions for summary judgment on May 17, 2016. The court granted summary judgment in favor of the Company on all claims except the defamation claim, which remains unresolved. The Company has not established a loss contingency accrual for this remaining counterclaim as to which the Company believes liability is not probable and estimable, and the Company plans to vigorously defend against this lawsuit. On January 20, 2017, the court denied the defendants renewed motion for summary judgment on its contract claim. Nonetheless, an unfavorable resolution of this matter could have a material adverse effect on the Company's business, results of operations or financial condition.

Class Action Lawsuit: On September 15, 2016, a purported securities class action was filed in the United States District Court for the District of Utah, entitled *Zhang v. LifeVantage Corp.*, Case No. 2:16-cv-00965-BCW (D. Utah filed Sept. 15, 2016). In this action (now recaptioned as *In re LifeVantage Corp. Securities Litigation*), plaintiff alleges that the Company, its Chief Executive Officer and Chief Financial Officer violated Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b), 78t(a), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder, by making false or misleading statements or omissions in public filings with the Securities and Exchange Commission regarding the Company's internal controls and financial results for the first, second and third quarters of fiscal year 2016. The initial complaint sought unspecified damages against the defendants on behalf of a class of purchasers of the Company’s stock between November 4, 2015 and September 13, 2016. By stipulation filed October 7, 2016, the parties agreed that defendants need not respond to the initial complaint in the action until after a lead plaintiff is appointed pursuant to the Private Securities Litigation Reform Act of 1995, at which time the parties will meet and confer regarding the timing of the filing of an amended complaint and responses thereto. On November 14, 2016, three motions for appointment as lead plaintiff were filed. On December 13, 2016, the Court appointed Dale Blanch and Yvonne Cohen as lead plaintiffs and approved their selection of lead plaintiffs’ counsel. On January 27, 2017, lead plaintiffs filed an amended complaint. Defendants must file their response thereto on or before March 13, 2017. The Company has not established a loss contingency accrual for this lawsuit as it believes liability is not probable or estimable, and the Company plans to vigorously defend against this lawsuit. Nonetheless, an unfavorable resolution of this matter could have a material adverse effect on the Company's business, results of operations or financial condition.

Derivative Action Lawsuit: On October 11, 2016, two purported shareholder derivative actions were filed in the Third District Court of the State of Utah, Salt Lake County, entitled *Johnson v. Jensen*, Case No. 160906320 MI (Utah Dist. filed Oct. 11, 2016), and *Rupp v. Jensen*, Case No. 160906321 MI (Utah Dist. filed Oct. 11, 2016). In these actions (which are substantively identical), plaintiffs, purportedly on behalf of the Company, allege that the Company's Chief Executive Officer, Chief Financial Officer and members of the Board of Directors breached their fiduciary duties owed to the Company by, among other things, causing or permitting the Company to issue false and misleading statements or omissions in public filings with the Securities and Exchange Commission, as alleged in the class action lawsuit noted above. On October 19, 2016, the Court entered an order consolidating the two actions under the Johnson case number, with the new caption *In re LifeVantage Corp. Derivative Litigation*, providing that defendants and nominal defendant need not respond to the initial complaints and directing the parties to meet and confer within thirty days on a schedule for further proceedings in this action. On November 21, 2016, the Court approved a stipulation between the parties providing that (a) defendants and nominal defendant need not respond to the initial complaints and (b) within thirty days from the earlier of (i) the Company's filing of its Form 10-K for fiscal year 2016 and (ii) plaintiffs' filing of a consolidated amended complaint, the parties will meet and confer on a schedule regarding further proceedings in this action. On January 10, 2017, the Court approved a stipulation between the parties providing that this action would be deferred (*i.e.*, stayed) pending a ruling on defendants' anticipated motion to dismiss the amended complaint in the Class Action Lawsuit. The Company notes that although the plaintiffs in this action are seeking unspecified damages against the individual defendants on behalf of the Company, the Company owes certain indemnification obligations to these individual defendants under Delaware law and existing indemnification agreements. The Company has not established a loss contingency accrual for this lawsuit as it believes liability is not probable or estimable, and the defendants plan to vigorously defend against this lawsuit. Nonetheless, an unfavorable resolution of this matter could have a material adverse effect on the Company's business, results of operations or financial condition.

Other Matters. In addition to the matters described above, the Company also may become involved in other litigation and regulatory matters incidental to its business and the matters disclosed in this Quarterly Report on Form 10-Q, including, but not limited to, product liability claims, regulatory actions, employment matters and commercial disputes. The Company intends to defend itself in any such matters and does not currently believe that the outcome of any such matters will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Note 7 — Related Party Transactions

During the current fiscal year, there are three transactions or series of similar transactions to which the Company was or is to be a party in which the amount involved will exceed $120,000 and in which any director, executive officer, holder of more than 5% of the Company's common stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

During the six months ended December 31, 2016, Dinng, a brand and digital brand studio, provided branding and marketing services to the Company pursuant to an Agreement for Services dated August 18, 2015 between the Company and Dinng, in the amount of $0.2 million. The Company's Chief Marketing Officer, Ryan Goodwin, is the founder of Dinng and currently serves as Dinng's President and Creative Director. Mr. Goodwin and his wife are both salaried employees at Dinng.

During the six months ended December 31, 2016, Outhink Inc., a digital media and application development company, provided consulting services to the Company pursuant to an Agreement for Services dated October 20, 2016 between the Company and Outhink Inc. in the amount of $0.1 million. David Toole, a member of the Company's board of directors, is a majority owner and serves as the Chief Executive Officer of Outhink Inc.

Effective January 2014, the Company commenced a partnership with Real Salt Lake of Major League Soccer, which includes the placement of the Company's logo on the front of the team's jersey as well as strategic placement of the Company's logo around the stadium and on televised broadcasts of the games. In July 2015, Dell Loy Hansen, the sole owner of Real Salt Lake and Real Monarchs SLC, became a 5% stockholder of the Company. During fiscal year 2017, the Company will pay $2.7 million to Real Salt Lake pursuant to the terms of this partnership, and other various amounts for the endorsement of Real Monarchs SLC and product marketing expenses.

Note 8 — Subsequent Events

On January 18, 2017, the Company terminated the employment of Mark Jaggi, the Company's Chief Financial Officer. Also effective January 18, 2017, the Company appointed Gary Koos, through Cerius Interim Executive Solutions, to serve as the Company's interim Chief Financial Officer and its principal financial officer.

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

Overview

We are a company focused on nutrigenomics, the study of how nutrition and naturally occurring compounds affect human genes. We are dedicated to helping people achieve their health, wellness and financial independence goals. We provide quality, scientifically validated products and a financially rewarding direct sales business opportunity to preferred customers, retail customers, and independent distributors who seek a healthy lifestyle and financial freedom. We engage in the identification, research, development and distribution of advanced nutraceutical dietary supplements and skin care products. We currently sell our products to preferred customers, retail customers and independent distributors in two geographic regions that we have classified as the Americas region and the Asia/Pacific & Europe region.

Our revenue depends on the number and productivity of our independent distributors and the number of our retail and preferred customers. When we are successful in attracting and retaining independent distributors and preferred customers, it is largely because of:

- Our scientifically-validated products, including our Protandim® product line, LifeVantage TrueScience®, Canine Health®, Axio® and PhysIQ™;
- Our compensation plan and other sales initiatives; and
- Our delivery of superior customer service.

As a result, it is vital to our success that we leverage our product development resources to develop and introduce compelling and innovative products and provide opportunities for our independent distributors to sell these products in a variety of markets.

We have begun selling our products and attracting new independent distributors, retail customers and preferred customers in several new markets since the beginning of our direct selling activities in 2009, including Japan, Australia, Canada, Mexico, Hong Kong, Thailand, the United Kingdom, the Netherlands and, on a limited basis, the Philippines. Entering new markets requires a considerable amount of time, resources and continued support. If we are unable to properly support an existing or new market, our revenue growth will be negatively impacted.

Our Products

Our products are the Protandim® product line, the LifeVantage TrueScience® skin care regimen, Axio®, the PhysIQ™ smart weight management system and Canine Health®. The Protandim® product line includes Protandim® NRF1 and Nrf2 synergizers. The Protandim® NRF1 synergizer is formulated to increase cellular energy and performance by boosting mitochondria production to improve cellular repair and slow cellular aging. The Protandim® Nrf2 synergizer contains a proprietary blend of ingredients and has been shown to combat oxidative stress and enhance energy production by increasing the body’s natural antioxidant protection at the genetic level, inducing the production of naturally-occurring protective antioxidant enzymes including superoxide dismutase, catalase, and glutathione synthase. Our LifeVantage TrueScience® skin care regimen includes TrueScience® Ultra Gentle Facial Cleanser, TrueScience® Perfecting Lotion, TrueScience® Eye Corrector Serum, TrueScience® Micro-Lift Serum and our enhanced TrueScience® Anti-Aging Cream, Axio**®** is our line of energy drink mixes formulated to promote alertness and support mental performance. Canine Health**®** is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. PhysIQ™ is our smart weight management system which includes PhysIQ™ Fat Burn, PhysIQ™ ProBio, PhysIQ™ Cleanse and the PhysIQ™ Protein Shake mix, all formulated to aid in weight management.

We currently have additional products in development. Any delays or difficulties in introducing compelling products or attractive initiatives or sales tools into our markets may have a negative impact on our revenue and our ability to attract new independent distributors, retail customers and preferred customers.

Customers

Because we utilize a direct selling model for the distribution of our products, the success and growth of our business is primarily based on the effectiveness of our independent distributors in selling our products and on our ability to attract new and retain existing independent distributors. Changes in our product sales are typically the result of variations in product sales volume relating to fluctuations in the number of active independent distributors and preferred customers purchasing our products. The number of active independent distributors and preferred customers is, therefore, used by management as a key non-financial measure.

The following tables summarize the changes in our active customer base by geographic region. These numbers have been rounded to the nearest thousand as of the dates indicated. For purposes of this report, we only count as active customers those independent distributors and preferred customers who have purchased from us at any time during the most recent three-month period, either for personal use or for resale.

	Active Preferred Customers By Region					
	December 31,					
	2016		2015		Change from Prior Year	Percent Change
Americas	89,000	80.2%	96,000	82.1%	(7,000)	(7.3)%
Asia/Pacific & Europe	22,000	19.8%	21,000	17.9%	1,000	4.8 %
	111,000	100.0%	117,000	100.0%	(6,000)	(5.1)%

	Active Independent Distributors By Region					
	December 31,					
	2016		2015		Change from Prior Year	Percent Change
Americas	46,000	73.0%	46,000	68.7%	—	— %
Asia/Pacific & Europe	17,000	27.0%	21,000	31.3%	(4,000)	(19.0)%
	63,000	100.0%	67,000	100.0%	(4,000)	(6.0)%

Three and Six months Ended December 31, 2016 compared to the Three and Six months Ended December 31, 2015

Revenue. We generated net revenue of $48.9 million and $52.0 million during the three months ended December 31, 2016 and 2015, respectively. We generated net revenue of $103.8 million and $97.3 million during the six months ended December 31, 2016 and 2015, respectively. Foreign currency fluctuations positively impacted our revenue $1.3 million or 2.5% during the three months ended December 31, 2016 and positively impacted our revenue $3.4 million or 3.5% during the six months ended December 31, 2016. During the three months ended December 31, 2016, revenues in our United States and Hong Kong markets decreased as compared to the prior year period as we began taking steps, following the completion of the independent review conducted by the audit committee of the board of directors, to help ensure that our 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 our independent distributors. Consistent with these regulatory requirements, in the future our independent distributors may be able to purchase a limited quantity of such products for personal consumption in one or more of these countries. Nevertheless, we expect that our revenue in future periods from sales of our products that are carried or shipped into these countries will be significantly lower than fiscal 2016.

Americas. The following table sets forth revenue for the three and six months ended December 31, 2016 and 2015 for the Americas region (in thousands):

	For the Three Months Ended December 31,			For the Six Months Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
United States	$ 35,535	$ 38,761	(8.3)%	$ 74,153	$ 72,257	2.6%
Other	2,078	1,294	60.6 %	3,595	2,524	42.4%
Americas Total	$ 37,613	$ 40,055	(6.1)%	$ 77,748	$ 74,781	4.0%

Revenue in the Americas region for the three and six months ended December 31, 2016 decreased $2.4 million or 6.1% and increased $3.0 million or 4.0%, respectively, from the prior year same periods. The decrease in revenue for the three months ended December 31, 2016 is due to a decrease in the number of active preferred customers during the period and lower revenues associated with our October 2016 elite academy that was held during the current period as compared to the October 2015 global convention that was held during the prior year same period. The increase in revenue for the six months ended December 31, 2016 is due to higher volume of product sales in the United States and Mexico during the first fiscal quarter including new product revenue from the PhysIQ™ smart weight management system, driven by increased active distributors and preferred customers during that quarter. These increases were partially offset by the decreased revenues during the three months ended December 31, 2016 as discussed above.

Asia/Pacific & Europe. The following table sets forth revenue for the three and six months ended December 31, 2016 and 2015 for the Asia/Pacific & Europe region and its principal markets (in thousands):

	For the Three Months Ended December 31,			For the Six Months Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Japan	$ 9,498	$ 9,220	3.0 %	$ 20,105	$ 17,813	12.9%
Hong Kong	721	2,000	(64.0)%	3,344	3,179	5.2%
Other	1,115	720	54.9 %	2,644	1,574	68.0%
Asia/Pacific & Europe Total	$ 11,334	$ 11,940	(5.1)%	$ 26,093	$ 22,566	15.6%

Revenue in the Asia/Pacific & Europe region was positively impacted approximately $1.3 million or 9.4% and $3.4 million or 13.2% during the three and six months ended December 31, 2016, respectively, by foreign currency exchange rate fluctuations.

During the three and six months ended December 31, 2016 the Japanese yen continued to strengthen against the U.S. dollar, positively impacting our revenue in this market by $0.9 million or 10.3% and $2.7 million or 15.0%, respectively. Excluding the impact of foreign currency fluctuations, local currency revenues in Japan decreased during the three and six months ended December 31, 2016 due to lower product sales volume and an overall decrease in the number of active distributors in Japan compared to the prior year periods.

All of our sales and marketing efforts continue to be directed toward building our worldwide sales. We expect increased revenue in the Americas region as we focus on our growth initiatives, specifically the development and expansion of new distributor tools, training and technology and the continued scientific research and introduction of new products. During the prior fiscal year we held cyber launches for both our PhysIQ™ smart weight management system and the Protandim® NRF1 synergizer, both of which expanded our product offerings which have contributed to our increased year-to-date sales. We expect revenue in the Asia/Pacific and Europe region to increase moderately as we focus on strengthening our sales and marketing efforts, including the global expansion of our product lines, the creation of country-specific marketing tools and materials and expanding our geographic reach while seeking to ensure that our products are not distributed or sold into countries without complying with applicable customs, duties and other regulatory requirements.

Gross Margin. Our gross profit percentage for the three months ended December 31, 2016 and 2015 was 84.7% and 84.9%, respectively. Our gross profit percentage for the six months ended December 31, 2016 and 2015 was 84.3% and 84.8%, respectively.

As a percentage of total revenues, cost of sales for the three months ended December 31, 2016 increased to 15.3% compared to 15.1% for the three months ended December 31, 2015 and increased for the six months ended December 31, 2016 to 15.7% from 15.2% for the six months ended December 31, 2015. The increase in cost of sales as a percentage of revenue for the three and six months ended December 31, 2016, as compared to the prior year same periods, is due primarily to changes in product sales mix, due in part to the launch of several new products during the preceding year, resulting in higher costs of goods sold as a percentage of revenue. Gross margin also decreased as a percentage of revenue due to increased costs associated with the shipment, storage, handling, quality testing and obsolescence of inventory.

Operating Expenses. Total operating expenses during the three months ended December 31, 2016 increased to $40.7 million, or 83.2% of revenues as compared to operating expenses of $41.1 million or 79.1% of revenues during the three months ended December 31, 2015. Total operating expenses during the six months ended December 31, 2016 increased to $84.8 million or 81.7% of revenues as compared to operating expenses of $76.8 million or 78.9% of revenues during the six months ended December 31, 2015. Operating expenses consist of commission and incentives expenses and selling, general and administrative expenses.

Commissions and Incentives. Commissions and incentives expenses during the three months ended December 31, 2016 were $23.5 million or 48.1% of revenues as compared to commissions and incentives expenses of $27.3 million or 52.5% of revenues for the three months ended December 31, 2015. Commissions and incentives expenses during the six months ended December 31, 2016 were $49.8 million or 48.0% of revenues as compared to commissions and incentives expenses of $49.3 million or 50.7% of revenues for the six months ended December 31, 2015.

The decrease in commissions and incentives expenses for the three months ended December 31, 2016 was driven mainly by an overall decrease in sales compared to the prior year period. Commissions and incentives expenses as a percentage of revenues decreased for the same period, which is the result of refinements made to the Company's programs designed to attract new leaders, drive sales growth, and enhance international market expansion.

The increase in commissions and incentives expenses for the six months ended December 31, 2016 was driven mainly by an overall increase in sales compared to the prior year period. Commissions and incentives expenses as a percentage of revenues decreased for the six months ended December 31, 2016 compared to the prior year period which is the result of refinements made to the Company's programs designed to attract new leaders, drive sales growth, and enhance international market expansion.

We expect our commissions and incentives expenses to remain consistent during the remainder of fiscal 2017 as we continue to focus our efforts on increasing revenue through growth and retention of our distributors and preferred customers, both domestically and internationally.

Selling, General and Administrative. Selling, general and administrative expenses during the three months ended December 31, 2016 were $17.2 million as compared to selling, general and administrative expenses of $13.8 million for the three months ended December 31, 2015. Selling, general and administrative expenses during the six months ended December 31, 2016 were $35.0 million as compared to selling, general and administrative expenses of $27.5 million for the six months ended December 31, 2015.

The increase in selling, general and administrative expenses during the three months ended December 31, 2016 compared to the prior year same period was primarily due to increased legal and accounting expenses associated with the independent review conducted by the Audit Committee that was completed during the quarter. Additionally, expenses associated with employee salaries and benefits increased due to increased head count compared to the prior year period. These increases were partially offset by decreases in event expenses related to the October 2016 elite academy held during the current period as compared to the October 2015 global convention that was held during the prior year period.

The increase in selling, general and administrative expenses during the six months ended December 31, 2016 compared to the prior year same period was due primarily to increased legal and accounting expenses associated with the independent review conducted by the Audit Committee that was completed during the quarter. Expenses associated with employee salaries, benefits, and stock compensation increased as a result of increased head count compared to the prior year period and total event expenses increased as compared to the prior year period due to increased attendance at the current year events.

We expect our selling, general and administrative expenses as a percentage of revenue to decrease slightly during the remainder of fiscal year 2017 as the Audit Committee has completed its independent review and as we continue to refine our strategic initiatives and coordinate our spending with sales trends and geographic expansion.

Total Other Income (Expense). During the three and six months ended December 31, 2016, we recognized net other expenses of $0.3 million and $0.6 million, respectively, as compared to net other expenses of $0.6 million and $1.6 million for the three and six months ended December 31, 2015, respectively.

Total other income (expense) for the three and six months ended December 31, 2016 consisted primarily of interest expense and net currency losses.

The following table sets forth interest expense for the three and six months ended December 31, 2016 and 2015 (in thousands):

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2016	2015	2016	2015
Contractual interest expense:				
2013 Term Loan	$ —	$ 395	$ —	$ 954
2016 Term Loan	113	—	233	—
Amortization of deferred financing fees:				
2013 Term Loan	—	125	—	229
2016 Term Loan	3	—	6	—
Amortization of debt discount:				
2013 Term Loan	—	97	—	178
2016 Term Loan	5	—	10	—
Other	17	2	26	7
Total interest expense	$ 138	$ 619	$ 275	$ 1,368

Income Tax Expense. We recognized income tax expense of $0.1 million and $0.6 million for the three and six months ended December 31, 2016, respectively, as compared to income tax expense of $0.8 million and $1.5 million for the three and six months ended December 31, 2015, respectively.

The effective tax rate was 31.3% and 30.0%, respectively, of pre-tax income during the three and six months ended December 31, 2016, compared to 33.9% and 35.4% for the same prior year periods. The decrease in the effective tax rate for the three and six months ended December 31, 2016 compared to the prior year periods is due to changes in certain permanent and discrete items, return to provision adjustments and benefits related to foreign tax rate differences due to our permanent reinvestment assertion.

Liquidity and Capital Resources

Liquidity

Our primary liquidity and capital resource requirements are to service our debt and finance the cost of our planned operating expenses and working capital (principally inventory purchases), as well as capital expenditures. We have generally relied on cash flow from operations to fund operating activities and we have, at times, incurred long-term debt in order to fund stock repurchases and strategic transactions.

As of December 31, 2016, our available liquidity was $11.7 million, including available cash and cash equivalents. This represents an increase of $3.8 million from the $7.9 million in cash and cash equivalents as of June 30, 2016.

During the six months ended December 31, 2016, our net cash provided by operating activities was $5.1 million as compared to net cash provided by operating activities of $8.5 million during the six months ended December 31, 2015.

During the six months ended December 31, 2016, our net cash used in investing activities was $0.2 million, as a result of the purchase of fixed assets. During the six months ended December 31, 2015, our net cash used in investing activities was $0.3 million, as a result of the purchase of fixed assets.

Cash used in financing activities during the six months ended December 31, 2016 was $1.0 million, which was comprised of $1.0 million in principal payments on the March 2016 Term Loan. Cash used in financing activities during the six months ended December 31, 2015 was $6.3 million, which was comprised primarily of $6.8 million in principal payments on the October 2013 Term Loan, partially offset by benefits related to the vesting of equity awards during the prior year period.

At December 31, 2016 and June 30, 2016, the total amount of our foreign subsidiary cash was $5.9 million and $5.1 million, respectively. For earnings considered to be indefinitely reinvested, we have not accrued taxes. If we were to remit the cash and cash equivalents from our foreign subsidiaries to our U.S. consolidated group for the purpose of repatriation of undistributed earnings, we would need to accrue and pay taxes. As of December 31, 2016, our U.S. consolidated group had approximately $1.2 million of permanently reinvested unremitted earnings from our subsidiaries, and if these earnings were remitted, the impact of any tax consequences on our overall liquidity position would not be material. We do not have any plans to repatriate these unremitted earnings to our parent; therefore, we do not have any liquidity concerns relating to these unremitted earnings and related cash and cash equivalents.

At December 31, 2016, we had working capital (current assets minus current liabilities) of $13.2 million, compared to working capital of $13.9 million at June 30, 2016. We believe that our cash and cash equivalents balances and our ongoing cash flow from operations will be sufficient to satisfy our cash requirements for at least the next 12 months. The majority of our historical expenses have been variable in nature and as such, a potential reduction in the level of revenue would reduce our cash flow needs. In the event that our current cash balances and future cash flow from operations are not sufficient to meet our obligations or strategic needs, we would consider raising additional funds, which may not be available on terms that are acceptable to us, or at all. Our credit facility, however, contains covenants that restrict our ability to raise additional funds in the debt markets and repurchase our equity securities without prior approval from the lender. Additionally, we would consider realigning our strategic plans including a reduction in capital spending and expenses.

Capital Resources

On October 18, 2013, we entered into a Financing Agreement providing for a term loan facility in an aggregate principal amount of $47 million (the “October 2013 Term Loan”) and a delayed draw term loan facility in an aggregate principal amount not to exceed $20 million (the “October 2013 Delayed Draw Term Loan”). The October 2013 Delayed Draw Term Loan was available for borrowing in specified minimum amounts from time to time beginning after the effective date of the Financing Agreement until October 18, 2014 or until the October 2013 Delayed Draw Term Loan was reduced to zero, if earlier. We did not borrow any amounts under the October 2013 Delayed Draw Term Loan.

On May 1, 2015, we entered into an Amendment No. 1 to Financing Agreement ("Amendment No. 1"). Amendment No. 1 revised the covenants relating to minimum consolidated EBITDA (as defined in the Financing Agreement) for the four consecutive fiscal quarters ending March 31, 2015 and June 30, 2015 from $20.6 million and $21.3 million, respectively, to $17.0 million for each quarter end. Amendment No. 1 also revised the minimum unrestricted cash and cash equivalents that we were required to hold from $10.0 million to $8.0 million for the reporting periods ended March 31, 2015 and June 30, 2015. In addition, Amendment No. 1 required that we make certain accelerated principal payments on the October 2013 Term Loan totaling $4.5 million during our fourth quarter of fiscal year 2016.

On August 27, 2015, we entered into an Amendment No. 2 to Financing Agreement ("Amendment No. 2" and collectively with the October 2013 Term Loan, as previously amended by Amendment No. 1, the "October 2013 Credit Facility"). Amendment No. 2 revised the covenants related to minimum consolidated EBITDA (as defined in the amended Financing Agreement) for the four consecutive fiscal quarters ending September 30, 2015, December 31, 2015, March 31, 2016 and June 30, 2016 from $22.2 million, $23.1 million, $24.4 million and $25.6 million, respectively, to $14.5 million, $15.0 million, $17.0 million and $17.5 million, respectively. In addition, Amendment No. 2 required that we make additional monthly accelerated principal payments on the October 2013 Term Loan in the amount of $0.5 million commencing on October 15, 2015 and continuing until the October 2013 Term Loan was paid in full. Amendment No. 2 also required that we make additional accelerated payments at the end of each fiscal quarter in the amount of all unrestricted cash on hand as of the close of business on the last day of the quarter in excess of $12.5 million. On March 30, 2016, we repaid the full amount outstanding under the October 2013 Term Loan and terminated the October 2013 Credit Facility.

On March 30, 2016, we entered into a Loan Agreement (the “March 2016 Loan Agreement”) to refinance our outstanding debt under the October 2013 Term Loan. In connection with the March 2016 Loan Agreement and on the same date, we entered into a Security Agreement (the “March 2016 Security Agreement”). The March 2016 Loan Agreement provides for a term loan in an aggregate principal amount of $10.0 million (the “March 2016 Term Loan") and a revolving loan facility in an aggregate principal amount not to exceed $2.0 million (the “March 2016 Revolving Loan,” and collectively with the March 2016 Term Loan, the March 2016 Loan Agreement and the March 2016 Security Agreement, the “March 2016 Credit Facility”).

The principal amount of the March 2016 Term Loan is payable in consecutive quarterly installments in the amount of $0.5 million plus accrued interest beginning with the fiscal quarter ended June 30, 2016 and maturing on March 30, 2019 (the “Maturity Date”). The March 2016 Term Loan bears interest at a fixed rate of 4.93%. If we borrow under the March 2016 Revolving Loan, interest will be payable quarterly in arrears on the last day of each fiscal quarter at a variable rate equal to the 30 day LIBOR Rate plus 3.50%.

The March 2016 Credit Facility contains customary covenants, including affirmative and negative covenants that, among other things, restrict our ability to create certain types of liens, incur additional indebtedness, declare or pay dividends on or redeem capital stock, make other payments to holders of our equity interests, make certain investments, purchase or otherwise acquire all or substantially all the assets or equity interests of other companies, sell assets or enter into consolidations, mergers or transfers of all or any substantial part of our assets. As of December 31, 2016, we were in compliance with all applicable non-financial and restrictive covenants under the March 2016 Credit Facility; provided, however, that on October 24, 2016, we were granted a waiver and extension to covenants requiring us to provide the lender with audited financial statements for our 2016 fiscal year on or before October 28, 2016. Under the limited waiver and extension, the lender agreed to waive compliance with this requirement if we delivered such audited financial statements prior to December 31, 2016. In connection with the filing of our Form 10-K on December 12, 2016, we delivered all required information to the lender to satisfy the requirement. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the non-financial and restrictive covenants during the ensuing year.

The March 2016 Credit Facility also contains various financial covenants that require us to maintain certain consolidated minimum tangible net worth, minimum consolidated working capital amounts, and certain consolidated debt to EBITDA and fixed charge coverage ratios. Specifically, we must:

- Maintain a minimum fixed charge coverage ratio (as defined in the March 2016 Loan Agreement) of at least 1.50 to 1.00 at the end of each fiscal quarter, measured on a trailing twelve month basis;

- Maintain minimum consolidated working capital (as defined in the March 2016 Loan Agreement) at the end of each fiscal quarter of at least $5.0 million;

- Maintain a ratio of funded debt to EBITDA (as defined in the March 2016 Loan Agreement) of not greater than 2.00 to 1.00 at the end of each quarter, measured on a trailing twelve month basis; and

- Have a tangible net worth (as defined in the March 2016 Loan Agreement) of at least $4.0 million by the end of our 2016 fiscal year and maintain that minimum tangible net worth thereafter, measured annually at fiscal year-end.

As of December 31, 2016, we were in compliance with all applicable financial covenants under the March 2016 Credit Facility. Additionally, management anticipates that in the normal course of operations we will be in compliance with the financial covenants during the ensuing year.

Off-Balance Sheet Arrangements

As of December 31, 2016, we did not have any off-balance sheet arrangements.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Our significant accounting policies are described in Note 2 to our financial statements. Certain of these significant accounting policies require us to make difficult, subjective, or complex judgments or estimates. We consider an accounting estimate to be critical if (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. Management has discussed the development and selection of these critical accounting estimates with our board of directors, and the audit committee has reviewed the disclosures noted below.

Allowances for Product Returns

We record allowances for product returns at the time we ship the product based on estimated return rates. Subject to some exceptions based on local regulations, customers may return unopened product to us within 30 days of purchase for a refund of the purchase price less shipping and handling. As of December 31, 2016, our shipment of products sold totaling $15.6 million were subject to the return policy. In addition, we allow terminating distributors to return up to 30% of unopened, unexpired product they purchased within the prior 12 months.

We monitor our return estimate on an ongoing basis and may revise the allowances to reflect our experience. Our allowance for product returns was $0.4 million at December 31, 2016, compared with $0.3 million at June 30, 2016. To date, product expiration dates have not played any role in product returns, and we do not expect that they will in the future as it is unlikely that we will ship product with an expiration date earlier than the latest allowable product return date.

Inventory Valuation

We value our inventory at the lower of cost or net realizable value on a first-in first-out basis. Accordingly, we reduce our inventories for the diminution of value resulting from product obsolescence, damage or other issues affecting marketability equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new production introductions, (v) product expiration dates, and (vi) component and packaging obsolescence. We have recorded $0.1 million of obsolescence costs for the three months ended December 31, 2016.

Revenue Recognition

We ship the majority of our product directly to the consumer and receive substantially all payment for these sales in the form of credit card receipts. Revenue from direct product sales to customers is recognized upon shipment when passage of title and risk of loss occurs.

Stock-Based Compensation

We use the fair value approach to account for stock-based compensation in accordance with current accounting guidance. We recognize compensation costs for awards with performance conditions when we conclude it is probable that the performance conditions will be achieved. We reassess the probability of vesting at each balance sheet date and adjust compensation costs based on our probability assessment. For awards with market-based performance conditions, the cost of the awards is recognized as the requisite service is rendered by employees, regardless of when, if ever, the market-based performance conditions are satisfied.

Research and Development Costs

We expense all of our payments related to research and development activities as incurred.

Legal Accruals

We are occasionally involved in lawsuits and disputes arising in the normal course of business. Management regularly reviews all pending litigation matters in which we are involved and establishes accruals as we deem appropriate for these litigation matters when a probable loss estimate can be made. Estimated accruals require management judgment about future events. The results of lawsuits are inherently unpredictable and unfavorable resolutions could occur. As such, the amount of loss may differ from management estimates.

Commitments and Obligations

The following table summarizes our contractual payment obligations and commitments as of December 31, 2016 (in thousands):

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**Thereafter**
Long-term debt obligations	$ 8,500	$ 2,000	$ 6,500	$ —	$ —
Interest on long-term debt obligations	730	387	343	—	—
Operating lease obligations	10,210	1,955	3,810	4,203	242
Total	$ 19,440	$ 4,342	$ 10,653	$ 4,203	$ 242

Recently Issued Accounting Standards

See Note 2 to our unaudited condensed consolidated financial statements for a discussion of recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We conduct business in several countries and intend to continue to grow our international operations. Net revenue, operating income and net income are affected by fluctuations in currency exchange rates and other uncertainties in doing business and selling products in more than one currency. In addition, our operations are exposed to risks associated with changes in social, political and economic conditions inherent in international operations, including changes in the laws and policies that govern international investment in countries where we have operations, as well as, to a lesser extent, changes in U.S. laws and regulations relating to international trade and investment.

Foreign Currency Risk

During the six months ended December 31, 2016, approximately 28.6% of our net revenue was realized outside of the United States. The local currency of each international subsidiary is generally the functional currency. All revenues and expenses are translated at weighted-average exchange rates for the periods reported. Therefore, our reported revenue and earnings will be positively impacted by a weakening of the U.S. dollar and will be negatively impacted by a strengthening of the U.S. dollar. Currency fluctuations, however, have the opposite effect on our expenses incurred outside the United States. Given the large portion of our business derived from Japan, any weakening of the Japanese yen will negatively impact our reported revenue and profits, whereas a strengthening of the Japanese yen will positively impact our reported revenue and profits. Because of the uncertainty of exchange rate fluctuations, it is difficult to predict the effect of these fluctuations on our future business, product pricing and results of operations or financial condition. Changes in various currency exchange rates affect the relative prices at which we sell our products. We regularly monitor our foreign currency risks and periodically take measures to reduce the risk of foreign exchange rate fluctuations on our operating results. Additionally, we may seek to reduce our exposure to fluctuations in foreign currency exchange rates through the use of foreign currency exchange contracts. We do not use derivative financial instruments for trading or speculative purposes. At December 31, 2016, we did not have any derivative instruments. A 10% strengthening of the U.S. dollar compared to all of the foreign currencies in which we transact business would have resulted in a 2.6% decrease of our six months ended December 31, 2016 revenue, in the amount of $2.7 million.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that the information required to be disclosed in the reports we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (b) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness and design and operation of such disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our management identified certain design deficiencies in our internal control over financial reporting related to the lack of sufficient controls surrounding our international business policies, practices, monitoring and training as described below. Based on the evaluation of our disclosure controls and procedures as of December 31, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of a material weakness in our internal control over financial reporting, our disclosure controls and procedures were not effective as of December 31, 2016.

Audit Committee Independent Review

As we have previously disclosed in Item 9A of our Annual Report on Form 10-K for the year ended June 30, 2016, the Audit Committee of our Board of Directors conducted an independent review related to the distribution of our products into countries outside the U.S. in which those products are not registered or that otherwise impose stringent restrictions on our direct selling model, and the associated revenue and tax and other accruals associated with such sales. This independent review was initiated following internal reviews by Company personnel, which were further informed by the content of employee complaints. The Audit Committee retained independent counsel to assist it in conducting the review. Based on its independent review, the Audit Committee determined that (i) we had sold our products to independent distributors who carried or shipped such products primarily into four countries outside the U.S. in which those products are not registered or that otherwise impose stringent restrictions on our direct selling model; (ii) we allowed individuals who were resident in countries that impose stringent restrictions on our direct selling model to enroll as independent distributors; and (iii) we did not have in place sufficient controls governing our international business policies, practices, monitoring and training to provide reasonable assurance that such distribution of our products complied with applicable customs, duties and other regulatory requirements. The inadequate controls and processes related to the lack of documented country-specific policies and procedures governing the (i) distributor enrollment policies and procedures; (ii) approved distributor payment and collection methods; (iii) methods for shipping and order fulfillment; (iv) approval requirements for transactions with distributors outside of our approved compensation plans; and (v) lack of change controls related to changes to existing country-specific policies and procedures. In addition, we had inadequate controls in place related to the training, monitoring and oversight of our personnel who were involved with our international business operations. Accordingly, we identified a material weakness in our internal controls over financial reporting.

Notwithstanding this material weakness, our management and Audit Committee concluded that the revenue related to the sales that were the subject of the Audit Committee's independent review was properly recognized and that no tax or other accruals relating to such sales were necessary. In making this determination, we obtained international tax and legal advice from external accounting and law firms that have relevant country-specific expertise regarding our potential obligations and liabilities associated with the import and distribution of our products into the countries described above.

Remediation Efforts to Address Material Weakness

To remediate the material weakness in our internal controls over financial reporting described above, we are developing and implementing new control policies and procedures regarding the international business policies, practices, monitoring and training for each country outside the U.S. in which we do business. As an initial step, we implemented changes to our systems and distributor enrollment requirements intended to stop or restrict the processes used by independent distributors to purchase and carry or ship our products into countries in which those products are not registered or that otherwise impose stringent restrictions on our direct selling model. We are in the process of developing appropriate country-specific policies and procedures to help ensure that our products are not distributed or sold into countries without complying with applicable customs, tax and other regulatory requirements. Additional steps we have taken and are taking to remediate the material weakness in our internal controls over financial reporting include creating market-specific policy manuals documenting the following:

- distributor enrollment requirements by country, including the requirement of sufficient and appropriate oversight and senior management approvals for any changes to such country-specific policies;

- approved distributor payment and collection policies by country, including the requirement of sufficient and appropriate oversight and senior management approvals for any changes to such country-specific policies;
- approved shipping, order fulfillment and customs import policies by country, including the requirement of sufficient and appropriate oversight and senior management approvals for any changes to such country-specific policies; and
- approval requirements for transactions between us and independent distributors outside of our approved compensation plans.

In addition, as we implement country-specific policies, we are requiring that we obtain international tax and legal advice from external accounting and law firms that have relevant country-specific expertise to help ensure that potential international tax and legal issues are appropriately identified and addressed. We have also started the process of evaluating and re-allocating personnel resources to ensure that each market has adequate resources to support our remediation efforts and our new processes and controls. We are also in the process of establishing and conducting company-wide training programs on our new policies and controls.

These actions are subject to ongoing review by our management, including our Chief Executive Officer and Chief Financial Officer, as well as oversight by our Audit Committee. Although we plan to complete this remediation process as quickly as possible, the material weakness in our internal control over financial reporting will not be considered remediated until the applicable remedial processes and controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As a result, we cannot, at this time, estimate when such remediation will be completed. In addition, the remediation steps we have taken, are taking and expect to take may not effectively remediate the material weakness, in which case our internal control over financial reporting would continue to be ineffective.

Changes in Internal Control over Financial Reporting

Except as described above, there were no changes in our internal controls over financial reporting during the quarter ended December 31, 2016 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, cannot provide absolute assurance that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II Other Information

Item 1. Legal Proceedings

See Note 6 of the Notes to the Condensed Consolidated Financial Statements contained within this Quarterly Report on Form 10-Q for a discussion of the Company's legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in “Part I. Item 1A — Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, filed on December 12, 2016. The risks and uncertainties described in such risk factors and elsewhere in this report have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results and future prospects. As of the date of this report, we do not believe that there have been any material changes to the risk factors previously disclosed in our recent SEC filings, including the risk factors discussed in “Part I. Item 1A — Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, filed on December 12, 2016.

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

There were no shares of our common stock issued during the three months ended December 31, 2016 due to the exercise of warrants.

We did not purchase any shares of our common stock during the quarter ended December 31, 2016.

During the quarter ended December 31, 2016, we withheld 5,880 shares to satisfy tax withholding obligations in connection with the partial vesting of restricted stock awards.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See the exhibit index immediately following the signature page of this report.

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.

LIFEVANTAGE CORPORATION

Date: February 8, 2017

/s/ *Darren Jensen*

Darren Jensen
Chief Executive Officer
(Principal Executive Officer)

Date: February 8, 2017

/s/ Gary Koos

Gary Koos
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

Exhibit No.	Document Description	Filed Herewith or Incorporate by Reference From
10.1	Separation Agreement and General Release between Robert Urban and the Company	Filed herewith
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith
32.1*	Certification of principal executive officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2*	Certification of principal financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 formatted in XBRL (extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets at December 31, 2016 and June 30, 2016; (ii) Unaudited Condensed Consolidated Statements of Operations and Other Comprehensive Income for the three and six months ended December 31, 2016 and 2015; (iii) Unaudited Condensed Consolidated Statement of Stockholders' Equity for the six months ended December 31, 2016; (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended December 31, 2016 and 2015; and (v) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text	Filed herewith

* This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Exchange Act and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("**Agreement**") is entered into by and between Robert Urban ("**Employee**") and LifeVantage Corporation, a Colorado corporation (the "**Company**" or "**Employer**") (together the "**Parties**"), in consideration for and as condition precedent to Employer providing the separation benefits to Employee as set forth below. Notwithstanding the terms of the Employment Agreement or Key Executive Benefit Package, if applicable, which are superseded in total in this Agreement, Employer is not obligated to provide any such separation benefits and that Employer is providing such separation benefits as a direct result of Employee's willingness to agree to the terms hereof.

In order for this Agreement to become effective, Employee must deliver to Employer (to the attention of Michelle Oborn, VP Human Resources at 9785 S. Monroe Street, Suite 300, Sandy, UT 84070) this properly signed and dated Agreement before 10 a.m. Mountain Time 22 days from the Termination Date (as defined below). Failure to deliver an executed Agreement on or before 22 days after the Termination Date shall constitute irrevocable evidence that Employee has voluntarily decided to not execute this Agreement and this Agreement shall be of no force or effect. This Agreement will become effective only if it has been timely executed by the Employee and the revocation period has expired without revocation by Employee as set forth below. By signing below and timely delivering a signed Agreement to Employer, Employee acknowledges and agrees to each of the following terms and conditions:

RECITALS

A. Employee was an employee of the Company and most recently served as its Chief Operations Officer.

B. Employee and Employer agreed to terminate Employee's employment with Employer, which termination was effective on December 14, 2016 (the "**Termination Date**").

AGREEMENT

NOW THEREFORE, in consideration of Recitals which are incorporated herein, the mutual covenants and conditions set forth below, and intending to be legally bound thereby, Employer and Employee covenant and agree as follows:

1. Effect of Termination. Employee and Employer acknowledge and agree that the employment of Employee has been terminated as of the Termination Date, and as a result Employee shall be deemed to have immediately resigned from all positions as an officer and/or director with the Employer and with any of Employer's affiliates or subsidiaries. Employee acknowledges and agrees that as of the Termination Date, Employee has been paid everything due and owing by the Company to Employee, including but not limited to wages/salary, benefits and any outstanding equity and that no further wages, benefits or any other amounts.

2. Severance Pay. In consideration for Employee entering into this Agreement, Employee shall receive severance compensation in the amount of $370,000, which is equal to your base salary as of the Termination Date (the "**Severance Pay**"), less all applicable withholdings. The Severance Pay shall be paid to Employee in equal bi-monthly installments payable over the twelve (12) month period following the Termination Date, provided, however, the first payment (in an amount equal to two (2) months of base salary) shall be made on the sixtieth (60th)

day following the Termination Date. As a condition to receiving (and continuing to receive) the payments provided in this section, Employee must: (a) within not later than twenty-two (22) days after the Termination Date, execute (and not revoke seven days later) and deliver to Employer this Agreement and (b) remain in full compliance with this Agreement. Employee shall not be entitled to accrue any additional employee benefits besides the Severance Pay subsequent to the Termination Date.

Moreover, Employer makes no representations or warranties, express or implied, concerning tax implications of any payment made pursuant to this Agreement. Any tax obligations of Employee arising from the foregoing Severance Pay will be Employee’s sole responsibility; consequently Employee agrees to indemnify Employer for any tax liabilities or penalties arising from the Severance Pay that are or may be imposed upon Employee that would or should be Employee’s responsibility

3. Consulting Relationship. In consideration of the Severance Pay, Employee hereby agrees to provide consulting services on an as needed basis for up to six (6) months following the Termination Date (such six-month period, the “**Consulting Term**”) in order to assist in promoting a smooth transition of Employee’s duties to employees designated by Employer’s Chief Executive Officer. Employee agrees and understands that Employee will provide these consulting services as an independent contractor. Employee may provide these consulting services from his/her residence, unless requested by Employer’s Chief Executive Officer (or designee), to travel within the United States, or appear in the Employer's offices, in the ordinary course of completing assignments, which the Employer may assign with reasonable notice and expectations consistent with Employee's experience and expertise. Employer will reimburse Employee for all reasonable expenses incurred in performing Employee’s duties under this Agreement; provided that Employee has obtained prior approval from Employer’s Chief Executive Officer (or designee) for such expenses. For work performed during the Consulting Term, Employee shall be paid the equivalent of his/her regular rate of pay, unless a different amount is agreed to by the Chief Executive Officer.

4. Litigation Support. Employee hereby agrees to cooperate voluntarily, as requested, in any of the Employer’s legal matters, not involving a governmental agency or enforcement action now pending or that may be filed in the future. Employee’s cooperation includes but is not limited to Employee being available for interviews with attorneys and for depositions, searching for, identifying and producing documents, electronic media and information, providing truthful testimony as a witness or in affidavits and participating in legal discovery at the request of Employer or its attorneys without the necessity of subpoenas or formal legal process. Employee agrees that, as requested by Employer’s Chief Executive Officer (or the designee), Employee will travel within the United States to perform these duties. Employer shall give reasonable notice for any such travel. Employer will reimburse Employee for all reasonable expenses incurred in performing the duties under this paragraph; provided that Employee has obtained prior approval from Employer’s Chief Executive Officer or the designee for such expenses. Employee shall retain and shall not destroy or delete any documents, including electronic documents, text messages, e-mails, letters and other communications related to any pending or future legal matter until Employer notifies Employee that the legal matters have terminated and that Employee is then free to destroy such documents. Nothing in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Employer to make any such reports or disclosures and Employee is not required to notify the Company of such reports or disclosures.

5. Counsel for Employee. To the extent Employer determines in Employer’s sole discretion that Employee should be represented by counsel in any legal matter related to Employer, Employer shall provide to Employee at Employer’s expense counsel of Employer’s choosing, to represent Employee.

6. Communications. Employee hereby agrees that Employee will not engage in any communications, written or oral, regarding Employee’s employment or termination from Employer prior to Employer announcing the departure. Any communication after that announcement shall be wholly consistent with messaging provided by Employer. Employee agrees to not proactively communicate with investors, employees or distributors regarding the departure prior to the announcement.

7. Release and Covenant Not to Sue. In exchange for the Severance Pay described above, to the fullest extent permitted by applicable law, Employee hereby fully and forever unconditionally releases and discharges Employer, all of its past, present and future parent, subsidiary, affiliated and related corporations, their predecessors, successors and assigns, together with their divisions and departments, and all past or present officers, directors, employees, insurers, attorneys and agents of any of them (hereinafter referred to collectively as "**Releasees**"), and Employee covenants not to sue or assert against Releasees in any forum, for any purpose, any or all claims, administrative complaints, demands, actions and causes of action, of every kind and nature whatsoever, whether at law or in equity, and both negligent and intentional, arising from or in any way related to Employee's employment or separation from Employer, based in whole or in part upon any act or omission, occurring on or before the date of this general release, without regard to Employee's present actual knowledge of the act or omission, which Employee may now have, or which Employee, or any person acting on Employee's behalf may at any future time have or claim to have, including specifically, but not by way of limitation, matters which may arise at common law or under federal, state or local laws, including but not limited to the Fair Labor Standards Act, the Employee Retirement Income Security Act, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, the Utah Labor Code and any other state or federal laws, excepting only any claim for worker's compensation, unemployment compensation, COBRA rights, and any vested rights under any ERISA benefit plan. Employee does not waive or release any rights arising after the date of execution of this Agreement.

Employee further agrees that Employee will not in any manner encourage, counsel, participate in or otherwise assist any non-governmental third-party in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints by any non-governmental third party against any of the Releasees unless Employee is legally required to participate in any such matter pursuant to an enforceable subpoena or other court order to do so. Employee also agrees to immediately notify in writing the Company (c/o Vice President of Legal Affairs) and the Company’s Board of Directors upon receipt of any non-governmental subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order.

8. Protected Rights. Employee understands that nothing contained in this Agreement limits Employee’s ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (“Government Agencies”). Employee further understands that this Agreement does not limit Employee’s ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Employee’s right to receive an award for information provided to any Government Agencies.

9. Protection of Confidential Information. (a) Employee acknowledges that any Proprietary Information (defined below) disclosed or made available to Employee or obtained, observed or known by Employee as a direct or indirect consequence of Employee's employment with Employer or performance of services for the Employer or any of its subsidiaries, (whether or not compensated for such services), are the sole property of the Company and its subsidiaries. Therefore, Employee agrees that he/she will not at any time disclose or permit to be disclosed to any Person or, directly or indirectly, utilize for Employee's own account or permit to be utilized by any person any Proprietary Information for any reason whatsoever without the Company's consent, unless and to the extent that (except as otherwise provided in the definition of Proprietary Information) the aforementioned matters become generally known to and available for use by the public other than as a direct or indirect result of Employee's acts or omissions to act. Employee agrees that by the Termination Date Employee has delivered to the Company, as a condition to receipt of Severance Pay all records pertaining to the Company, its subsidiaries and their respective business which Employee possessed or had under Employee's control. Nothing in this section shall be construed to prevent Employee from using Employee's general knowledge and experience in future employment so long as Employee complies with this Section and the other restrictions contained in this Agreement.

(a) Ownership of Property. Employee acknowledges that all inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' actual or anticipated business, research and development, or existing or future products or services and that were conceived, developed, contributed to, made, or reduced to practice by Employee (either solely or jointly with others) while employed by the Company or any of its subsidiaries (including any of the foregoing that constitutes any Proprietary Information or records) ("Work Product") belong to the Company or such subsidiary and Employee hereby assigns all of the above Work Product to the Company or such subsidiary. Any copyrightable work prepared in whole or in part by Employee in the course of Employee's work for any of the foregoing entities is deemed a "work made for hire" under the copyright laws, and the Company or such subsidiary owns all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Employee hereby assigns to Company all right, title and interest, including without limitation, copyright in and to such copyrightable work. Employee has disclosed such Work Product and copyrightable work to the Chief Executive Officer and performed all actions reasonably requested by the Chief Executive Officer (whether during or after Employee's term of employment) to establish and confirm the Company's or its subsidiary's ownership (including, without limitation, execution of assignments, consents, powers of attorney and other instruments). Notwithstanding anything contained in this Section to the contrary, the Company's ownership of Work Product does not apply to any invention that Employee developed entirely on Employee's own time without using the equipment, supplies or facilities of the Company or subsidiaries or any Proprietary Information (including trade secrets business; or (ii) result from any work that Employee performed for the Company or its subsidiaries.

(b) Third Party Information. Employee understands that the Company and its subsidiaries have received from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company's and its subsidiaries' part to maintain the confidentiality of such information and to use it only for certain limited purposes. Without in any way limiting the provisions of the sections above, Employee agrees to hold Third Party Information in the strictest confidence and shall not disclose to anyone (other than personnel of the Company or its subsidiaries who need to know such information in connection with their work for the Company or its subsidiaries) or use, except in connection with Employee's work for the Company or its subsidiaries, Third Party Information unless expressly authorized by the Chief Executive Officer in writing.

(c) "Proprietary Information" means any and all data and information concerning the business affairs of the Company or any of its subsidiaries and not generally known in the industry in which the Company or any of its subsidiaries is or may become engaged, and any other information concerning any matters affecting or relating to the Company's or its subsidiaries businesses, but in any event Proprietary Information shall include, any of the Company's and its subsidiaries' past, present or prospective business opportunities, including information concerning acquisition opportunities in or reasonably related to the Company's or its subsidiaries businesses or industries, customers and/or distributors, customer and/or distributor lists, clients, distributors, client and/or distributor lists, investors, the prices the Company and its subsidiaries obtain or have obtained from the sale of, or at which they sell or have sold, their products, unit volume of sales to past or present customers and clients, or any other information concerning the business of the Company and its subsidiaries, their manner of operation, their plans, processes, figures, sales figures, projections, estimates, tax records, personnel history, accounting procedures, promotions, supply sources, contracts, know-how, trade secrets, information relating to research, development, inventions, technology, manufacture, purchasing, engineering, marketing, merchandising or selling, or other data without regard to whether all of the foregoing matters will be deemed confidential, material or important. Proprietary Information does not include any information that Employee has obtained from a person other than an employee of the Company or a subsidiary, which was disclosed to Employee without a breach of a duty of confidentiality.

Notwithstanding the foregoing, Employee understands that, in accordance with the Defend Trade Secrets Act of 2016, an individual cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, state, or local government official (either directly or indirectly), or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee understands that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in a court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to a court order. Finally, Employee understands that this provision also applies to any individual performing work as a contractor or consultant for an employer.

10. Confidentiality of Agreement. Employee agrees to keep the facts and terms of this Agreement confidential, except Employee may disclose the substance of this Agreement to Employee’s spouse, legal counsel, and financial or tax advisor, upon condition that such persons be advised by Employee of employee's confidentiality obligations hereunder and advise such persons that any disclosure by them will be deemed a disclosure by Employee.

11. Return of Company Property. Employee represents that he/she has returned to Employer, and has not retained, all of Employer's property, including documents, data (and any copies thereof), equipment, computer equipment, video equipment, audio equipment and cameras of any nature and in whatever medium, including all Employer data, files and images that are stored on Employee’s personal computers and equipment. Employee also represents that she/he has returned to Employer any building key(s), security cards, credit cards and any information regarding Employer's practices, procedures, trade secrets, customer or distributor lists or employee lists. Employee understands and agrees that any outstanding expense reports that Employee intends to complete must be submitted to Employer within thirty (30) days of the Termination Date. If the expense report is not submitted to Employer within thirty days of the Termination Date, Employee shall not be entitled to reimbursement.

12. Non-Disparagement: Employee hereby acknowledges and agrees to not make, say or publish any negative or disparaging comments whatsoever to any non-governmental third-parties about Employer its products or services, or any of its directors, officers, employees, or agents, except as expressly required by applicable law. This obligation includes verbal or written statements made by or caused to be published by Employee in any forum or through any medium, including every electronic media. Employer hereby acknowledges and agrees to make its best effort to ensure that none of its directors, officers, or employees make, say or publish any negative or disparaging comments whatsoever to any non-governmental third-parties about Employee, except as expressly required by applicable law. This obligation includes verbal or written statements made by or caused to be published by Employer's directors, officers, or employees in any forum or through any medium, including every electronic media.

13. Non-Competition and Non-Solicitation. In consideration of the Severance Pay, Employee agrees to the following terms. The below provisions expressly and exclusively supersedes any non-competition and non-solicitation obligation Employee may previously been subject to:

(a) **Non-Solicitation of Distributors/Employees/Consultants**. For a period of two years after Employee's Termination Date, Employee shall not directly or indirectly, solicit, influence, encourage, entice, or induce, or attempt to solicit, influence, encourage, entice, or induce, any employee, independent distributor or other consultant of the Company to:

(i) quit their employment or cease rendering services to the Company;
(ii) learn about, enroll for or into a direct selling, network marking company/opportunity or multi-level marketing company/opportunity. This includes, but is not limited to, presenting or assisting in the presentation of another direct selling, network marketing or multi-level marketing opportunity to the Company's employees, distributors or consultants;
(iii) associate with another direct selling, network marking company/opportunity or multi-level marketing company;
(iv) become a distributor with a direct selling, network marking company/opportunity or multi-level marketing company or
(v) divide their time between Company and a direct selling, network marking company/opportunity or multi-level marketing company.

The above terms and conditions apply regardless of who initiates such contact and regardless of whether the employee, independent distributor or other consultant actually leaves Company's employment or ceases rendering services to the Company.

(b) **Non-Solicitation.** In consideration of this Agreement and to the extent permitted under applicable law, and in order to protect the Proprietary Information and preserve the Company's relationships with its prospects and customers, Employee agrees that for a period of two (2) years after Employee's Termination Date, Employee will not directly or indirectly, solicit business, divert business, or accept business, or attempt to solicit business, divert business or accept business, related to nutritional, health or wellness supplements or any other product or service of the Company, from any person or entity that was a prospect or customer of the Company at the time of Employee's termination regardless of who initiates such contact between Employee and regardless of whether the prospect or customer actually ceases doing business with the Company.

(c) **Non-Competition.** In consideration of this Agreement, Employee shall not, for a period of one (1) year after the Termination Date engage in, advise or consult with, or accept employment with any company, business or any entity, or contribute Employee's knowledge to any work or activity, that:

(i) involves a distribution channel, network marketing or multi-level marketing company or opportunity;
(ii) product, process, provision of services or distribution channel (network marketing) that is similar to, offered by or competitive with the Company; or
(iii) consists of the development and/or sales of nutritional/health/wellness supplements, or any other product or service provided or offered by the Company.

Employee acknowledges and expressly agrees that this restraint is reasonable as to time and geographic limits and is necessary to protect the Company's Proprietary Information and good-will, and that it will not unduly restrict Employee's ability to secure suitable employment after leaving the Company. Employee acknowledges and agrees that the Company's direct selling, network marketing and distribution is both nationwide in the United States and international through the world. Employee agrees that geographic area means anywhere throughout the United States and the world where Company operated, provided services or products, or has had business relationships and that such scope is reasonable and necessary for the protection of the Company.

(d) **Modification By Court.** If any court determines that any post-employment restrictive covenant is unreasonable in any respect, Employee agrees that the Court shall modify any term found to be unreasonable and shall revise such term to be enforceable to the broadest extent permitted by law and consistent with the intent of this Agreement.

(e) **Extension of Non-Compete**. For any period of time in which Employee is found to be in violation of any of the above non-compete or non-solicitation covenants, that period of time shall be added on to the length of the restriction or period of protection for the Company.

(f) **Notice to Subsequent Employers**. Employee agrees that the Company may provide notice of Employee's obligations under any provision of this Agreement to any company or future employer of Employee should the Company consider it necessary for the enforcement of those obligations.

(g) **Relief from Further Payments**. Employee agrees that if Employee violates, breaches or challenges the validity of any of the provisions of this section, that Company may immediately cease any further payments that may be forthcoming under the provisions of this Agreement, and Company shall be immediately relieved from any further payment obligations whatsoever under this Agreement. This remedy is in addition to any other rights or damages that Company may seek related to such breach.

(h) **Remedies**. Employee acknowledges that any breach, willfully or otherwise, of the restrictive covenants will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy. In the event of any such breach or threatened breach of any of the restrictive covenants, the Company shall be entitled to injunctive or other similar equitable relief in any court, without any requirement that a bond or other security be posted, and this Agreement shall not in any way limit remedies of law or in equity otherwise available to the Company.

14. Compliance with Older Workers Benefits Protections Act.

(a) Employer hereby advises Employee and Employee acknowledges and represents that: Employee is hereby advised to consult with an attorney of Employee's own choice prior to executing this Agreement; Employee has had the opportunity to consult with an attorney before signing this Agreement, and Employee either has done so, or has voluntarily chosen not to consult with an attorney; this Agreement is written in a manner which is understandable; this Agreement is entered into under Employee's own free will and without duress or coercion from any person or entity; the release of claims under the Age Discrimination in Employment Act contained in this Agreement is given by Employee in exchange for consideration provided by this Agreement which is in addition to anything of value to which Employee would otherwise be entitled without this Agreement; and that Employee does not waive any rights or claims that may arise after the execution date of this Agreement.

(b) Employee acknowledges and represents that Employee has been informed that Employee has twenty-one (21) days within which to consider this Agreement and that this Agreement will remain available for acceptance by Employee for this twenty-one day period, commencing on the date this Agreement is provided to Employee, as indicated in the first paragraph of this Agreement. Employee may accept this Agreement by signing the Agreement and returning it to the attention of Michelle Oborn, VP Human Resources, at 9785 S. Monroe Street, Suite 300, Sandy, UT 84070 by 10 a.m. Mountain time on the twenty-second day.

(c) Employee acknowledges and represents that Employee has been informed that Employee has the right to rescind this Agreement for a period of seven (7) days following the date upon which Employee executes this Agreement. Should Employee choose to exercise this right, Employee agrees that any such notice must be provided to and received by Employer in writing on or prior to lapse of the seven-day revocation period. Any such revocation must be in writing and delivered to Michelle Oborn, VP Human Resources, at 9785 S. Monroe Street, Suite 300, Sandy, UT 84070 on or prior to the seventh day.

(d) It is understood and agreed by the Parties hereto that if Employee timely exercises Employee's right of revocation, Employer shall have no obligations to Employee whatsoever under the Employment Agreement or this Agreement and that all of the obligations, representations and warranties made by Employer in this Agreement shall be null and void.

GENERAL PROVISIONS

15. Compliance with 26 U.S.,C.Code Section 409A. This Agreement is intended to comply with the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and shall be limited, construed and interpreted in a manner so as to comply therewith. Each payment made pursuant to any provision of this Agreement shall be considered a separate payment and not one of a series of payments for purposes of Code Section 409A. While it is intended that all payments and benefits provided under this Agreement to Employee will be exempt from or comply with Code Section 409A, Employer makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A. Employer will have no liability to Employee or any other party if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. In addition, if upon the Termination Date, Employee is then a "specified employee" (as defined in Code Section 409A), then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, Employer shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following the Termination Date until the earlier of (i) the first business day of the seventh (7th) month following the Termination Date or (ii) ten (10) days after Employer receives written confirmation of Employee's death. Any such delayed payments shall be made without interest.

16. No Admission. The Parties expressly agree and acknowledge that this Agreement cannot be construed as an admission of or evidence of wrongdoing with respect to the termination of Employee, nor is it an admission of or evidence that Employee or any employee of Employer is other than an at-will employee.

17. Non-Assignment of Rights. Employee warrants that Employee has not assigned or transferred any right or claim described in the general release above.

18. No Reliance on Extraneous Information. Employee acknowledges that, in signing this Agreement, Employee is not relying on any information provided to Employee by Employer, nor is Employee relying upon Employer to provide any information other than as contained in this Agreement.

19. Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction for any reason, the invalid or unenforceable portion shall be deemed severed from this Agreement and the balance of this Agreement shall remain in full force and effect and be enforceable in accordance with the non-severed provisions of this Agreement.

20. Integration. This Agreement contains the entire agreement between the Parties and supersedes all prior discussions and agreements between the Parties including but not limited to the provisions in the Employment Agreement or Key Executive Benefit Package, if applicable. This Agreement shall not be amended or otherwise modified in any manner except in a writing executed by the Parties hereto. The Parties further acknowledge that they are not relying on any information or representations other than those recited in this Agreement.

21. Waiver of Jury Trial, Choice of Forum and Venue. **Each of the Parties to this Agreement hereby waives to the fullest extent permitted by applicable law any right it may have to a trial by jury with respect to any controversy, claim, dispute or litigation related to or arising out of, directly or indirectly, this Agreement. Each Party understands and has considered the implication of this waiver, makes this waiver voluntarily and knowingly, and has had an opportunity to consult legal counsel with respect to this waiver. The Parties agree that any controversy, claim, dispute or litigation related to or arising out of, directly or indirectly, this Agreement shall be governed by the laws of the State of Utah, without regard to conflict of law provisions and agree to exclusive personal jurisdiction and venue in the state and federal courts of the United States located in Salt Lake County, State of Utah.**

22. Attorney's Fees. In any action to interpret or enforce the terms of this Agreement, the prevailing Party shall be entitled to recover its costs, including reasonable attorney's fees, in addition to any other relief to which such Party may be entitled.

23. Binding Against Heirs. This Agreement is binding upon the Parties hereto and their heirs, successors and assigns.

24. Non-Waiver. No failure to exercise or enforce or delay in exercising or enforcing, or partial exercise or enforcement of, any right, obligation or commitment under this Agreement shall constitute a waiver thereof, nor shall it preclude any other or further exercise or enforcement of any right, obligation or commitment under this Agreement.

25. Signature by Counterparts. This Agreement may be executed in one or more counterpart(s), each of which shall be valid and enforceable as an original signature as though all original signatures had been obtained on the signature page of this Agreement.

26. Facsimile or Electronic Signatures. A fully executed facsimile or electronic copy and/or photocopy of this Agreement is legally enforceable and binding the same as the original Agreement.

27. Incorporation of Recitals. The recitals set forth on page 1 hereof are hereby made a part of this Agreement and are incorporated by this reference.

--This section intentionally left blank, signatures below--

ACCEPTED AND AGREED:

ROBERT URBAN

____

Date: ________________________________

LIFEVANTAGE CORPORATION:

____
Darren Jensen, President and Chief Executive Officer

Date: ________________________________

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Darren Jensen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;

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: February 8, 2017

/s/ *Darren Jensen*

Darren Jensen
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Gary Koos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;
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: February 8, 2017

/s/ *Gary Koos*

Gary Koos
Interim 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 filing of this quarterly report on Form 10-Q of LifeVantage Corporation (the “Company”) for the period ended December 31, 2016, with the Securities and Exchange Commission on the date hereof (the “report”), I, Darren Jensen, Principal Executive Officer of the Company, 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.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the report or as a separate disclosure document.

Date: February 8, 2017

/s/ *Darren Jensen*

Darren Jensen
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company 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 filing of this quarterly report on Form 10-Q of LifeVantage Corporation (the "Company") for the period ended December 31, 2016, with the Securities and Exchange Commission on the date hereof (the "report"), I, Gary Koos, Principal Financial Officer of the Company, 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.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the report or as a separate disclosure document.

Date: February 8, 2017

/s/ *Gary Koos*

Gary Koos
Interim Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.