

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended June 30, 2022

TRANSITION REPORT UNDER 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)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0224471
(IRS Employer
Identification No.)

3300 N. Triumph Blvd, Suite 700
Lehi, Utah 84043
(Address of principal executive offices, including zip code)

(801) 432-9000
Registrant's telephone number

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.0001

Title of each class

LFVN

Trading Symbol(s)

The Nasdaq Stock Market LLC

Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the registrant's common stock held by non-affiliates as of December 31, 2021, the end of the registrant's second fiscal quarter, was approximately \$81.2 million, based on a closing market price of \$6.32 per share.

The number of shares of common stock (par value \$0.0001) outstanding as of August 22, 2022 was 12,552,781 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed subsequent to the date hereof with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's fiscal year 2022 annual meeting of stockholders are incorporated by reference into Part III of this report. Such definitive proxy statement will be filed with the Commission not later than 120 days after the end of the registrant's fiscal year ended June 30, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report and the information incorporated by reference herein may contain “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 (the “Exchange Act”). 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:

- Inability to properly manage, motivate and retain our independent distributors or to attract new customers and independent distributors on an ongoing basis;
- The COVID-19 pandemic or the widespread outbreak of any other illness or communicable disease or any other public health crisis, could adversely affect our business, results of operations and financial condition;
- Inability to protect against cyber security risks and to maintain the integrity of data;
- Inability to manage existing markets, open new international markets or expand our operations;
- Non-compliance by our independent distributors with applicable legal requirements or our policies and procedures, including making improper and/or illegal claims about our products or earnings opportunity;
- Inability of new products and technological innovations to gain customer or independent distributor or market acceptance;
- Our business and stock price may be adversely affected if our internal controls over financial reporting is not effective;
- 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;
- International trade or foreign exchange restrictions, increased tariffs, foreign currency exchange fluctuations;
- Inability to raise additional capital or complete desired acquisitions;
- Inability to comply with financial covenants imposed by our credit facility and the impact of debt service obligations and restrictive debt covenants;
- Dependence upon a few products for revenue;
- We may be unable to retain our existing distributor force or customer base or attract additional customers and/or independent distributors;
- High quality materials for our products may become difficult to obtain or expensive;
- Improper actions by our independent distributors that violate laws or regulations could harm our business;

- 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;
- We are subject to risks related to Global Not For Resale programs;
- 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;
- Our Cannabidiol (“CBD”) products are subject to varying and changing federal, state or local laws which could adversely affect our results of operations and financial condition;
- Regulations governing the production or marketing of our products;
- Risk of investigatory and enforcement action;
- 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;
- Loss of, or inability to attract, key personnel;
- We may be held responsible for certain taxes or assessments and other obligations relating to the activity of our independent distributors;
- Competition in the dietary supplement and personal care markets;
- Our inability to protect our intellectual property rights;
- Third party claims that we infringe on their intellectual property;
- Product liability claims against us;
- Consumer discretionary spending habits factor into our economic success;
- 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;
- Volatility of the market price of our common stock; and
- Substantial sales of shares may negatively impact the market price of our common stock.

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.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
<u>Item 1. Business</u>	<u>5</u>
<u>Item 1A. Risk Factors</u>	<u>23</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>37</u>
<u>Item 2. Properties</u>	<u>37</u>
<u>Item 3. Legal Proceedings</u>	<u>37</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>37</u>
<u>PART II</u>	
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>37</u>
<u>Item 6. Selected Financial Data</u>	<u>39</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>40</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>50</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>51</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>51</u>
<u>Item 9A. Controls and Procedures</u>	<u>51</u>
<u>Item 9B. Other Information</u>	<u>52</u>
<u>PART III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>52</u>
<u>Item 11. Executive Compensation</u>	<u>52</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>53</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>53</u>
<u>Item 14. Principal Accountant Fees and Services</u>	<u>53</u>
<u>PART IV</u>	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>53</u>
<u>Signatures</u>	<u>55</u>

PART I

ITEM 1 — BUSINESS

Overview

LifeVantage Corporation is a company focused on nutrigenomics, the study of how nutrition and naturally occurring compounds affect human genes to support good health. LifeVantage is dedicated to helping people achieve their health, wellness and financial goals. We provide quality, scientifically-validated products to customers and independent distributors as well as a financially rewarding commission-based direct sales opportunity to our independent distributors. We sell our products in the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines. We also sell our products in a number of countries to customers for personal consumption only. In addition, we sell our products in China through a China approved cross-border e-commerce business model.

We engage in the identification, research, development, formulation and sale of advanced nutrigenomic activators, dietary supplements, nootropics, pre- and pro-biotics, weight management, skin and hair care, bath & body, and targeted relief products. Our line of scientifically-validated dietary supplements includes our flagship Protandim® family of products, LifeVantage® Omega+, ProBio, IC Bright®, and Daily Wellness dietary supplements. TrueScience® is our line of skin, hair, bath & body, and targeted relief products. We also market and sell Petandim®, our companion pet supplement formulated to combat oxidative stress in dogs, Axio® our nootropic energy drink mixes, and PhysIQ, our smart weight management system.

We were incorporated in Colorado in June 1988 under the name Andraplex Corporation. We changed our corporate name to Yaak River Resources, Inc. in January 1992, and subsequently changed it again in October 2004 to Lifeline Therapeutics, Inc. In October 2004 and March 2005, we acquired all of the outstanding common stock of Lifeline Nutraceuticals Corporation. In November 2006, we changed our name to LifeVantage Corporation. From our fiscal year 2005 until our fiscal year 2009, we marketed and sold a single product, Protandim®, through traditional retail stores. In October 2008, we announced that we were transitioning our business model from a traditional retail model to a direct sales model in which Protandim® would be sold primarily through a network of independent distributors. Since entering direct sales, we have increased our geographic reach by entering new international markets and increased our product offering by introducing additional scientifically-validated products.

In March 2018, following approval by our stockholders at our fiscal year 2018 Annual Meeting of Stockholders, we changed our state of incorporation from the State of Colorado to the State of Delaware pursuant to a plan of conversion. All outstanding shares of common stock, options and share units of the Colorado corporation were converted into an equivalent share, option or share unit of the Delaware corporation and the par value of our common stock was adjusted to \$0.0001. All directors and officers of the Colorado corporation held the same position within the Delaware corporation on the date of reincorporation.

Fiscal Year 2022 Highlights

COVID-19 Response

Beginning in fiscal year 2020 and continuing throughout fiscal year 2022, we pivoted our business operations to overcome a variety of challenges related to the COVID-19 pandemic. Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus. During fiscal year 2022, we continued to provide successful virtual events and trainings, including twice-weekly online training events, and have seen a high level of engagement and attendance from our independent distributors, with hundreds of attendees on average and over 2,000 attendees at some meetings. We invested in incentives and promotions designed to build and maintain engagement with our independent distributors in lieu of in-person events. Last year, we shifted all our employees to work from home and accelerated our adoption of technology. In fiscal year 2022, we began a hybrid model with our employees working from home a few days a week, and in the office a few days a week. We remain focused on being digital first and committed to increasing our investments into digital technologies and tools for independent distributors and employees to function effectively in the current hybrid working environment. Further, we completed a full evaluation of our supply chain and identified and mitigated risks resulting from the pandemic and, to date, our customers and independent distributors have experienced only minimal impact across our supply chain.

New Product Offerings

In fiscal year 2022, we launched several new products. In October 2021, we launched IC Bright®. IC Bright® combines macular carotenoids with vitamins and key ingredients that effectively support eye and brain health. It also helps reduce eye fatigue and strain from use of digital devices, helps promote healthy levels of essential proteins for the brain, and may help support normal sleep patterns, which can be disrupted by blue light exposure. In June 2022, we launched TrueScience® Liquid Collagen, the first consumable supplement in the TrueScience category. It has been formulated specifically to activate,

replenish, and maintain the body's production of collagen on the cellular level, supporting skin firmness and elasticity for healthy, glowing skin from within. We also launched several limited time seasonal flavors of Axio® during the fiscal year 2022.

Several products also were introduced into new markets in fiscal year 2022:

- Australia introduced IC Bright®, Body Wash, Body Lotion;
- Canada—IC Bright®, Daily Wellness, Refining Mask;
- Europe and Hong Kong—IC Bright®, Daily Wellness;
- Japan—IC Bright®;
- Mexico—Daily Wellness, IC Bright®, Refining Mask, and a new delivery system of Nrf2 Synergizer in 7-day blister packs for direct retailing to customers;
- New Zealand—IC Bright®, Daily Wellness, Body Lotion;
- Singapore—ProBio, IC Bright®, Daily Wellness; and
- Taiwan—ProBio.

Global Expansion

To further support our global expansion initiative, we expanded our business operations to Philippines in fiscal year 2022.

Technology Innovation

We continued to develop, enhance and improve the LifeVantage app, which is available for download on the Apple app Store and Google Play store. This custom-developed platform is pioneering new ways for us to interact with our independent distributors and gives us and our distributor leadership valuable insight into the activities of our independent distributor base. The app provides independent distributors with tools and communications that help simplify business activities, provide new distributors with step-by-step instruction for starting their business and improve the prospecting of potential distributors and customers.

Nutrigenomic Culture & Activating Wellness

We have continued to simplify our nutrigenomic story, emphasizing that it activates and empowers the body to work better by using nutrients to turn natural internal processes on or off and help support vibrant health at any age. Nutrigenomics and cellular activation are cutting-edge trends in our industry that support our unique position in the market and leverage our core competencies and existing products. Activation is the guiding principle of our culture and is the key underlying message for our independent distributors and customers. We are capitalizing on this message by highlighting how LifeVantage has used the concept of activation and expanded it to every aspect of our business, with a new brand message of “activating wellness.” By focusing on wellness, we are able to apply activation not only to our products, which support physical, mental, and emotional health, but also our business opportunity, which supports financial, social, and spiritual health. The “activating wellness” message was introduced in fiscal year 2022 and continues to be featured across our communications with our independent distributors and in our brand and marketing materials. Additional marketing and media assets are currently in development to further promote this culture.

Red Carpet Program

We continued to grow through our red carpet program, which is designed to attract and incentivize experienced direct selling sales leaders who are in transition to join LifeVantage. We remain optimistic that this program will help drive long term revenue growth for our business. We have increased red carpet leadership enrollments and hope to see improved retention and active independent distributor and customer counts as a result of this program.

Our Competitive Advantages

We believe we have a competitive advantage in several key areas:

- Our Sales Compensation: We believe our sales compensation plan engineered for our independent distributors is one of the more financially rewarding plans in the direct selling industry. Our percentage of sales paid to independent distributors as compensation and incentives is one of the highest percentages reported in the direct selling industry. Our sales compensation plan also enables independent distributors to earn compensation early and often as they sell our products. Some elements of our sales compensation plan are calculated and paid daily to eligible independent

distributors and others are calculated and paid weekly or monthly, allowing new independent distributors to receive their sales commissions quicker. We believe the ease of more frequent payments of sales commissions helps us attract and then retain new distributors by allowing them to receive their commission payments as soon as possible after making qualified product sales. We also offer a variety of incentives to our independent distributors for achieving specified product sales goals. We believe our sales compensation plan provides motivation for our independent distributors to sell our products to customers and share the business opportunity with those entrepreneurs' seeking to begin their own sales business.

- **Our Products:** Our focus is on nutrigenomics, the study of how properly formulated and applied nutrition and naturally occurring compounds affect human genes to support good health. We have developed proprietary and exclusive scientifically-validated nutrigenomics products focused on helping individuals look, feel and perform better. Our products are the Protandim® line of scientifically-validated dietary supplements, LifeVantage® Omega+, ProBio and Daily Wellness dietary supplements, TrueScience®, our line of skin, bath & body, target relief, and hair care products, Petandim®, our companion pet supplement formulated to combat oxidative stress in dogs, Axio®, our nootropic energy drink mixes, and PhysIQ™, our smart weight management system. The Protandim® product line includes Protandim® NRF1 Synergizer®, Protandim® Nrf2 Synergizer®, and Protandim® NAD Synergizer®. 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. The Protandim® NAD Synergizer® was specifically formulated to target cell signaling pathways involved in the synthesis and recycling of a specific molecule called NAD (nicotinamide adenine dinucleotide), and has been shown to double sirtuin activity, supporting increased health, focus, energy, mental clarity and mood. Use of the three Protandim® products together has been shown to produce synergistic benefits greater than using the individual products on their own. LifeVantage® Omega+ is a dietary supplement that combines DHA and EPA Omega-3 fatty acids, Omega-7 fatty acids, and Vitamin D3 to support cognitive health, cardiovascular health, skin health, and the immune system. LifeVantage® ProBio is a dietary supplement designed to support optimal digestion and immune system function. LifeVantage® Daily Wellness is a dietary supplement designed to support and strengthen the immune health. Our TrueScience® line of Nrf2 and CBD enhanced anti-aging skin care, hair care, bath & body, and targeted relief products includes TrueScience® Facial Cleanser, TrueScience® Perfecting Lotion, TrueScience® Eye Serum, TrueScience® Anti-Aging Cream, TrueScience® Beauty Serum, TrueScience® Hand Cream, TrueScience® Invigorating Shampoo, TrueScience® Nourishing Conditioner, TrueScience® Scalp Serum, TrueScience® Body Lotion, TrueScience® Body Wash, TrueScience® Body Butter, TrueScience® Deodorant, TrueScience® Soothing Balm, TrueScience® Body Rub, and TrueScience® Liquid Collagen. Petandim® is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. Axio® is our line of our nootropic energy drink mixes formulated to promote alertness and support mental performance. PhysIQ is our smart weight management system, which includes PhysIQ Fat Burn, PhysIQ Prebiotic and PhysIQ Whey Protein, all formulated to aid in weight management. IC Bright® is a supplement to help support eye and brain health, reduce eye fatigue and strain, supports cognitive functions, and may help support normal sleep patterns. We believe our significant number of customers who regularly and repeatedly purchase our products is a strong indicator of the health benefits of our products.
- **Technology-Enabled Distributor Training and Resources:** We are committed to providing our independent distributors with resources and training designed to promote productivity and their opportunity for successful sales and resulting commissions. We are dedicated to using technology to facilitate a streamlined approach for independent distributors to manage their businesses and sell our products. The LifeVantage app, which is available for download on the Apple app Store and Google Play store, is a custom-developed platform that provides new ways for us to interact with our independent distributors and gives us and our distributor leadership valuable insight into the sales activities of our distributor base. The LifeVantage app was designed to allow independent distributors to conduct any aspect of their business on a single platform from anywhere in the world. Ultimately, through artificial intelligence and machine learning, we expect that the app will be able to guide independent distributors on what to share, when to share it, and with whom to sell LifeVantage products. In addition, we provide other business and product training materials and we encourage our independent distributors to participate in company-sponsored events, including conventions and sales promotions and incentives.
- **Our Culture:** We are committed to creating a culture for our independent distributors, their customers and our employees that focuses on ethical, legal and transparent business practices. At enrollment, our independent distributors agree to abide by their contract which includes our policies and procedures. These policies and procedures, when followed, are designed to ensure that our independent distributors comply with applicable laws and regulations. Our distributor compliance department monitors the activities of our independent distributors as part of our effort to

enforce our policies and procedures. Similarly, our code of business conduct and ethics sets forth guidelines and expectations for our employees. We believe our ethical, legal and transparent culture attracts highly qualified employees and independent distributors who share our commitment to these principles.

- **Global Customer Acquisition:** We introduced our global customer acquisition program in April 2018 to expand the number of countries where customers can purchase and use our products for personal consumption only. This program allows us to enter additional markets at low incremental cost and enables independent distributors to leverage customer sales through their international relationships outside of their home countries. The program initially launched in eight markets, many of which subsequently became fully open for business on-the-ground through a growing network of resident independent distributors. We expanded our global customer base in fiscal year 2021 by entering into key strategic agreements with third parties based in the United States that will help customers ship LifeVantage products purchased in the U.S. throughout the world via their customer personal purchase and importation programs. We also previously expanded our Auto-Assigned Customer Program, which allows new customers to order directly through www.lifevantage.com without being required to go through an independent distributor on their initial order. After the initial order, these new customers are then assigned to independent distributors, who benefit from the initial sale commission and are then incentivized to provide future product support and sales to the assigned customer. This program provides consumers easier access to our innovative products while providing referrals to our distributor force.
- **Our Employees:** We believe that our employees are an essential asset. We have a dedicated team of professionals that support our independent distributors, work to generate long-term value for our stockholders and contribute to the broader society through charitable programs, including the 501(c)(3) LifeVantage Legacy, LLC. In turn, we offer competitive compensation and direct employee focus on the short and long-term goals of our stockholders and independent distributors. LifeVantage has been named one of the Best Places to Work by the Direct Selling News for six years in a row, which reflects our commitment to create a great work environment for our employees.

Scientific Background

The Normal Aging Process

Aging in humans is a complex process driven by diverse changes in genetic, molecular, biochemical, and cellular events. This multifactorial process is ultimately characterized by a gradual decline in physiological functions and in the effectiveness of the intricate network of internal cellular communication referred to as cellular signaling. Theories as to why humans' age include the oxidative stress theory, the mitochondrial theory, and the sirtuin theory.

Oxidative Stress Theory of Aging and the Nrf2 Pathway

The oxidative stress theory of aging states that as humans age, we accumulate free radicals and other oxidants. If left unchecked, this oxidative stress can lead to serious consequences to the cell. Oxidative stress can ultimately lead to oxidative damage from attacks and damage to essential biological structures of the cell which results in compromised cellular function.

Antioxidants are the cell's primary defense against free radicals and other oxidants. There are two major classes of antioxidants: 1) dietary antioxidants obtained through food and nutritional supplements and 2) endogenous antioxidants produced by the body. A 2013 review of the scientific literature led by the United States National Institutes of Health's National Center for Complementary and Integrative Health concluded that "rigorous trials of antioxidant supplements in large numbers of people have not found that high doses of antioxidant supplements prevent disease." Thus, much attention has shifted to the body's endogenous antioxidant and detoxification systems. Endogenous antioxidants are antioxidants made by the body and are the primary line of defense against oxidative stress. In general, endogenous antioxidants either prevent oxidants from being formed, or remove them from the body. Endogenous antioxidants form a complex network of antioxidant metabolites and enzymes. These networks work together, throughout the cell, to neutralize oxidants and protect important biological structures from oxidative damage.

Endogenous antioxidants can also be upregulated in times of increasing oxidative stress. The Nrf2 cellular signaling pathway is the primary pathway for upregulating endogenous antioxidant and other detoxification pathways. With age, the activity of this Nrf2 cellular signaling pathway has been shown to decrease – both in its ability to sense oxidative threats and ultimately upregulate its target genes.

Mitochondrial Theory of Aging and the NRF1 Pathway

Mitochondria are membrane-bound cellular organelles that generate most of the chemical energy needed to power the cell's biochemical reactions. The mitochondria produce energy by breaking down food that has been ingested and capturing high-energy electrons in the process. When mitochondria are functioning properly, they harness the energy of these electrons to

produce energy for the cell. At the end of this process, the mitochondria attach these electrons to molecular oxygen that ultimately get detoxified to water. However, this process is not perfectly efficient and, even in young, healthy mitochondria, electrons can escape, potentially forming free radicals and other oxidants.

The mitochondrial theory of aging states that as humans age, mitochondria function less efficiently, producing less energy and more free radicals and other oxidants. The reduction in energy production compromises cellular function. The increase in free radicals and other oxidants in turn damage structures of the cell, including the mitochondria. This mitochondrial damage goes on to further compromise mitochondrial function leading to a downward spiral of decreased mitochondrial efficiency and increased production of free radicals and other oxidants. This process ultimately contributes to an increase in the overall cellular burden of oxidative stress and otherwise compromises cellular function through decreased energy production.

A major cellular signaling pathway believed to be involved in mitochondrial health is NRF1 (nuclear factor erythroid 2-related factor 1). The NRF1 cellular signaling pathway, directly or indirectly, regulates a number of genes involved in mitochondrial health, turnover, and biogenesis. Nrf1 (Nuclear Respiratory Factor-1) is a protein believed to activate the expression of key genes involved in metabolism, cellular growth, energy production, and mitochondrial DNA transcription and replication. Together with Nrf2, Nrf1 also provides the essential function of coordinating gene expression between nuclear and mitochondrial genomes. An additional protein shown to support mitochondrial health is PGC1-alpha (peroxisome proliferator activated receptor gamma coactivator-1-alpha). PGC1-alpha has been shown to regulate energy metabolism and is the master regulator of mitochondrial biogenesis and turnover.

Sirtuin Theory of Aging and the NAD Pathway

The sirtuin theory of aging developed from studies examining the health benefits of caloric restriction. Caloric restriction is the process whereby caloric intake is restricted by as much as 40 to 60 percent. In numerous experimental models, animals put on calorically restricted diets experienced significant increases in maximum lifespan. Numerous studies have concluded that a family of proteins called the “sirtuins” are required for the increase in lifespan brought on by caloric restriction.

When the physiology of humans undergoing caloric restriction was examined, a number of health benefits were discovered. As researchers began to understand the molecular biology of these sirtuins, they found that the enzymatic activity for most of them required the molecule NAD⁺ (nicotinamide adenine dinucleotide). NAD⁺ is an essential molecule for many biochemical reactions, most notably metabolism of food for energy in the mitochondria.

Taken together, these findings are intriguing because now there is a direct link between metabolism and healthy longevity. When energy intake is normal, the primary role of NAD⁺ is for energy production. However, when NAD⁺ levels increase, either due to restricting calories or increasing the cellular production of NAD⁺, it becomes a signaling molecule to activate sirtuins and other health promoting mechanisms within the cell.

Research and Development

Historically, we have focused our research and development efforts on creating and supporting scientifically validated products under the LifeVantage[®], Protandim[®], TrueScience[®], Petandim[®], Axio[®], and PhysIQ federation of brands. We anticipate that our future research and development efforts will be focused on creating, developing and evaluating new products that are consistent with our commitment to provide quality, scientifically-validated products that activate and empower the body’s ability to work better. We intend to build on our foundation of nutrigenomics with products that activate gene or cell pathways targeting specific benefit areas, provide real results, and are an essential and enjoyable part of everyday life. We are also exploring ways to expand our product delivery systems beyond primarily tablets and capsules, starting with the new TrueScience[®] Liquid Collagen shots introduced this year. LifeVantage remains committed to helping people look and feel healthy and vibrant at any age by combating sources of premature aging or declining health.

Product Overview

Protandim[®] Nrf2 Synergizer[®]

Protandim[®] Nrf2 Synergizer[®] is a patented dietary supplement that has been shown in clinical trials to reduce the age-dependent increase in markers of oxidative stress and has also been shown to provide substantial benefits to combat the variety of negative health effects linked to oxidative stress.

Protandim[®] Nrf2 Synergizer[®] combats oxidative stress by increasing the body’s natural antioxidant protection at the gene level. The unique blend of phytonutrients in Protandim[®] Nrf2 Synergizer[®] signals the activation of Nrf2 to increase production of antioxidant enzymes, specifically superoxide dismutase and catalase, and other cell-protective gene products. The body’s internally produced antioxidant enzymes provide a better defense against oxidative stress than externally derived sources of antioxidants such as Vitamin C and Vitamin E. Unlike externally derived sources of antioxidants, these enzymes are “catalytic,” which means these enzymes are not used up upon neutralizing free radicals.

We hold multiple U.S. patents related to Protandim® Nrf2 Synergizer®. We believe these patents set Protandim® apart from other dietary supplements and protect the original formula as well as certain formula modifications we could create to extend our Protandim® product line. We sell Protandim® Nrf2 Synergizer® in three formulas around the world.

Protandim® Nrf2 Synergizer® has been, and is expected to continue to be, the subject of numerous independent scientific studies at various universities and research facilities including Ohio State University, Louisiana State University, University of Colorado Denver, Virginia Commonwealth University, Colorado State University, Texas Tech University and the National Institute on Aging. The results of these studies have been published in a variety of peer-reviewed scientific journals, including *Free Radical Biology & Medicine*, *Enzyme Research*, *Circulation-the scientific journal of the American Heart Association*, *American Journal of Physiology-Lung Cellular and Molecular Physiology*, *PLoS One*, *Journal of Dietary Supplements*, *Molecular Aspects of Medicine*, *Oxidative Medicine and Cell Longevity*, *Exercise & Sports Science Reviews*, *Clinical Pharmacology*, *the FASEB Journal*, and *the Journal of Applied Physiology*.

Protandim® NRF1 Synergizer®

Protandim® NRF1 Synergizer® is a dietary supplement which was formulated to strengthen the mitochondria, the powerhouse of all cells, for better cellular health. It is designed to work in tandem with our flagship Protandim® Nrf2 Synergizer® and further enhance the body's internal ability to naturally produce antioxidants and reduce the effects of cellular stress. Protandim® NRF1 Synergizer® activates NRF1, a protein that regulates the expression of genes involved in mitochondrial DNA transcription, translation and repair. The unique blend of ingredients in Protandim® NRF1 Synergizer® supports the mitochondria to slow cellular aging and increase cellular energy.

Protandim® NAD Synergizer®

Sirtuin activity naturally declines by as much as 60 percent as humans age. Research has long shown that sirtuin activity can be increased by as much as 94 percent through drastic caloric restriction. Protandim® NAD Synergizer® is a dietary supplement which was specifically formulated to target the biochemical pathways involved in the synthesis and recycling of a specific molecule called NAD (nicotinamide adenine dinucleotide) and has been shown to double sirtuin activity in just 24 hours. Sirtuin activity has been linked to multiple health benefits. In addition to being responsible for cellular autophagy (cellular cleanup and renewal process), sirtuins help improve mental focus and concentration, support positive mood and motivation, boost mental and physical energy, aid in maintaining cholesterol levels already in a healthy range, support a healthy vascular system, and promote healthy longevity.

The Protandim® Family of Products and Nutrigenomics

Nutrigenomics is the study of how foods and individual nutrients can affect gene expression and how genes can also affect how humans metabolize food. Specific combinations of nutrients that engage cellular signaling and biochemical pathways are believed to unlock specific health mechanisms in human cells, tissues, and organs. Specifically, by looking at the cellular signaling and biochemical pathways known to be implicated in the aging process, we have formulated products to address various effects of aging utilizing nutrigenomics. This is the rationale behind the Protandim® family of products, which were formulated from specific combinations of nutrients with US Patents Pending to support natural cellular functions by targeting specific cellular signaling and biochemical pathways related to oxidative stress, optimal mitochondrial function, and activation of the sirtuin family of proteins.

LifeVantage® Omega+

LifeVantage® Omega+ is a dietary supplement that combines DHA and EPA Omega-3 fatty acids, Omega-7 fatty acids, and Vitamin D3 to support cognitive health, cardiovascular health, skin health, and the immune system.

LifeVantage® ProBio

LifeVantage® ProBio is a dietary supplement designed to support long-term gut health by restoring healthy gut bacteria to support digestive system health.

LifeVantage® IC Bright®

IC Bright® combines macular carotenoids with vitamins and key ingredients that effectively support your eye and brain health. It helps reduce eye fatigue and strain from use of digital devices, helps promote healthy levels of essential proteins for the brain, and may help support normal sleep patterns, which can be disrupted by blue light exposure.

LifeVantage® Daily Wellness

LifeVantage® Daily Wellness is a dietary supplement designed to strengthen immune health by supporting and balancing the three essential roles of the immune system: barrier, innate and adaptive.

PhysIQ

We sell a full line of weight management products under our PhysIQ brand, which consists of:

- **PhysIQ Fat Burn:** a supplement containing naturally derived active ingredients to stimulate the breakdown of abdominal fat, increase energy and support long-term weight management.
- **PhysIQ Prebiotic:** a supplement designed to support the “good” bacteria in the gut and a healthy microbiome, resulting in a healthier digestive tract and a healthier metabolism.
- **PhysIQ Whey Protein:** a protein powder designed to satisfy hunger and deliver amino acids to support quick recovery and improved muscle synthesis.

TrueScience® Skin Care

We sell a full line of anti-aging skin care products under our LifeVantage TrueScience® brand, which consists of:

- **TrueScience® Liquid Collagen:** our first digestible liquid supplement in fully recyclable glass bottles that activates, replenishes, and maintains the body’s production of collagen on the cellular level to support skin firmness and elasticity for healthy, glowing skin.
- **TrueScience® Facial Cleanser:** a concentrated, ultra-rich cleanser used to remove impurities and light make-up without drying or stripping natural oils in the skin.
- **TrueScience® Perfecting Lotion:** a hybrid lotion formulated for smoother, radiant and brighter looking skin.
- **TrueScience® Eye Serum:** a serum that noticeably improves the visible signs of fine lines, creases and wrinkles around the entire eye area, diminishes puffiness above and below the eye, firms and tightens the upper eyelid area and evens skin tone and dark circles that are visible signs of aging.
- **TrueScience® Anti-Aging Cream:** a cream that deeply moisturizes and helps to combat the appearance of fine lines and wrinkles.
- **TrueScience® Hand Cream:** a cream formulated with Nrf2 ingredients to moisturize skin and decrease the visible signs of premature aging on the hands.
- **TrueScience® Beauty Serum:** a CBD-enhanced facial serum designed to renew radiance and bring balance to the skin.

Our TrueScience® Beauty System includes the following products in a TSA-compliant set: TrueScience® Facial Cleanser, TrueScience® Perfecting Lotion, TrueScience® Eye Serum, and TrueScience® Anti-Aging Cream.

We received two composition patents related to our LifeVantage TrueScience® skin care products, which were tested in an independent third-party clinical study and shown to reduce the visible signs of aging by utilizing Nrf2 technology to mitigate the visible effects of skin damage caused by oxidative stress. Our LifeVantage TrueScience® skin care products leverage our research on Nrf2 activation and oxidative stress.

TrueScience® Hair Care

We sell a full line of hair care products under our TrueScience® brand, which consists of:

- **TrueScience® Invigorating Shampoo:** Mild surfactant and added amino acid blend that cleans hair without drying out the scalp.
- **TrueScience® Nourishing Conditioner:** Deeply nourishing weightless conditioner that helps hair feel soft and smooth and look fuller and thicker.
- **TrueScience® Scalp Serum:** A serum that nourishes the scalp to support normal hair growth while soothing all scalp types.

TrueScience® Personal Care

We sell a full line of bath & body and targeted relief products under our TrueScience® brand, which consists of:

- **TrueScience® Body Lotion:** A lightweight formula that delivers nourishing hydration from rich emollients like mango seed butter and chia seed, prevents visible signs of aging with a postbiotic blend, and shields the skin from environmental assaults with Dragon's Blood resin.
- **TrueScience® Body Wash:** A body wash that hydrates and protects the skin with luxurious manuka honey, cleanses with a fruit acid exfoliant, and supports the skin's natural resilience with a unique adaptogen complex that includes Siberian ginseng, chaga mushroom and spikemoss.
- **TrueScience® Body Butter:** A body butter loaded with rich, deep penetrating emollients like mistletoe and cloudberry that provide immediate and lasting relief for dry, distressed skin, it also combines nourishing oils from oat, olive, chia and amaranth seeds that leave the skin looking and feeling healthy and soft. Enhanced with broad-spectrum CBD-enhanced Nrf2 ingredients to protect the skin against the visible effects of free radical damage.
- **TrueScience® Deodorant:** A deodorant with live fermented enzymes that break down sweat molecules and effectively fight both odor and wetness to address the issue at the source. Hyaluronic acid aids in lowering the skin's pH under the arm, which helps create an environment where odor-causing bacteria are less prone to flourish. Enriched with passionflower fruit extract, aloe, and CBD-enhanced Nrf2 ingredients, the gentle formula soothes and nourishes underarm skin.
- **TrueScience® Soothing Balm:** A balm with lipid-rich emollients from a blend of four nourishing seed oils, beeswax, and shea and mango butters create a do-it-all, ultra-intensive balm that leaves skin soft, soothes away stress, and cools with invigorating camphor, eucalyptus, and spearmint.
- **TrueScience® Body Rub:** A body rub that offers a soothing cool-down for post workout—and post workday—muscles. CBD-enhanced Nrf2 ingredients give the body a boost of tranquility with a cooling sensation.

Petandim®

Petandim® is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. Petandim® builds upon the active ingredients in Protandim® Nrf2 Synergizer® to reduce oxidative stress and support joint function, mobility and flexibility in dogs. Petandim® received the Quality Seal from the National Animal Supplement Council.

Axio®

Axio® is our line of energy drink mixes, formulated as a nootropic to promote alertness and support mental performance. These energy drink powders deliver sustained energy, as well as improved mental focus and promote a positive mood. Axio® is derived from a unique combination of scientifically validated ingredients.

Product Stacking

A stack consists of multiple products bundled together that are designed to achieve a specific result. By studying the effects of nutrients and natural compounds, we have developed scientifically-backed nutrigenomics products that promote healthy aging on the cellular level. By stacking these products together, we have created a foundation for synergy from nutrigenomic products to promote a healthier life.

The Vitality Stack includes four of our nutrigenomics products — Protandim® NRF1 Synergizer®, Protandim® Nrf2 Synergizer®, LifeVantage® Omega+ and LifeVantage® ProBio. This product stack was designed to provide a foundation for wellness, supporting healthy organs, including the brain, heart, eyes, and other vitals. With the Ultimate Stack, we added Protandim® NAD Synergizer® and PhysIQ™ Prebiotic to our Vitality Stack to support gut health and increase sirtuin activity, supporting increased health, focus, energy, mental clarity and mood. The Protandim® Tri-Synergizer™ consists of our Protandim® NRF1 Synergizer®, Protandim® Nrf2 Synergizer® and Protandim® NAD Synergizer®, and was designed to effectively and synergistically reduce oxidative stress, support mitochondria function, increase sirtuin activity, and target cell signaling pathways to fight the effects of aging. We also offer stacks that directly support the following consumer needs: immune support, heart health, energy, well-being, eye health, cognition and memory, metabolism, gut health, skin care, and hair care.

Distribution of Products

We believe our products are well suited for distributor to customer sales through our direct selling model. This model allows our independent distributors to educate our customers regarding the benefits of our unique products more thoroughly than other business models. Our direct selling model also allows our independent distributors to offer personalized customer service to our customers and encourage regular use of our products.

Product Return Policy

All products purchased directly from us include a product guarantee. Subject to some exceptions based on local regulations, we will accept returns of opened and unopened product within 30 days of purchase for a full refund of the purchase price. In addition, our product return program allows independent distributors to return certain unopened, unexpired product for a refund of the purchase price less a 10% restocking fee and any paid commissions. The amount of inventory we will repurchase from an independent distributor is subject to specified policies and procedures.

Accounts

We generally categorize accounts as either independent distributors or customers, both of which may be consumers of our products.

Independent Distributors

An independent distributor in our company is an independent contractor who participates in our direct sales opportunity by enrolling through the independent distributor contract process and selling our products. Independent distributors may purchase our products and sell them to others either directly or through our company. We believe our independent distributors are typically entrepreneurs, who believe in our products and desire to earn income through sales commissions and by building their own distributorship business. Many of our independent distributors are attracted by the opportunity to sell unique, scientifically-validated products without incurring significant start-up costs. Independent distributors sign a contract with us that includes a requirement that they adhere to strict policies and procedures. Independent distributors may purchase product from us for individual and family consumption and for demonstrations, samples and retailing opportunities.

While we provide support, product samples, brochures, magazines, the LifeVantage app and other sales and marketing materials, independent distributors are primarily responsible for their sales to customers and for attracting, enrolling and educating new independent distributors about the benefits of our products and sales compensation plan. An independent distributor creates multiple levels of compensation by selling our products and enrolling new independent distributors who sell our products. These newly enrolled independent distributors form a "downline" for the independent distributor who enrolled them. If downline independent distributors enroll new independent distributors or customers who purchase our products, they create additional levels of compensation and their downline independent distributors remain in the same downline network as the original enrolling independent distributor. We pay commissions only upon the sale of our products. We do not pay commissions for enrolling independent distributors.

We define "active independent distributors" as those independent distributors who have purchased product from us for retail sales or personal consumption during the prior three months. We had approximately 63,000 active independent distributors as of each of the fiscal years ended June 30, 2022 and 2021.

Independent Distributor Compensation

We believe our sales compensation plan is one of the more financially rewarding in the direct selling industry. Our percentage of sales paid to independent distributors as sales compensation and incentives is one of the highest percentages reported in the direct selling industry. Some elements of our sales compensation plan are paid daily, to eligible distributors, and others are paid weekly or monthly. We believe this gives us a competitive advantage and helps retain new distributors by allowing them to receive some sales commissions in a more timely manner from their sales efforts. Our sales compensation plan is intended to appeal to a broad cross-section of people, including those seeking to supplement family income, start a home-based business or pursue entrepreneurial opportunities full- or part-time. Our independent distributors earn sales commissions on product sales to their personally enrolled customers and independent distributors and the product sales to customers and independent distributors within their sales organization, or "downline." Our independent distributors can also earn money by purchasing product from us and selling that product to others at their chosen retail price. We pay sales commissions in the local currency of the independent distributor's home country.

Independent Distributor Motivation and Training

Our revenue depends in part on the sales success and productivity of our independent distributors. We provide tools, training and technology designed to increase our independent distributors' sales productivity and increase their potential for sales success. We offer training and business development opportunities to our independent distributors, including the following:

- **Playbook:** Professionally-designed training materials independent distributors can utilize in their sales efforts;
- **Digital Training:** Our digital audio series presented by our independent distributor leaders provides training and tips on becoming more sales productive distributors;

- Elite Academy, Global Convention, and Other Company-Sponsored Training: We hold regularly occurring live and virtual company-sponsored events intended to provide sales training and motivation to our independent distributors, in addition to twice-weekly virtual distributor trainings;
- Promotions and Incentive Trips: We hold special sales promotions and incentive trips from time to time in order to motivate our independent distributors to accomplish specific sales goals; and
- Mobile Application: The LifeVantage app was designed to allow users to conduct any aspect of their business on a single platform from anywhere in the world. Ultimately, through artificial intelligence and machine learning, we expect that the app will be able to guide users on what to share, when to share it, and with whom to maximize their sales potential.

We are continuing to evaluate new ways in which to incorporate new technology and sales training opportunities to improve distributor sales success and commissions.

Distributor Compliance Activities

Given that our independent distributors are independent contractors, we do not control or direct their promotional efforts. We do, however, require that our independent distributors abide by policies and procedures that require them to act in an ethical manner and in compliance with applicable laws and regulations. As a member of the United States Direct Selling Association and similar organizations in many of the markets where we do business, we are also subject to the ethical business practices and consumer service standards required by the industry's code of ethics.

Independent distributors represent to us that their receipt of sales commissions is based on their product sales and by product sales of other LifeVantage distributors in their personal marketing organization. We must produce or pre-approve all sales aids used by distributors, such as brochures and online materials. Products may be promoted only through sales materials produced or approved by us. Independent distributors may not use our trademarks or other intellectual property without our written consent.

We monitor and systematically review alleged distributor misbehavior through our internal distributor compliance department. If we determine one of our independent distributors has violated any of our policies and procedures, we first attempt to educate, but may discipline or terminate the distributor's rights to sell or distribute our products when appropriate. When necessary, we have brought legal action against distributors, or former distributors, to enforce our policies and procedures. Short of termination or legal action, and in addition to educating, we may impose sanctions against distributors whose actions are in violation of our policies and procedures. Such sanctions may include warnings, probation, withdrawal or denial of an award, suspension of privileges of a distributorship, fines and/or withholding of commissions until specified conditions are satisfied, or other appropriate injunctive relief.

Customers

Customers purchase products directly from us at either our non-subscription (list) pricing for one-time purchases or our subscription price on a monthly subscription basis for personal consumption, without the ability to resell or earn commissions from the purchase or sale of such products. A customer may decide to enroll as an independent distributor at any time if they become interested in selling the product. We believe our customers are a great source of word-of-mouth advertising for our products. We also believe our large base of customers validates the health benefits of our products.

We define an "active customer" as a customer who has purchased product from us within the prior three months. As of June 30, 2022 and 2021, we had approximately 93,000 and 107,000 active customers, respectively.

Sales of Our Products

We accept orders for our products through our own website at www.lifevantage.com and through personalized websites we provide to our independent distributors, which we refer to as "Virtual Offices". Orders placed through Virtual Offices and through our website are processed daily at our fulfillment centers, where orders are shipped directly to the consumer.

We offer toll-free numbers for our independent distributors and our customers to order product or ask questions. Our customer service representatives assist customers in placing orders through our web order processing system, answering questions, tracking packages, and initiating refunds. The customer service representatives receive extensive training about our products and our direct selling business model. LifeVantage customers and independent distributors generally pay for products by credit card, prior to shipment, and as a result, we carry minimal accounts receivable.

Seasonality

In addition to general economic factors, we are impacted by seasonal factors and trends such as major cultural events and vacation patterns. We believe that direct selling in the United States and Japan is also generally negatively impacted during our first fiscal quarter, from July 1 through September 30, when many individuals, including our independent distributors, traditionally take vacations. The timing and size of our training events and incentive trips can also cause revenue and expense to fluctuate in the periods that they are held.

Although our product launch process may vary by market, we may introduce new products to our customers and independent distributors through limited-time offers and promotions. The limited-time offers and promotions typically generate significant activity and a high level of sales and purchasing, which may result in a higher than normal increase in revenue during the quarter of the limited-time offer and skew year-over-year and sequential comparisons. Similarly, company events for independent distributors typically generate a higher than normal increase in revenue. The timing of these events can also skew year-over-year and sequential comparisons.

Geographic Information

We sell our products in the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines. We also sell our products in a number of countries to customers for personal consumption only. In addition, we sell our products in China through our approved e-commerce business model. In fiscal year 2022, revenue generated in the United States accounted for approximately 63% of our total revenue and revenue generated from Japan accounted for approximately 18% of our total revenue. For reporting purposes, we generally divide our markets into two geographic regions: the Americas region and the Asia/Pacific & Europe region. The following table sets forth net revenue information by region for the periods indicated (in thousands):

	For the fiscal years ended June 30,					
	2022		2021		2020	
Americas	\$ 138,323	67.0 %	\$ 154,655	70.2 %	\$ 166,336	71.4 %
Asia/Pacific & Europe	68,037	33.0 %	65,526	29.8 %	66,579	28.6 %
Total	\$ 206,360	100.0 %	\$ 220,181	100.0 %	\$ 232,915	100.0 %

Additional comparative revenue and related financial information is presented in the section captioned "Segment Information" in Note 2 to our consolidated financial statements.

Marketing

We utilize our network of independent distributors located throughout the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines to market and sell our products. In addition, we utilize our network of in-country social marketers to market and sell our US products in China through our cross-border e-commerce business model. In addition, we have in-house sales, marketing, IT, and customer service groups dedicated to supporting our independent distributors. Support includes training and education, personalized assistance, in-person and digital events, recognition, incentives and promotions, digital and social media content, press coverage, regular communications, as well as a full suite of marketing assets, including content for their websites.

Raw Materials and Manufacturing

We outsource the primary manufacturing, fulfillment, and shipping components of our business to third-party companies we believe possess a high degree of expertise. We believe outsourcing provides us access to advanced manufacturing process capabilities and expertise without incurring fixed costs associated with manufacturing our own products in house.

We currently outsource the manufacture of our products to multiple third-party contract manufacturers. Our contract manufacturers have a legal obligation to comply with the current Good Manufacturing Practices regulations that are applicable to those who manufacture, package, label and hold dietary supplements and personal care products. Additionally, we are subject to regulations that, among other things, obligate us to know what and how manufacturing activities are performed so that we can make decisions related to whether the packaged and labeled product conforms to our established specifications and whether to approve and release product for distribution to consumers. We maintain and qualify alternative manufacturing options in order to keep our costs low, maintain the quality of our products, and prepare for unanticipated spikes in demand or manufacturing failure. Our contract manufacturers deliver products to our fulfillment centers based on our purchase orders.

We acquire raw materials for our products from third-party suppliers. Although we generally have good relationships with our suppliers, we believe we could replace any of our current suppliers without great difficulty or significant increase to our cost of goods sold. We also have ongoing relationships with secondary and tertiary suppliers. Please refer to "*Risk Factors - High quality material for our products may be difficult to obtain or expensive*" for a discussion of the risks and uncertainties associated with our sourcing of raw materials.

Product Liability and Other Insurance

We have product liability insurance coverage for our products that we believe is adequate for our needs. We also maintain commercial property and liability coverage, directors' and officers' liability insurance, workers compensation coverage and cyber information security risk insurance policies as well as foreign and other miscellaneous coverage.

Intellectual Property

We use commercially reasonable efforts to protect our intellectual property through patent protection, trademarks and trade secrets, licensed rights and contractual protections, and intend to continue to develop a strong brand identity for our company and our products.

Protandim[®] Nrf2 Synergizer[®] is a proprietary, patented dietary supplement formulation for enhancing antioxidant enzymes including superoxide dismutase and catalase. The patents and patent applications protecting its formulations are held by LifeVantage Corporation or our wholly-owned subsidiary, Lifeline Nutraceuticals Corporation. Our intellectual property is covered, in part, by many issued U.S. patents. Our patents and patent applications claim the benefit of priority of multiple U.S. provisional patent applications, the earliest of which was filed on March 23, 2004, and relate to compositions, methods of use, and methods of manufacture of various compositions, including those embodied by the Protandim[®] Nrf2 Synergizer[®] formulation. The expected duration of our patent protection via some granted patents for Protandim[®] Nrf2 Synergizer[®] is at least through approximately March 2025 and we continue to research and file new composition and method patents in the U.S. for enhanced and improved product formulations that will extend our patent protection for a variety of product formulations and methods. During fiscal year 2018, we received other patents for personal care or skin care products. These patents expire approximately February 2036. In fiscal year 2021, we filed additional U.S. patents that, if granted, will protect the combined effects and synergistic benefits of the Protandim[®] Nrf1 Synergizer[®]; Protandim[®] Nrf2 Synergizer[®] and Protandim[®] NAD Synergizer[®] products when these three products (also called the Tri-Synergizer[™] pack) are used together.

We continue to protect our products and brands using trademarks. We have filed and successfully procured registered trademarks for our key brands consisting of Protandim[®], LifeVantage[®], and TrueScience[®] in many countries around the world, and we have pending trademark applications for these and other marks in many other countries. We anticipate seeking protection in other countries, as we deem appropriate.

In order to protect the confidentiality of our intellectual property, including trade secrets, know-how and other proprietary technical and business information, it is our policy to limit access to such information to those who require access in order to perform their functions and to enter into agreements with employees, consultants and vendors to contractually protect such information.

Competition

Direct Selling Companies

We compete with other direct selling companies, many of which have longer operating histories and greater visibility, name recognition and financial resources than we do. We also compete with newer direct selling companies that may attempt to solicit our distributors by offering the possibility of a more financially rewarding opportunity or by being among the company's early distributor base. We compete for new distributors with these companies on the basis of our business opportunity, product offerings, sales compensation plan, management and our operations. In order to successfully compete in the direct selling industry and attract and retain quality distributors, we must maintain the attractiveness of our business opportunity, product offerings and sales compensation plan.

Dietary Supplement Market

We compete with other companies that sell dietary supplements. We believe the dietary supplement market is highly fragmented and competitive. We believe competition in the dietary supplement market is based primarily on quality, price, efficacy of products, brand name and recognition of product benefits. In the dietary supplement industry, our competition includes numerous nutritional supplement companies, pharmaceutical companies and packaged food and beverage companies. Many of these companies have broader product lines, larger sales volumes and greater financial resources than we do. Additionally, some of these companies are able to compete more effectively due to greater vertical integration. Increased

competition in the dietary supplement market could have a material adverse effect on our results of operations and financial condition.

Nrf2 Activators

In the last few years we have seen the number of products marketed as Nrf2 activators increase. We anticipate the number of products that claim to activate Nrf2 will continue to increase as the technology becomes more popular and more broadly accepted.

Direct Antioxidants

Vitamin C, Vitamin E, other vitamin/mineral antioxidants, and other sources of externally derived antioxidants may be considered competitors of Protandim® Nrf2 Synergizer® but they are mechanistically distinct from Protandim® Nrf2 Synergizer®. These other sources of antioxidants do not increase the body's elimination of oxidants using internal antioxidant enzymes. Our research indicates that Protandim® Nrf2 Synergizer® increases production of anti-fibrotic gene products including antioxidant enzymes, such as superoxide dismutase and catalase, within the cells of the body. We believe that the body's internally produced antioxidant enzymes provide a better defense against oxidative stress than externally derived sources of antioxidants.

Oral Superoxide Dismutase and Catalase

There are many companies performing research into antioxidants. Several companies sell oral forms of superoxide dismutase and catalase. Although we believe Protandim® Nrf2 Synergizer® is a superior alternative to oral forms of superoxide dismutase and catalase, these products do compete with Protandim® Nrf2 Synergizer® in the marketplace. We anticipate additional companies will likely develop, purchase or in-license products that are competitive with Protandim® Nrf2 Synergizer®.

Omega Fatty Acid Products

There are many companies that market Omega supplements, including Omega-3. Although LifeVantage® Omega+ contains a unique combination of DHA and EPA Omega-3 fatty acids, Omega-7 fatty acids, and Vitamin D3, we anticipate additional companies will likely develop products that are competitive with LifeVantage® Omega+.

Probiotic Products

There are many companies that market probiotic supplements and we anticipate additional companies will likely continue to develop products that are competitive with our LifeVantage® ProBio supplement.

Eye Health Products

There are many companies that market eye health supplements and we anticipate additional companies will likely continue to develop products that are competitive with our IC Bright®.

Personal Skin Care Market

In the personal skin care market, we compete principally with large, well-known cosmetics companies that manufacture and sell broad product lines through retail establishments. Many of these competitors have greater financial resources and brand recognition than we do. We believe, however, we can compete with these larger companies by leveraging our direct selling model and emphasizing our unique, science-based, Nrf2 and CBD enhanced skin and personal care products. We also now compete in the growing global liquid collagen market and believe we can compete with our triple action formula that has been shown to deliver visible results in only 30 days as it activates, replenishes and maintains collagen levels. Our product is a unique blend featuring sustainably sourced, hydrolyzed fish collagen that delivers 10 different types of peptides – significantly more than most competitive products – plus a unique red quinoa extract that has been shown to up regulate genes associated with collagen production and down regulate those that produce enzymes that break down collagen.

Personal Hair Care Market

In the personal hair care market, we compete principally with large, well-known hair care companies that manufacture and sell broad product lines through retail establishments. Many of these competitors have greater financial resources and brand recognition than we do. We believe, however, we can compete with these larger companies by leveraging our direct selling model and emphasizing our unique, science-based hair care products.

Animal Supplement Market

We compete principally with large, well-known companies in the animal supplement market. Most of the companies we compete with in the animal supplement market have broad distribution channels that include retail establishments. Many of these competitors have greater financial resources and brand recognition than we do. We believe, however, we can compete with these larger companies by leveraging our direct selling model and emphasizing our unique, science-based animal supplement product.

Energy Drink Market

We compete with large, well-known companies in the energy drink market. Most of the companies we compete with in the energy drink market have broad distribution channels that include big box retail establishments. Many of these competitors have greater financial resources and brand recognition than we do. We intend to compete with these larger companies by leveraging our direct selling model and emphasizing our unique, science-based energy drink product. Axio® is a no sugar, low-carbohydrate and low-calorie energy drink that is also non-GMO, gluten-free and vegan.

Weight Management Market

We compete with large, well-known companies in the weight management market. Most of the companies we compete with in the weight management market have broad distribution channels that include big box retail establishments. Many of these competitors have greater financial resources and brand recognition than we do. We intend to compete with these larger companies by leveraging our direct selling model and emphasizing our unique, science-based weight management products.

Regulatory Environment

The formulation, manufacturing, packaging, labeling, and advertising of our products in the United States are subject to regulation by the Food and Drug Administration, or FDA, and the Federal Trade Commission, or FTC, as well as comparable state laws.

FDA Regulations and DSHEA

We market our Protandim® products as “dietary supplements” as defined in the Dietary Supplement Health and Education Act of 1994, or DSHEA. DSHEA is intended to promote access to safe, quality dietary supplements, and information about dietary supplements. DSHEA established a new framework governing the composition and labeling of dietary supplements. DSHEA does not apply to animal supplements like Petandim®. We are not required to obtain FDA pre-market approval to sell our products in the United States under current laws.

DSHEA permits statements of nutritional support, called “structure-function” statements, to be included in labeling for dietary supplements without FDA marketing approval. Such statements may claim a benefit related to a classical nutrient deficiency disease and disclose the prevalence of such disease in the United States, describe the role of a nutrient or dietary ingredient intended to affect the structure or function in humans, characterize the documented mechanism by which a nutrient or dietary ingredient acts to maintain such structure or function, or describe general well-being from consumption of a nutrient or dietary ingredient. Such statements may not expressly or impliedly claim that a dietary supplement is intended to diagnose, cure, mitigate, treat, or prevent a disease. A company that uses a structure-function statement in labeling must possess evidence substantiating that the statement is truthful and not misleading and is supported by competent and reliable scientific evidence.

The FDA may assert that a particular structure-function statement that a company is using is an illegal claim; that assertion, normally, is in the form of a warning letter to that company. We have a duty to send to the FDA a notice that lists each new structure-function statement made by us; we are obligated to send that notice within 30 days after the first marketing of a supplement with such a statement.

DSHEA also permits certain scientific literature, for example a reprint of a peer-reviewed scientific publication, to be used in connection with the sale of a dietary supplement to consumers without the literature being subject to regulation as labeling. However, such literature must not be false or misleading, the literature may not promote a particular manufacturer or brand of dietary supplement and it must include a balanced view of the available scientific information on the subject matter, among other requirements.

The FDA’s Center for Veterinary Medicine, or CVM, is responsible for enforcing the portion of the Federal Food, Drug, and Cosmetic Act, or the Act, that relates to animal supplements, like our Petandim® product. CVM’s primary responsibility in enforcing the Act is to ensure that animal supplements are safe, effective, and can be manufactured to a consistent standard. CVM has taken the position that DSHEA does not apply to products intended for animals, but it is clear that products like Petandim® are under FDA jurisdiction.

Our Petandim® product follows the labeling rules of the National Animal Supplement Council (NASC) of which LifeVantage is a member. Under the NASC rules, Petandim® is classified as a dosage form animal health product.

While we exercise care in our formulation, manufacturing, packaging, labeling, and advertising of our products, we cannot guarantee the FDA will never inform us that the FDA believes some violation of law has occurred either by us or by our independent distributors. Any allegations of our non-compliance may result in time-consuming and expensive defense of our activities. The FDA's normal course of action is to issue a warning letter if it believes that a product is misbranded or adulterated. The responsive action requested by the FDA differs depending upon the nature of the product and claims in question. Typically, the FDA expects a written response within 15 working days of the receipt of a warning letter. The warning letter is public information posted on the FDA's web site. That information could affect our relationships with our customers/consumers, investors, independent distributors, vendors, and employees. Warning letters also often spark private class action litigation under state consumer protection statutes. The FDA could also order compliance activities, such as an inspection of our facilities and products, and could file a civil lawsuit in which an arrest warrant (seizure) could be issued as to some or all of our products. In extraordinary cases, we could be named a defendant and sued for declaratory and injunctive relief.

FTC Regulations

Advertising and marketing of our products in the United States are also subject to regulation by the FTC under the Federal Trade Commission Act, or FTC Act. Among other things, the FTC Act prohibits unfair methods of competition and unfair false or deceptive acts or practices in or affecting commerce. The FTC Act also makes it illegal to disseminate or cause to be disseminated any false advertisement for "food, drugs, devices, services, or cosmetics." The FTC Act provides that disseminating any false advertisement pertaining to foods, which would include dietary supplements, is an unfair or deceptive act or practice. An advertiser is required to have competent and reliable scientific evidence for all express and implied health-related product claims at the time the claims are first made. We are required to have adequate scientific substantiation for all material advertising claims made for our products in the United States. The FTC routinely reviews websites to identify questionable advertising claims and practices. Competitors sometimes inform the FTC when they believe other competitors are violating the FTC Act and consumers may also notify the FTC of what they believe may be wrongful advertising. The FTC may initiate a non-public investigation that focuses on our advertising claims, which usually involves non-public pre-lawsuit extensive formal discovery. Such an investigation may be very expensive to defend, be lengthy, and result in a publicly disclosed Consent Decree, which is a settlement agreement. If no settlement can be reached, the FTC may start an administrative proceeding or a federal court lawsuit against us and/or our principal officers. The FTC often seeks to recover from the defendants, whether in a Consent Decree or a proceeding, any or all of the following: (i) consumer redress in the form of monetary relief or disgorgement of profits; (ii) significant reporting requirements for several years; and (iii) injunctive relief. In addition, most, if not all, states have statutes prohibiting deceptive and unfair acts and practices. The requirements under these state statutes are similar to those of the FTC Act.

The National Advertising Division, or NAD, of the national Better Business Bureau, a non-governmental not-for-profit organization through its Advertising Self-Regulatory Council, or ASRC, is also actively engaged in conducting investigations, called inquiries, which are focused on determining whether the requisite claim substantiation standard exists for advertising claims, including specific structure-function claims. Although the results of each inquiry or proceeding are not binding on the recipient, they are posted on NAD's website, and the NAD often refers cases to the FTC, if the advertisers do not agree to modify their advertising in conformance with the NAD decision. We have been the subject of a NAD proceeding in 2008 and 2009, which was concluded in 2009.

In January 2019, the Direct Selling Self-Regulatory Council (DSSRC) was introduced. This program monitors the entire direct selling channel — including Direct Selling Association member companies and non-members. The DSSRC provides impartial monitoring, enforcement, and dispute resolution regarding product claims or income representations (including lifestyle claims) disseminated by direct selling companies and their sales force members (distributors). The failure of a company to resolve DSSRC complaints will ultimately result in the DSSRC reporting the matter to the FTC, which may or may not pursue enforcement action in any given case.

Regulation of Direct Selling Activities

Direct selling activities are regulated by the FTC, as well as various federal, state and local governmental agencies in the United States and foreign countries. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" schemes, which compensate participants primarily for recruiting additional participants without sufficient emphasis on product sales. The laws and regulations may often:

- require us or our independent distributors to register with governmental agencies;
- impose caps on the amount or type of sales commission we can pay;

- impose reporting requirements; and
- require that we ensure, among other things, that our independent distributors maintain levels of product sales to qualify to receive sales commissions and that our independent distributors are being compensated primarily for sales of products and not primarily for recruiting additional participants.

The laws and regulations governing direct selling are modified from time to time, and, like other direct selling companies, we may be subject from time to time to government investigations related to our direct selling activities. This may require us to make changes to our business model and our sales compensation plan.

State Regulations

In addition to United States federal regulation, each state has enacted its own food and drug laws. We may receive requests to supply information regarding our sales or advertising to state regulatory agencies. We remain subject to the risk that, in one or more of our present or future markets, our products, sales, and advertising could be found non-compliant with state laws and regulations. If we fail to comply with these laws and regulations, it could have a material adverse effect on our business in a particular market or in general. In addition, these laws and regulations could affect our ability to enter new markets.

The FDA Food Safety Modernization Act

The FDA Food Safety Modernization Act, or FSMA, was enacted in 2011 and is now part of the Federal Food, Drug and Cosmetic Act, or FDCA. The FSMA is a comprehensive set of laws that gives the FDA considerable authority with respect to the prevention of food contamination and the serious problems associated with such contamination. Among other things, it does the following:

- gives the FDA explicit authority to compel a recall if the FDA believes there is a reasonable probability of serious adverse health consequences or death;
- places strict obligations on food and dietary supplement importers to verify that food from foreign suppliers is not adulterated or misbranded; and
- provides whistle blower protection for employees of conventional food or dietary supplement companies who provide information to governmental authorities about violations of the FDCA.

International Regulations

In addition to the regulations applicable to our activities in the United States, all other markets in which we operate our business regulate our products under a variety of statutory and regulatory schemes. We typically market our Protandim[®] line of products in international markets as foods, health foods or dietary supplements under applicable regulatory regimes. However, because of varied regulations, some products or ingredients that are recognized as a “food” in certain markets may be treated as a “pharmaceutical” or equivalent in other markets. In the event a product, or an ingredient in a product, is classified as a drug or pharmaceutical product in any market, we will generally not be able to distribute that product through our independent distributors channel because of pre-marketing approval requirements and strict regulations applicable to drug and pharmaceutical products. In Japan, for example, ashwagandha was determined to be inappropriate for inclusion in food products. Ashwagandha is one of the ingredients in Protandim[®] Nrf2 Synergizer[®]. While we disagree with the assessment of ashwagandha by Japanese regulatory authorities, we are restricted from selling a formulation of Protandim[®] Nrf2 Synergizer[®] that contains ashwagandha in Japan. As such, we reformulated Protandim[®] Nrf2 Synergizer[®] for the Japan market to exclude ashwagandha and include black pepper extract. This reformulated Protandim[®] Nrf2 Synergizer[®] was introduced in Japan in fiscal year 2013.

Similarly, our other markets outside the United States regulate advertising and product claims regarding the efficacy of our products and require adequate substantiation of claims. As such, we are unable to claim that any of our products will diagnose, cure, mitigate, treat or prevent diseases. For example, in Japan, Protandim[®] Nrf2 Synergizer[®] is considered a food product, which significantly limits our ability to make claims regarding the product. If marketing materials make claims that exceed the scope of allowed claims for dietary supplements, regulatory authorities could deem our products to be unapproved drugs and we could experience substantial harm.

Our business model is also subject to regulatory frameworks that may limit or significantly alter the way business is done in foreign markets vis-à-vis the United States. For example, our marketing of products or business opportunity as a distributor in the United Kingdom differs significantly from marketing to United States customers and distributors. Consequently, we may experience additional costs and delays in entering or continuing to do business in foreign markets in order to comply with local regulations.

Potential FDA and Other Regulation

We could become subject to additional laws or regulations administered by the FDA, FTC, or other federal, state, local or international regulatory authorities, to the repeal of laws or regulations that we consider favorable, such as DSHEA, or to more stringent interpretations of current laws or regulations. Because of negative publicity associated with some adulterated or misbranded supplements, including pharmaceutical drugs marketed as dietary supplements, there has been an increased movement in the United States and other markets to expand the regulation of dietary supplements, which could impose additional restrictions or requirements in the future. In recent years, there also has been increased pressure in the United States to further regulate cosmetics. In general, the regulatory environment is becoming more complex with increasingly strict regulations. In March of 2022, the FTC gave notice of a new potential rulemaking concerning false, misleading and unsubstantiated earnings claims. The Direct Selling Association, which represents many direct selling companies publicized its filed comments and cited “already robust ethics and self-regulation in direct selling.” The Direct Selling Association asserted that the DSSRC “has a strong track record of monitoring the market for potentially problematic claims and engaging in quick and effective follow-up to address the relatively rare instances where it finds that distributors are making questionable claims, usually in social media.”

The Dietary Supplement and Nonprescription Drug Consumer Protection Act requires us to report to the FDA all serious adverse events and to maintain for six years, records of all adverse events, whether or not serious. An adverse event is defined as any health-related event associated with the use of a dietary supplement that is adverse. In addition, this law requires the label of each dietary supplement, including our Protandim® products, to include a domestic address or telephone number by which the company selling the product may receive a report of a serious adverse event associated with such product. The labels of our Protandim® products comply with that statutory provision.

Employees

As of June 30, 2022 and 2021, we had 259 and 263 full-time employees, respectively. As of June 30, 2022, 187 of our full-time employees were based in the United States, 31 were based in Japan and a total of 10 were based in the Philippines, 9 in Thailand, 9 in Taiwan, 4 in Mexico, 4 in Australia, 3 in Singapore, 1 in Hong Kong, and 1 in Canada. We do not include our independent distributors in our number of employees because our independent distributors are independent contractors and not employees. We outsource our manufacturing, warehousing and shipping operations.

Corporate Responsibility and Sustainability

We understand that long-term value creation for stockholders is our core responsibility. We are investing in a number of sustainability initiatives, including reducing the environmental impact of our business activities and products, improving the global human condition, providing a positive working environment and engaging with our stakeholders regarding these initiatives.

Employees: We believe that our employees are an essential asset. We have a dedicated team of professionals that support our customers and independent distributors, work to generate long-term value for our stockholders and contribute to the broader public through charitable programs, including LifeVantage Legacy LLC. In turn, we offer competitive compensation and direct their focus on the long-term goals of our stockholders and independent distributors. We have been named one of the Best Places to Work by the Direct Selling News for six years in a row, which reflects our commitment to create a great work environment for our employees.

Environment: We are committed to reducing our impact on the environment and creating awareness about sustainability. We will strive to improve our environmental performance over time and to initiate additional projects and activities that will further reduce our impacts on the environment. Our commitment to the environment extends to our customers, our independent distributors, our employees, and the global communities in which we operate. We comply with applicable environmental regulations and strive to prevent pollution whenever possible. We are increasing our efforts to train our employees and independent distributors on our environmental program and empower them to contribute and participate. We are committed to continually improve over time by striving to measure our environmental impacts and by setting goals to reduce these impacts each year. Some examples of our efforts include:

- Created a digital starter kit to replace the prior hard copy version in an effort to reduce the use of materials like paper and plastic;
- Utilized furniture in our new office made from 80+% recycled content;
- Designed our corporate office with furniture sourced from U.S. Green Building Council and LEED Platinum certified vendor;

- Included sustainability as one of our corporate core values, and committed to continually look for ways to minimize our impact on the environment including using more easily recycled packaging for the launch of our new products in our TrueScience® line and ensuring the new products score low on the Think Dirty scale;
- Engaged our stakeholders by establishing a sustainability committee comprised of independent distributors to meet periodically during the year to receive feedback on initiatives important to them. This committee met three times during the year and discussed potential sustainability partners, finding more easily recyclable packaging and other packaging concerns;
- Continued a more flexible work from home structure for corporate employees, including positions that are now permanently work from home, reducing our impact on the environment with fewer vehicles on the road commuting to and from the office;
- Implemented an environmental policy using the feedback from our stakeholders to help formalize our focus on sustainability and began using environmental auditing in our selection process for new partners;
- Switched to more easily recyclable bottles and cartons for product packaging, including replacing plastic bags with paper cartons for our energy drink products and using a fully recyclable glass bottle and cap for the recently launched TrueScience® Liquid Collagen product line;
- Began sourcing shipping boxes made from Sustainable Forestry Initiative (SFI) certified corrugate material;
- Created sharable videos that our independent distributors can use with our sustainability efforts; and
- Focused on working with fish oil suppliers and fisheries who are Marine Stewardship Council (MSC) certified.

Social/Community: We believe that our legacy isn't the past, it's the future we create. This belief informed our effort to sponsor the formation of LifeVantage Legacy – an independent charitable organization focused on bettering the lives of children throughout the world. LifeVantage Legacy helps the leaders of tomorrow by touching a million lives across the world today. From simply helping a child in need to supporting initiatives that uplift entire communities, our goal is simple - give future generations the support and resources they need to live happier, healthier lives one child at a time. One of the best parts of LifeVantage is our commitment to leaving places better than we find them.

- For the past 8 years, other than in 2020 due to the COVID-19 pandemic, during the holidays, employees, independent distributors and their families have traveled to Puerto Penasco, Mexico, and built over 25 homes for families in need.
- In fiscal year 2022, we provided monetary donations through our 501(c)(3) non-profit organization, to those affected by the war in Ukraine, typhoon Odette in the Philippines, relief efforts in Louisiana, USA after hurricane Ida and women's shelters in Orlando, FL and Cabo San Lucas, Mexico.
- We have partnered with local refugee foundations to provide needed items for kids and cleaning supplies for their homes.
- At our company-sponsored incentive trips, we make sure to take time and give back to the local communities. At our global convention, those who attended in person tied fleece blankets for local children's hospitals. At our Elite training event, we spent a day working with a local after school center organizing the building, cleaning and providing new kitchen equipment so that the school could better serve the community, as well as participated in a local cleanup effort at a historic local pond that was impacted by flooding the day before.
- We engaged our stakeholders by establishing a social committee comprised of independent distributors to meet periodically during fiscal 2022 to receive feedback on initiatives important to them. This committee met three times during the year and discussed diversity, inclusive marketing materials and community service opportunities.
- We have a human rights policy to formalize our auditing and commitment to align internationally with human rights philosophies in how we conduct business. LifeVantage began auditing its key partners in fiscal 2022.
- We measured our employee's engagement level and requested anonymous feedback during the fiscal year and implemented changes to address the feedback. We are pleased with being named a Best Place to Work by Direct Selling News (as nominated by our employees) for the sixth year in a row. We have set up monthly lunches between our employees and our executives to continue the culture of asking questions and providing transparency.

Governance: We endeavor to continue to strengthen and improve our corporate governance and executive compensation practices. We adopted an equity ownership policy to reinforce our belief that executives and directors who believe in the future

of our company should have meaningful equity holdings in LifeVantage. In addition, we adopted a majority standard for the election of directors on our board.

Available Information

Our principal offices are located at 3300 N. Triumph Blvd, Suite 700, Lehi, UT 84043. Our telephone number is (801) 432-9000 and our fax number is (801) 880-0699. Our website address is www.lifevantage.com; however, information found on our website is not incorporated by reference into this report. Our website address is included in this annual report as an inactive textual reference only.

The reports filed with the Securities and Exchange Commission, or SEC, by us and by our officers, directors, and significant stockholders are available for review on the SEC's website at www.sec.gov. Such reports are also available free of charge through the investor relations section of our website at www.lifevantage.com and are accessible as soon as reasonably practicable after being electronically filed with or furnished to the SEC.

ITEM 1A — RISK FACTORS

Because of the following risks, as well as other risks affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. The risks described below are those we currently believe could materially affect us. The following risks are not necessarily all of the important factors that could cause our actual results of operations to differ materially from those expressed in the forward-looking statements in this report.

Risks Relating to Our Company

An inability to properly motivate and incentivize sales from our independent distributors could harm our business.

Motivating our independent distributors and providing them with appropriate sales resources, including technology, tools and training, are important to the growth and success of our business. From time to time, we face challenges in motivating and incentivizing sales from our independent distributors. For example, as we 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 were not registered or that otherwise imposed 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 conducted by Company personnel and was further informed by the content of employee complaints. Actions we take from time to time to enforce our policies and procedures, may cause discord among some of our independent distributors. The loss of key independent distributors due to various factors including, but not limited to, voluntary termination or involuntary termination or suspension resulting from non-compliance with our policies and procedures, could distract our independent distributors and disrupt our business. For example, in the past, we have experienced discord among our leading independent distributors in Japan, which is a significant part of our business. If we fail to properly respond to any discord among our leading independent distributors in Japan and other markets, we could lose additional leaders, including to competing direct selling companies, which could have a significant negative impact on our revenue. Further, from time to time, we are involved in legal proceedings with former independent distributors. Such legal proceedings can be a distraction to our active independent distributors and can be expensive, time-consuming and cause a disruption to our business. Our inability to properly respond to these and other distractions may have a negative impact on our business.

The COVID-19 pandemic or the widespread outbreak of any other illness or communicable disease, or any other public health crisis, could adversely affect our business, results of operations and financial condition.

We could be negatively impacted by the widespread outbreak of an illness or any other communicable disease, or any other public health crisis that results in economic and trade disruptions, including the disruption of global supply chains. In December 2019, an outbreak of COVID-19 began in China and in March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. This pandemic has resulted, and is likely to continue to result, in significant national and global economic disruption and may adversely affect our business. Uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic.

During fiscal year 2022, we have continued to be mindful of COVID-19 and the disruptions it can have on an office environment. From July 2021 through the date of this filing, we have experienced fewer disruptions at the corporate level as we transitioned our corporate workforce from a remote working environment to a hybrid work from home / work from the office environment. Our independent distributors continue to experience disruptions related to the COVID-19 pandemic. In Japan, independent distributors are still required to provide a hard-copy introductory packet (gaiyoshomen) in person to each person they approach to possibly enroll as an independent distributor before presenting our products and business opportunity. This requirement has inhibited independent distributors from connecting with potential new independent distributors virtually or through social media from time to time during the fiscal year whenever temporary lockdown responses to COVID-19 were issued. Accordingly, quarantines, avoidance of public places and general concerns about physical distancing related to COVID-19 or otherwise continue to significantly reduce the ability for our independent distributors to meet people in person and commence the enrollment process in some areas of the world. Our independent distributors have begun to adapt their approach for customer outreach and sales, including transitioning to a stronger social media presence, in an effort to sustain their sales volume. Our business may, in the future, experience additional disruptions and be negatively impacted by the COVID-19 pandemic, including as a result of limitations on the ability of our suppliers to manufacture, or procure from manufacturers, the products we sell or any of the raw materials or components required in the production process, or to meet delivery requirements and commitments; limitations on the ability of our employees to perform their work due to illness caused by the pandemic or local, state, or federal orders requiring employees to remain at home; limitations on the ability of carriers to deliver our products to customers; limitations on the ability of our independent distributors to conduct their businesses and purchase our products; and limitations on the ability of our customers or independent distributors to continue to purchase our products due to decreased disposable income.

The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, including the duration of the pandemic and related restrictions on travel and transports, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption could have a material adverse effect on our business, results of operations, access to sources of liquidity and financial condition.

Cyber security risks and the failure to maintain the integrity of data belonging to our company, employees, customers, and independent distributors could expose us to data loss, litigation and liability, and our reputation could be significantly harmed.

We collect and retain large volumes of data relating to our business and from our customers, independent distributors and employees for business purposes, including for transactional and promotional purposes, and our various information technology systems enter, process, summarize and report such data. The integrity and protection of this data is critical to our business. We are subject to significant security and privacy regulations, as well as requirements imposed by the payment card industry. Maintaining compliance with these evolving regulations and requirements could be difficult and may increase our expenses. In addition, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss or fraudulent or unlawful use of data relating to our company or our customers, independent distributors and/or employees, which could harm our brand and reputation, disrupt our operations, or result in remedial and other costs, fines or lawsuits, all of which would substantially harm our business and operating results.

Further, we are subject to changes in the regulatory environment regarding privacy and data protection. Our growth and expansion into a variety of new markets may potentially involve new regulatory issues and requirements. For example, many countries, such as European Union member countries as a result of the General Data Protection Regulation (GDPR) have introduced into local law some form of traffic and user data retention requirements. Compliance with these retention requirements can be difficult and costly from a legal, operational and technical perspective and could harm our business and operational results.

We may not be successful in expanding our operations.

We may not be successful in expanding our operations. Although we have been selling our products through our direct selling network since fiscal year 2009, we still may have limited insight into trends, disruptions and other factors that may emerge and affect our business. For example, primarily as a result of the impact of our business of the COVID-19 pandemic, our total revenue has declined each year for the past two fiscal years. In addition, from time to time, we are compelled to terminate one or more of our independent distributors for actions contrary to their contractual obligations with us. In the past, some of these terminations have caused disruption among our independent distributors, and such terminations or resulting disruption in the future may negatively impact our revenue. Additionally, we may not be successful in keeping our leading independent distributors focused and motivated or in aligning their goals with our company goals. We also have limited experience expanding into new geographic markets. This limited experience was a contributing factor to the conduct that led to the independent review conducted by our audit committee in 2016. Although we are seeking to grow our business, if we fail to effectively manage operations in our existing markets and/or expand our operations into additional markets, we may be unable to generate consistent operating profit growth in future periods.

We may not succeed in growing existing markets or opening new markets.

We sell our products in the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines. We also sell our products in a number of countries to customers for personal consumption only. In addition, we sell our products in China through our China approved cross-border e-commerce business model. In fiscal year 2022, we generated approximately 37% of our revenue from our international operations, a majority of which was generated in Japan. We believe that our ability to achieve future growth is dependent in part on our ability to effectively expand into new international markets and grow our existing markets. In some of our international markets, we have experienced unexpected difficulties which have resulted in adverse consequences to our business and financial results, including declining revenue, limitations on in person meetings as a result of the COVID-19 pandemic, and disruption to our business as we implemented changes to our systems and independent distributor enrollment requirements as a result of the independent review conducted by our audit committee in 2016. In addition, the COVID-19 pandemic delayed our plans to also expand into other markets and may adversely impact our plans to expand into new markets in the near future. Our business and financial results may also be negatively impacted if a particular market or new business model, such as our China cross border e-commerce business model, is not widely accepted and adopted. We must overcome significant regulatory and legal barriers before we can begin marketing in any international market. Also, before marketing commences in a new country or market, it is difficult to assess the extent to which our products and sales techniques will be accepted or successful. In addition to significant regulatory barriers, we may also encounter problems conducting operations in new markets with different cultures and legal systems from those encountered elsewhere. We may be required to reformulate one or more of our products before commencing sales of that product in a given country. Once we have entered a market, we must adhere to the regulatory and legal requirements of that market. We may not be able to obtain and retain necessary permits and approvals in new markets, or we may have insufficient capital to finance our expansion efforts in a timely manner.

Our independent distributors could fail to comply with applicable legal requirements or our policies and procedures, which could result in claims against us that could harm our business.

Our independent distributors are independent contractors and, accordingly, we are not in a position to directly provide the same oversight, direction and motivation as we would if they were our employees. As a result, there can be no assurance that our independent distributors will comply with applicable laws or regulations or our independent distributor policies and procedures, participate in our marketing strategies or plans, or accept our introduction of new products.

Extensive federal, state, local and international laws regulate our business, products and direct selling activities. Because we have expanded into foreign countries, our policies and procedures for our independent distributors differ slightly in some countries due to the different legal requirements of each country in which we do business. In addition, as we have expanded internationally, some of our independent distributors have carried or shipped our products into countries in which such products are not registered or that otherwise impose stringent restrictions on our direct selling model. While we have taken steps to stop or restrict these sales from occurring, including through our independent distributor policies and procedures, it can be difficult to enforce these policies and procedures because of the large number of independent distributors and their independent status. If relevant regulatory authorities determined that any such independent distributor activities are not compliant with all regulatory requirements, we could be subject to related fines, penalties and other assessments. Activities by our independent distributors that violate applicable laws or regulations could result in government or third-party actions against us, which could harm our business. In addition, violations by our independent distributors of our policies and procedures could reflect negatively on our products and operations and harm our business reputation. Further, it is possible that a court could hold us civilly or criminally accountable based on vicarious liability because of the actions of our independent distributors. In the past, some of our independent distributors have been investigated by government agencies for conduct alleged to have violated the law and our

policies. This type of investigation can have an adverse effect on us even if we are not involved in the independent distributor's activities.

Inability of new products and technological innovations to gain market acceptance by customers and/or independent distributors could harm our business.

We believe our ability to introduce new products that gain acceptance among our customers and independent distributors is an important part of our ability to grow our revenue in future periods. However, any new products we introduce may not gain market acceptance by customers and/or independent distributors to the extent we anticipate or project. Factors that could affect our ability to introduce new products include, among others, government regulations, the inability to attract and retain qualified research and development staff, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit our ability to offer comparable products and the difficulties in anticipating changes in consumer tastes and buying preferences. In addition, new products we introduce may not be successful or generate substantial sales revenue. The introduction of a new product could also negatively impact other product lines to the extent our independent distributor leaders focus their sales efforts on the new product instead of an existing product. If any of our products fails to gain customer and/or independent distributor acceptance, we could see an increase in product returns.

In addition, we believe our ability to introduce new technologies that gain acceptance among our customers and independent distributors is an important part of our ability to grow our sales revenue in future periods. However, these or other new technologies that we introduce may not gain customer and/or independent distributor acceptance to the extent we anticipate or project.

Our business and stock price may be adversely affected if our internal control over financial reporting is not effective.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting, which must be attested to by our independent registered public accounting firm.

In September 2016, our audit committee, with the assistance of outside legal counsel, commenced an independent review related to the distribution of our products into countries outside the U.S. in which such 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. Based on its review, the audit committee determined that 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 and that we had allowed individuals who were resident in countries that impose stringent restrictions on our direct selling model to enroll as our independent distributors. Accordingly, we concluded that we had a material weakness in our internal control over financial reporting related to our business policies, practices, monitoring and training governing our international business operations, including the sale and distribution of our products in international markets. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We also evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2016 and concluded that our disclosure controls and procedures were not effective as of that date, because of the material weakness in our internal control over financial reporting.

We adopted various measures that were designed to remediate the material weakness in our internal control over financial reporting, including the development and implementation of 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. However, we cannot be assured that significant deficiencies or material weaknesses in our internal control over financial reporting will not exist in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

Our business could be negatively impacted if we fail to execute our product launch process due to increased pressure on our supply chain, information systems and management.

Although our product launch process may vary by market, we generally introduce new products to our customers and independent distributors through live events or cyber launches, limited-time offers and promotions. The limited-time offers typically generate significant activity and a high level of purchasing, which may result in a higher than normal increase in sales revenue during the quarter of the limited-time offer and skew year-over-year and sequential comparisons. We may experience difficulty effectively managing growth associated with these limited-time offers. In addition, the size and condensed schedule of these product launches increases pressure on our supply chain. If we are unable to accurately forecast sales levels in each market, obtain sufficient ingredients or produce a sufficient supply to meet demand, we may incur higher expedited shipping costs and we may temporarily run out of stock of certain products, which could negatively impact the enthusiasm of our independent distributors and their customers. Conversely, if demand does not meet our expectations for a product launch, we could incur increased inventory write-offs. Any inventory write-off would negatively impact our gross margins. In addition, our order processing systems could have difficulties handling the high volume of orders generated by limited-time offers. Although our previous limited-time offers have not materially affected our product return rate, these events may increase our product return rate in the future.

Our business may be harmed if we are unable to appropriately manage our inventory.

In the past, we have experienced difficulties in appropriately managing our inventory. For example, when we launched our PhysIQ product line in December 2015, we experienced higher than expected demand and did not have sufficient inventory to meet demand. Subsequently, our inventory balances increased significantly, causing us to engage in a deliberate effort to manage our inventory balances down to levels we viewed as appropriate. We review all inventory items quarterly for obsolescence, and when items become obsolete or are expired we write down our inventory accordingly. If we are unable to sell our inventory in a timely manner, we may experience additional inventory obsolescence charges, including for finished products in inventory that have expired. If we are unable to appropriately manage our inventory balances, our business may be harmed.

We rely on our information technology systems to manage numerous aspects of our business, and a disruption in these systems could adversely affect our business.

We depend on our information technology, or IT, systems to manage numerous aspects of our business, including our finance and accounting transactions, to manage our independent distributor sales compensation plan and to provide analytical information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses. Any disruption could cause our business and competitive position to suffer and adversely affect our business and operating results. In addition, if we experience future growth, we will need to scale or change some of our systems to accommodate the increasing number of independent distributors and their customers.

A substantial portion of our business is conducted in foreign markets, exposing us to the risks of trade or foreign exchange restrictions, increased tariffs, foreign currency fluctuations, disruptions or conflicts with our third-party importers and similar risks associated with foreign operations.

Global economic conditions continue to be challenging and unpredictable. A substantial portion of our sales are generated outside the United States. If we are successful in entering additional foreign markets, we anticipate that the percentage of our sales generated outside the United States will increase. There are substantial risks associated with foreign operations. For example, a foreign government may impose trade or foreign exchange restrictions, increased tariffs or other legal, tax, customs or other financial burdens on us or our independent distributors, due, for example, to the structure of our operations in various markets. Any such actions could negatively impact our operations and financial results. We are also exposed to risks associated with foreign currency fluctuations. For instance, in preparing our financial statements, we translate revenue and expenses in our markets outside the United States from their local currencies into U.S. Dollars using weighted average exchange rates. If the U.S. Dollar strengthens relative to local currencies, our reported revenue, gross profit and net income will likely be reduced. Foreign currency fluctuations can also result in losses and gains resulting from translation of foreign currency denominated balances on our balance sheet. Additionally, purchases from suppliers are generally made in U.S. Dollars while sales to customers and independent distributors are generally made in local currencies. Accordingly, strengthening of the U.S. Dollar versus a foreign currency could have a negative impact on us. Specifically, because a significant percentage of our revenue is generated in Japan, strengthening of the U.S. Dollar versus the Japanese yen has had and, in the future, could have an adverse impact on our financial results. Although we may engage in transactions intended to reduce our exposure to foreign currency fluctuations, there can be no assurance that these transactions will be effective. Given the complex global political and

economic dynamics that affect exchange rate fluctuations, it is difficult to predict future fluctuations and the effect these fluctuations may have upon future reported results or our overall financial condition.

Additionally, we may be negatively impacted by conflicts with or disruptions caused or faced by third party importers, as well as conflicts between such importers and local governments or regulatory agencies. Our operations in some markets also may be adversely affected by political, economic and social instability in foreign countries.

If we are to expand our product offerings, we may need to raise additional capital.

We intend to continue our efforts to expand our product portfolio and may seek to do so by acquiring products by license or through product or company acquisitions. If cash generated from operations is insufficient to satisfy our requirements in this regard, we may need to raise additional capital, which may be dilutive to our existing stockholders. If we are unable to raise additional required capital in a timely manner, we could be forced to reduce our growth plans.

Inability to comply with financial covenants imposed by our credit facility and the impact of debt service obligations and restrictive covenants could impede our operations and flexibility.

We entered into a Financing Agreement in March 2016, which was subsequently amended in May 2018 and February 2019, that provides for a credit facility consisting of a term loan in an aggregate principal amount of \$10 million and a revolving loan facility in an aggregate principal amount not to exceed \$5 million. During the fiscal year ended June 30, 2020, we repaid, in full, the remaining balance of the 2016 Term Loan. The revolving loan facility was again amended in April 2021 to extend the maturity date to March 2024. As of June 30, 2022 and 2021, there is no outstanding balance on the revolving loan facility. The principal amount of any borrowings under the credit facility is repayable in consecutive quarterly installments. We expect to generate the cash necessary to pay any future principal and interest on the credit facility from our cash flows provided by operating activities. However, our ability to meet our debt service obligations will depend on our future performance, which may be affected by financial, business, economic, demographic and other factors. If we do not have enough money to pay our debt service obligations, we may be required to refinance all or part of our debt, sell assets, borrow more money or raise cash through the sale of equity. In such an event, we may not be able to refinance our debt, sell assets, borrow more money or raise cash through the sale of equity on terms acceptable to us or at all. Also, our ability to carry out any of these activities on favorable terms, if at all, may be further impacted by any financial or credit crisis which may limit access to the credit markets and increase the cost of capital.

The credit facility is secured by a lien on substantially all of our assets, and the assets of our subsidiaries, and contains customary covenants, including affirmative and negative covenants, that restrict our ability to incur or guarantee 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 our assets and enter into consolidations, mergers or transfers of all or substantially all of our assets. The credit facility requires that we maintain specified financial ratios and satisfy certain financial condition tests and meet certain informational requirements in order to draw on the revolving loan facility, if needed. Our ability to meet these financial ratios and tests and informational requirements can be affected by events beyond our control and we may be unable to meet these ratios and tests and informational requirements. A breach of any of the covenants, ratios, tests or restrictions imposed by the credit facility would result in an event of default and the lender could declare any and all amounts outstanding under the credit facility to be immediately due and payable or limit our ability to draw on the revolving loan facility. Our assets may not be sufficient to repay the indebtedness if the lenders accelerate our repayment of the indebtedness under the credit facility.

Risks Relating to Our Business and Industry

We primarily depend on a few products for our revenue.

Although we generate revenue through the sale of other products, we primarily rely on our Protandim® and TrueScience® product lines for our revenue, which collectively represent approximately 76.8% of our total revenue. We do not currently have a diversified portfolio of other products that we could rely on to support our operations if we were to experience any difficulty with the manufacture, marketing, sale or distribution of these product lines. If we are unable to sustain or increase the price or sales levels for the Protandim® and TrueScience® product lines, our business could be harmed.

If we are unable to retain our existing customers and independent distributors or attract additional customers and independent distributors, our revenue will not increase and may decline further.

Our customers may cease purchasing product at any time and for any reason. Our independent distributors may terminate their services at any time, and we can and have in the past terminated distributors for conduct violative of our policies and procedures. As such, like most direct selling companies, we have experienced and are likely to continue to experience turnover among both customers and independent distributors. Over the past two years, we have seen a decrease in the number of

domestic independent distributors. The departure for any reason of one of our leading independent distributors can be a major disruption to other independent distributors and can have a significant negative impact on our sales and operating results. Independent distributors who join our Company to purchase our products for personal consumption or for short-term income goals may only stay with us for a short time. While we take steps to help train, motivate, and retain independent distributors, we cannot accurately predict the number or sales productivity of our independent distributors.

Our operating results will be harmed if we and our independent distributor leaders do not generate sufficient interest in our business to retain existing customers and independent distributors and attract new customers and independent distributors. The number and sales productivity of our independent distributors could be harmed by several factors, including:

- any adverse publicity regarding us, our products, our distribution channel, or our competitors;
- non-compliance by our independent distributors with applicable legal requirements or our policies and procedures;
- lack of interest in existing or new products or their failure to achieve desired sales results;
- lack of a compelling business opportunity sufficient to generate the interest and commitment of new independent distributors;
- any changes we might make to our independent distributor sales compensation plan;
- any negative public perception of our Company or our products or their ingredients;
- any negative public perception of our independent distributors and direct selling business in general;
- our actions to enforce our policies and procedures;
- any efforts to sell our products through competitive channels;
- any regulatory actions or charges against us or others in our industry;
- challenges resulting from the COVID-19 pandemic, including illness among our distributor base and their families; and
- general economic and business conditions.

High quality materials for our products may be difficult to obtain or expensive.

Raw materials account for a significant portion of our manufacturing costs and we rely on third-party suppliers to provide raw materials. Suppliers may be unable or unwilling to provide the raw materials our manufacturers need in the quantities requested, at a price we are willing to pay, or that meet our quality standards. We are also subject to potential delays in the delivery of raw materials caused by events beyond our control, including the COVID-19 pandemic, labor disputes, transportation interruptions and changes in government regulations. Our business could be adversely affected if we are unable to obtain a reliable source of any of the raw materials used in the manufacturing of our products that meets our quality standards. Additionally, if demand for our products exceeds our forecasts, we may have difficulties in obtaining additional raw materials in time to meet the excess demand. Any significant delay in or disruption of the supply of raw materials could, among other things, substantially increase the cost of such materials, require reformulation or repackaging of products, require the qualification of new suppliers, or result in our inability to meet customer demands.

Although our independent distributors are independent contractors, improper actions by independent distributors that violate laws or regulations could harm our business.

Our independent distributors are not employees and act independent of us. However, activities by our independent distributors that allegedly violate applicable laws or regulations could result in government or third-party actions against us, which could harm our business. Our independent distributors agree to abide by our policies and procedures which are designed to ensure our independent distributors will comply with legal requirements. We have a distributor compliance department that addresses violations of our independent distributors when they become known to us. However, given the size of our independent distributor network, we experience problems with independent distributors violating our policies and procedures from time to time and are not always able to discover or remedy such violations.

One of our most significant areas of risk with respect to independent distributor activities relates to improper product claims and claims regarding the distributor business opportunity of being an independent distributor. Any determination by the Food and Drug Administration, Federal Trade Commission, any state agency or other similar governmental agency outside the United States that we or our independent distributors are not in compliance with applicable laws could materially harm our business. Even if governmental actions do not result in rulings or orders against us, they could create negative publicity that

could detrimentally affect our efforts to recruit or motivate independent distributors and attract customers or lead to consumer lawsuits against us. When we experience growth in the number of our independent distributors, we have seen an increase in sales aids and promotional material being produced by independent distributors and distributor groups in some markets. This places an increased burden on us to monitor compliance of such materials and increases the risk that such materials could contain problematic product, marketing, or business opportunity claims in violation of our policies and applicable regulations. As we expand internationally, our independent distributors sometimes attempt to anticipate additional new markets that we may enter in the future and begin marketing and sponsoring activities in markets where we are not qualified to conduct business. For example, some of our independent distributors have carried or shipped our products into countries in which such products are not registered or that otherwise impose stringent restrictions on our direct selling model. These or other activities by our independent distributors that violate applicable laws or regulations could subject us to legal or regulatory claims or actions, which could result in fines, penalties or negative publicity, any of which could have an adverse impact on our business.

We are dependent upon third parties to manufacture our products.

We currently rely on third parties to manufacture the products we sell. We are dependent on the uninterrupted and efficient operation of third-party manufacturers' facilities. We currently use multiple third-party manufacturers for our products. If any of our current manufacturers are unable or unwilling, including as a result of the COVID-19 pandemic, to fulfill our manufacturing requirements or seek to impose unfavorable terms, we will likely have to seek out other manufacturers, which could disrupt our operations and we may not be successful in finding alternative manufacturing resources. In addition, competitors who perform their own manufacturing may have an advantage over us with respect to pricing, availability of product, and in other areas through their control of the manufacturing process.

Disruptions to or significantly increased costs associated with transportation and other distribution channels for our products may adversely affect our margins and profitability.

We generally rely on the uninterrupted and efficient operation of third-party logistics companies to transport and deliver our products. These third-party logistics companies may experience disruptions to the transportation channels used to distribute our products, including disruptions caused by the COVID-19 pandemic, increased airport and shipping port congestion, a lack of transportation capacity, increased fuel expenses, and a shortage of manpower. Disruptions to the transportation channels experienced by our third-party logistics companies may result in increased costs, including the additional use of airfreight to meet demand. In addition, for our China cross-border e-commerce business model, we rely on a third party to process transactions, fulfill orders, and manage logistic and money flows. Disruptions to this business model or our relationship with the third party if, for example, performance fails to meet our expectations, could harm our business.

We are subject to risks related to product recalls.

We have implemented measures in our manufacturing process that are designed to prevent and detect defects in our products, including contaminants. However, such measures may not prevent or reveal defects or detect contaminants in our products and such defects and contaminants may not become apparent until after our products have been sold into the market. Accordingly, there is a risk that product defects will occur, or that our products will contain foreign contaminants, and that such defects and contaminants will require a product recall. We do not maintain product recall insurance. In the past, we commenced a voluntary recall of certain lots of Protandim[®] Nrf2 Synergizer[®] to alleviate safety concerns related to certain batches of turmeric extract, an ingredient in Protandim[®] Nrf2 Synergizer[®] we purchase from third-party suppliers. Product recalls and subsequent remedial actions can be expensive to implement and could have a material adverse effect on our business, results of operations and financial condition. In addition, product recalls could result in negative publicity and public concerns regarding the safety of our products, either of which could harm the reputation of our products and our business and could cause the market value of our common stock to decline.

The events that lead to and followed our voluntary product recall in December 2012 strained our relationships with some of our third-party manufacturers. Additionally, following the voluntary recall we implemented more stringent measures, including several redundant measures, in our manufacturing process to detect contaminants. Third-party manufacturers may be reluctant to implement these redundant measures, may refuse to manufacture our products, and additional safety measures such as these may increase our cost of goods sold and strain our relationships with manufacturers.

Laws and regulations may prohibit or severely restrict direct selling and cause our revenue and profitability to decline, and regulators could adopt new regulations that negatively impact our business.

Various government agencies throughout the world regulate direct selling practices. The laws and regulations applicable to us and our independent distributors in Japan are particularly stringent. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" schemes, which compensate participants primarily for recruiting additional participants without significant emphasis on the sale of product to end consumers. The laws and regulations in some of our markets impose cancellations, product returns, inventory buy-backs and cooling-off rights for our

independent distributors and/or customers. Excessive refunds and/or product returns pursuant to local laws and regulations could have a negative impact on our operating results. Complying with these rules and regulations can be difficult and requires the devotion of significant resources on our part. We may not be able to continue business in existing markets or commence operations in new markets if we are unable to comply with these laws or adjust to changes in these laws.

Unfavorable publicity could materially harm our business.

We are highly dependent upon consumers' perceptions of the safety, quality, and efficacy of our products, as well as competitive products distributed by other companies. In the past, we have experienced negative publicity that has harmed our business. Critics of our industry and other individuals whose interests are not aligned with our interests, have in the past and may in the future utilize the Internet, the press and other means to publish criticism of the industry, our company, our products and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. For instance, several prominent companies in our industry have been targeted by short sellers who profit if a company's stock price decreases. One such company was targeted by a short seller who, after taking a significant short position, publicly made allegations regarding the legality of the company's direct selling model. Short sellers have an incentive to publicly criticize our industry and business model and any such criticism may adversely affect our stock price.

Future scientific research or publicity may not be favorable to our industry or any particular product. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting or claimed to have resulted from the consumption or use of our products or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the claims are unsubstantiated or if the adverse effects associated with such products resulted from failure to consume or use such products as directed. Adverse publicity could also increase our product liability exposure, result in increased regulatory scrutiny and lead to the initiation of private lawsuits.

We are subject to risks related to a Global Not For Resale Program

We have opened a Global Not For Resale program, which allows customers from around the world to purchase limited amounts of our products for their individual consumption. Under this program, customers from other countries are able to set up a U.S. customer account and associated U.S. address and payment method to drop-ship their order to a third-party vendor in the US, who will then ship the products to the customer's global location with any customs and/or duties being the sole responsibility of the ordering customer.

This program may raise questions from tax regulators about the appropriate sales tax jurisdiction due to the varied and complex tax regulations in the U.S. and around the world. Further, any regulatory review of our facilitation to ship U.S. product to existing LifeVantage markets, where such product has not been registered, may raise issues against the local subsidiary from the foreign jurisdiction equivalents of the FDA or FTC or the relevant trade associations, should any agency or association perceive that we or our independent distributors are advertising and/or facilitating the sale of unregistered product in their country.

Our direct selling program could be found to be not in compliance with current or newly adopted laws or regulations in one or more markets, which could prevent us from conducting our business in these markets and harm our financial condition and operating results.

Some of the legal and regulatory requirements concerning the direct selling business model are ambiguous and subject to interpretation. As a result, regulators and courts have discretion in their application of these laws and regulations, and the enforcement or interpretation of these laws and regulations by governmental agencies or courts can change. Recent allegations by short sellers regarding the legality of multi-level marketing companies generally have also created intense public scrutiny of our industry and could cause governmental agencies to change their enforcement and interpretation of applicable laws and regulations. The failure of our business to comply with current or newly adopted regulations or interpretations could negatively impact our business in a particular market or in general and may adversely affect our stock price.

We may become involved in legal proceedings that are expensive, time consuming and, if adversely adjudicated or settled, could adversely affect our financial results.

Litigation claims can be expensive and time consuming to bring or defend against and could result in settlements or damages that could significantly affect our financial results. It is not possible to predict the final resolution of litigation to which we may become a party, and the impact of litigation proceedings on our business, results of operations and financial condition could be material.

From time to time, we are involved in various legal matters, both as a plaintiff and as defendant. While we believe the suits against us are without merit, they are costly to defend and we cannot be assured that we will ultimately prevail. If we do not prevail and are required to pay damages, it could harm our business.

Our business is subject to strict government regulations.

The manufacturing, packaging, labeling, advertising, sale and distribution of our products are subject to federal laws and regulations by one or more federal agencies, including, in the United States, the Food and Drug Administration, or FDA, the Federal Trade Commission, or FTC, the Consumer Product Safety Commission, and the United States Department of Agriculture. These activities are also regulated by various state, local, and international laws and agencies of the states, localities and countries in which our products are sold. For instance, the FDA regulates, among other things, the composition, safety, labeling, and marketing of dietary supplements (including vitamins, minerals, herbs and other dietary ingredients for human use). Government regulations may prevent or delay the introduction of our products, or require us to reformulate our products or change the claims we make about them, which could result in lost revenue, increased costs and delay our expansion into new international markets.

The FDA may determine that a particular dietary supplement or ingredient is adulterated or misbranded or both and may determine that a particular claim or statement of nutritional support that we make to support the marketing of a dietary supplement is an impermissible drug claim, or is an unauthorized version of a "health claim." The FDA, the FTC, or state attorneys general may also determine that a particular claim we make for our products is not substantiated. Determining whether a claim is improper frequently involves a degree of subjectivity by the regulatory agency or individual regulator. Any of these determinations by the FDA or other regulators could prevent us from marketing that particular dietary supplement product, or making certain claims for that product. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenue from any product that we are required to remove from the market, which could be material. Any product recalls or removals could also lead to liability, substantial costs, and reduced growth prospects.

In April 2017, we received a warning letter from the FDA alleging that information on our website contained impermissible drug claims relating to our Protandim® Nrf2 Synergizer® product. We believe the letter from the FDA contained factual inaccuracies and we responded promptly to the FDA. The FDA subsequently concluded that the issues set forth in the warning letter have been fully resolved. We believe we do not claim that any of our products prevent, diagnose, treat or cure any disease in any of our marketing materials or labeling and we proactively and consistently engage distinguished experts in FDA law and regulation to ensure our promotional materials and websites adhere to applicable requirements and restrictions. Nevertheless, in the future, we may receive similar warning letters from the FDA if it believes some violation of law has occurred either by us or by our independent distributors. Any allegations of our non-compliance may result in time-consuming and expensive defense of our activities. FDA warning letters are available to the public on the FDA's website. That information could negatively affect our relationships with our customers, investors, independent distributors, vendors, employees and consumers. Warning letters may also spark private class action litigation under state consumer protection statutes. The FDA could also order compliance activities, such as an inspection of our facilities and products, and could file a civil lawsuit in which an arrest warrant (seizure) could be issued as to some or all of our products. In extraordinary cases, we could be named a defendant and sued for declaratory and injunctive relief.

Additional or more stringent regulations of dietary supplements and other products have been considered from time to time. In recent years, there has been increased pressure in the United States and other markets to increase regulation of dietary supplements. New regulations, or new interpretations of those regulations, could impose additional restrictions, including requiring reformulation of some products to meet new standards, recalls or discontinuance of some products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of some products, additional or different labeling, additional scientific substantiation, additional adverse event reporting, or other new requirements. Any of these developments could increase our costs significantly.

In the United States, for example, some legislators and industry critics continue to push for increased regulatory authority by the FDA over dietary supplements and the FTC over the direct selling industry. The FDA may strengthen the regulation of dietary supplements by modernizing its oversight of dietary supplements and the FTC may strengthen the regulation of business opportunity claims, among other things. Our business could be harmed if more restrictive legislation or regulation is successfully introduced and adopted in the future. In the United States, the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising, or Guides, require disclosure of material connections between an endorser and the company they are endorsing and generally do not allow marketing using atypical results. Our independent distributors have historically used testimonials to market and sell our products. Producing marketing materials that conform to the requirements and restrictions of the Guides may diminish the impact of our marketing efforts and negatively impact our sales results. If we or our independent distributors fail to comply with these Guides, the FTC could bring an enforcement action against us and we could be forced to alter our marketing materials and/or refund or disgorge funds. Our operations also could be harmed if new laws or regulations are enacted that restrict our ability to market or distribute dietary supplements or impose additional burdens or requirements on dietary supplement companies or require us to reformulate our products.

In addition, the Dietary Supplement and Nonprescription Drug Consumer Protection Act imposes significant regulatory requirements on dietary supplement manufacturers, packers and distributors including the reporting of “serious adverse events” to the FDA and record keeping requirements. Complying with this legislation could raise our costs and negatively impact our business. We and our suppliers are also required to comply with FDA regulations with respect to current Good Manufacturing Practices in manufacturing, packaging, or holding dietary ingredients and dietary supplements. These regulations require dietary supplements to be prepared, packaged, and held in compliance with procedures that we and our third-party subcontractors must develop and make available for inspection by the FDA. These regulations could raise our costs and negatively impact our business. Additionally, our third-party suppliers or vendors may not be able to comply with these rules without incurring substantial expenses. If our third-party suppliers or vendors are not able to comply with these rules, we may experience increased cost or delays in obtaining certain raw materials and third-party products.

In 2016, the FDA published an updated draft guidance which is intended, among other things, to help manufacturers and distributors of dietary supplement products determine when they are required to file with the FDA a New Dietary Ingredient, or NDI, notification with respect to a dietary supplement product. In this draft guidance, the FDA highlighted the necessity for marketers of dietary supplements to submit NDI notifications as an important preventive control to ensure that consumers are not exposed to potential unnecessary public health risks in the form of new ingredients with unknown safety profiles. Although we do not believe that any of our products contain an NDI, if the FDA were to conclude that we should have filed an NDI notification for any of our products, then we could be subject to enforcement actions by the FDA. Such enforcement actions could include product seizures and injunctive relief being granted against us, any of which would harm our business.

In May 2016, the FDA released a final rule updating the Nutrition Facts label for packaged foods and the Supplement Facts label for dietary supplements, with the objective to help consumers make better informed decisions. While the original compliance deadline for manufacturers of food and dietary supplements to use the new label was July 26, 2018, FDA subsequently extended the compliance deadline to January 1, 2020, and later announced it would exercise enforcement discretion (i.e., not enforce the new label requirements) until January 1, 2021. Further, in December 2018, the U.S. Department of Agriculture promulgated regulations requiring that, by January 1, 2022, the labels of certain bioengineered foods, including dietary supplements, must include a disclosure that the food is bioengineered. Implementation of the new label requirements may result in additional costs to our business.

Our Cannabidiol (“CBD”) products are subject to varying, rapidly changing federal, state and local laws, regulations, and rules, which could adversely affect our results of operations and financial condition.

We launched new hemp-derived CBD personal care products during fiscal year 2021. The CBD industry is evolving and subject to varying, and rapidly changing, laws, regulations and administrative practices. For example, the Agricultural Improvement Act of 2018 (the “2018 Farm Bill”) formally defined “hemp” as the *Cannabis sativa* plant and its derivatives, extracts and cannabinoids with a delta-9 tetrahydrocannabinol (“THC”) concentration of not more than 0.3%, and removed hemp from the federal definition of marijuana, making it no longer a Schedule I illegal drug under the Controlled Substances Act. The 2018 Farm Bill thus opened a pathway for the production and marketing of hemp and hemp derivatives, subject to compliance with certain federal requirements and state and local law. Our CBD products are derived from hemp as defined in the 2018 Farm Bill. Continued development of CBD-related industries is dependent upon continued legalization of CBD-related products at the federal and state levels, and a number of factors could slow or halt progress in this area.

In addition, the manufacture, labeling, and distribution of our CBD products are regulated by various federal, state and local agencies. These governmental authorities or litigators, such as class action lawyers or attorneys general, may commence regulatory or legal proceedings, which could restrict the permissible scope of our product claims or our ability to sell products in the future. Violations of applicable laws, or allegations of such violations, could disrupt our business and result in material adverse effects on our operations and financial condition. We cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will have a material adverse effect on our business, including our ability to develop, sell, and expand our CBD-infused products. Further, in the event of either repeal of federal, state or local laws and regulations, or amendments thereto that are adverse to our intended products, we may be restricted or limited with respect to those products that we may sell or distribute, which could adversely impact our intended business plan with respect to such products.

Regulations governing the production and marketing of our products could harm our business.

We are subject to various domestic and foreign laws and regulations that regulate the production and marketing of our products. If, for example, a determination that our dietary supplement products are used to diagnose, treat, cure, or prevent any disease or illness, including due to improper marketing claims by our independent distributors, it may lead to a determination that the LifeVantage® supplements require pre-market approval as a drug. Such regulations in any given market can limit our ability to import products and can delay product launches as we go through the registration and approval process for those products. Furthermore, if we fail to comply with these regulations, we could face enforcement action against us and we could

be fined, forced to alter or stop selling our products and/or be required to adjust our operations. Our operations also could be harmed if new laws or regulations are enacted that restrict our ability to market or distribute our products or impose additional burdens or requirements on the contents of our products or require us to reformulate our products.

We are subject to the risk of investigatory and enforcement action.

We are subject to the risk of investigatory and enforcement action by various government agencies, both domestic and international. For instance, the FTC and state attorneys general may open an investigation or bring an enforcement action against us based on our advertising claims and marketing practices. The FTC routinely reviews product advertising, including websites, to identify significant questionable advertising claims and practices. The FTC has brought many actions against dietary supplement companies, including some actions that were brought jointly with state attorneys general, based upon allegations that applicable advertising claims or practices were deceptive or not substantiated. If the FTC initiates an investigation, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. In addition, we are subject to the risk of investigatory and enforcement action by other agencies including, but not limited to, the FDA, including warning letters and other sanctions, enforcement actions by the SEC and by other international regulatory agencies. Any investigation may be very expensive to defend and may result in an adverse ruling or in a consent decree.

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.

As a U.S. company doing business in international markets through subsidiaries, we are subject to various tax and intercompany pricing laws, including those relating to the flow of funds between our Company and our subsidiaries. From time to time, we are audited by tax regulators in the United States and in our foreign markets. If regulators challenge our tax positions, corporate structure, transfer pricing mechanisms or intercompany transfers, we may be subject to fines and payment of back taxes, our effective tax rate may increase and our operations may be harmed. Tax rates vary from country to country, and, if tax authorities determine that our profits in one jurisdiction may need to be increased, we may not be able to fully utilize all foreign tax credits that are generated, which will increase our effective tax rate. The various customs, exchange control and transfer pricing laws are continually changing and are subject to the interpretation of government agencies. We may experience increased efforts by customs authorities in foreign countries to reclassify our products or otherwise increase the level of duties we pay on our products. Despite our efforts to be aware of and comply with such laws, and changes to and interpretations thereof, there is a risk that we may not continue to operate in compliance with such laws. We may need to adjust our operating procedures in response to such changes and, as a result, our business may suffer. In addition, due to the international nature of our business, from time to time, we are subject to reviews and audits by taxing authorities of other jurisdictions in which we conduct business throughout the world.

Non-compliance with anti-corruption laws could harm our business.

Our international operations are subject to anti-corruption laws, including the Foreign Corrupt Practices Act, also known as the FCPA. Any allegations that we are not in compliance with anti-corruption laws may require us to dedicate time and resources to an internal investigation of the allegations or may result in a government investigation. Any determination that our operations or activities are not in compliance with existing anti-corruption laws or regulations could result in the imposition of substantial fines, and other penalties. Although we have implemented anti-corruption policies and controls to protect against violation of these laws, we cannot be certain that these efforts will be effective.

The loss of or inability to attract key personnel could negatively impact our business.

Our future performance will depend, in part, upon our ability to attract, retain, and motivate our executive and senior management team and scientific staff. Our success depends to a significant extent both upon the continued services of our current executive and senior management team and scientific staff, as well as our ability to attract, hire, motivate, and retain additional qualified management and scientific staff in the future. Specifically, competition for executive and senior staff in the direct selling and dietary supplement markets is intense, and our operations could be adversely affected if we cannot attract and retain qualified personnel. Additionally, former members of our executive and senior management team have in the past, and could in the future join or form companies that compete against us in the direct selling industry.

All of our employees are “at will” employees, which means any employee may quit at any time and we may terminate any employee at any time. We do not carry “key person” insurance covering members of senior management or our employees.

We may be held responsible for certain taxes or assessments and other obligations relating to the activities of our independent distributors, which could harm our financial condition and operating results.

Our independent distributors are subject to taxation, and in some instances, legislation or governmental agencies impose an obligation on us to collect or withhold taxes, such as value added taxes or income taxes, and to maintain appropriate records. In

the event that local laws and regulations or the interpretation of local laws and regulations change to require us to treat our independent distributors as employees, or that our independent distributors are deemed by local regulatory authorities in one or more of the jurisdictions in which we operate to be our employees rather than independent contractors under existing laws and interpretations, or our independent distributors are deemed to be conducting business in countries outside of the country in which they are authorized to do business, we may be held responsible for social security, income, and other related taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results. If our independent distributors were deemed to be employees rather than independent contractors, we may be obligated to pay certain employee benefits, such as workers compensation and unemployment insurance. Further, if our independent distributors are misclassified as employees, we would also face the threat of increased vicarious liability for their actions.

The dietary supplement market is highly competitive.

Our flagship product line, Protandim[®], competes in the dietary supplements market, which is large, highly competitive and fragmented. Participants include specialty retailers, supermarkets, drugstores, mass merchants, multi-level marketing organizations, on-line merchants, mail-order companies, and a variety of other smaller participants. Many of our competitors have greater financial and other resources available to them and possess better manufacturing, independent distribution and marketing capabilities than we do. We believe some of these competitors with greater resources are currently working on developing and releasing products that will compete directly with the Protandim[®] product line and be marketed as NRF1 and NRF2 activators. One or more of these products could significantly reduce the demand for the Protandim[®] product line and have a material adverse effect on our revenue. We believe that the market is also highly sensitive to the introduction of new products, including various prescription drugs, which may rapidly capture a significant share of the market. Moreover, because of regulatory restrictions concerning claims about the efficacy of dietary supplements, we may have difficulty differentiating our products from our competitors' products and competing products entering the dietary supplements market could harm our revenue. In the United States and Japan, we also compete for sales with heavily advertised national brands manufactured by large pharmaceutical and food companies, as well as other retailers. In addition, as some products become more mainstream, we experience increased competition for those products as more participants enter the market. Our international competitors include large international pharmacy chains, major international supermarket chains, and other large U.S.-based companies with international operations. We may not be able to compete effectively and our attempt to do so may result in increased pricing pressure, which may result in lower margins and have a material adverse effect on our results of operations and financial condition.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brand.

The loss of our intellectual property rights in our products could permit our competitors to manufacture their own version of our products. We have attempted to protect our intellectual property rights in our products through a combination of patents, patent applications, trademarks, trade secrets, confidentiality agreements, non-compete agreements and other contractual protection mechanisms, and we will continue to do so. While we intend to defend against any threats to our intellectual property, our patents or various contractual protections may not adequately protect our intellectual property. In addition, we could be required to expend significant resources to defend our rights to proprietary information and may not be successful in such defense.

Moreover, our intellectual property rights are more limited outside of the United States than they are in the United States. As such, we may not be successful in preventing third parties from copying or misappropriating our intellectual property. There can also be no assurance that pending patent applications owned by us will result in patents being issued to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our products or to provide us with any competitive advantage. Third-parties could also obtain patents that may require us to negotiate to obtain licenses to conduct our business, and any required licenses may not be available on reasonable terms or at all. We also rely on confidentiality and non-compete agreements with certain employees, independent distributors, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third-parties will not otherwise gain access to our trade secrets or proprietary knowledge.

Third parties might claim that we infringe on their intellectual property rights.

Although the dietary supplement industry has historically been characterized by products with naturally occurring ingredients, recently it is becoming more common for suppliers and competitors to apply for patents or develop proprietary technologies and processes. Third-parties may assert intellectual property infringement claims against us despite our efforts to avoid such infringement. Such claims could prevent us from offering competitive products or result in litigation or threatened litigation.

Our business is susceptible to product liability claims.

The manufacture and sale of any product for human consumption raises the risk of product liability claims. These claims may derive from the product itself or a contaminant found in the product from the manufacturing, packaging, sales process or even due to tampering by unauthorized third parties. Our products consist of vitamins, minerals, herbs, and other ingredients that are classified as foods or dietary supplements and are not subject to pre-market regulatory approval in the United States. Our products could contain contaminated substances, and some of our products contain ingredients that do not have long histories of human consumption. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur. In addition, third-party manufacturers produce all of the products we sell. As a distributor of products manufactured by third parties, we may also be liable for various product liability claims for these products despite not manufacturing them. We may be subject to various product liability claims, including, among others, that our products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. Any product liability claim against us could result in increased costs and could adversely affect our reputation with our customers, which in turn could adversely affect our revenue and operating income. Although we maintain insurance coverage, there is a risk that our insurance will not cover our potential exposure completely or would fail to cover a particular claim, in which case we may not have the financial resources to satisfy such claim. In addition, certain types of damages, such as punitive damages, are not covered by our insurance policy.

We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.

Macroeconomic conditions may adversely affect our business. If general economic conditions deteriorate globally or in specific markets where we operate, consumer discretionary spending may decline and demand for our products may be reduced. A decrease in consumer discretionary spending would cause sales in our products to decline and adversely impact our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also affect consumers' willingness to make discretionary purchases on our products. Our inability or failure to do so could harm our business, financial condition, and results of operations. As the world moves into new phases of the pandemic, with new variants emerging, and inflation on the rise, macroeconomic conditions may continue to trend downward for a more prolonged period than expected.

Economic, political, and other risks associated with our international operations could adversely affect our revenue and international growth prospects.

As part of our business strategy, we intend to continue to expand and grow our international presence. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion or growth of our international operations will increase the effects of these risks. These risks include, among others:

- political and economic instability of foreign markets;
- foreign governments' restrictive trade policies;
- lack of well-established or reliable legal systems in certain areas in which we operate;
- inconsistent product regulation or sudden policy changes by foreign agencies or governments;
- the imposition of, or increase in, duties, taxes, government royalties, or non-tariff trade barriers;
- difficulty in collecting international accounts receivable and potentially longer payment cycles;
- the possibility that a foreign government may limit our ability to repatriate cash;
- increased costs in maintaining international marketing efforts;
- problems entering international markets with different cultural bases and consumer preferences; and
- fluctuations in foreign currency exchange rates.

Any of these risks could have a material adverse effect on our international operations and our growth strategy.

Risks Related to Ownership of Our Common Stock

If we are unable to maintain compliance with Nasdaq requirements for continued listing, our common stock could be delisted from trading.

As previously disclosed, in fiscal year 2016, we were delinquent in the filing of our periodic reports with the SEC and, as a result, were not in compliance with the continued listing requirements of the Nasdaq Stock Market. Accordingly, we were subject to having our stock delisted from trading on Nasdaq though we later were successful in regaining compliance with the Nasdaq continued listing requirements. However, there can be no assurance that our common stock will not be subject to delisting by Nasdaq in the future. If our common stock were to be delisted, there can be no assurance whether or when it would again be listed for trading on Nasdaq or any other exchange. In addition, if our common stock were to be delisted, the market price of our shares will likely decline and become more volatile, and our stockholders may find that their ability to trade in our stock will be adversely affected. Furthermore, institutions whose charters do not allow them to hold securities in unlisted companies might sell our shares, which could have a further adverse effect on the price of our stock.

Our stock price may experience future volatility.

The trading price of our common stock has historically been subject to wide fluctuations. The price of our common stock may fluctuate in the future in response to quarter-to-quarter variations in operating results, material announcements by us or competitors, governmental regulatory action, conditions in the dietary supplement industry, or other events or factors, many of which are beyond our control, and some of which do not have a strong correlation to our operating performance.

Substantial sales of shares may impact the market price of our common stock.

If our stockholders sell substantial amounts of our common stock, the market price of our common stock may decline. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we consider appropriate.

ITEM 1B — UNRESOLVED STAFF COMMENTS

None.

ITEM 2 — PROPERTIES

Corporate Offices

On November 14, 2019, we entered into a lease agreement with Traverse Ridge Center III LLC, a Utah limited liability company, for our new corporate headquarters located at 3300 N. Triumph Blvd., Suite 700, Lehi, Utah 84043. The lease is for approximately 51,674 square feet with a right of first refusal to lease certain additional space in the building when such space becomes available. The term of the lease began on January 1, 2021 and will continue for a period of eleven years.

Our subsidiary, LifeVantage Japan K.K., leases approximately 10,400 square feet of office space in Tokyo, Japan. The lease for the Tokyo, Japan property expires in July 2023.

We believe that the facilities under our leases are sufficient to meet our needs for the foreseeable future.

Warehouse Facilities

Since fiscal year 2010, Maersk E-Commerce Logistics (formerly Visible Supply Chain Management and IntegraCore, LLC) has provided fulfillment services to us, including services relating to procurement, warehousing, ordering, processing and shipping. We have also entered into arrangements to receive similar services in each of our international markets.

ITEM 3 — LEGAL PROCEEDINGS

See Note 14 of the Notes to the Consolidated Financial Statements contained within this Annual Report on Form 10-K for a discussion of the Company's legal proceedings.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 — MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

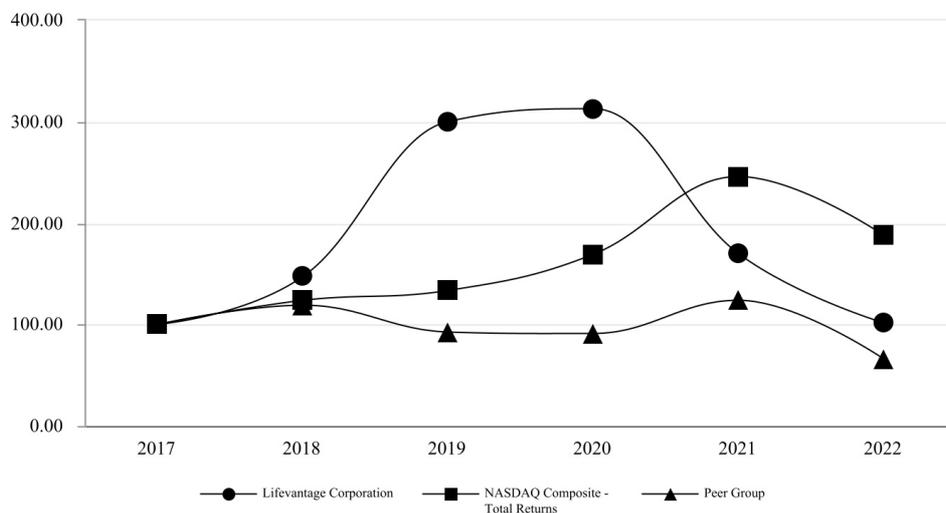
Our common stock began trading on the Nasdaq Capital Market under the symbol "LFVN" in September 2012. Our common stock was previously quoted on the OTC Bulletin Board under the symbol "LFVN". On October 19, 2015, the Company effected a one-for-seven reverse stock split.

Our common stock is issued in registered form and the following information is taken from the records of our current transfer agent, Computershare Trust Company, Inc. As of June 30, 2022, we had 92 stockholders of record and 12.5 million shares of common stock outstanding. This does not include an unknown number of persons who hold shares in street name through brokers and dealers and who are not listed on our stockholder records.

Stock Performance Graph

The following line graph and table compares the cumulative total stockholder return on our common stock with the cumulative total return of (i) the Nasdaq Composite Index and (ii) a market-weighted index of publicly-traded peer companies (the "Peer Group") for the period from June 30, 2017 through June 30, 2022. The data shown assumes an investment on June 30, 2017 of \$100 and reinvestment of all dividends into additional shares of the same class of equity, if applicable, to the stock or index. There is no expectation that the rate of return achieved in the prior 5 years will be achievable in the upcoming years.

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
June 2022**



The Peer Group consists of the following companies, which compete in our industry and product categories: Nature's Sunshine Products, Inc.; Nu Skin Enterprises, Inc.; Mannatech, Incorporated; Herbalife LTD.; Reliv International, Inc.; Avon Products, Inc.; USANA Health Sciences, Inc. and Tupperware Brands Corporation.

Measured Period	LFVN	Nasdaq Composite	Peer Group
June 30, 2017	\$ 100.00	\$ 100.00	\$ 100.00
June 30, 2018	\$ 147.11	\$ 123.60	\$ 118.48
June 30, 2019	\$ 299.77	\$ 133.22	\$ 92.53
June 30, 2020	\$ 312.24	\$ 169.11	\$ 90.69
June 30, 2021	\$ 169.75	\$ 245.60	\$ 123.75
June 30, 2022	\$ 101.22	\$ 188.07	\$ 65.93

Dividends

On May 3, 2022, we announced a quarterly cash dividend of \$0.03 per common share in an aggregate amount of \$0.4 million that was paid on May 31, 2022, to stockholders of record on May 17, 2022. Additionally, the 2016 Credit Facility, as amended, contains customary covenants that, among other things, restrict our ability to pay dividends absent consent from our lender. In May 2022, we received consent from our lender to pay out the quarterly cash dividend of \$0.03 per common share to our stockholders. We currently expect that a comparable cash dividend will be paid each quarter for the foreseeable future.

The declaration of dividends is subject to the discretion of our board of directors and will depend upon various factors, including our earnings, financial condition, restrictions imposed by any indebtedness that may be outstanding, cash requirements, future prospects and other factors deemed relevant by our board of directors.

Purchases of Equity Securities

On November 27, 2017, our board of directors approved a stock repurchase plan, which was subsequently amended on February 1, 2019. Under the plan, we are authorized to repurchase up to \$15.0 million of the outstanding shares through November 27, 2020. On August 27, 2020, our board of directors approved an amendment to the share repurchase program to increase the authorized share repurchase amount from \$15 million to \$35 million and to extend the duration of the program through November 30, 2023 and, on February 17, 2022, the Board of Directors approved an amendment to the share repurchase program to increase the authorized share repurchase amount from \$35 million to \$60 million. The repurchase program permits us to purchase shares from time to time through a variety of methods, including in the open market, through privately negotiated transactions or other means as determined by our management, in accordance with applicable securities laws. As part of the repurchase program, we may enter into a pre-arranged stock repurchase plan which operates in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. Accordingly, any transactions under such stock repurchase plan would be completed in accordance with the terms of the plan, including specified price, volume and timing conditions. The authorization may be suspended or discontinued at any time. During the three months ended June 30, 2022, we repurchase 0.1 million shares of our common stock under this repurchase plan.

The following table provides information with respect to all purchases made by the Company during the three months ended June 30, 2022. All purchases listed below were made at prevailing market prices.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30	—	\$ —	—	\$ 28,133,664
May 1 - May 31	18,748	\$ 4.16	18,748	\$ 28,055,645
June 1 - June 30	84,643	\$ 4.50	84,643	\$ 27,674,586
Total	103,391		103,391	

Recent Sale of Unregistered Securities

None.

Equity Compensation Plan Information

This information is incorporated by reference to Part III, Item 12 of this report.

ITEM 6 — SELECTED FINANCIAL DATA

The following table summarizes certain historical financial information at the dates and for the periods indicated prepared in accordance with GAAP.

The consolidated statement of operations data for each of the fiscal years ended June 30, 2022, 2021 and 2020, and the consolidated balance sheet data as of June 30, 2022 and 2021, have been derived from our consolidated financial statements audited by WSRP, LLC, an independent registered public accounting firm, included elsewhere in this annual report on Form 10-K. The consolidated statement of operations data for each of the fiscal years ended June 30, 2019 and 2018, and the consolidated balance sheet data as of June 30, 2021, 2020, 2019 and 2018, have been derived from our financial statements not included herein. The selected consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and notes thereto, which

are included elsewhere in this annual report on Form 10-K. Our historical results are not necessarily indicative of operating results to be expected in the future.

	Years Ended June 30,				
	2022	2021	2020	2019	2018
<i>(In thousands, except per share data)</i>					
Statement of Operations Data:					
Revenue, net	\$ 206,360	\$ 220,181	\$ 232,915	\$ 225,958	\$ 203,204
Cost of sales	38,097	38,187	37,964	37,973	34,848
Gross profit	168,263	181,994	194,951	187,985	168,356
Operating expenses:					
Commissions and incentives	97,263	103,541	111,571	108,620	98,193
Selling, general and administrative	63,425	60,838	67,914	69,551	59,840
Total operating expenses	160,688	164,379	179,485	178,171	158,033
Operating income	7,575	17,615	15,466	9,814	10,323
Other expense:					
Interest expense	(10)	(17)	(120)	(323)	(456)
Other income (expense), net	(669)	(366)	(685)	(261)	(319)
Impairment of investment	(2,205)	—	—	—	—
Total other expense	(2,884)	(383)	(805)	(584)	(775)
Income before income taxes	4,691	17,232	14,661	9,230	9,548
Income tax expense	(1,571)	(4,338)	(3,112)	(1,801)	(3,787)
Net income	\$ 3,120	\$ 12,894	\$ 11,549	\$ 7,429	\$ 5,761
Net income per share:					
Basic	\$ 0.24	\$ 0.92	\$ 0.82	\$ 0.53	\$ 0.41
Diluted	\$ 0.24	\$ 0.90	\$ 0.79	\$ 0.50	\$ 0.41
Weighted-average shares outstanding:					
Basic	12,886	14,070	14,105	14,005	13,992
Diluted	13,069	14,268	14,599	14,980	14,136

	As of June 30,				
	2022	2021	2020	2019	2018
<i>(In thousands)</i>					
Balance Sheet Data:					
Cash and cash equivalents	\$ 20,190	\$ 23,174	\$ 22,138	\$ 18,824	\$ 16,652
Working capital	21,229	22,855	18,849	16,993	15,133
Total assets	70,706	78,732	58,877	55,273	51,142
Current liabilities	25,728	25,199	25,019	26,195	23,805
Long-term debt, net of unamortized discount	—	—	—	—	3,412
Total liabilities	39,190	41,925	25,623	28,074	29,195
Total stockholders' equity	31,516	36,807	33,254	27,199	21,947

ITEM 7 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes, which are included in this Annual Report on Form 10-K.

Overview

We are a company focused on nutrigenomics, the study of how nutrition and naturally occurring compounds affect human genes to support good health. We are dedicated to helping people achieve their health, wellness and financial goals. We provide quality, scientifically-validated products to customers and independent distributors as well as a financially rewarding commission-based direct sales opportunity to our independent distributors. We engage in the identification, research, development, formulation and sale of advanced nutrigenomic activators, dietary supplements, nootropics, pre- and pro-biotics, weight management, skin and hair care, bath & body, and targeted relief products. We currently sell our products to customers and independent distributors in two geographic regions that we have classified as the Americas region and the Asia/Pacific &

Europe region.

The success and growth of our business is primarily based on the effectiveness of our independent distributors to attract and retain customers in order to sell our products and our ability to attract and retain independent distributors. When we are successful in attracting and retaining independent distributors and customers, it is largely because of:

- Our products, including our flagship Protandim® family of scientifically-validated dietary supplements, LifeVantage® Omega+, ProBio, IC Bright®, and Daily Wellness dietary supplements, our line of Nrf2 enhanced TrueScience® skin, hair, bath & body, and targeted relief products, Petandim®, our companion pet supplement formulated to combat oxidative stress in dogs, Axio®, our nootropic energy drink mixes, and PhysiQ, our smart weight management system;
- Our sales compensation plan and other sales initiatives and incentives; 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 sell our products in the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines. In addition, we sell our products in a number of countries to customers for personal consumption only and in China through a China approved cross-border e-commerce business model. Entering a new market 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 may be negatively impacted.

Impact of COVID-19 on Our Business

The pandemic caused by COVID-19 has continued to disrupt and adversely affect our business in fiscal year 2022. As of the date of this filing, we have experienced multiple disruptions at times at the corporate level as we have transitioned our corporate workforce from a remote working environment, to a hybrid work from home/work in the office schedule. We have continued to experience temporary closures of some of our overseas showrooms and will call locations in international markets and have experienced cancelled multiple planned large group events in order to comply with group meeting restrictions in certain markets. Our independent distributors have also experienced disruptions. Specifically, in Japan, independent distributors are required to provide a hard-copy introductory packet (gaiyoshomen) in person to each person they approach to sponsor as an independent distributor before presenting our products and business opportunity. This requirement inhibits independent distributors from connecting with potential new independent distributors virtually or through social media. Accordingly, quarantines, avoidance of public places and general concerns about physical distancing related to COVID-19 or otherwise negatively affected the ability for independent distributors to meet people in person and commence the enrollment process. To mitigate these effects and in an effort to sustain their sales volume, our independent distributors have adapted their approach for customer outreach and enrollment, including transitioning to a stronger social media presence. Our business may, in the future, experience additional disruptions and be negatively impacted by the COVID-19 pandemic, including as a result of limitations on the ability of our suppliers to manufacture, or procure from manufacturers, the products we sell or any of the raw materials or components required in the production process, or to meet delivery requirements and commitments; limitations on the ability of our employees to perform their work due to illness caused by the pandemic or local, state, or federal orders requiring employees to remain at home; limitations on the ability of carriers to deliver our products to customers; limitations on the ability of our independent distributors to conduct their businesses and purchase our products; and limitations on the ability of our independent distributors or customers to continue to purchase our products due to decreased disposable income.

We have made modifications and are evaluating additional potential modifications that may be needed, to protect our supply chain and preserve adequate liquidity to ensure that our business can continue to operate during uncertain times. Near the end of fiscal year 2020 we transitioned all of our corporate employees to a work from home model and during July 2021 we began to implement a hybrid schedule with opportunities for employees to return back to the office. That hybrid schedule continues to be in effect today. To date, our employees are performing and adapting well with the evolving environment. With respect to liquidity, we are evaluating and taking actions to ensure that we continue to responsibly manage expenses across our organization.

While we are unable to determine or predict the nature, duration or scope of the overall impact that the COVID-19 pandemic will have on our business, results of operations, liquidity or capital resources, we will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, independent distributors, customers, and stockholders.

Our Products

Our products are the Protandim® line of scientifically-validated dietary supplements, LifeVantage® Omega+ , ProBio and Daily Wellness dietary supplements, TrueScience®, our line of skin, bath & body, target relief, and hair care products, Petandim®, our companion pet supplement formulated to combat oxidative stress in dogs, Axio®, our nootropic energy drink mixes, and PhysiQ, our smart weight management system. The Protandim® product line includes Protandim® NRF1 Synergizer®, Protandim® Nrf2 Synergizer®, and Protandim® NAD Synergizer®. 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. The Protandim® NAD Synergizer® was specifically formulated to target cell signaling pathways involved in the synthesis and recycling of a specific molecule called NAD (nicotinamide adenine dinucleotide), and has been shown to double sirtuin activity, supporting increased health, focus, energy, mental clarity and mood. Use of the three Protandim® products together has been shown to produce synergistic benefits greater than using the single products on their own. LifeVantage® Omega+ is a dietary supplement that combines DHA and EPA Omega-3 fatty acids, Omega-7 fatty acids, and Vitamin D3 to support cognitive health, cardiovascular health, skin health, and the immune system. LifeVantage® ProBio is a dietary supplement designed to support optimal digestion and immune system function. LifeVantage® Daily Wellness is a dietary supplement designed to support and strengthen immune health. Our TrueScience® line of anti-aging skin and hair care, and CBD Nrf2 enhanced, bath & body, targeted relief products includes TrueScience® Facial Cleanser, TrueScience® Perfecting Lotion, TrueScience® Eye Serum, TrueScience® Anti-Aging Cream, TrueScience® Beauty Serum, TrueScience® Hand Cream, TrueScience® Invigorating Shampoo, TrueScience® Nourishing Conditioner, TrueScience® Scalp Serum, TrueScience® Body Lotion, TrueScience® Body Wash, TrueScience® Body Butter, TrueScience® Deodorant, TrueScience® Soothing Balm, TrueScience® Body Rub, and TrueScience® Liquid Collagen. Petandim® is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. Axio® is our line of our nootropic energy drink mixes formulated to promote alertness and support mental performance. PhysiQ is our smart weight management system, which includes PhysiQ Fat Burn, PhysiQ Prebiotic and PhysiQ Whey Protein, all formulated to aid in weight management. IC Bright® helps support eye and brain health, reduce eye fatigue and strain, supports cognitive functions, and may help support normal sleep patterns. We believe our significant number of customers who regularly and repeatedly purchase our products is a strong indicator of the health benefits of our products. The following table shows revenues by major product line for the fiscal years ended June 30, 2022, 2021 and 2020:

	Years ended June 30,					
	2022		2021		2020	
Protandim® product line	\$ 135,616	65.7 %	\$ 150,272	68.2 %	\$ 156,335	67.1 %
TrueScience® product line	22,877	11.1 %	22,617	10.3 %	23,739	10.2 %
Other	47,867	23.2 %	47,292	21.5 %	52,841	22.7 %
Total	<u>\$ 206,360</u>	<u>100.0 %</u>	<u>\$ 220,181</u>	<u>100.0 %</u>	<u>\$ 232,915</u>	<u>100.0 %</u>

Our revenue is largely attributed to two product lines, Protandim® and TrueScience®, which each accounted for more than 10% of total revenue for each of the fiscal years ended June 30, 2022, 2021 and 2020. On a combined basis, these product lines represent approximately 76.8%, 78.5% and 77.3% of our total net revenue for the fiscal years ended June 30, 2022, 2021 and 2020, respectively.

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

Accounts

Because we primarily utilize a direct selling model for the distribution of a majority of our products, the success and growth of our business depends in large part on the effectiveness of our independent distributors to attract and retain customers to sell our products to, and 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 customers purchasing our products. The number of active independent distributors and customers is, therefore, used by management as a key non-financial measure.

The following tables summarize the changes in our active accounts by geographic region. These numbers have been rounded to the nearest thousand as of the dates indicated. For purposes of this report, we define "Active Accounts" as only those

independent distributors and customers who have purchased from us at any time during the most recent three-month period, either for personal use or for resale.

	As of June 30,				Change from Prior Year	Percent Change
	2022		2021			
Active Independent Distributors						
Americas	37,000	58.7 %	41,000	65.1 %	(4,000)	(9.8)%
Asia/Pacific & Europe	26,000	41.3 %	22,000	34.9 %	4,000	18.2 %
Total Active Independent Distributors	63,000	100.0 %	63,000	100.0 %	—	— %
Active Customers						
Americas	69,000	74.2 %	78,000	72.9 %	(9,000)	(11.5)%
Asia/Pacific & Europe	24,000	25.8 %	29,000	27.1 %	(5,000)	(17.2)%
Total Active Customers	93,000	100.0 %	107,000	100.0 %	(14,000)	(13.1)%
Active Accounts						
Americas	106,000	67.9 %	119,000	70.0 %	(13,000)	(10.9)%
Asia/Pacific & Europe	50,000	32.1 %	51,000	30.0 %	(1,000)	(2.0)%
Total Active Accounts	156,000	100.0 %	170,000	100.0 %	(14,000)	(8.2)%

Income Statement Presentation

We report revenue in two geographic regions and we translate revenue from each market's local currency into U.S. Dollars using weighted-average exchange rates. Revenue consists primarily of product sales, fee revenue, and shipping and handling fees, net of applicable sales discounts. Revenue is recognized at the time of shipment, which is when the passage of title and risk of loss to customers occurs. Also reflected in revenue is a provision for product returns and allowances, which is estimated based on our historical experience. The following table sets forth net revenue information by region for the years indicated. The following table should be reviewed in connection with the tables presented under "Results of Operations" (in thousands):

	For the fiscal years ended June 30,					
	2022		2021		2020	
Americas	\$ 138,323	67.0 %	\$ 154,655	70.2 %	\$ 166,336	71.4 %
Asia/Pacific & Europe	68,037	33.0 %	65,526	29.8 %	66,579	28.6 %
Total	\$ 206,360	100.0 %	\$ 220,181	100.0 %	\$ 232,915	100.0 %

Cost of sales primarily consists of costs of products purchased from and manufactured by third-party vendors, shipping and order fulfillment costs, costs of adjustments to inventory carrying value, and costs of marketing materials which we sell to our independent distributor sales force, as well as freight, duties and taxes associated with the import and export of our products. As our international revenue increases as a percentage of total revenue, cost of sales as a percentage of revenue likely will increase as a result of additional duties, freight, and other factors, such as changes in currency exchange rates.

Commissions and incentives expenses are our most significant expenses and are classified as operating expenses. Commissions and incentives expenses include sales commissions paid to our independent distributors, special incentives and costs for incentive trips and other rewards. Commissions and incentives expenses do not include any amounts we pay to our independent distributors related to their personal purchases. Commissions paid to independent distributors on personal purchases are considered a sales discount and are reported as a reduction to net revenue. Our global sales compensation plan is an important factor in our ability to attract and retain our independent distributors. Under our global sales compensation plan, independent distributors can earn commissions for product sales to their customers as well as the product sales made through the sales networks they have developed and trained. We do not pay commissions on marketing materials that are sold to our independent distributors. Commissions and incentives expenses, as a percentage of net revenue, may be impacted by the timing and magnitude of non-commissionable revenue derived from the sales of marketing materials, event tickets, and promotional items, investment in our red carpet program, limited-time offers and the timing, magnitude and number of incentive trips and

other promotional activities. From time to time, we make modifications and enhancements to our global sales compensation plan in an effort to help motivate our sales force and develop leadership characteristics, which can have an impact on commissions and incentives expenses.

Selling, general and administrative expenses include wages and benefits, stock compensation expenses, marketing and event costs, professional fees, rents and utilities, depreciation and amortization, research and development, travel costs and other operating expenses. Wages and benefits and stock compensation expenses represent the largest component of selling, general and administrative expenses. Marketing and event costs include costs of distributor conventions and events held in various markets worldwide, which we expense in the period in which they are incurred. Marketing and event costs also include expenses associated with our sponsorship of the Major League Soccer team, Real Salt Lake.

Sales to customers outside the United States are transacted in the respective local currencies and are translated to U.S. Dollars at weighted-average currency exchange rates for each monthly accounting period to which they relate. Consequently, our net sales and earnings are affected by changes in currency exchange rates. In general, sales and gross profit are affected positively by a weakening U.S. Dollar and negatively by a strengthening U.S. Dollar. Currency fluctuations, however, have the opposite effect on our commissions paid to independent distributors and selling, and general and administrative expenses. In our revenue discussions that follow, we approximate the impact of currency fluctuations on revenue by translating current year revenue at the average exchange rates in effect during the comparable prior year periods.

Results of Operations

For the fiscal years ended June 30, 2022, 2021 and 2020, we generated net revenue of \$206.4 million, \$220.2 million and \$232.9 million, respectively, recognized operating income of \$7.6 million, \$17.6 million and \$15.5 million, respectively, and recognized net income of \$3.1 million, \$12.9 million and \$11.5 million, respectively.

The following table presents certain consolidated earnings data as a percentage of net revenue for the years indicated⁽¹⁾:

	For the fiscal years ended June 30,		
	2022	2021	2020
Revenue, net	100.0 %	100.0 %	100.0 %
Cost of sales	18.5	17.3	16.3
Gross profit	81.5	82.7	83.7
Operating expenses:			
Commissions and incentives	47.1	47.0	47.9
Selling, general and administrative	30.7	27.6	29.2
Total operating expenses	77.8	74.6	77.1
Operating income	3.7	8.1	6.6
Other expense:			
Interest expense	—	—	(0.1)
Other expense, net	(0.3)	(0.2)	(0.3)
Impairment of investment	(1.1)	—	—
Total other expense	(1.4)	(0.2)	(0.3)
Income before income taxes	2.3	7.9	6.3
Income tax expense	(0.8)	(2.0)	(1.3)
Net income	1.5 %	5.9 %	5.0 %

(1) Certain percentages may not add due to rounding.

Comparison of Fiscal Years Ended June 30, 2022 and 2021

Revenue, net. We generated net revenue of \$206.4 million and \$220.2 million during the fiscal years ended June 30, 2022 and 2021, respectively. The overall decrease in revenue is attributed mainly to a reduction of 8.2% in total active accounts during fiscal year 2022. Revenue in the United States, Japan, Canada and Europe declined on a year over year basis, partially offset by increases of 10.7% in our Australia and New Zealand market, 18.5% in our Greater China market, and the addition of the Philippines in fiscal year 2022. During the prior year, we launched several limited time and permanent flavors of Axio®, our energy drink mixes, launched our new LifeVantage® Daily Wellness product, and rolled out six new products in our TrueScience® Body & Bath and Targeted Relief product lines and a line extension to our TrueScience® skin care line. During our October 2021 global convention, we launched our new IC Bright® product, and rolled out our TrueScience® Liquid

Collagen product during our Activate 2022 event held in June 2022. Foreign currency fluctuations negatively impacted our net revenue \$4.5 million or 2.0%.

Americas. The following table sets forth revenue for the fiscal years ended June 30, 2022 and 2021 for the Americas region (in thousands):

	For the fiscal years ended June 30,		% change
	2022	2021	
United States	\$ 130,932	\$ 144,897	(9.6)%
Other	7,391	9,758	(24.3)%
Americas Total	\$ 138,323	\$ 154,655	(10.6)%

Revenue in the Americas region for the fiscal year ended June 30, 2022 decreased \$16.3 million, or 10.6%, compared to the prior year. Total active accounts decreased 10.9% in the region compared to the prior fiscal year which drove the decrease in revenue. We believe that our total active accounts number was negatively impacted by the COVID-19 global pandemic as we were unable to hold some of our in-person training events and our independent distributors were not able to conduct in person opportunity and training meetings as frequently as they had before COVID-19. We launched several new products during fiscal year 2022, both during our October 2021 global convention and our Activate 2022 convention held in June 2022. As a result of these launches and continued efforts from our distributors and employees, we hope to see revenue growth in the Americas region in the upcoming fiscal year.

Asia/Pacific & Europe. The following table sets forth revenue for the fiscal years ended June 30, 2022 and 2021 for the Asia/Pacific & Europe region and its principal markets (in thousands):

	For the fiscal years ended June 30,		% change
	2022	2021	
Japan	\$ 36,810	\$ 41,173	(10.6)%
Australia & New Zealand	12,280	11,095	10.7 %
Greater China	5,655	4,771	18.5 %
Other	13,292	8,487	56.6 %
Asia/Pacific & Europe Total	\$ 68,037	\$ 65,526	3.8 %

Revenue in the Asia/Pacific and Europe region for the fiscal year ended June 30, 2022 increased \$2.5 million, or 3.8%, compared to the prior year. Revenue in the region was negatively impacted approximately \$4.6 million, or 7.1%, by foreign currency exchange rate fluctuations.

Revenue in our Japan market decreased 10.6% year over year on a U.S. Dollar basis and 0.7% on a constant currency basis. During the fiscal year ended June 30, 2022, the Japanese yen, on average, weakened against the U.S. Dollar, negatively impacting our revenue in this market by \$3.7 million or 8.9%. The decline in revenue related to foreign currency was offset by increase in revenues in our other markets during the fiscal year ended June 30, 2022.

Revenue in our Australia and New Zealand markets increased \$1.2 million, or 10.7%, during fiscal year 2022. We continue to see synergies between our Australian and New Zealand independent distributor organizations and customer bases, increasing our ability to attract experienced direct selling leaders and further driving the growth within the region.

Revenue in our Greater China region increased by 18.5% year over year as we experienced revenue growth in our Taiwan market, due, in part, to a slight recovery from the global pandemic. We have refined our mainland China cross-border e-commerce business model and have recognized revenue growth through this channel during the fiscal year ended June 30, 2022.

Revenue in our Philippines market was \$4.1 million during fiscal year 2022. This market launched in November 2021 and has seen increase revenues during each month since inception. Revenue in Thailand has grown year over year due to increases in active independent distributors. Europe remained stable during the fiscal year 2022 relative to the prior year.

Overall, we are encouraged with our increase in total active distributor accounts in our Asia/Pacific and Europe region, which grew by 18.2% on a year over year basis, primarily from the Philippines, Thailand and Taiwan.

Globally, our sales and marketing efforts continue to be directed toward strengthening our core business through our fiscal year initiatives and building our worldwide sales. During fiscal year 2022, we successfully launched two new products, completed a full on the ground launch of the Philippines. In October 2021, we held our global convention, our first major event with in person attendance since the start of the COVID-19 global pandemic and held several others throughout fiscal year 2022. We continued the refinement and expansion of our product offerings internationally during fiscal year 2022 and have plans for continued product expansion in fiscal year 2023 and beyond. We expect this expansion will continue to drive revenue growth globally through increased average order size and increased ability to attract and retain new independent distributors and customers with a compelling product lineup.

During fiscal year 2023, our main focus will be to increase our average account base through concentrating our efforts on the enrollment of new independent distributors, who will in turn help grow the business through incremental product sales, and on increasing the number of accounts that place an order in the month following their initial enrollment. We will continue investing in our red carpet program, which we believe has increased our ability to attract and retain strong distributor leadership and is a significant opportunity to drive revenue growth throughout our markets. We remain committed to further expanding the functionality and availability of our mobile application, which we believe will aid independent distributors in initiating and expanding their businesses.

Gross Margin. Cost of sales were \$38.1 million for the fiscal year ended June 30, 2022, and \$38.2 million for the fiscal year ended June 30, 2021, resulting in a gross margin of \$168.3 million, or 81.5%, and \$182.0 million, or 82.7%, respectively. The decrease in gross margin as a percentage of revenue is primarily due to increased raw material and manufacturing related costs, inventory obsolescence costs and shipping to customer expenses during the current fiscal year.

Commissions and Incentives. Commissions and incentives expenses for the fiscal year ended June 30, 2022 were \$97.3 million or 47.1% of revenue compared to \$103.5 million or 47.0% of revenue for the fiscal year ended June 30, 2021. The decrease of \$6.2 million in fiscal year 2022 was due to the decrease in revenue. Commissions and incentives expenses as a percentage of revenue increased slightly during the comparable periods due to the continued refinement and the timing and magnitude of our various promotional and incentive programs during the year.

Commissions and incentives expenses, as a percentage of revenue, may fluctuate in future periods based on ability to hold incentive trips and events and the timing and magnitude of compensation, incentive and promotional programs.

Selling, General and Administrative. Selling, general and administrative expenses for the fiscal year ended June 30, 2022 were \$63.4 million or 30.7% of revenue compared to \$60.8 million or 27.6% of revenue for the fiscal year ended June 30, 2021. The increase in selling, general, and administrative expenses as a percentage of revenue during the current fiscal year primarily was due to the decrease in revenue and increased events and travel expenses as a result of changes to our event schedule and the easing of COVID-19 related travel and associated group meeting restrictions. These increases were partially offset from a decrease in incentive compensation during the year and decreased executive severance and transition expenses.

Primary factors that may cause our selling, general and administrative expenses to fluctuate in the future include changes in the number of employees, the timing and number of events we hold, marketing and branding initiatives and costs related to legal matters, if and as they arise. A fluctuation in our stock price may also impact our share-based compensation expense recorded for equity awards made in future years.

Interest Expense. Interest expense for the fiscal year ended June 30, 2022 was \$10,000 as compared to \$17,000 for the fiscal year ended June 30, 2021.

Other Expense, Net. We recognized other expense, net, for the fiscal year ended June 30, 2022 of \$0.7 million as compared to \$0.4 million for the fiscal year ended June 30, 2021. The increase of \$0.3 million was primarily due to the impact of foreign currency fluctuations recognized during fiscal year 2022.

Impairment of Investment. We recognized an impairment of \$2.2 million on our investment in Gig Economy Group ("GEG") during fiscal year 2022 as we determined our investment in GEG had declined significantly as a result of the business failing to achieve profitability due to weak market conditions for its products.

Income Tax Expense. Our income tax expense for the fiscal year ended June 30, 2022 was \$1.6 million as compared to income tax expense of \$4.3 million for the fiscal year ended June 30, 2021.

The effective tax rate was 33.5% of pre-tax income for the fiscal year ended June 30, 2022, compared to 25.2% for the fiscal year ended June 30, 2021. The increase in the effective tax rate for fiscal year 2022 compared to the prior year is mainly due to the change in valuation allowance on the impairment of GEG investment.

Our provision for income taxes for the fiscal year ended June 30, 2022 consisted primarily of federal, state, and foreign tax on anticipated fiscal year 2022 income which was partially offset by tax benefits. We expect our effective rate to fluctuate in future periods based on the impact of permanent items in relation to pre-tax income.

Net Income. As a result of the foregoing factors, net income for the fiscal year ended June 30, 2022 decreased to \$3.1 million compared to \$12.9 million for the fiscal year ended June 30, 2021.

Comparison of Fiscal Years Ended June 30, 2021 and 2020

For a discussion of our results of operations for the fiscal year 2021 compared with fiscal year 2020, refer to "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended June 30, 2021, as filed with the SEC on August 19, 2021.

Liquidity and Capital Resources

Liquidity

Our primary liquidity and capital resource requirements are to service our debt, which includes any outstanding balances under the 2016 Credit Facility, 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.

At June 30, 2022, our cash and cash equivalents were \$20.2 million. This represented an decrease of \$3.0 million from the \$23.2 million in cash and cash equivalents as of June 30, 2021.

During the fiscal year ended June 30, 2022, our net cash provided by operating activities was \$8.0 million as compared to net cash provided by operating activities of \$16.3 million during the fiscal year ended June 30, 2021. The decrease in cash provided by operating activities during the fiscal year ended June 30, 2022 primarily was due to decreases in net income and increases in prepaid expenses, offset by the impairment of our investment in GEG and increases in accounts payable.

During the fiscal year ended June 30, 2022, our net cash used in investing activities was \$1.5 million, as a result of the purchase of fixed assets. During the fiscal year ended June 30, 2021, our net cash used in investing activities was \$3.7 million, as a result of the purchase of fixed assets.

Cash used in financing activities during the fiscal year ended June 30, 2022 was \$9.0 million, as a result of the repurchase of company stock, the payment of a cash dividend and shares purchased as payment of tax withholding upon vesting of employee equity awards, partially offset by proceeds from stock option exercises and proceeds from purchases of company stock under our employee stock purchase plan. Cash used in financing activities during the fiscal year ended June 30, 2021 was \$11.5 million, as a result of the repurchase of company stock and shares purchased as payment of tax withholding upon vesting of employee equity awards, partially offset by proceeds from stock option exercises and proceeds from purchases of company stock under our employee stock purchase plan.

At June 30, 2022 and 2021, the total amount of our foreign subsidiary cash was \$7.0 million and \$9.2 million, respectively. Under current U.S. tax law, in the future, if needed, we expect to be able to repatriate cash from foreign subsidiaries without paying additional U.S. taxes.

At June 30, 2022, we had working capital (current assets minus current liabilities) of \$21.2 million compared to working capital of \$22.9 million at June 30, 2021. The decrease in working capital primarily was due to decreases in cash offset slightly by increases in accounts receivable and prepaid expenses. 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. 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, our credit facility provides for a revolving loan facility in an aggregate principal amount up to \$5.0 million. We would also consider realigning our strategic plans including a reduction in capital spending and expenses.

Capital Resources

Shelf Registration Statement

On March 24, 2020, we filed a shelf registration statement (the "Shelf Registration") on Form S-3 with the SEC that was declared effective April 3, 2020, which permits us to offer up to \$75 million of common stock, preferred stock, debt securities

and warrants in one or more offerings and in any combination, including in units from time to time. Our Shelf Registration is intended to provide us with additional flexibility to access capital markets for general corporate purposes, which may include, among other purposes, working capital, capital expenditures, other corporate expenses and acquisitions of assets, licenses, products, technologies or businesses.

2016 Credit Facility

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

The principal amount of the 2016 Term Loan was payable in consecutive quarterly installments in the amount of \$0.5 million plus accrued interest beginning with the fiscal quarter ended June 30, 2016. If we borrow under the 2016 Revolving Loan, interest will be payable quarterly in arrears on the last day of each fiscal quarter.

On May 4, 2018, we entered into a loan modification agreement, which amended the 2016 Credit Facility ("Amendment No. 1"). Amendment No. 1 revised the maturity date from March 30, 2019 to March 31, 2021 and increased the fixed interest rate for the term loan from 4.93% to 5.68%. Amendment No. 1 also revised certain financial covenants. The minimum fixed charge coverage ratio (as defined in Amendment No. 1) was revised from a minimum of 1.50 to 1.00 to 1.25 to 1.00, measured on a trailing twelve-month basis, at the end of each fiscal quarter. The minimum working capital was increased from \$5.0 million to \$8.0 million. The funded debt to EBITDA ratio was replaced with the total liabilities to tangible net worth ratio (as defined in Amendment No. 1) of not greater than 3.00 to 1.00 at the end of each quarter. The minimum tangible net worth measure was removed from the financial covenants.

Loans outstanding under the 2016 Credit Facility, as amended, 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 2016 Revolving Loan, as amended, exceeds \$2.0 million, we must prepay an amount equal to such excess. Any principal amount of the 2016 Term Loan, as amended, which is prepaid or repaid may not be re-borrowed.

On February 1, 2019, we entered into a loan modification agreement, which amended the 2016 Credit Facility, as amended ("Amendment No. 2"). Under Amendment No. 2, we made a principal payment of \$2.0 million and increased the revolving loan facility from \$2.0 million to \$5.0 million. Amendment No. 2 also revised certain financial covenants. The minimum fixed charge coverage ratio (as defined in Amendment No. 2) was revised from a minimum of 1.25 to 1.00 to 1.10 to 1.00, measured on a trailing twelve-month basis, at the end of each fiscal quarter. The minimum working capital was decreased from \$8.0 million to \$6.0 million.

On April 1, 2021, we entered into a loan modification agreement ("Amendment No. 3"), which amended the 2016 Credit Facility, as previously amended. Amendment No. 3 revised the maturity date from March 31, 2021 to March 31, 2024 and modified the variable interest rate based on the one-month United States Treasury Rate, plus a margin of 3.00%, with an interest rate floor of 4.00%. As of June 30, 2021, the effective interest rate is 4.00%. Amendment No. 3 also revised the debt (total liabilities) to tangible net worth ratio (as defined in Amendment No. 3) covenant to require that we maintain this ratio not in excess of 2.00 to 1.00, measured as of the end of each fiscal quarter, and revised the definition and calculation of the minimum fixed charge coverage ratio (as defined in Amendment No. 3). There were no other changes to the covenants or revolving loan facility as set forth in Amendment No. 2.

The 2016 Credit Facility, as amended, 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. In May 2022, we received consent from our lender to pay out the quarterly cash dividend of \$0.03 per common share to our stockholders.

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

- Maintain a minimum fixed charge coverage ratio (as defined in the 2016 Loan Agreement, as amended) of at least 1.10 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 2016 Loan Agreement, as amended) at the end of each fiscal quarter of at least \$6.0 million; and
- Maintain a ratio of debt (total liabilities) to tangible net worth (as defined in the 2016 Loan Agreement, as amended) of not greater than 2.00 to 1.00 at the end of each quarter, measured on a trailing twelve month basis.

As of June 30, 2022, we were not in compliance with the financial covenant related to the minimum fixed charge coverage ratio under the 2016 Credit Facility, as amended. As of June 30, 2022, there was no balance outstanding on this credit facility. We have requested, and were granted, a waiver related to this covenant violation as of June 30, 2022. We are in the process of renegotiating the terms of the amended 2016 Credit Facility and expect that a revised loan agreement will be in place in the first quarter of fiscal 2023.

During the fiscal year ended June 30, 2020, we repaid, in full, the remaining balance of the 2016 Term Loan in accordance with the terms of the 2016 Credit Facility, as amended.

Commitments and Obligations

The following table summarizes our contractual payment obligations and commitments as of June 30, 2022 (in thousands):

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	Thereafter
Operating lease obligations ⁽¹⁾	\$ 18,460	\$ 3,369	\$ 3,635	\$ 3,333	\$ 8,123
Other operating obligations ⁽²⁾	15,920	15,920	—	—	—
Total	\$ 34,380	\$ 19,289	\$ 3,635	\$ 3,333	\$ 8,123

(1) Operating lease obligations include current and future obligations associated with corporate office leases.

(2) Other operating obligations represent contractual obligations primarily related to marketing and sponsorship commitments and purchases of inventory.

Off-Balance Sheet Arrangements

At June 30, 2022 and 2021, we had no 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 revenue and expenses during the periods presented. Actual results could differ from these estimates. Our significant accounting policies are described in Note 2 to our consolidated 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, our return policy is to provide a full refund for product returned within 30 days. After 30 days of purchase, only unopened product that is in a resalable and restockable condition may be returned within twelve months of purchase and shall receive a 100% refund, less a 10% handling and restocking fee and any shipping and handling costs. As of June 30, 2022, our shipments of products sold totaling approximately \$18.5 million were subject to our return policy.

We monitor our product returns estimate on an ongoing basis and revise the allowances to reflect our experience. Our allowance for product returns was \$0.1 million at June 30, 2022, compared with \$0.2 million at June 30, 2021. To date, product

expiration dates have not played any role in product returns, and we do not expect 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 net realizable value. Factors utilized in the determination of estimated net realizable 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.

During the fiscal years ended June 30, 2022 and 2021, we recognized expenses of \$1.5 million and \$0.4 million, respectively, related to obsolete and slow-moving inventory.

Revenue Recognition

Revenue is recognized when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales, value add, and other taxes that we collect concurrent with revenue-producing activities are excluded from revenue.

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 the employees, regardless of when, if ever, the market-based performance conditions are satisfied.

Research and Development Costs

We expense all of our costs 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.

Recently Issued Accounting Standards

Refer to "Item 8. Financial Statements and Supplementary Data" and Note 2 to our consolidated financial statements included in Part IV, Item 15 of this report for discussion regarding the impact of accounting standards that were recently issued but not yet effective, on our consolidated financial statements.

ITEM 7A — 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 fiscal year ended June 30, 2022, approximately 37% of our net revenue was realized outside of the United States. The local currency of each international subsidiary is generally the functional currency. All revenue 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. As of June 30, 2022, 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 3.3% decrease of our 2022 fiscal year revenue, in the amount of \$6.8 million.

Following are the average currency exchange rates of U.S. \$1 into local currency for each of our international or foreign markets:

	Year ended June 30, 2022				Year ended June 30, 2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Japan	110.10	113.64	116.22	129.68	106.14	104.45	106	109.48
Australia	1.36	1.37	1.38	1.40	1.40	1.37	1.29	1.3
Hong Kong	7.78	7.79	7.81	7.85	7.75	7.75	7.76	7.77
Mexico	20.02	20.76	20.52	20.03	22.08	20.55	20.36	20.04
Canada	1.26	1.26	1.27	1.28	1.33	1.3	1.27	1.23
Thailand	32.98	33.43	33.09	34.43	31.38	30.64	30.33	31.40
Europe	0.85	0.87	0.89	0.94	0.86	0.84	0.83	0.83
Taiwan	27.87	27.84	28.00	29.44	29.36	28.49	28.09	27.98
Singapore	1.35	1.36	1.35	1.38	1.37	1.35	1.33	1.33
Philippines	50.20	50.49	51.60	52.73	48.94	48.32	48.33	48.22
China	6.47	6.40	6.35	6.61	6.92	6.63	6.49	6.46

Inflation Risk

As of the date of filing of this Annual Report, we do not believe that inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also affect consumers' willingness to make discretionary purchases on our products. Our inability or failure to do so could harm our business, financial condition, and results of operations.

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item 8 is set forth in the consolidated financial statements included in Part IV, Item 15 of this report and is incorporated into this Item 8 by reference.

ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A — 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 of June 30, 2022, 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. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were designed and operating effectively as of June 30, 2022.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our system of internal control over financial reporting is designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of our consolidated and combined financial statements for external purposes in accordance with GAAP.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of June 30, 2022. In making this assessment, we used the framework included in Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission 2013 (COSO). Based on that evaluation, our management has concluded that internal control over financial reporting was effective as of June 30, 2022.

Auditor's Attestation Report on Internal Control Over Financial Reporting

WSRP, LLC, our independent registered public accounting firm, has audited our consolidated financial statements included in this annual report on Form 10-K and has issued an attestation report, included herein, on the effectiveness of our internal control over financial reporting as of June 30, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2022 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and 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.

ITEM 9B — OTHER INFORMATION

None.

PART III

Certain information required by Part III of this report is omitted from this report pursuant to General Instruction G(3) of Form 10-K because we will file a definitive proxy statement pursuant to Regulation 14A for our fiscal year 2023 annual meeting of stockholders (the "Proxy Statement") not later than 120 days after the end of the fiscal year covered by this report, and the information included in the Proxy Statement that is required by Part III of this report is incorporated herein by reference.

ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

ITEM 11 — EXECUTIVE COMPENSATION

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

ITEM 13 — CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS, AND DIRECTORS INDEPENDENCE

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

ITEM 14 — PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated herein by reference to the information to be set forth in the Proxy Statement.

PART IV**ITEM 15 — EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The following documents are being filed as part of this report:

Financial Statements

(a)(1) Financial Statements. The following consolidated financial statements of LifeVantage Corporation and Report of Independent Registered Public Accounting Firm are included in a separate section of this Annual Report on Form 10-K.

(a)(2) All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

Exhibits

(a)(3) The following exhibits are filed as part of, or incorporated by reference into, the Annual Report on Form 10-K.

Exhibit No.	Document Description	Filed Herewith or Incorporated by Reference From
3.1	Certificate of Incorporation	Exhibit to 3.1 to Form 8-K filed on March 13, 2018.
3.2	Amended and Restated Bylaws	Exhibit 3.1 to the Current Report on Form 8-K filed on August 15, 2019
4.1	Form of Common Stock Certificate	Exhibit to 4.1 to Form 8-K filed on March 13, 2018.
4.2	Description of Capital Stock	Filed herewith.
10.1#	LifeVantage Sales Compensation Plan	Filed herewith.
10.3(a)#	LifeVantage Corporation 2010 Long-Term Incentive Plan effective as of September 27, 2010 and as amended as of August 21, 2014	Annex A to Proxy Statement on Schedule A filed on October 6, 2014.
10.3(b)#	Form of Nonstatutory Stock Option Agreement for the LifeVantage Corporation 2010 Long-Term Incentive Plan	Exhibit 4.4 to Registration Statement on Form S-8 (File No. 333-175104) filed on June 23, 2011.
10.3(c)#	Form of Incentive Stock Option Agreement for the LifeVantage Corporation 2010 Long-Term Incentive Plan	Exhibit 4.5 to Registration Statement on Form S-8 (File No. 333-175104) filed on June 23, 2011.
10.3(d)#	Form of Amended and Restated Stock Unit Agreement for the LifeVantage Corporation 2010 Long-Term Incentive Plan	Exhibit 10.3 to Form 10-Q for the fiscal quarter ended March 31, 2016 filed on May 4, 2016.
10.4*	Commercial Supply Agreement dated January 31, 2014 between LifeVantage Corporation and Deseret Laboratories, Inc.	Exhibit 10.1 to Form 10-Q for the fiscal quarter ended March 31, 2014 filed on May 6, 2014.

Exhibit No.	Document Description	Filed Herewith or Incorporated by Reference From
10.5*	Service Agreement entered into as of June 1, 2014 between IntegraCore, LLC and LifeVantage	Exhibit 10.29 to Form 10-K for the fiscal year ended June 30, 2014 filed on September 10, 2014.
10.6*	Commercial Supply Agreement entered into as of May 30, 2014 between LifeVantage Corporation and Wasatch Product Development	Exhibit 10.30 to Form 10-K for the fiscal year ended June 30, 2014 filed on September 10, 2014.
10.7	Form of Director and Officer Indemnification Agreement	Exhibit to 99.1 to Form 8-K filed on March 13, 2018.
10.8	Loan Agreement, dated March 30, 2016, by and between Z.B., N.A., LifeVantage Corporation and Lifeline Nutraceuticals Corporation	Exhibit 10.1 to Form 8-K filed on April 4, 2016.
10.9	Security Agreement, dated March 30, 2016, by and between Z.B., N.A., LifeVantage Corporation and Lifeline Nutraceuticals Corporation	Exhibit 10.2 to Form 8-K filed on April 4, 2016.
10.10#	CEO Offer Letter between the Company and Steven R. Fife dated January 31, 2021	Exhibit 10.1# to Form 10-Q filed for the fiscal quarter ended March 31, 2021 filed on April 29, 2021.
10.11#	Amended and Restated Key Executive Benefit Package between the Company and Steven R. Fife dated January 31, 2021	Exhibit 10.2# to Form 10-Q filed for the fiscal quarter ended March 31, 2021 filed on April 29, 2021.
10.12#	Forms of Key Executive Benefits Package	Filed herewith.
10.13#	Amended and Restated LifeVantage Corporation 2017 Long-Term Incentive Plan	Filed herewith.
10.14#	Form of Restricted Stock Grant Agreement for the 2017 Long-Term Incentive Plan	Exhibit 99.2 to the Registration Statement on Form S-8 filed on March 27, 2017
10.15#	Form of Stock Unit Agreement for the 2017 Long-Term Incentive Plan	Exhibit 99.3 to the Registration Statement on Form S-8 filed on March 27, 2017
10.16	Amended No.1 to Loan Agreement, dated May 4, 2018, by and between Z.B., N.A., LifeVantage Corporation and Lifeline Nutraceuticals Corporation	Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended March 31, 2018 filed on May 9, 2018.
10.17	Change in Terms Agreement dated April 1, 2021 by and between Zions Bank and the Company	Exhibit 10.3 to Form 10-Q filed for the fiscal quarter ended March 31, 2021 filed on April 29, 2021.
10.18	Second Loan Modification Agreement dated February 1, 2019 by and between Zions Bank and the Company	Exhibit 10.1 to the Form 8-K filed on February 4, 2019
10.19#	LifeVantage Corporation 2019 Employee Stock Purchase Plan	Exhibit 10.2 to the Form 8-K filed on November 19, 2018
10.20	Lease Agreement between Traverse Ridge Center III and LifeVantage Corporation dated November 14, 2019	Exhibit 10.1 to Form 10-Q on January 28, 2020
14.1	Code of Business Conduct and Ethics	Filed herewith.
21.1	List of Subsidiaries	Filed herewith.

Exhibit No.	Document Description	Filed Herewith or Incorporated by Reference From
23.1	Consent of WSRP, LLC	Filed herewith.
24.1	Power of Attorney	Signature page to this report.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101	The following financial information from the registrant's Annual Report on Form 10-K for the year ended June 30, 2022 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Other Comprehensive Income; (iii) Consolidated Statement of Stockholders' Deficit; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith.
#	Management contract or compensatory plan.	
*	The Company has been granted confidential treatment for portions of this agreement. Accordingly, certain portions of this agreement have been omitted in the version filed with this report and such confidential portions have been filed with the SEC.	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIFEVANTAGE CORPORATION

By: /s/ Steven R. Fife
 Steven R. Fife
 President and Chief Executive Officer
 Date: August 23, 2022

By: /s/ Carl A. Aure
 Carl A. Aure
 Chief Financial Officer
 Date: August 23, 2022

Each person whose individual signature appears below hereby constitutes and appoints Steven R. Fife with full power of substitution and re-substitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this report, and to file the same, with all exhibits thereto, and other

documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Date	Title
<u>/s/ Steven R. Fife</u> Steven R. Fife	August 23, 2022	President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Garry Mauro</u> Garry Mauro	August 23, 2022	Chairman of the Board
<u>/s/ Michael A. Beindorff</u> Michael A. Beindorff	August 23, 2022	Director
<u>/s/ Erin Brockovich</u> Erin Brockovich	August 23, 2022	Director
<u>/s/ Raymond B. Greer</u> Raymond B. Greer	August 23, 2022	Director
<u>/s/ Cynthia Latham</u> Cynthia Latham	August 23, 2022	Director
<u>/s/ Darwin K. Lewis</u> Darwin K. Lewis	August 23, 2022	Director

LIFEVANTAGE CORPORATION

Index to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm (WSRP, LLC, Salt Lake City, UT, Auditor Firm ID: 374)	58
Consolidated Financial Statements:	
Consolidated Balance Sheets	61
Consolidated Statements of Operations and Comprehensive Income	62
Consolidated Statements of Stockholders' Equity	63
Consolidated Statements of Cash Flows	64
Notes to Consolidated Financial Statements	66

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
of LifeVantage Corporation
Lehi, Utah

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of LifeVantage Corporation and subsidiaries (the Company) as of June 30, 2022, and 2021, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2022, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022, and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2022, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2022, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 23, 2022, expressed an unqualified opinion.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Income Tax Provision

As discussed in Note 12 to the consolidated financial statements, The Company's income tax expense includes U.S., state, local and international income taxes. Deferred tax assets and liabilities are recognized for the consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is based on the enacted tax rate for the year and the manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

We identified management's calculation of income tax expense and deferred tax assets and liabilities (net of valuation allowance) as a critical audit matter because of the significant judgments and estimates management makes to determine these amounts as well as the complex nature of having multiple foreign jurisdiction's roll into the consolidated global tax provision. Performing audit procedures to evaluate the reasonableness of management's interpretation of tax law in various foreign

jurisdictions, and its estimate of the associated provisions and tax charges required a high degree of auditor judgment and increased effort.

The primary procedures we performed to address this critical audit matter include:

1. Obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the income tax provision for income taxes and deferred tax assets and liabilities (including valuation allowances).
2. Assessed the Company's income tax expense and deferred tax liabilities by evaluating the income tax provision calculation, including testing the appropriateness of the income tax rates applied and of income allocations among the various taxing jurisdictions, and reperforming the mathematical accuracy of the calculations; evaluating the Company's analyses supporting its conclusions as to the recognition and measurement of deferred tax assets and liabilities, including the calculation of the deferred tax asset resulting from the carryover of net operating losses; evaluating management's assessment of the Company's ability to utilize the deferred tax assets in future years; and evaluating the Company's disclosures related to the provision for income taxes and deferred tax assets and liabilities (including valuation allowances).

Cost Method Investment Impairment Analysis

Description of the Matter

As discussed in Note 6 to the consolidated financial statements, the Company has an equity investment without a readily determinable fair value. The Company has elected the measurement alternative for this investment and valued the investment at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. The Company performs an impairment indicator analysis each year. The impairment test is performed using a qualitative evaluation. During the fourth quarter of fiscal year ended June 30, 2022, the Company determined its equity investment had significantly declined as a result of the business failing to achieve profitability due to a weak market environment for its products. The Company determined the book value of its equity investment exceeded the fair value and concluded the decline was other than temporary, resulting in the Company recording an impairment charge of \$2.2 million.

The primary procedures we performed to address this critical audit matter include:

1. Obtained an understanding of the impairment analysis prepared by management and evaluated the conclusions reached around the impairment of the equity investment.
2. Tested management assumptions and analysis.
3. Assessed management's key indicators regarding impairment considerations compared to tests of underlying data.
4. Interviewed the audit committee chairman, and management of the Company related to the conclusions reached that the equity investments was impaired.

/s/ WSRR, LLC

We have served as the Company's auditor since 2016.
Salt Lake City, Utah
August 23, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
of LifeVantage Corporation
Lehi, Utah

Opinion on Internal Control over Financial Reporting

We have audited LifeVantage Corporation and subsidiaries' (the Company's) internal control over financial reporting as of June 30, 2022, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2022, based on criteria established in Internal Control-Integrated Framework (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows of the Company, and our report dated August 23, 2022, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ WSRP, LLC

Salt Lake City, Utah
August 23, 2022

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30,	
	2022	2021
<i>(In thousands, except per share data)</i>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 20,190	\$ 23,174
Accounts receivable	3,338	2,925
Income tax receivable	1,752	1,038
Inventory, net	16,472	16,145
Prepaid expenses and other	5,205	4,772
Total current assets	46,957	48,054
Property and equipment, net	9,500	11,123
Right-of-use assets	11,040	13,700
Intangible assets, net	587	719
Deferred income tax asset	1,289	1,208
Equity securities	—	2,205
Other long-term assets	1,333	1,723
TOTAL ASSETS	\$ 70,706	\$ 78,732
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 7,462	\$ 6,744
Commissions payable	7,285	8,138
Income tax payable	453	830
Lease liabilities	2,601	2,151
Other accrued expenses	7,927	7,336
Total current liabilities	25,728	25,199
Long-term lease liabilities	13,154	16,032
Other long-term liabilities	308	694
Total liabilities	39,190	41,925
Commitments and contingencies — Note 14		
Stockholders' equity		
Preferred stock — par value \$0.0001 per share, 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock — par value \$0.0001 per share, 40,000 shares authorized and 12,493 and 13,609 issued and outstanding as of June 30, 2022 and 2021, respectively	1	1
Additional paid-in capital	131,075	129,048
Accumulated deficit	(98,437)	(92,346)
Accumulated other comprehensive (loss) income	(1,123)	104
Total stockholders' equity	31,516	36,807
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 70,706	\$ 78,732

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the years ended June 30,		
	2022	2021	2020
<i>(In thousands, except per share data)</i>			
Revenue, net	\$ 206,360	\$ 220,181	\$ 232,915
Cost of sales	38,097	38,187	37,964
Gross profit	168,263	181,994	194,951
Operating expenses:			
Commissions and incentives	97,263	103,541	111,571
Selling, general and administrative	63,425	60,838	67,914
Total operating expenses	160,688	164,379	179,485
Operating income	7,575	17,615	15,466
Other expense:			
Interest expense	(10)	(17)	(120)
Other expense, net	(669)	(366)	(685)
Impairment of investment	(2,205)	—	—
Total other expense	(2,884)	(383)	(805)
Income before income taxes	4,691	17,232	14,661
Income tax expense	(1,571)	(4,338)	(3,112)
Net income	\$ 3,120	\$ 12,894	\$ 11,549
Net income per share:			
Basic	\$ 0.24	\$ 0.92	\$ 0.82
Diluted	\$ 0.24	\$ 0.90	\$ 0.79
Weighted-average shares outstanding:			
Basic	12,886	14,070	14,105
Diluted	13,069	14,268	14,599
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	(1,227)	(40)	82
Other comprehensive (loss) income, net of tax:	(1,227)	(40)	82
Comprehensive income	\$ 1,893	\$ 12,854	\$ 11,631

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended June 30, 2022, 2021 and 2020

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
<i>(In thousands)</i>						
Balances, June 30, 2019	14,114	\$ 1	\$ 127,096	\$ (99,960)	\$ 62	\$ 27,199
Cumulative effect of adoption of accounting principle	—	—	—	508	—	508
Balances, July 1, 2019	14,114	\$ 1	\$ 127,096	\$ (99,452)	\$ 62	\$ 27,707
Stock-based compensation	—	—	4,837	—	—	4,837
Exercise of options	25	—	76	—	—	76
Common stock issued under employee stock purchase plan	64	—	653	—	—	653
Common stock issued under equity award plans	910	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(413)	—	(6,246)	—	—	(6,246)
Repurchase of company stock	(387)	—	—	(5,404)	—	(5,404)
Currency translation adjustment	—	—	—	—	82	82
Net income	—	—	—	11,549	—	11,549
Balances, June 30, 2020	14,313	\$ 1	\$ 126,416	\$ (93,307)	\$ 144	\$ 33,254
Stock-based compensation	—	—	2,152	—	—	2,152
Exercise of options	289	—	1,379	—	—	1,379
Common stock issued under employee stock purchase plan	59	—	517	—	—	517
Common stock issued under equity award plans	230	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(86)	—	(1,416)	—	—	(1,416)
Repurchase of company stock	(1,196)	—	—	(11,933)	—	(11,933)
Currency translation adjustment	—	—	—	—	(40)	(40)
Net income	—	—	—	12,894	—	12,894
Balances, June 30, 2021	13,609	\$ 1	\$ 129,048	\$ (92,346)	\$ 104	\$ 36,807
Stock-based compensation	—	—	1,768	—	—	1,768
Exercise of options	30	—	133	—	—	133
Common stock issued under employee stock purchase plan	68	—	372	—	—	372
Common stock issued under equity award plans	169	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(39)	—	(246)	—	—	(246)
Repurchase of company stock	(1,344)	—	—	(8,833)	—	(8,833)
Cash dividends	—	—	—	(378)	—	(378)
Currency translation adjustment	—	—	—	—	(1,227)	(1,227)
Net income	—	—	—	3,120	—	3,120
Balances, June 30, 2022	12,493	\$ 1	\$ 131,075	\$ (98,437)	\$ (1,123)	\$ 31,516

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended June 30,		
	2022	2021	2020
<i>(In thousands)</i>			
Cash Flows from Operating Activities:			
Net income	\$ 3,120	\$ 12,894	\$ 11,549
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,261	3,460	2,777
Stock-based compensation	1,768	2,036	4,919
Amortization of right-of-use assets	1,786	2,365	2,323
Impairment of investment	2,205	—	—
Gain on sale of fixed assets	—	(7)	—
Amortization of deferred financing fees	—	—	7
Amortization of debt discount	—	—	39
Deferred income tax	(81)	955	364
Changes in operating assets and liabilities:			
Accounts receivable	(614)	(265)	(539)
Income tax receivable	(713)	(1,036)	1,237
Inventory, net	(1,186)	(2,069)	(152)
Prepaid expenses and other	(551)	486	(29)
Other long-term assets	139	59	(483)
Accounts payable	824	3,214	(1,648)
Income tax payable	(377)	46	193
Other accrued expenses	357	(3,659)	432
Lease liabilities	(1,644)	(1,913)	(2,698)
Other long-term liabilities	(335)	(293)	35
Net Cash Provided by Operating Activities	7,959	16,273	18,326
Cash Flows from Investing Activities:			
Purchase of equipment	(1,530)	(3,741)	(2,681)
Proceeds from sale of fixed assets	—	7	—
Net Cash Used in Investing Activities	(1,530)	(3,734)	(2,681)
Cash Flows from Financing Activities:			
Repurchase of company stock	(8,833)	(11,933)	(5,405)
Payment of cash dividends	(378)	—	—
Payment on term loan	—	—	(1,500)
Shares purchased as payment of tax withholding and other	(246)	(1,416)	(6,246)
Proceeds from common stock issued under employee stock purchase plan	372	517	653
Exercise of options and warrants	133	1,379	76
Net Cash Used in Financing Activities	(8,952)	(11,453)	(12,422)
Foreign Currency Effect on Cash	(461)	(50)	91
(Decrease) Increase in Cash and Cash Equivalents	(2,984)	1,036	3,314
Cash and Cash Equivalents — beginning of period	23,174	22,138	18,824
Cash and Cash Equivalents — end of period	\$ 20,190	\$ 23,174	\$ 22,138

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

<i>(In thousands)</i>	For the years ended June 30,					
	2022		2021		2020	
Non Cash Investing and Financing Activities:						
Increase in property and equipment and lease liabilities from lease incentives	\$	—	\$	3,543	\$	—
Conversion of convertible notes receivable to equity securities	\$	—	\$	—	\$	2,205
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash paid for interest	\$	10	\$	17	\$	44
Cash paid for income taxes	\$	2,601	\$	4,017	\$	1,623

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company

LifeVantage Corporation (the "Company" or "we" or "our" or "us") is a company focused on nutrigenomics, the study of how nutrition and naturally occurring compounds affect human genes to support good health. The Company is dedicated to helping people achieve their health, wellness and financial goals. The Company provides quality, scientifically-validated products to customers and independent distributors as well as a financially rewarding commission-based direct sales opportunity to its independent distributors. LifeVantage sells its products in the United States, Mexico, Japan, Australia, Hong Kong, Canada, Thailand, the United Kingdom, the Netherlands, Germany, Taiwan, Austria, Spain, Ireland, Belgium, New Zealand, Singapore, and the Philippines. The Company also sells its products in a number of countries to customers for personal consumption only. In addition, the Company sells its products in China through a China approved cross-border e-commerce business model.

The Company engages in the identification, research, development, formulation and sale of advanced nutrigenomic activators, dietary supplements, nootropics, pre- and pro-biotics, weight management, skin and hair care, bath & body, and targeted relief products. The Company's line of scientifically validated dietary supplements includes its flagship Protandim® family of products, LifeVantage® Omega+, ProBio, IC Bright®, and Daily Wellness dietary supplements. TrueScience® is the Company's line of skin, hair, bath & body, and targeted relief products. The Company also markets and sells Petandim®, its companion pet supplement formulated to combat oxidative stress in dogs, Axio® its nootropic energy drink mixes, and PhysIQ™, its smart weight management system.

The Company was incorporated in Colorado in June 1988 under the name Andraplex Corporation. The Company changed its corporate name to Yaak River Resources, Inc. in January 1992, and subsequently changed it again in October 2004 to Lifeline Therapeutics, Inc. In October 2004 and March 2005, the Company acquired all of the outstanding common stock of Lifeline Nutraceuticals Corporation. In November 2006, the Company changed its name to LifeVantage Corporation.

In March 2018, following approval by the Company's stockholders at its fiscal year 2018 Annual Meeting of Stockholders, the Company changed its state of incorporation from Colorado to Delaware pursuant to a plan of conversion. All outstanding shares of common stock, options and share units of the Colorado corporation were converted into an equivalent share, option or share unit of the Delaware corporation and the par value of the Company's common stock was adjusted to \$0.0001. All directors and officers of the Colorado corporation held the same position within the Delaware corporation on the date of reincorporation.

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. Certain other prior period balances have also been reclassified to conform to the current period presentation.

Use of Estimates

The Company prepares the consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America (GAAP). In preparing these statements, the Company is 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 revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. On an ongoing basis, the Company reviews its estimates, including, but not limited to, those related to inventory valuation and obsolescence, sales returns, income taxes and tax valuation reserves, transfer pricing methodology and positions, impairment of assets, share-based compensation, and loss contingencies.

Foreign Currency Translation

A portion of the Company's business operations occurs outside the United States. The local currency of each of the Company's subsidiaries generally is 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 consolidated balance sheets and as a component of comprehensive

income. Transaction gains and losses are included in other expense, net in the consolidated statements of operations and comprehensive income.

Fair Value of Financial Instruments

The Company accounts for assets and liabilities using a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the fair-value hierarchy below. This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value.

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Equity securities held by the Company are measured at fair value on a nonrecurring basis; that is, the assets are not measured at fair value on an ongoing basis but are instead subject to fair value adjustments using fair value measurements with unobservable inputs (level 3), in certain circumstances (e.g., when there is evidence of impairment).

Cash and Cash Equivalents

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

Accounts Receivable

The Company's accounts receivable for the fiscal years ended June 30, 2022 and 2021 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 related to its customer sales as of June 30, 2022 or 2021 is not necessary. No bad debt expense was recorded for the fiscal years ended June 30, 2022, 2021 and 2020.

Inventory

As of June 30, 2022 and 2021, inventory consisted of (in thousands):

	As of June 30,			
	2022		2021	
Finished goods	\$ 12,674	76.9 %	\$ 12,225	75.7 %
Raw materials	3,798	23.1 %	3,920	24.3 %
Total inventory	\$ 16,472	100.0 %	\$ 16,145	100.0 %

Inventories are carried at the lower of cost or net realizable value, using the first-in, first-out method, which includes a reduction in inventory values of \$1.3 million and \$0.5 million at June 30, 2022 and 2021, respectively, related to obsolete and slow-moving inventory.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following useful lives:

	Years
Equipment (includes computer hardware and software)	3 - 5
Furniture and fixtures	5
Vehicles	5

Leasehold improvements are depreciated over the shorter of estimated useful life of the related asset or the lease term.

The cost of normal maintenance and repairs is charged to expense as incurred. When an asset is sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the consolidated statements of operations and comprehensive income in other expense, net. Significant expenditures that increase the useful life of an asset are capitalized and depreciated over the estimated useful life of the asset. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Definite-lived intangible assets are amortized over their related useful lives, using a straight-line method, consistent with the underlying expected future cash flows related to the specific intangible asset. Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances exist that indicate the carrying amount of an asset may not be recoverable. When indicators of impairment exist, an estimate of undiscounted net cash flows is used in measuring whether the carrying amount of the asset or related asset group is recoverable. Measurement of the amount of impairment, if any, is based upon the difference between the asset's carrying value and estimated fair value.

Indefinite-lived intangible assets are not amortized; however, they are tested at least annually for impairment or more frequently if events or changes in circumstances exist that may indicate impairment. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value. Annual impairment tests on intangible assets were completed for the fiscal years ended June 30, 2022 and 2021, resulting in no impairment charges.

Impairment of Long-Lived Assets

Pursuant to guidance established for impairment or disposal of assets, the Company assesses impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. When an assessment for impairment of long-lived assets, long-lived assets to be disposed of, and certain identifiable intangibles related to those assets is performed, the Company is required to compare the net carrying value of long-lived assets on the lowest level at which cash flows can be determined on a consistent basis to the related estimates of future undiscounted net cash flows for such assets. If the net carrying value exceeds the net cash flows, then an impairment is recognized to reduce the carrying value to the estimated fair value, generally equal to the future discounted net cash flow. For the fiscal years ended June 30, 2022 and 2021, management has concluded that there are no indications of impairment.

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 cash equivalents. At June 30, 2022, the Company had \$15.4 million in cash accounts at one financial institution and \$4.8 million in other financial institutions. As of June 30, 2022 and 2021, and during the years then ended, the Company's cash balances exceeded federally insured limits.

Commissions and Incentives

Commissions and incentives expenses are the Company's most significant expenses and are classified as operating expenses. Commissions and incentives expenses include sales commissions paid to the Company's independent distributors, special incentives, costs for incentive trips and other rewards. Commissions and incentives expenses do not include any amounts the Company pays to its independent distributors for personal purchases. Commissions paid to independent distributors on personal purchases are considered a sales discount and are reported as a reduction to net revenue.

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 all 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 fiscal years ended June 30, 2022, 2021 and 2020 were \$0.7 million, \$0.7 million and \$0.9 million, respectively.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification ("ASC") 842. The Company reviews all contracts and determines if the arrangement is or contains a lease, at inception. Operating leases are included in right-of-use ("ROU") assets, current lease liabilities and long-term lease liabilities on the condensed consolidated balance sheets. The Company does not have any finance leases.

Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The operating lease ROU asset also includes any upfront lease payments made and excludes lease incentives and initial direct costs incurred. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less are not recorded on the balance sheet. The Company's lease agreements do not contain any residual value guarantees.

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. The Company estimates forfeitures based on historical information and other management assumptions. 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 and options under the Company's 2019 Employee Stock Purchase Plan. The determination of the fair value of 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 data for estimating the expected volatility and expected life of stock options required in the Black-Scholes model. 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, including performance restricted stock units that include non-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. 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.

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, updated as needed for changes in corporate tax rates. 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. The Company recognizes tax liabilities or benefits from an uncertain position only if it is more likely than not that the position will be sustained upon examination by taxing authorities based on the technical merits of the issue. The amount recognized would be the largest liability or benefit that the Company believes has greater than a 50% likelihood of being realized upon settlement.

Income Per Share

Basic income per common share is computed by dividing 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 fiscal years ended June 30, 2022, 2021 and 2020, the effects of approximately 0.2 million, 0.1 million and 0.1 million common shares, respectively, issuable upon exercise of options and non-vested shares of restricted stock, are not included in the computations as 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):

	Years ended June 30,		
	2022	2021	2020
Numerator:			
Net income	\$ 3,120	\$ 12,894	\$ 11,549
Denominator:			
Basic weighted-average common shares outstanding	12,886	14,070	14,105
Effect of dilutive securities:			
Stock awards and options	183	198	494
Diluted weighted-average common shares outstanding	13,069	14,268	14,599
Net income per share, basic	\$ 0.24	\$ 0.92	\$ 0.82
Net income per share, diluted	\$ 0.24	\$ 0.90	\$ 0.79

Segment Information

The Company operates in a single operating segment by selling products directly to customers through 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 disaggregates revenue in two geographic regions: the Americas region and the Asia/Pacific & Europe region. See disaggregated revenue in Note 3.

The following table presents the Company's long-lived assets for its most significant geographic markets (in thousands):

	June 30,	
	2022	2021
United States	\$ 19,790	\$ 22,696
Japan	\$ 1,869	\$ 3,363

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which requires all lessees to recognize both a right-of-use asset and lease liability 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 Company adopted Topic 842 on July 1, 2019, using the modified retrospective transition method. The Company elected the practical expedients available under the provisions of the new standard, including: not reassessing whether expired or existing contracts are or contain leases; not reassessing the classification of expired or existing leases; not reassessing the initial direct cost for any existing leases; and using hindsight in determining the lease term. Upon adoption, the Company recognized cumulative operating lease liabilities of \$3.9 million and operating right-of-use assets of \$3.3 million. Additionally, a one-time beginning balance adjustment of \$0.5 million was recognized in the condensed consolidated statement of stockholders' equity due to an update to the expected term of an operating lease.

Note 3 — Revenue

Revenue is recognized when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Sales, value add, and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

The Company generates the majority of its revenue through product sales to customers. These products include the Protandim® line of dietary supplements, LifeVantage® Omega+, ProBio, and Daily Wellness dietary supplements, TrueScience® skin, hair, bath & body and targeted relief, IC Bright®, Petandim®, Axio® nootropic energy drink mixes, and the PhysIQ smart weight management system. The Company ships most of its product directly to the consumer and receives substantially all payment for product sales in the form of credit card receipts. Revenue from direct product sales to customers is recognized upon shipment, which is when passage of title and risk of loss occurs. For items sold in packs and bundles, the Company determines the standalone selling price at contract inception for each distinct good, and then allocates the transaction price on a

relative standalone selling price basis. Any discounts are accounted for as a direct reduction to the transaction price. Shipping and handling revenue is recognized upon shipment when the performance obligation is completed.

The Company also charges amounts to independent distributors to attend events that it holds. Tickets to events are sold as standalone items or included within packs. For event tickets sold in packs, the Company allocates a portion of the transaction price to the ticket on a relative standalone selling price basis, adjusted for the probability of the tickets being redeemed for attendance at a future event. Any discounts are accounted for as a direct reduction to the transaction price. Fee revenue associated with ticket sales is recorded in the month that the event is held, which is when the Company has performed its obligations under the contract.

Deferred Revenue

The Company records deferred revenue when cash payments are received or due in advance of performance, including amounts which are refundable. Deferred revenue is included in accrued expenses in the condensed consolidated balance sheets. The Company pre-sells tickets to its events. When cash payments are received in advance of events, the cash received is recorded to deferred revenue until the event is held, at which time the Company has performed its obligations under the contract and the revenue is recognized.

Sales Returns and Allowances

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. After 30 days of purchase, only unopened product that is in a resalable and restockable condition may be returned within twelve months of purchase and shall receive a 100% refund, less a 10% handling and restocking fee and any shipping and handling costs. The Company establishes a refund liability reserve, and an asset reserve for its right to recover products, based on historical experience. The returns asset reserve and returns liability reserve are evaluated on a quarterly basis. As of June 30, 2022 and 2021, the Company's return liability reserve, net was \$0.1 million and \$0.2 million, respectively.

Geographic Information

The Company reports revenue in two geographic regions: the Americas region and the Asia/Pacific & Europe region. The following table presents the Company's revenue disaggregated by these two geographic regions (in thousands):

	Years ended June 30,					
	2022		2021		2020	
Americas	\$	138,323	\$	154,655	\$	166,336
Asia/Pacific & Europe		68,037		65,526		66,579
Total revenue	\$	206,360	\$	220,181	\$	232,915

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

	Years ended June 30,					
	2022		2021		2020	
United States	\$	130,932	\$	144,897	\$	155,480
Japan	\$	36,810	\$	41,173	\$	42,343

Major Products

The Company's revenue is largely attributed to two product lines, Protandim® and TrueScience®, which each accounted for more than 10% of total revenue for each of the fiscal years ended June 30, 2022, 2021, and 2020. On a combined basis, the Protandim® and TrueScience® product lines represent approximately 76.8%, 78.5% and 77.3% of the Company's total revenue for the fiscal years ended June 30, 2022, 2021 and 2020, respectively. The following table shows revenue by major product line for the fiscal years ended June 30, 2022, 2021 and 2020:

	Years ended June 30,					
	2022		2021		2020	
Protandim® product line	\$ 135,616	65.7 %	\$ 150,272	68.2 %	\$ 156,335	67.1 %
TrueScience® product line	22,877	11.1 %	22,617	10.3 %	23,739	10.2 %
Other	47,867	23.2 %	47,292	21.5 %	52,841	22.7 %
Total	\$ 206,360	100.0 %	\$ 220,181	100.0 %	\$ 232,915	100.0 %

Note 4 — Property and Equipment, Net

Property and equipment, net consist of (in thousands):

	June 30,			
	2022		2021	
Equipment (includes computer hardware and software)	\$ 17,781	\$ 16,850		
Furniture and fixtures	1,320	1,211		
Leasehold improvements	6,034	6,037		
Vehicles	51	51		
Accumulated depreciation	(15,686)	(13,026)		
Total property and equipment, net	\$ 9,500	\$ 11,123		

Depreciation expense totaled \$3.1 million, \$3.3 million and \$2.6 million for the fiscal years ended June 30, 2022, 2021 and 2020, respectively.

Note 5 — Intangible Assets, Net

Intangible assets, net consist of (in thousands):

	June 30,			
	2022		2021	
Patent costs	\$ 2,330	\$ 2,330		
Accumulated amortization	(1,988)	(1,856)		
Total definite-lived intangible assets, net	342	474		
Trademarks and other indefinite-lived intangible assets	245	245		
Total intangible assets, net	\$ 587	\$ 719		

Amortization expense totaled \$0.1 million, \$0.1 million and \$0.1 million for the fiscal years ended June 30, 2022, 2021 and 2020, respectively. As of June 30, 2022, the remaining weighted-average amortization period for definite-lived intangible assets was 2.75 years. Annual estimated amortization expense is expected to approximate \$0.1 million for each of the three succeeding fiscal years.

Note 6 — Gig Economy Group Investment

Convertible Note Receivable

The Company entered into a convertible promissory note agreement with Gig Economy Group, Inc. ("GEG") pursuant to which the Company agreed to loan to GEG up to an aggregate of \$2.0 million in a series of loan installments, evidenced by a convertible promissory note having a maturity date of May 31, 2019 ("Convertible Note"). The Convertible Note accrued interest at a rate of 8% per annum, compounded annually. On May 17, 2019, the Company and GEG entered into an amendment agreement to extend the maturity date of the Convertible Note to December 31, 2019. In all other aspects, the Convertible Note remained unchanged from the original agreement. Pursuant to a Common Stock Purchase Agreement between the Company and GEG dated December 16, 2019, GEG issued to the Company 1,000,000 shares of GEG's common stock, par value \$0.0001 per share, in consideration for conversion and cancellation of all principal, interest and other amounts due under the Convertible Note (representing \$2.2 million in aggregate consideration).

Equity Securities under ASC 321

At December 31, 2019, the Company held a minority interest (less than 20%) in GEG, accounted for under ASC 321, *Investments - Equity Securities* ("ASC 321"), which is included in equity securities in the condensed consolidated balance sheets. Dividends received are reported in earnings if and when received. The Company reviews securities individually for impairment by evaluating if events or circumstances have occurred that may indicate the fair value of the investment is less than its carrying value. If such events or circumstances have occurred, the Company estimates the fair value of the investment and recognizes an impairment loss in other expense, net on the condensed consolidated statements of operations and comprehensive income equal to the difference between the fair value of the investment and its carrying value. The estimated fair value of the investment is determined using unobservable inputs including assumptions by GEG's management and quantitative information such as lower valuations in recently completed or proposed financings. These inputs are classified as Level 3.

Equity securities held by the Company lack readily determinable fair values and therefore the securities are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar equity securities of the same issuer. The carrying amount of equity securities held by the Company without readily determinable fair values was \$2.2 million at June 30, 2021. During the fiscal year ended June 30, 2021, there were no price changes or impairments recognized. During the fourth quarter of fiscal year ended June 30, 2022, the Company determined its investment in GEG had declined significantly as a result of the business failing to achieve profitability due to weak market conditions for its products. The Company determined the book value of its investment exceeded its fair value and concluded this decline in value was other than temporary. The Company recorded non-cash impairment charges of \$2.2 million related to these equity securities.

Note 7 — Other Accrued Expenses

Other accrued expenses consist of (in thousands):

	June 30,	
	2022	2021
Accrued incentive compensation	\$ 708	\$ 1,497
Accrued severance	263	—
Other taxes payable	1,753	1,959
Accrued other expenses	1,901	1,657
Accrued payable to vendors	461	847
Deferred revenue	78	319
Accrued incentives and promotions to distributors	2,763	1,057
Total other accrued expenses	<u>\$ 7,927</u>	<u>\$ 7,336</u>

Note 8 — Long-Term Debt

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

The principal amount of the 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. If the Company borrows under the 2016 Revolving Loan, interest will be payable quarterly in arrears on the last day of each fiscal quarter.

On May 4, 2018, the Company entered into a loan modification agreement, which amended the 2016 Credit Facility ("Amendment No. 1"). Amendment No. 1 revised the maturity date from March 30, 2019 to March 31, 2021 and increased the fixed interest rate for the term loan from 4.93% to 5.68%. Amendment No. 1 also revised certain financial covenants. The minimum fixed charge coverage ratio (as defined in Amendment No. 1) was revised from a minimum of 1.50 to 1.00 to 1.25 to 1.00, measured on a trailing twelve-month basis, at the end of each fiscal quarter. The minimum working capital was increased from \$5.0 million to \$8.0 million. The funded debt to EBITDA ratio was replaced with the total liabilities to tangible net worth ratio (as defined in Amendment No. 1) of not greater than 3.00 to 1.00 at the end of each quarter. The minimum tangible net worth measure was removed from the financial covenants.

The Company's obligations under the 2016 Credit Facility, as amended, are secured by a security interest in substantially all of the Company's assets. Loans outstanding under the 2016 Credit Facility, as amended, 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 2016 Revolving Loan, as amended, exceeds \$2.0 million, the Company must prepay an amount equal to such excess. Any principal amount of the 2016 Term Loan, as amended, which is prepaid or repaid may not be re-borrowed.

On February 1, 2019, the Company entered into a loan modification agreement, which amended the 2016 Credit Facility, as amended ("Amendment No. 2"). Under Amendment No. 2, the Company made a principal payment of \$2.0 million and increased the revolving loan facility from \$2.0 million to \$5.0 million. Amendment No. 2 also revised certain financial covenants. The minimum fixed charge coverage ratio (as defined in Amendment No. 2) was revised from a minimum of 1.25 to 1.00 to 1.10 to 1.00, measured on a trailing twelve-month basis, at the end of each fiscal quarter. The minimum working capital was decreased from \$8.0 million to \$6.0 million.

On April 1, 2021, the Company entered into a loan modification agreement ("Amendment No. 3"), which amended the 2016 Credit Facility, as previously amended. Amendment No. 3 revised the maturity date from March 31, 2021 to March 31, 2024 and modified the variable interest rate based on the one-month United States Treasury Rate, plus a margin of 3.00%, with an interest rate floor of 4.00%. As of June 30, 2021, the effective interest rate is 4.00%. Amendment No. 3 also revised the debt (total liabilities) to tangible net worth ratio (as defined in Amendment No. 3) covenant to require that the Company maintain this ratio not in excess of 2.00 to 1.00, measured as of the end of each fiscal quarter, and revised the definition and calculation of the minimum fixed charge coverage ratio (as defined in Amendment No. 3). There were no other changes to the covenants or revolving loan facility as set forth in Amendment No. 2.

The 2016 Credit Facility, as amended, 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 without prior approval, 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 2016 Credit Facility, as amended, also contains various financial covenants that require the Company to maintain a certain consolidated working capital amounts, total liabilities to tangible net worth ratios and fixed charge coverage ratios. Additionally, the 2016 Credit Facility, as amended, 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 2016 Credit Facility, as amended. In May 2022, the Company received consent to pay out the quarterly cash dividend of \$0.03 per common share to stockholders.

As of June 30, 2022, the Company was in not in compliance with its financial covenant related to the minimum fixed charge coverage ratio under the 2016 Credit Facility, as amended. As of June 30, 2022, there was no balance outstanding on this credit facility. The Company requested, and was granted, a waiver related to this covenant violation as of June 30, 2022. The Company is in the process of renegotiating the terms of the amended 2016 Credit Facility and expects that a revised loan agreement will be in place in the first quarter of fiscal 2023.

The Company's book value for the 2016 Credit Facility, as amended, approximates the fair value. During the fiscal year ended June 30, 2020, the Company repaid, in full, the remaining balance of the 2016 Term Loan in accordance with the terms of the 2016 Credit Facility, as amended.

Note 9 — Stockholders' Equity

During the fiscal years ended June 30, 2022, 2021 and 2020, the Company issued 30,000, 0.3 million and 25,000 shares, respectively, of common stock as a result of the exercise of options. During the fiscal years ended June 30, 2022, 2021 and 2020, the Company issued 0.2 million, 0.2 million and 0.9 million shares, respectively, under the Company's equity incentive plans. During the fiscal years ended June 30, 2022, 2021 and 2020, 39,000, 0.1 million and 0.4 million shares, respectively, of restricted stock were canceled or surrendered as payment of tax withholding upon vesting. During the fiscal years ended June 30, 2022, 2021 and 2020, the Company sold 0.1 million, 0.1 million and 0.1 million shares under its 2019 Employee Stock Purchase Plan, respectively.

On November 27, 2017, the Company's board of directors approved a stock repurchase plan, which was subsequently amended on February 1, 2019. Under the plan, the Company was authorized to repurchase up to \$15.0 million of its outstanding shares through November 27, 2020. On August 27, 2020, the Board of Directors approved an amendment to the share repurchase program to increase the authorized share repurchase amount from \$15 million to \$35 million and to extend the duration of the program through November 30, 2023 and, on February 17, 2022, the Board of Directors approved an amendment to the share repurchase program to increase the authorized share repurchase amount from \$35 million to \$60 million. The repurchase program permits the Company to purchase shares from time to time through a variety of methods,

including in the open market, through privately negotiated transactions or other means as determined by the Company's management, in accordance with applicable securities laws. As part of the repurchase program, the Company may enter into a pre-arranged stock repurchase plan which operates in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. Accordingly, any transactions under such stock repurchase plan would be completed in accordance with the terms of the plan, including specified price, volume and timing conditions. The authorization may be suspended or discontinued at any time. During year ended June 30, 2022, the Company purchased 1.3 million shares of its common stock at an aggregate purchase price of \$8.8 million under this repurchase program. During the fiscal year ending June 30, 2021, the Company purchased 1.2 million shares of its common stock at an aggregate purchase price of \$11.9 million under this repurchase program. At June 30, 2022, there is \$27.7 million remaining under this repurchase program.

The Company's Certificate of Incorporation authorizes the designation and issuance shares of preferred stock. However, as of June 30, 2022, none have been issued nor have any rights or preferences been assigned to the preferred stock by the Company's board of directors.

Dividends

On May 3, 2022, the board of directors declared a quarterly cash dividend of \$0.03 per share of common stock to stockholders of record as of May 17, 2022 and was paid on May 31, 2022. Quarterly cash dividend for the year ended June 30, 2022 totaled 0.4 million, or \$0.03 per share. In August 2022, the board of directors declared a quarterly cash dividend of \$0.03 per share of common stock to be paid on September 15, 2022, to stockholders of record on September 2, 2022.

The declaration of dividends is subject to the discretion of our board of directors and will depend upon various factors, including our earnings, financial condition, restrictions imposed by any indebtedness that may be outstanding, cash requirements, future prospects and other factors deemed relevant by our board of directors.

Note 10 — Share-Based Compensation

Long-Term Incentive Plans

Equity-Settled Plans

The Company adopted, and the stockholders 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. Effective November 21, 2016, no new awards can be granted under the 2007 Plan. As of June 30, 2022 there were no stock option awards outstanding under the 2007 Plan.

The Company adopted, and the stockholders approved, the 2010 Long-Term Incentive Plan (the "2010 Plan"), effective September 27, 2010, as amended on August 21, 2014, to provide incentives to certain eligible employees, directors and consultants. A maximum of 1.0 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 \$9.31 and \$19.74 per share, and vest over one to four year vesting periods. Awards expire in accordance with the terms of each award. The contractual term of stock options granted is generally ten years. No new awards will be granted under the 2010 Plan and forfeited or terminated shares may be added to the 2017 Plan pool as described below. As of June 30, 2022, under the 2010 Plan, there were stock option awards outstanding, net of awards expired, for an aggregate of 20,000 shares of the Company's common stock.

The Company adopted, and the stockholders approved, the 2017 Long-Term Incentive Plan (the "2017 Plan"), effective February 16, 2017, to provide incentives to eligible employees, directors and consultants. On February 2, 2018, November 15, 2018, and November 12, 2020, the stockholders approved amendments to the 2017 Plan to increase by 425,000 shares, 715,000 shares, and 650,000 shares respectively, the number of shares of the Company's common stock that are available for issuance under the 2017 Plan. As of June 30, 2022, a maximum of 2.9 million shares of the Company's common stock can be issued under the 2017 Plan in connection with the grant of awards which is calculated as the sum of (i) 2,440,000 shares and (ii) up to 475,000 shares previously reserved for issuance under the 2010 Plan, including shares returned upon cancellation, termination or forfeiture of awards that were previously granted under that plan. Outstanding stock options awarded under the 2017 Plan have exercise prices of \$4.44 per share, and vest over a three year vesting period. Awards expire in accordance with the terms of each award and, upon expiration of the award, the shares subject to the award are added back to the 2017 Plan. The contractual term of stock options granted are substantially the same as described above for the 2007 Plan and 2010 Plan. As of June 30, 2022, under the 2017 Plan, there were stock option awards outstanding, net of awards expired, for an aggregate of 0.1 million shares of the Company's common stock.

Cash-Settled Plans

Performance Units

The Company adopted a performance incentive plan effective July 1, 2017 (the "Fiscal Year 2018 Performance Plan"). The Fiscal Year 2018 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 Year 2018 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 Year 2018 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.

Phantom Units

During the fiscal year ended June 30, 2018, the Company awarded phantom units to its executive officers and senior management. The vesting date for the phantom units was December 31, 2018, at which time the units would be settled in cash equal to (i) the number of vested units multiplied by (ii) the positive difference (if any) between the value at December 31, 2018 and \$4.76, the closing price of the Company's common stock on the start date. The start date is December 29, 2017, the last business day of calendar year 2017. The fair value of these awards is based on the Black-Scholes valuation model and is remeasured at each reporting period date until settlement.

Upon vesting of the phantom units, the awards were partially settled in cash and partially settled with the issuance of restricted stock units. The restricted stock units were issued on January 8, 2019 and vest in a single installment after a one-year vesting period, subject to continued service through the vesting date. On January 8, 2020, the restricted stock units were fully vested. As of June 30, 2022 and 2021, there were no restricted stock units outstanding related to the phantom units.

Employee Stock Purchase Plan

General. The Company's 2019 Employee Stock Purchase Plan ("ESPP") was adopted by its board of directors in September 2018 and its stockholders approved it in November 2018. The ESPP is intended to qualify under Section 423 of the Internal Revenue Code.

Share Reserve. The Company has reserved 0.4 million shares of its common stock for issuance under the ESPP. As of June 30, 2022, 0.2 million shares were available for issuance. The number of shares reserved under the ESPP will automatically be adjusted in the event of a stock split, stock dividend or a reverse stock split (including an adjustment to the per-purchase period share limit).

Purchase Price. Employees may purchase each share of common stock under the ESPP at a price equal to 85% of the lower of the fair market values of the stock as of the beginning or the end of the six-month offering periods. An employee's contributions to the ESPP are limited to 15% of the compensation, and up to a maximum of 3,000 shares may be purchased by an employee during any offering period. A participant shall not be granted an option under the ESPP if such option would permit the participant's rights to purchase stock to accrue at a rate exceeding \$25,000 fair market value of stock for each calendar year in which such option is outstanding at any time.

Offering Periods. Unless otherwise determined by the compensation committee, the ESPP will be operated through a series of successive six-month offering periods, which will begin each year on March 1 and September 1.

During the fiscal years ended June 30, 2022, 2021, and 2020, 0.1 million, 0.1 million, and 0.1 million shares of common stock were purchased under the ESPP, respectively.

Stock-Based Compensation

In accordance with accounting guidance for stock-based compensation, payments in equity instruments for goods or services are accounted for by the fair value method. For the fiscal year ended June 30, 2022, stock-based compensation of \$1.8 million was reflected as an increase to additional paid in capital. For the fiscal years ended June 30, 2021 and 2020, stock-based compensation of \$2.2 million and \$4.8 million, respectively, was reflected as an increase to additional paid in capital and a

reduction of \$0.1 million and increase of \$0.1 million, respectively, was reflected in other accrued expenses, all of which was employee related.

At June 30, 2022, there was \$2.0 million of unrecognized compensation cost related to non-vested share-based compensation arrangements under the 2010 and 2017 Plans, based on management's estimate of the shares that will ultimately vest. The Company expects to recognize such costs over a weighted-average period of 1.83 years.

Stock Options

During the fiscal year ended June 30, 2018, the Company awarded stock options ("FY 2018 Stock Options") to its executive officers and senior management. The vesting period for the FY 2018 Stock Options is three years and occurs as follows, subject to continued service through the applicable vesting dates: one-third of the total number of shares awarded vests on January 1, 2019; and one-twelfth of the total number of shares awarded vests on the last day of each fiscal quarter following January 1, 2019. The fair value of the stock options will be recognized on a straight-line basis over the requisite service period of the awards.

There were no stock option grants during the fiscal years ended June 30, 2022, 2021 and 2020.

The following is a summary of stock option activity for the fiscal years ended June 30, 2022, 2021 and 2020:

	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at June 30, 2019	527	\$ 5.12		
Granted	—	\$ —		
Exercised	(25)	3.00		\$ 283
Forfeited	(1)	20.09		
Expired or Canceled	(5)	4.11		
Outstanding at June 30, 2020	<u>496</u>	<u>5.12</u>		
Granted	—	\$ —		
Exercised	(289)	4.77		\$ 1,590
Forfeited	(20)	4.82		
Expired or Canceled	(9)	6.19		
Outstanding at June 30, 2021	<u>178</u>	<u>5.96</u>		
Granted	—	\$ —		
Exercised	(30)	4.44		\$ 108
Forfeited	(2)	16.12		
Expired or Canceled	(54)	5.93		
Outstanding at June 30, 2022	<u>92</u>	<u>6.23</u>	4.39	\$ —
Exercisable at June 30, 2022	<u>92</u>	<u>\$ 6.23</u>	4.39	\$ —

Restricted Stock Awards

The following is a summary of restricted stock award activity during the fiscal years ended June 30, 2022, 2021 and 2020:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at June 30, 2019	90	\$ 7.87
Granted	30	\$ 15.20
Vested	(80)	8.19
Forfeited	—	—
Nonvested at June 30, 2020	40	12.74
Granted	41	\$ 11.14
Vested	(40)	12.74
Forfeited	—	—
Nonvested at June 30, 2021	41	11.14
Granted	66	\$ 6.85
Vested	(41)	11.14
Forfeited	—	—
Nonvested at June 30, 2022	66	6.85

The total vesting date fair value of restricted shares that vested during the fiscal years ended June 30, 2022, 2021 and 2020 was \$0.3 million, \$0.5 million and \$1.0 million, respectively.

Restricted Stock Units

The following is a summary of restricted stock units activity during the fiscal years ended June 30, 2022, 2021 and 2020:

	Number of Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at June 30, 2019	340	\$ 13.81
Granted	122	\$ 13.64
Vested	(221)	13.87
Forfeited	(2)	12.92
Nonvested at June 30, 2020	239	13.68
Granted	202	\$ 12.77
Vested	(135)	13.07
Forfeited	(121)	14.60
Nonvested at June 30, 2021	185	12.54
Granted	321	\$ 6.60
Vested	(92)	13.17
Forfeited	(80)	9.18
Nonvested at June 30, 2022	334	7.36

The total vesting date fair value of restricted stock units that vested during the fiscal years ended June 30, 2022, 2021, and 2020 was \$0.6 million, \$1.6 million, and \$3.3 million, respectively.

Performance Restricted Stock Units

During the fiscal year ended June 30, 2019, the Company awarded performance restricted stock units ("FY 2019 Performance Restricted Stock Units") to certain employees (the "FY 2019 Recipients"). Each FY 2019 Performance Restricted Stock Unit represents a contingent right for the FY 2019 Recipients to receive a distribution of shares of common stock of the

Company equal to 0% to 200% of the target number of performance restricted stock units subject to the award. The actual number of shares distributed will be based on the Company's achievement of specified financial performance metrics. The performance period for the FY 2019 Performance Restricted Stock Units ended June 30, 2019. The FY 2019 Performance Restricted Stock Units will vest only to the extent the specified financial performance criteria are achieved and subject to the FY 2019 Recipient's continued service with the Company, as follows: (i) a portion of the earned award will vest on the first anniversary of the grant date and (ii) an additional portion of the earned award will vest thereafter in a series of quarterly installments. The fair values of the FY 2019 Performance Restricted Stock Units were based on the grant date fair value which is the closing price of the Company's common stock on the date of grant. During the fiscal years ended June 30, 2021 and 2020, the Company awarded performance restricted stock units ("FY 2021 Performance Restricted Stock Units" and "FY 2020 Performance Restricted Stock Units") to certain employees. The FY 2021 Performance Restricted Stock Units and FY 2020 Performance Restricted Stock Units include terms that are substantially the same as described above for the FY 2019 Performance Restricted Stock Units.

The following is a summary of performance restricted stock units activity during the fiscal years ended June 30, 2022, 2021 and 2020:

	<u>Number of Units (in thousands)</u>	<u>Weighted Average Grant Date Fair Value</u>
Nonvested at June 30, 2019	450	\$ 7.71
Granted	357	\$ 6.96
Vested	(658)	5.88
Forfeited	(40)	15.02
Nonvested at June 30, 2020	<u>109</u>	<u>13.61</u>
Granted ⁽¹⁾	49	\$ 14.50
Vested ⁽¹⁾	(55)	13.08
Forfeited	(91)	14.39
Nonvested at June 30, 2021	<u>12</u>	<u>13.85</u>
Granted	176	\$ 7.23
Vested ⁽¹⁾	(10)	13.63
Forfeited	(177)	7.26
Nonvested at June 30, 2022	<u><u>1</u></u>	<u><u>15.2</u></u>

Includes shares added based on achievement of performance goals in excess of target.

(1)

The total vesting date fair value of performance restricted stock units that vested during the fiscal years ended June 30, 2022, 2021, and 2020 was \$0.1 million, \$0.6 million, and \$10.1 million, respectively.

Cash-Settled Performance Units

The following is a summary of cash-settled performance units activity during the fiscal year ended June 30, 2020:

	<u>Number of Units (in thousands)</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at June 30, 2019, nonvested	50	
Granted	—	\$ —
Vested	(42)	—
Forfeited	(8)	7.68
Outstanding at June 30, 2020, nonvested	<u><u>—</u></u>	

The fair value of vested awards under the cash-settled performance plan for the fiscal years ended June 30, 2020 was \$0.4 million, respectively. All vested awards under the cash-settle performance plan were cash-settled as of June 30, 2021. Payments of \$0.4 million and \$0.3 million were made to settle vested cash-settled performance units during the fiscal years ended June 30, 2021 and 2020, respectively.

Note 11 — Other Expense, Net

Other expense, net consists of the following (in thousands):

	Year ended June 30,		
	2022	2021	2020
Foreign currency transaction gain (loss), net	\$ (646)	\$ 201	\$ (434)
Loss on settlement of forward contract	(64)	(571)	(368)
Gain on disposal of fixed assets	—	7	3
Other income (expense), net	41	(3)	114
Total other expense, net	\$ (669)	\$ (366)	\$ (685)

Note 12 — Income Taxes

The income tax expense for the fiscal years ended June 30, 2022, 2021 and 2020 consists of the following (in thousands):

	Year ended June 30,		
	2022	2021	2020
Income Before Income Taxes:			
Domestic	\$ 1,613	\$ 15,233	\$ 12,817
International	3,078	1,999	1,844
	\$ 4,691	\$ 17,232	\$ 14,661
Current Taxes:			
Federal	\$ 255	\$ 2,146	\$ 1,297
State	237	510	332
Foreign	1,195	730	1,113
Total Current Income Tax Provision	\$ 1,687	\$ 3,386	\$ 2,742
Deferred Taxes:			
Federal	\$ (391)	\$ 897	\$ 316
State	(43)	197	71
Foreign	318	(142)	(17)
Total Deferred Income Tax Provision	\$ (116)	\$ 952	\$ 370
Net Income Tax Provision	\$ 1,571	\$ 4,338	\$ 3,112

The effective income tax rate for the fiscal years ended June 30, 2022, 2021 and 2020 differs from the U.S. Federal statutory income tax rate due to the following:

	Year ended June 30,		
	2022	2021	2020
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	0.1 %	3.6 %	3.8 %
Foreign tax rate difference	12.9 %	2.1 %	1.4 %
Tax return to provision true-up	(4.3)%	(0.7)%	0.0 %
Limit on future stock compensation due to 162(m)	0.1 %	1.7 %	2.3 %
Foreign withholding tax	1.3 %	0.4 %	3.3 %
Other differences	1.0 %	1.5 %	1.9 %
Revalue of deferred for change in federal tax rate	0.1 %	0.1 %	(0.1)%
Permanent differences:			
— stock based compensation	3.9 %	(2.3)%	(13.6)%
— current year section 162(m) limitation	0.0 %	0.0 %	1.6 %
— foreign derived intangible income deduction	(6.5)%	(0.6)%	(0.5)%
— tax credits	(16.0)%	(1.4)%	(2.3)%
— meals and entertainment	0.1 %	0.1 %	0.4 %
— removal of permanent reinvestment assertion in Japan	4.6 %	0.0 %	0.0 %
— other permanent differences	2.2 %	0.9 %	1.8 %
Change in valuation allowance	13.1 %	(1.2)%	0.2 %
Net income tax provision	33.5 %	25.2 %	21.2 %

The components of the deferred tax assets and liabilities as of June 30, 2022 and 2021 are as follows (in thousands):

	June 30,	
	2022	2021
Deferred tax assets:		
Federal, state, and foreign net operating loss carryovers	\$ 292	\$ 271
Stock option compensation	232	444
Accrued vacation, allowance for returns, bonuses & other	3,923	2,104
Gross deferred tax asset	\$ 4,447	\$ 2,819
Deferred tax liabilities:		
Patents and trademarks	\$ (78)	\$ (99)
Property & equipment	(1,996)	(1,250)
Other	(409)	(189)
Gross deferred tax liabilities	(2,483)	(1,538)
Less: valuation allowance	(675)	(73)
Deferred tax assets, net	\$ 1,289	\$ 1,208

During fiscal 2022, the Company impaired its investment in GEG Corporation for book purposes. The Company performed an analysis and determined that for tax purposes the loss would be capital in nature, but that the tax event had not yet occurred. The Company recorded a deferred tax asset for the loss in the current year, but recorded a full valuation allowance against the deferred tax asset because the Company believes that when the tax event does occur, it will not be able to utilize the capital loss within the carryback or carryforward period. This valuation allowance is the main driving factor behind the Company's increased tax rate in fiscal 2022.

During fiscal 2022, the Company removed its permanent reinvestment assertion in Japan. As a result, the Company recorded provisions for withholding tax that it will pay to Japan and income taxes it will pay to various states when the cash is repatriated from Japan to Singapore. During the year, the Company made a check the box election for LifeVantage Asia to be

taxed as a DRE of the parent company, so dividends from Japan to Singapore are treated as received by the United States for USA income tax purposes. The Company also recorded an unborn foreign tax credit related to the 965(a) PTEP in Japan that will be given a partial FTC when the cash is repatriated. Japan also has E&P in the 965(b) PTEP basket, but is not allowed to take a foreign tax credit against that income. It also has E&P in the 951A basket. The Company has historically had little or no excess FTC limitation in the 951A basket and has therefore chosen not to record the unborn foreign tax credit related to that basket.

The Company has adopted accounting guidance for uncertain tax positions which provides that in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position. The measurement of the benefit is calculated as the largest amount that is more than 50% likely to be realized upon recognition of the benefit. Currently, the Company has no material uncertain tax positions and does not expect significant changes within the next twelve months. Accordingly, the Company has not reserved for any corresponding interest or penalties.

In fiscal 2020, LifeVantage recorded an uncertain tax position related to withholding taxes in Taiwan. During fiscal 2021, the Company determined that this liability was owed, and moved it out of the UTP into taxes payable. In fiscal 2022, the Company made the payment. The Company applied for a reduced withholding rate with the Taiwan government and was advised by its tax service providers who assisted with the application to hold payment until after a decision was made on the application. Near the end of fiscal 2021, the Taiwan government approved the application, and accordingly, LifeVantage made the required payments in the beginning of fiscal 2022.

The beginning balance, ending balance, and changes to the liability for uncertain tax positions for the fiscal years ending June 30, 2021 and 2020 are as follows (in thousands):

	June 30,	
	2022	2021
Unrecognized tax benefits, beginning of period	\$ —	\$ 480
Gross increases - tax positions in prior period	—	—
Gross decreases - tax positions in prior period	—	(480)
Gross increases - tax positions in current period	—	—
Settlement	—	—
Lapse of statute of limitations	—	—
Currency adjustment	—	—
Unrecognized tax benefits, end of period	\$ —	\$ —

The tax years open for examination by the Internal Revenue Service ("IRS") include returns for fiscal years June 30, 2019 through present and the open tax years by state tax authorities include returns for fiscal years June 30, 2018 through present. In addition, the IRS and state tax authorities may examine net operating losses ("NOLs") for any previous years if utilized by the Company.

As of June 30, 2022, the Company had utilized all of its Federal NOL carry-forwards. The net operating losses were to expire by June 30, 2024 and are subject to review by the Internal Revenue Service, and are subject to U.S. Internal Revenue Code Section 382 limitations. As of June 30, 2022, state NOLs were \$6.5 million and foreign NOLs were \$0.3 million.

The total recognized tax benefit from settlement of stock based awards for the fiscal years ending June 30, 2022 and 2021, was \$0.2 million and \$8,000, respectively.

The Company conducts its business globally. As a result, the Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions, and are subject to examination for the open tax years of June 30, 2018 through June 30, 2022.

Note 13 — Leases

The Company has operating leases for current corporate offices and certain equipment. These leases have remaining terms of approximately one to ten years. As of June 30, 2022, the weighted average remaining lease term and weighted average discount rate for operating leases was 8.51 years and 3.27%, respectively.

For the fiscal years ended June 30, 2022, 2021, and 2020, operating lease expense was \$3.2 million, \$3.6 million, and \$2.7 million, respectively.

Supplemental cash flow information related to operating leases was as follows (in thousands):

	June 30, 2022	June 30, 2021
Operating cash outflows from operating leases	\$ 2,709	\$ 2,536
Right-of-use assets obtained in exchange for lease obligations	\$ —	\$ 15,725

Maturity of lease liabilities at June 30, 2022 are as follows (in thousands):

Year ended June 30,	Amount
2023	\$ 3,070
2024	1,985
2025	1,606
2026	1,646
2027	1,687
Thereafter	8,123
Total	18,117
Less: imputed interest	(2,362)
Present value of lease liabilities	\$ 15,755

Note 14 — Commitments and Contingencies

Contingencies

The Company accounts for contingent liabilities in accordance with ASC 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 June 30, 2022, and based on the assessment there are no probable loss contingencies requiring accrual or disclosures within its financial statements.

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 its business. Management assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in the consolidated financial statements. An estimated loss contingency is accrued in the 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 publicity or resolution of one or more of these contingencies. Whether any losses finally determined in any claim, action, investigation or proceeding or publicity related to such 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 of any such losses, damages or remedies may have on the consolidated financial statements; and the unique facts and circumstances of the particular matter that may give rise to additional factors.

Class Action Lawsuit (Smith v. LifeVantage Corp.): On January 24, 2018, a purported class action was filed in the United States District Court for the District of Connecticut, entitled Smith v. LifeVantage Corp., Case No. 3:18-cv-a35 (D. Connecticut filed Jan. 24, 2018). In this action, Plaintiffs alleged that the Company, its Chief Executive Officer, Chief Sales Officer and Chief Marketing Officer operated a pyramid scheme in violation of a variety of federal and state statutes, including RICO and the Connecticut Unfair Trade Practices Act. On April 16, 2018, the Company filed motions with the court to dismiss the complaint against LifeVantage, dismiss the complaint against the Company's executives, transfer the venue of the case from the State of Connecticut to the State of Utah, and contest class certification. On July 23, 2018, the parties filed a stipulation with the Court agreeing to transfer the case to the Federal District Court for Utah. On September 20, 2018, Plaintiffs filed an amended complaint in Utah. As per the parties stipulated agreement, Plaintiffs' amended complaint dropped the RICO and Connecticut state law claims and removed the Company's Chief Sales Officer and Chief Marketing Officer as individual defendants (the former Chief Executive Officer remains a defendant in the case). The Plaintiffs' amended complaint added an antitrust claim, alleging that the Company fraudulently obtained patents for its products and is attempting to use those patents in an anti-competitive manner. The Company filed a Motion to Dismiss the amended complaint on November 5, 2018, Plaintiffs filed a response to the Company's Motion to Dismiss on December 17, 2018, and the Company filed a reply brief on January 10, 2019. The Court ruled on the motion on December 5, 2019, dismissing three of the Plaintiff's four claims, including the antitrust claim, unjust enrichment claim, and the securities claim for the sale of unregistered securities. On December 19, 2019, Plaintiffs filed a second amended complaint which included three causes of action, including a 10(b)(5) securities fraud claim, and renewed claims relating to the sale of unregistered securities and unjust enrichment. LifeVantage filed a Motion to Dismiss the Second Amended Complaint on January 28, 2020, and with the Motion fully briefed by the parties as of March 17, 2020, the Court decided the matter on the parties' briefs only on November 25, 2020. In its decision, the Court dismissed with prejudice the Plaintiffs' Section 12(1) claim (sale of an unregistered security), because the Court concluded the claim is time barred. The Court also dismissed the Plaintiffs' claim for unjust enrichment against LifeVantage without prejudice, and the Plaintiffs did not amend their complaint following the Court's order to re-plead unjust enrichment. The court found that the Plaintiffs had sufficiently pled their claim under Section 12(2) (offer to sell a security that misstates or omits a material fact by means of a prospectus or oral communication). LifeVantage filed its Answer to the Second Amended Complaint on December 23, 2020, responding to the Plaintiffs' remaining securities claims. On February 2, 2021, the Court issued an amended scheduling order that reflects the parties' agreement on a schedule for discovery and other litigation matters. On June 15, 2021, the plaintiffs filed their motion for class certification, and on July 13, 2021, the defendants, including LifeVantage Corporation, filed their opposition brief that opposed class certification. On July 27, 2021, the Plaintiffs filed their reply to the Company's opposition brief. The court held a hearing for the motion for class certification on March 28, 2022. On April 19, 2022, the court issued an order denying the Plaintiff's motion for class certification. The case has been stayed by the Court as of June 24, 2022 and is currently stayed until September 23, 2022. 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.

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 annual report on Form 10-K, 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 15 — Related Party Transactions

The Company has entered into a series of agreements with GEG for outsourced software application development services. The Company and GEG have also entered into a common stock purchase agreement. For discussion related to the common stock purchase agreement, see Note 6. Two members of the Company's board of directors serve on the GEG board of directors. During the fiscal year ended June 30, 2020, the Company paid \$1.2 million to GEG for software application development services. No payments were made to GEG for software and application development services during the fiscal years ended June 30, 2022 and 2021.

Note 16 — Interim Financial Results (Unaudited)

The following summarizes selected quarterly financial information for quarterly periods during the fiscal years ended June 30, 2022 and 2021:

LIFEVANTAGE CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED QUARTERLY RESULTS

(in thousands except per share data)

	Fiscal Quarter				Year ended June 30, 2022
	First	Second	Third	Fourth	
Revenue, net	\$ 53,224	\$ 52,189	\$ 50,004	\$ 50,943	\$ 206,360
Gross profit	43,793	42,512	40,347	41,611	168,263
Net income (loss)	\$ 3,316	\$ 79	\$ 1,141	\$ (1,416)	\$ 3,120
Per common share:					
Income (loss) per share, basic	\$ 0.25	\$ 0.01	\$ 0.09	\$ (0.11)	\$ 0.24
Income (loss) per share, diluted	\$ 0.25	\$ 0.01	\$ 0.09	\$ (0.11)	\$ 0.24

	Fiscal Quarter				Year ended June 30, 2021
	First	Second	Third	Fourth	
Revenue, net	\$ 54,827	\$ 59,007	\$ 51,570	\$ 54,777	\$ 220,181
Gross profit	45,429	48,818	42,752	44,995	181,994
Net income	\$ 2,451	\$ 3,812	\$ 1,724	\$ 4,907	\$ 12,894
Per common share:					
Income per share, basic	\$ 0.17	\$ 0.27	\$ 0.12	\$ 0.36	\$ 0.92
Income per share, diluted	\$ 0.17	\$ 0.26	\$ 0.12	\$ 0.35	\$ 0.90

DESCRIPTION OF CAPITAL STOCK

General

LifeVantage Corporation (“we,” “us,” and “our”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended - our common stock, \$0.0001 par value per share.

The following information describes our capital stock, as well as certain provisions of our certificate of incorporation and amended and restated bylaws. The summary does not purport to be complete and is qualified in its entirety by reference to our certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to our public filings with the Securities and Exchange Commission.

Our authorized capital stock consists of 40,000,000 shares of common stock and 5,000,000 shares of preferred stock with a \$0.0001 par value per share, all of which shares of preferred stock are undesignated. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of August 13, 2021, there were 13,647,499 shares of common stock issued and outstanding, held of record by 82 stockholders, although we believe that there may be a significantly larger number of beneficial owners of our common stock. We derived the number of stockholders by reviewing the listing of outstanding common stock recorded by our transfer agent as of August 13, 2021.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available, subject to preferences that may be applicable to preferred stock, if any, then outstanding. In the event of a liquidation, dissolution or winding up of our company, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and non-assessable.

The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Our common stock is listed on the Nasdaq Capital Market under the symbol “LFVN.” The transfer agent and registrar for the common stock is Computershare Trust Company, Inc. Its address is P.O. Box 505000, Louisville, KY 40233, and its telephone number is 1-800-962-4284.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Effect of Certain Provisions of our Certificate of Incorporation and Amended and Restated Bylaws

Provisions of our certificate of incorporation and our amended and restated bylaws could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Undesignated preferred stock. Our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Limits on ability of stockholders to act by written consent or call a special meeting. Except in the case of holders of our preferred stock, if any, which are entitled to take action by written consent as provided in an applicable certificate of designation, our stockholders may not act by written consent, which may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws.

In addition, our amended and restated bylaws provide that special meetings of the stockholders may be called only by the chairperson of our board of directors, our Chief Executive Officer, our board of directors or by stockholders holding at least ten percent (10%) of the outstanding shares entitled to vote as such special meeting. Other than as set forth in the preceding sentence, our amended and restated bylaws prohibit a stockholder from calling a special meeting, which may delay the ability of our stockholders to force consideration of a proposal.

Requirements for advance notification of stockholder nominations and proposals. Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. However, our amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Board vacancies filled only by majority of directors then in office. Subject to the rights of the holders of any series of outstanding preferred stock, if any, vacancies and newly created seats on our board of directors may be filled only by our board of directors. Only our board of directors may determine the number of directors on our board of directors. The inability of stockholders to determine the number of directors or to fill vacancies or newly created seats on our board of directors makes it more difficult to change the composition of our board of directors, but these provisions promote a continuity of existing management.

No cumulative voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting.

Amendment of charter provisions. The amendment of the above provisions in our certificate of incorporation requires approval by holders of at least a majority of our outstanding common stock.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 generally prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least $66\frac{2}{3}\%$ of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of either the assets or outstanding stock of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines interested stockholder as an entity or person who, together with affiliates and associates, beneficially owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

The provisions of Delaware law and our certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

SMART START BONUS⁽²⁾

Daily Bonus ⁽¹⁾	Qualified Distributor	Product Volume (PV)* Minimum Monthly Sales Requirements ⁽³⁾	Commission Percentage
Daily Bonus ⁽¹⁾	Enroller	100-199 PV	30% of PV from sales to personally enrolled new Customers and Distributors
	Enroller	200 or more PV	40% of PV from sales to personally enrolled new Customers and Distributors

LAUNCH BONUS

Qualified Distributors with "Paid Rank" ⁽⁴⁾ Pro 3 or higher are eligible to receive Launch Bonus upon qualified product pack purchases which generate the listed commission up the Enrollment Tree.				
Daily Bonus ⁽¹⁾	Enrolment Upline	Enroller Paid Rank ⁽⁴⁾	Enroller Minimum Monthly PV sales Requirement ⁽³⁾	Commission Percentage
Daily Bonus ⁽¹⁾	Level 1	Pro 3/Pro 4	200 PV	5% of PV
	Level 2	Pro 5/Pro 6	200 PV	5% of PV
	Level 3	Pro 7/Pro 8/Pro 9	200 PV	5% of PV
	Level 4	Pro 10	200 PV	2.5% of PV
	Level 5	Executive Pro 10	200 PV	1.5% of PV
	Level 6	Presidential Pro 10	200 PV	1% of PV

UNILEVEL COMMISSIONS (dynamically compressed)					PREMIER			ELITE			MASTER		
PAID RANK ⁽⁴⁾	Distributor	Pro 1	Pro 2	Pro 3	Pro 4	Pro 5	Pro 6	Pro 7	Pro 8	Pro 9	Pro 10	Executive	Presidential
Minimum Monthly PV ⁽³⁾	100	100	100	100	200	200	200	200	200	200	200	200	200
Minimum Monthly Organizational Volume	0	1,000	2,500	5,000	10,000	20,000	50,000	100,000	200,000	500,000	1,000,000	2,000,000	5,000,000
Minimum Number of Legs	0	1	2	2	2	3	3	3	3	3	3	4	5
Maximum % counted per High Leg(s)		100%	80%	80%	80%	60%	60%	60%	60%	60%	40%	40%	40%
Minimum PV of Combined Leg ⁽⁵⁾			500	1,000	2,000	2,000	5,000	10,000	20,000	50,000	200,000	200,000	250,000
MONTHLY BONUSES PERCENTAGE PAID PER LEVEL	1st	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
	2nd		5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
	3rd			9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
	4th			5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
	5th				5%	5%	5%	5%	5%	5%	5%	5%	5%
	6th					5%	5%	5%	5%	5%	5%	5%	5%
	7th						5%	5%	5%	5%	5%	5%	5%
	8th							5%	5%	5%	5%	5%	5%
	9th								2%	2%	2%	2%	2%

GENERATIONAL MATCHING BONUS (UP TO 30%)^{(3) (6)}

YOU (Enroller)
Pro 3 +

→

Gen 1
you earn
10%

→

Gen 2
you earn
5%

→

Gen 3
you earn
5%

→

Gen 4
you earn
5%

→

Gen 5
you earn
5%

RANK ACHIEVEMENT BONUS \$100,000 USD through \$500,000 USD paid when achieving Master Pro ranks.

4% ELITE POOL 4% of total commissionable sales paid to qualified Pro 7 through Master Distributors.

*PV = Product Volume. Commissions are calculated by taking any PV amount multiplied by the LifeVantage local currency conversion rate and then multiplied by any applicable commission or bonus percentage. For theoretical example, 1,000 PV in sales multiplied by 30% bonus = \$300.

(1) All bonuses are fully detailed within the LifeVantage Sales Compensation Plan found at the following link: www.lifevantage.com/legal/us-en/sales-and-compensation-plan.

(2) Receive up to 40% on product sold to new personally enrolled Customers and Distributors in Smart Start Bonus within the new Distributor(s) / Customer(s) first calendar month, up to 1,000 PV. Customer purchase limits may apply.

(3) At least 40 PV must come from personal product purchases with the remaining PV coming from purchases made by personally enrolled Customers during the qualification period, which is the 49 calendar days (measured using current Utah, USA time zone) immediately prior to the calculation date (USA Business day immediately following the transaction date).

(4) **PAID RANK** is defined as the rank achieved in the most recently and completely closed monthly Unilevel Commissions period.

(5) The PV requirement for each rank that must come from the Combined Leg.

(6) Fully qualified Pro 3 and higher with at least 200 PV earn up to 10% of the Unilevel Commissions paid to their first 5 generations of personally enrolled Distributors. Ranks Pro 3 through Pro 6 must also have at least 100 PV in new sales volume each month. If PV is 100-199, the qualified Pro 3 and higher will earn only half of the Generational Matching Bonus.

The Distributor sales earnings disclosed are potential gross earnings and not net of other business expenses and not necessarily representative of the actual income, if any, that a Distributor can or will earn through the LifeVantage Sales Compensation Plan. A Distributor's earnings will depend on individual diligence, work effort and market conditions. LifeVantage does not guarantee any income or rank success. See the **Average Annual Earnings Disclosure** for detailed earnings information per rank.



SALES COMPENSATION PLAN - USA

Important Notice related to LifeVantage Corporation and the LifeVantage Sales Compensation Plan

1 - LifeVantage Corporation is a publicly-traded NASDAQ (LFVN) Direct Sales/Network Marketing company with a Multi-Level Marketing compensation plan that provides flexibility and opportunity for individuals to earn extra income based upon selling qualified products to customers.

2 - The focus of the LifeVantage Sales Compensation Plan is to pay commissions to LifeVantage Distributors based upon their product sales and the product sales of LifeVantage Distributors in their personal Marketing Organization to ultimate end using customers.

3 - Every commission and/or compensation qualification requirement within this LifeVantage Sales Compensation Plan may be achieved through product sales to customers through a Distributor's personal efforts and the efforts of the Distributors within their downline Marketing Organization Distributors.

4 - LifeVantage products are not sold in retail stores and only licensed Distributors in good standing are authorized to sell LifeVantage products either directly from their own stock or indirectly through the company's online shopping cart at www.lifevantage.com.

5 - LifeVantage Customers and Distributors may choose, but are not obligated, to order their LifeVantage products through a subscription program that offers a product price discount when signing up for a monthly subscription order, that may be cancelled at any time.

6 - The LifeVantage Sales Compensation Plan along with the [Average Annual Earnings Disclosure](#), the [LifeVantage Distributor Application and Agreement](#) and the [LifeVantage Policies and Procedures](#) govern the contractual relationship and obligations of each LifeVantage Distributor to LifeVantage and support compliance with legal requirements in the United States of America.

7 - A LifeVantage Distributor may not personally purchase for themselves nor encourage customers or other Distributors to purchase more inventory than each can personally consume and/or sell to their personal retail customers each month. In addition, each LifeVantage Distributor personally agrees that they may not place a new order in any given month unless 70% of all orders from previous months have been sold or consumed through personal/family use.

8 - A LifeVantage Distributor must disclose the [Average Annual Earnings Disclosure](#) when making any Earnings representations that may include: (1) statements of average Distributor earnings, (2) statements of non-average Distributor earnings, (3) statements of Distributor earnings ranges, (4) Distributor income testimonials, (5) Distributor lifestyle claims, and (6) hypothetical claims.

SALES COMPENSATION PLAN SUMMARY

A LifeVantage Distributor may earn sales compensation in eight (8) different ways.

1. Retail Sales Profit:

The difference between the price the Distributor paid and the amount the Distributor receives from their personal retail customer.

2. Smart Start Bonus:

Up to 40% on Product Volume (PV) is paid to any qualified Distributor whose new personally enrolled LifeVantage Customers and/or Distributors purchase qualified products.

3. Launch Bonus:

Up to 5% commission is paid to any Qualified Distributor (Pro 3 or higher) based upon qualifying product packs sold in their Marketing Organization downline and the Qualified Distributor's Upline Enroller position.

4. UniLevel Commissions:

After the first calendar month of Customer and/or Distributor enrollment, up to 43% of the PV on each product sold is paid by LifeVantage to the first Qualified and existing nine (9) Upline Distributors.

5. Generational Matching Bonus:

Up to a 10% match on the UniLevel Commissions paid to the five (5) uncompressed downline enrollment levels is paid to any Qualified Distributor (Pro 3 or higher).

6. Global Elite Bonus Pool:

Four percent (4%) of the total PV from LifeVantage global sales is paid monthly by LifeVantage to Qualified Elite Distributors.

7. One-Time Rank Achievement Bonus:

\$100,000 to \$500,000 United States Dollars (USD) is paid in partial monthly amounts to eligible and Qualified Distributors who achieve the Pro 10 rank(s).

8. Multiple Business Centers:

Eligible Distributors at Pro 5 and higher ranks may insert additional personal distributor positions within their downline Marketing Organization, which Business Centers may earn the Qualified Distributor certain additional sales commissions, when each Business Center is individually qualified.

SALES COMPENSATION PLAN DETAILS

Definition of Terms:

Combined Leg. After determining the required High Leg(s) for any rank, the PV from any remaining leg(s) is combined to form the Combined Leg. A Distributor's personal Product Volume purchases and all other PV of frontline customers are included within the Combined Leg. There is no maximum countable volume in the Combined Leg. The Combined Leg must be at least 20% of the required monthly minimum Organizational Volume (OV) for ranks Pro 2 through Pro 4 and Pro 10; at least 10% of the required monthly minimum OV for ranks Pro 5 through Pro 9 and Executive Pro 10; and at least 5% of the required monthly minimum OV for Presidential Pro 10.

Commissions. Sales Commissions are calculated by multiplying the Product Volume (PV) sales amount by the Commission percentage of the applicable bonus. For example, 1000 PV in sales paid at a 30% commission ($1000 \times .30 = 300$) generates \$300 United States Dollars (USD) in sales commissions.

CV: Commissionable Volume. The numeric value obtained when Product Volume (PV) is multiplied by any applicable currency rate multiplier and used by LifeVantage to calculate commissions. In the USA, PV and CV are generally the same numeric value as no currency rate multiplier is applied.

Daily Bonus. The LifeVantage sales commissions/bonuses, such as the Smart Start Bonus and the Launch Bonus, which are calculated each US business day and paid either daily or weekly to Qualified Distributors in eligible markets. Daily Bonuses may be disbursed three (3) business days after the Daily Bonus calculation date to Qualified Distributors who are in an eligible market and have reached the rank of Pro 3 or above. Distributors who are not qualified for daily disbursement will be paid their Daily Bonus earnings weekly.

Dynamic Compression. The sales commissions concept that ensures all Product Volume (PV) sales, no matter where placed, will automatically seek the next upline Qualified Distributor until all existing nine levels of UniLevel Commissions are paid.

Enroller: The LifeVantage Distributor who enrolls a new Customer or Distributor. The Enroller may sponsor or place the new Customer or Distributor under their personal distributor position or under any other downline Distributor's position. The Distributor position under which the new Customer or Distributor is placed is the "Placement Sponsor". The same LifeVantage Distributor may be both the Enroller and the Placement Sponsor.

Enroller Tree: The line of Distributors consecutively linked through Distributor enrollment. The Enroller Tree does not include any Placement Sponsors.

High Leg(s): The Leg with the highest Product Volume (PV) at the end of any calendar month is the High Leg 1 and the Leg with the next highest Product Volume (PV) is High Leg 2, etc. Ranks Pro 2 through Pro 4 require a single High Leg (High Leg 1). Ranks Pro 5 through Pro 10 require a High Leg 1 and a High Leg 2. Executive Master Pro 10 requires a High Leg 1, 2 and 3. Presidential Master Pro 10 requires a High Leg 1, 2, 3 and 4.

High Leg Volume Requirement: Each High Leg has a maximum countable percentage of Product Volume (PV) that can be used toward rank qualification for the UniLevel Commissions. The countable PV of any High Leg(s) may not exceed 80% of the total required Organizational Volume (OV) for ranks Pro 2 through Pro 4. The countable PV of any High Leg(s) may not exceed 60% of the total required OV for ranks Pro 5 through Pro 9. The countable PV of any High Leg(s) may not exceed 40% of the total required OV for ranks Pro 10 through Presidential Master Pro 10.

Leg: An active Distributor or Customer who is sponsored and placed front-line or directly below the Distributor's position or an organization originating from such Distributor. A front-line position may be personally enrolled by the Distributor or placed there by an upline Distributor. The minimum leg requirement for UniLevel Commissions includes the Combined Leg and any required High Legs. For example, the minimum leg requirement for the Pro 5 rank is three (3) so a Pro 5 will have two High Legs and the Combined Leg to equal the three minimum required Legs.

OV: Organizational Volume. The sum of the Product Volume (PV) of all products sold and purchased by a Distributor's entire downline Marketing Organization, which includes the cumulative PV of each Leg and the Distributor's own PV derived from the LifeVantage sales to their personally enrolled Customers and any of their own voluntary personal Product Volume purchases. Each Qualified Paid Rank in the UniLevel Commissions requires a minimum monthly OV amount to be distributed in the Leg(s) and in the percentages required for such Paid Rank.

Paid Rank: The LifeVantage Distributor rank (Distributor to Presidential Master Pro 10) achieved in the prior calendar month and used to determine certain bonuses and commissions for subsequent commission/bonus time periods.

Placement Sponsor: The LifeVantage Distributor under whom the Enroller places a new Customer or Distributor. The Enroller may also be the Placement Sponsor.

PV: Product Volume. The numeric value attributed by LifeVantage to each commissionable product sold and/or purchased personally by a Distributor and/or their enrolled or sponsored Customers and Distributors for sales to personal retail customers and/or for personal consumption. Personal Product Volume refers to the voluntary PV of products purchased directly by the Distributor from LifeVantage. PV amounts accumulate from personal purchases and/or purchases made by Distributor's personally enrolled Customer purchases directly from LifeVantage, regardless of placement. Monthly PV requirements to become a Qualified Distributor are either 100 or 200 PV depending on the specific sales compensation bonuses and such PV is automatically generated to a Distributor by sales to personally enrolled Customers through the LifeVantage website and system and/or through a Distributor's monthly personal product purchases of at least 40 PV from LifeVantage for sales to their individual retail customers and/or for the Distributor's own reasonable personal consumption.

Qualified Distributor. Any Distributor position, to include any Business Center, that has achieved during the calendar month product sales of at least 100 or 200 Product Volume (PV) points, depending on the specific sales compensation bonus and/or rank requirements comprised of the Distributor's sales to their personally enrolled Customers and the Distributors own personal purchases, with a minimum requirement of 40 PV for their reasonable personal consumption and/or retailing to their personal retail customers.

Page 3 of 12

The Distributor sales earnings disclosed are potential gross earnings and not net of other business expenses and not necessarily representative of the actual income, if any, that a Distributor can or will earn through the LifeVantage Sales Compensation Plan. A Distributor's earnings will depend on individual diligence, work effort and market conditions. LifeVantage does not guarantee any income or rank success. See the [Average Annual Earnings Disclosure](#) for detailed earnings information per rank.

©2021 LifeVantage Corporation • 3300 N Triumph Blvd, Suite 700, Lehi, UT 84043 • USA • 1.866.460.7241 • www.lifevantage.com/us-en/ • 201222.01

Rank Achievement Definitions:

Distributor rank is achieved during a calendar month when the distributorship position qualifies as a Distributor, becoming a Qualified Distributor, by accumulating at least 100 PV in product sales.

Pro 1 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 1,000 PV in product sales.

Pro 2 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 2,500 in product sales with at least 100 PV in one (1) High Leg and PV combined from any other legs forming the Combined Leg of at least 500 PV. No more than 80% of the total OV from the PV in the High Leg will be counted for this rank qualification.

Pro 3 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 5,000 in product sales with at least 200 PV in one (1) High Leg and PV combined from any other legs forming the Combined Leg of at least 1,000 PV. No more than 80% of the total OV from the PV in the High Leg will be counted for this rank qualification.

Premier Pro 4 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 10,000 in product sales with at least 200 PV in one (1) High Leg and PV combined from any other legs forming the Combined Leg of at least 2,000 PV. No more than 80% of the total OV from the PV in the High Leg will be counted for this rank qualification.

Premier Pro 5 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 20,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 2,000 PV. No more than 60% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Premier Pro 6 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 50,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 5,000 PV. No more than 60% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Elite Pro 7 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 100,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 10,000 PV. No more than 60% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Elite Pro 8 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 200,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 20,000 PV. No more than 60% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Elite Pro 9 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 500,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 50,000 PV. No more than 60% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Master Pro 10 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 1,000,000 in product sales with at least 200 PV in two (2) High Legs and PV combined from any other legs forming the Combined Leg of at least 200,000 PV. No more than 40% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Executive Master Pro 10 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 2,000,000 in product sales with three (3) High Legs of at least 200 PV and the PV combined from any other legs forming the Combined Leg of at least 200,000 PV. No more than 40% of the total OV from the PV in any High Leg will be counted for this rank qualification.

Presidential Master Pro 10 rank is achieved during a calendar month when a Qualified Distributor has a minimum monthly OV of at least 5,000,000 in product sales with four (4) High Legs of at least 200 PV and the PV combined from any other legs forming the Combined Leg of at least 250,000 PV. No more than 40% of the total OV from the PV in any High Leg will be counted for this rank qualification.

1. RETAIL SALES PROFIT

LifeVantage Distributors may buy LifeVantage products and directly retail the products to their personal retail customers to earn a chosen retail profit. The difference between the price the Distributor paid and the amount the Distributor receives from their personal retail customer is their retail sales profit. For example: A Distributor that purchases product X from LifeVantage for \$50 USD and sells this product to their personal retail customer for \$60 USD achieves a \$10 USD gross retail sale profit.

No further commissions are paid to the Distributor on sales the Distributor makes directly to their personal retail customers from the Distributor's personally purchased product inventory.

2. SMART START BONUS (Daily Bonus)

The Smart Start Bonus is a bonus paid to a Qualified Distributor on products purchased by the Distributor's personally enrolled Customers and Distributors during the calendar month of their enrollment. A Qualified Distributor with 100-199 PV during the qualification period will receive a 30% Smart Start Bonus on any PV purchased by a personally enrolled Customer or Distributor within their first calendar month and a Qualified Distributor with at least 200 PV during the qualification period will receive a 40% Smart Start Bonus on any PV purchased by a personally enrolled Customer or Distributor within their first calendar month.

• Smart Start Bonus Payout Options:

Qualified Distributor	PV Minimum Monthly Sales Requirement	Commission Percentage
Enroller	100-199 PV	30% of PV from sales to personally enrolled Customers and Distributors
Enroller	200 or more PV	40% of PV from sales to personally enrolled Customers and Distributors

- The qualification period for the required PV amounts for Daily Bonuses (Smart Start Bonus and Launch Bonus) is the 49 calendar days (measured using current Utah, USA time zone) immediately prior to the calculation date (USA Business day immediately following the transaction date).
- The Smart Start Bonus percentage payout is limited to the first 1,000 PV sales purchased by each new Customer and/or Distributor in their first calendar month. Any volume over 1,000 PV sales purchased within a Customer's and/or Distributor's first calendar month will generate UniLevel Commissions.
- Should a new Customer or Distributor make an initial purchase of 300 PV in sales in the calendar month of sign up, the applicable commission percentage for this 300 PV is paid through the Smart Start Bonus. After the initial purchase, but within the sign-up calendar month, the same Customer or Distributor purchases an additional 1,000 PV through a spot purchase or through a qualifying pack purchase, this second downline sale (purchase by the new Customer or Distributor) generates the following payments to Upline Qualified Distributors: (1) Launch Bonus based on the qualifying pack purchase; (2) 700 PV of the 1,000 pack PV is paid through the Smart Start Bonus (reaching the 1,000 PV life-time cap for the Smart Start Bonus for this Customer or Distributor); and the remaining 300 PV of the 1,000 pack PV will be paid as UniLevel Commissions.
- The Smart Start Bonus is paid based on the Enroller Tree. The Smart Start Bonus does not compress; therefore, only the Enroller, if bonus qualified, will receive the Smart Start Bonus.
- Should a new Customer or Distributor purchase product without an enrolling Distributor, LifeVantage will assign the new Customer/ Distributor to a Qualified Distributor and pay the Qualified Distributor one half of any Smart Start Bonus commission on the first product purchase, when assigned in the first calendar month and any full UniLevel Commissions, if assigned the following month(s).
- Smart Start Sales Commissions are calculated by PV amount multiplied by the sales commission percentage.
For example: 1,000 PV X 30% = \$300 USD.

3. LAUNCH BONUS (Daily Bonus)

The Launch Bonus is designed to reward Qualified Distributors (Pro 3 rank or higher) through the Enroller Tree on downline Enrollee product pack sales. The Paid Rank is the rank achieved in the previous calendar month after commissions calculations. The Launch Bonus is paid on qualifying pack sales of 250 PV, 500 PV and 1000 PV.

- **The Launch Bonus Pays out six (6) levels as follows:**

Enroller Level	Qualified Distributor Enroller Paid Rank*	Enroller Minimum Monthly PV Sales Requirement	Commission
Level 1	Pro 3 / Pro 4	200 PV	5% of CV
Level 2	Pro 5 / Pro 6	200 PV	5% of CV
Level 3	Pro 7 / Pro 8 / Pro 9	200 PV	5% of CV
Level 4	Pro 10	200 PV	2.5% of CV
Level 5	Executive Pro 10	200 PV	1.5% of CV
Level 6	Presidential Pro 10	200 PV	1% of CV

***Paid Rank is based on the previous month's UniLevel Commissions Paid Rank.**

- New Distributors are not eligible for the Launch Bonus for any sales generated in the calendar month they joined as they have not yet earned any Paid Rank.
- The purchased pack may also generate sales commissions under the Smart Start Bonus depending on how much Product Volume commissions were previously paid through the Smart Start Bonus in the calendar month of enrollment.
- Distributors may purchase packs with 250 PV, 500 PV or 1,000 PV. Customers may also purchase product packs with reasonable product quantities.
- Launch Bonus Sales Commissions are calculated by PV amount multiplied by the sales commission percentage.
For example: 1,000 PV X 5% = \$50 USD

4. UNILEVEL COMMISSIONS (monthly bonus)

The UniLevel Commissions offers Distributors a leveraged income opportunity to earn on downline Marketing Organization Customer and/or Distributor product sales after their first calendar month or after the first 1,000 PV sales from such Customers and/or Distributors during their first calendar month. LifeVantage pays UniLevel Commissions up to 43% on the PV of each product sold, to the first nine (9) existing, dynamically compressed, Upline Qualified Distributors. (After compression of unqualified distributor and customer volume, the first nine (9) existing Qualified Distributors receive applicable UniLevel Commissions).

A Distributor may earn commissions on downline Marketing Organization product sales/purchases for up to the first nine (9) existing, dynamically compressed, levels, depending on the Qualified Distributor's monthly "Paid Rank".

- As product sales increase within the Distributor's Marketing Organization, a Qualified Distributor can then advance in rank and therefore qualify to earn on additional existing, dynamically compressed, downline levels.
- The required PV is derived from any (1) personally enrolled Customer product sales orders placed directly to LifeVantage and/or (2) the Distributor's personal Product Volume orders which together must equal at least 100 or 200 PV during the calendar month in accord with this table:

UniLevel Commissions (dynamically compressed)		Premier			Elite			Master*							
		Distributor	PRO 1	PRO 2	PRO 3	PRO 4	PRO 5	PRO 6	PRO 7	PRO 8	PRO 9	PRO 10	EXECUTIVE	PRESIDENTIAL	
MONTHLY BONUS	PAID RANK														
	Minimum Monthly PV	100	100	100	100	200	200	200	200	200	200	200	200	200	
	Minimum Monthly Org. Volume	0	1,000	2,500	5,000	10,000	20,000	50,000	100,000	200,000	500,000	1,000,000	2,000,000	5,000,000	
	Minimum Number of Legs+	0	1	2	2	2	3	3	3	3	3	3	4	5	
	Maximum % counted per High Leg+		100%	80%	80%	80%	60%	60%	60%	60%	60%	40%	40%	40%	
	Min PV of Combined Leg			500	1,000	2,000	2,000	5,000	10,000	20,000	50,000	200,000	200,000	250,000	
	PERCENTAGE PAID PER LEVEL ↓	1st	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
		2nd		5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
		3rd			9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
		4th			5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
5th					5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
6th						5%	5%	5%	5%	5%	5%	5%	5%	5%	
7th							5%	5%	5%	5%	5%	5%	5%	5%	
8th								5%	5%	5%	5%	5%	5%	5%	
9th									2%	2%	2%	2%	2%	2%	

*All Master Ranks must maintain the Paid Rank for three (3) consecutive months to be recognized at that Master rank
 +See Leg Volume Requirements in the Rank Achievement Definitions above

- UniLevel Commissions are calculated by taking each level of accumulated PV multiplied by the sales commission percentage.
 For example: If the 1st Level has 2,500 PV X 2% = \$50 USD; and 2nd Level has 3,000 PV X 5% = \$150 USD and 3rd Level has 2,000 PV X 9% = \$180 USD for a total UniLevel Commissions of \$380 USD for all Qualified Distributors at Pro 2 and higher ranks.

5. GENERATIONAL MATCHING BONUS (monthly bonus)

In a month when a Distributor has achieved the Paid Rank of a **Pro 3 rank or above**, the Qualified Distributor can **earn a 10% match of all personally enrolled Distributors' UniLevel Commissions**. Each Generational Matching Bonus Qualified Distributor Pro 3 and above **may also earn an additional 5%** on the 2nd, 3rd, 4th, and 5th uncompressed generations' UniLevel Commissions.

To earn the full Generational Matching Bonus each Distributor must:

- Qualify as a Pro 3 rank or higher.
- Generate the required PV of 200 PV during the calendar month which is derived from any personally enrolled Customer product orders and/or the Distributor's personal Product Volume purchases placed directly to LifeVantage*.
- Additionally, Paid Ranks Pro 3 through Pro 6, must also generate 100 PV in **New Sales Product Volume**** from personally enrolled new Customers and/or Distributors during each calendar month of qualification for the Generational Matching Bonus.

* **Qualified Distributors with PV between 100 PV and 199 PV will earn half of the Generational Matching Bonus.**

** **New Sales Product Volume means the PV generated each month by new personally enrolled Customers and/or Distributors in their first calendar month.**

GENERATION	UNILEVEL MATCHING %
1st GEN	10%
2nd GEN	5%
3rd GEN	5%
4th GEN	5%
5th GEN	5%

The Generational Matching Bonus is paid monthly and does not dynamically compress. It is paid on the below Generations:

1st generation: any personally enrolled Distributors

2nd generation: any personally enrolled Distributors who are enrolled by your 1st generation Distributors

3rd generation: any personally enrolled Distributors who are enrolled by your 2nd generation Distributors

4th generation: any personally enrolled Distributors who are enrolled by your 3rd generation Distributors

5th generation: any personally enrolled Distributors who are enrolled by your 4th generation Distributors

- Generational Matching Bonuses are calculated by determining the total UniLevel Commissions paid to the Distributor(s) in the Enroller downline multiplied by the Generational Matching Bonus commission percentage. For example: If a 1st Generation Distributor earned \$2,000 USD in UniLevel Commissions, the upline Qualified Distributor Enroller with at least 200 PV and Paid Rank Pro 3 and above (with 100 PV in new Customer and/or Distributor volume for Distributors with Paid Rank Pro 3 through Pro 6) earns 10% (\$2,000 X 10%) for \$200 USD Generational Matching Bonus and a 2nd Generation Distributor with \$1,500 earned in UniLevel Commissions generates 5% (\$1,500 X 5%) for \$75 USD Generational Matching Bonus to this same Qualified Distributor Enroller for a total of \$275 USD in Generational Matching Bonuses.

Page 8 of 12

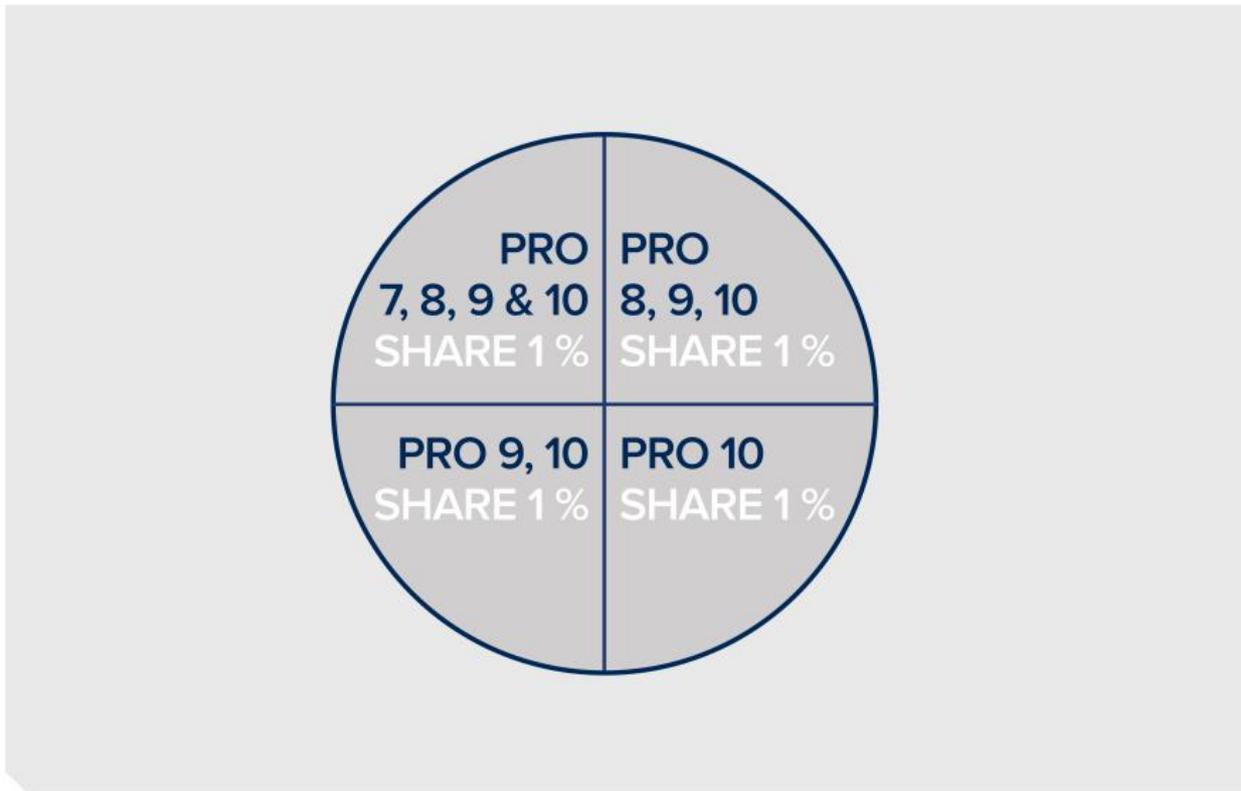
The Distributor sales earnings disclosed are potential gross earnings and not net of other business expenses and not necessarily representative of the actual income, if any, that a Distributor can or will earn through the LifeVantage Sales Compensation Plan. A Distributor's earnings will depend on individual diligence, work effort and market conditions. LifeVantage does not guarantee any income or rank success. See the [Average Annual Earnings Disclosure](#) for detailed earnings information per rank.

©2021 LifeVantage Corporation • 3300 N Triumph Blvd, Suite 700, Lehi, UT 84043 • USA • 1.866.460.7241 • www.lifevantage.com/us-en/ • 201222.01

6. GLOBAL ELITE BONUS POOL (monthly bonus)

All Qualified Distributors who reach or maintain their monthly Elite-level Paid Ranks are eligible to participate in the Global Elite Bonus Pool. LifeVantage takes 4% of the total global Product Volume generated from all Customer and Distributor sales each month and divides it into four portions for payment to the monthly Elite-level Qualified Distributors as follows:

- The first one percent (1%) portion will be equally shared by Qualified Distributors who qualify as Elite Pro 7, Elite Pro 8, Elite Pro 9 and the Master Pro 10 ranks;
 - The second one percent (1%) will be equally shared by Qualified Distributors who qualify as Elite Pro 8, Elite Pro 9 and the Master Pro 10 ranks;
 - The third one percent (1%) will be equally shared by Qualified Distributors who qualify as Elite Pro 9 and the Master Pro 10 ranks; and
 - The fourth and final one percent (1%) will be equally shared by Qualified Distributors who qualify at the Master Pro 10 ranks.
- For theoretical example, if the Global PV for a month is 6,000,000 PV it is multiplied by 4% to generate \$240,000 USD in the Global Elite Bonus Pool; which is then equally divided into four 1% portions of \$60,000 USD each. The \$60,000 USD is then split between all Elite Qualified Distributors who earn a share of each of the four (4) pools displayed below:



7. ONE-TIME RANK ACHIEVEMENT BONUS (paid starting in Achievement Month, which is achieved in the third consecutive month of obtaining and maintaining the required Pro 10 rank qualifications, with the total bonus being paid in monthly amounts over a 12 or 24 month period)

When a Distributor has achieved the sales requirements and the organizational sales volume necessary to reach the ranks of Master Pro 10, Executive Master Pro 10 and Presidential Master Pro 10, the Qualified Distributor is eligible to receive a One-Time Rank Achievement Bonus in each Pro 10 rank as follows:

Master Pro 10	-	\$100,000 USD ⁽¹⁾⁽³⁾
Executive Master Pro 10	-	\$250,000 USD ⁽²⁾⁽³⁾
Presidential Master Pro 10	-	\$500,000 USD ⁽²⁾⁽³⁾

⁽¹⁾ Paid over 12 months – The Distributor must remain actively engaged as a LifeVantage Distributor and remain in good standing with the Company and be recognized on stage at a major event.

⁽²⁾ Paid over 24 months – The Distributor must remain actively engaged as a LifeVantage Distributor and remain in good standing with the Company and be recognized on stage at a major event.

⁽³⁾ Equal payments are paid monthly when the Distributor is a qualified Paid Rank Master Pro 10, Executive Master Pro 10 or Presidential Master Pro 10. If the Distributor has not continued to be qualified as a Paid Rank Master Pro 10, Executive Master Pro 10 or Presidential Master Pro 10 in any month during the entire 12 or 24 month payment spans, no payment is earned or due in such month. A Distributor may qualify to receive multiple monthly One-Time Rank Achievement Bonus payments should they qualify during the 12 or 24 monthly payment period for even higher Master Pro ranks.

8. MULTIPLE BUSINESS CENTERS (monthly bonus)

Once a Distributor has achieved the requirements and organizational sales volume necessary to reach the Premier Pro 5 rank, the Distributor is eligible to apply for an additional distributor position called a Business Center or Business Center 1 (BC1). Business Center(s) allow Qualified Distributors to build additional legs and/or sales volume for their downline Marketing Organization and to earn additional bonuses and sales commissions above what the Distributors earn with just their own primary Distributor position.

Each Distributor may also apply for a second Business Center (BC2) once the Qualified Distributor has achieved the requirements and organizational sales volume to reach the Elite Pro 7 rank, and a third Business Center (BC3) once the Distributor has achieved the requirements and organizational sales volume to reach the Master Pro 10 rank.

8. MULTIPLE BUSINESS CENTERS (Continued)

Business Center sales commissions and bonuses are all paid to the owner(s) of the primary (original) distributorship and such commissions are reported as required under the tax identification number of the primary (original) distributorship.

Each qualified Pro 5 Distributor's Business Center (BC1) must be placed directly under the Distributor's primary (original) Distributorship. The placement of the 2nd Business Center (BC2) may be placed directly under either the Pro 7 Distributor's primary (original) position or directly under their 1st Business Center (BC1). The placement of the 3rd Business Center (BC3) may be directly under either the Master Pro 10's primary (original) Distributorship or directly under their 1st (BC1) or 2nd (BC2) Business Center per the following charts:



Multiple Business Centres Benefits:

- Eligible for UniLevel Commissions and Global Elite Pool Commissions when the Business Center position meets all Product Volume and OV requirements on its own merits.
- May create an additional High Leg for the Distributor's downline organization.
- Each Business Center is eligible for rank advancements when meeting required Product Volume, Organizational Volume and other rank requirements on its own merits.
- Qualified Master Pro 10 Distributors with the required OV for Executive Master Pro 10 (2,000,000 OV) and/or Presidential Master Pro 10 (5,000,000 OV) may use their Business Center position(s) to qualify as High Leg(s) to meet the Minimum Leg Requirement number only to advance to the ranks of Executive Master Pro 10 (4 Legs required) and/or Presidential Master Pro 10 (5 Legs required). The PV from any Business Center leg may not be double counted as PV for any other Business Center and/or for any High Leg and/or Combined Leg.
- **The 1st, 2nd, and 3rd Business Centers are not eligible for and are specifically excluded from any payments or benefits of the Smart Start Bonus, the Launch Bonus and/or the Generational Matching Bonus that only the Distributor's primary (original) position is eligible to receive.**
- **The One-Time Rank Achievement Bonus is paid only one time to the Distributor whether earned first by the primary (original) Distributorship or by one of the Distributor's eligible Business Centers.**

Page 11 of 12

The Distributor sales earnings disclosed are potential gross earnings and not net of other business expenses and not necessarily representative of the actual income, if any, that a Distributor can or will earn through the LifeVantage Sales Compensation Plan. A Distributor's earnings will depend on individual diligence, work effort and market conditions. LifeVantage does not guarantee any income or rank success. See the [Average Annual Earnings Disclosure](#) for detailed earnings information per rank.

©2021 LifeVantage Corporation • 3300 N Triumph Blvd, Suite 700, Lehi, UT 84043 • USA • 1.866.460.7241 • www.lifevantage.com/us-en/ • 201222.01

SMART START BONUS ⁽²⁾

Daily Bonus ⁽¹⁾	Qualified Distributor	Product Volume (PV*) Minimum Monthly Sales Requirements ⁽³⁾	Commission Percentage
Daily Bonus ⁽¹⁾	Enroller	100-199 PV	30% of PV from sales to personally enrolled new Customers and Distributors
	Enroller	200 or more PV	40% of PV from sales to personally enrolled new Customers and Distributors

LAUNCH BONUS

Daily Bonus ⁽¹⁾	Qualified Distributors with "Paid Rank" ⁽⁴⁾ Pro 3 or higher are eligible to receive Launch Bonus upon qualified product pack purchases which generate the listed commission up the Enrollment Tree.			
	Enrolment Upline	Enroller Paid Rank ⁽⁴⁾	Enroller Minimum Monthly PV sales Requirement ⁽³⁾	Commission Percentage
	Level 1	Pro 3/Pro 4	200 PV	5% of PV
	Level 2	Pro 5/Pro 6	200 PV	5% of PV
	Level 3	Pro 7/Pro 8/Pro 9	200 PV	5% of PV
	Level 4	Pro 10	200 PV	2.5% of PV
	Level 5	Executive Pro 10	200 PV	1.5% of PV
Level 6	Presidential Pro 10	200 PV	1% of PV	

UNILEVEL COMMISSIONS (dynamically compressed)		PREMIER			ELITE			MASTER					
PAID RANK ⁽⁴⁾	Distributor	Pro 1	Pro 2	Pro 3	Pro 4	Pro 5	Pro 6	Pro 7	Pro 8	Pro 9	Pro 10	Executive	Presidential
Minimum Monthly PV ⁽³⁾	100	100	100	100	200	200	200	200	200	200	200	200	200
Minimum Monthly Organizational Volume	0	1,000	2,500	5,000	10,000	20,000	50,000	100,000	200,000	500,000	1,000,000	2,000,000	5,000,000
Minimum Number of Legs	0	1	2	2	2	3	3	3	3	3	3	4	5
Maximum % counted per High Leg(s)		100%	80%	80%	80%	60%	60%	60%	60%	60%	40%	40%	40%
Minimum PV of Combined Leg ⁽⁵⁾			500	1,000	2,000	2,000	5,000	10,000	20,000	50,000	200,000	200,000	250,000
MONTHLY BONUSES PERCENTAGE PAID PER LEVEL	1st	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
	2nd		5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
	3rd			9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
	4th			5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
	5th				5%	5%	5%	5%	5%	5%	5%	5%	5%
	6th					5%	5%	5%	5%	5%	5%	5%	5%
	7th						5%	5%	5%	5%	5%	5%	5%
	8th							5%	5%	5%	5%	5%	5%
	9th								2%	2%	2%	2%	2%

GENERATIONAL MATCHING BONUS (UP TO 30%) ⁽³⁾ ⁽⁶⁾

YOU (Enroller) Pro 3+ → Gen 1 you earn 10% → Gen 2 you earn 5% → Gen 3 you earn 5% → Gen 4 you earn 5% → Gen 5 you earn 5%

Pro 7, 8, 9 & 10 share 1%

Pro 8, 9 & 10 share 1%

Pro 9 & 10 share 1%

Pro 10 Executive Presidential share 1%

RANK ACHIEVEMENT BONUS \$100,000 USD through \$500,000 USD paid when achieving Master Pro ranks.

4% ELITE POOL 4% of total commissionable sales paid to qualified Pro 7 through Master Distributors.

*PV = Product Volume. Commissions are calculated by taking any PV amount multiplied by the LifeVantage local currency conversion rate and then multiplied by any applicable commission or bonus percentage. For theoretical example, 1,000 PV in sales multiplied by 30% bonus = \$300.

(1) All bonuses are fully detailed within the LifeVantage Sales Compensation Plan found at the following link: www.lifevantage.com/legal/us-en/sales-and-compensation-plan.

(2) Receive up to 40% on product sold to new personally enrolled Customers and Distributors in Smart Start Bonus within the new Distributor(s) / Customer(s) first calendar month, up to 1,000 PV. Customer purchase limits may apply.

(3) At least 40 PV must come from personal product purchases with the remaining PV coming from purchases made by personally enrolled Customers during the qualification period, which is the 49 calendar days (measured using current Utah, USA time zone) immediately prior to the calculation date (USA Business day immediately following the transaction date).

(4) PAID RANK is defined as the rank achieved in the most recently and completely closed monthly Unilevel Commissions period.

(5) The PV requirement for each rank that must come from the Combined Leg.

(6) Fully qualified Pro 3 and higher with at least 200 PV earn up to 10% of the Unilevel Commissions paid to their first 5 generations of personally enrolled Distributors. Ranks Pro 3 through Pro 6 must also have at least 100 PV in new sales volume each month. If PV is 100-199, the qualified Pro 3 and higher will earn only half of the Generational Matching Bonus.

The Distributor sales earnings disclosed are potential gross earnings and not net of other business expenses and not necessarily representative of the actual income, if any, that a Distributor earns. See the [Average Annual Earnings Disclosure](#) for detailed earnings information per rank.



KEY EXECUTIVE BENEFIT PACKAGE

LifeVantage has established this Key Executive Benefit Package to attract, motivate and retain certain key executives of the company. An employee is considered a Key Executive upon the recommendation of the CEO and approval by the Company's Compensation Committee.

The components of the Key Executive Benefit Package are included below.

I. ***Position and Responsibilities.*** As of the Effective Date (your hire date), you will commence serving as a key management executive of the Company. You shall have the duties, responsibilities and authority that are customarily associated with such position and such other senior management duties as may reasonably be assigned. You will devote your full time efforts, abilities, and energies to promote the general welfare and interests of the Company and any related enterprises of the Company. Unless otherwise approved in writing by the Company's Chief Executive Office and the Chairman of the Company's Board of Directors, your primary workplace will be located at the Company's headquarters located in Lehi, Utah.

Nothing herein shall preclude you from (i) serving, with the prior consent of the President and CEO, as a member of the board of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing your personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii) and (iii) shall be limited by you so as not to materially interfere, individually or in the aggregate, with the performance of your duties and responsibilities hereunder.

2. ***Annual Incentive Plan.*** As a key executive and during your continued employment as a key executive, you will be eligible to participate in the Employee Annual Incentive Plan at the level indicated in Exhibit A pursuant to the details of Board of Directors' approved Annual Incentive Plan. Any Annual Incentive Award shall be paid to you during the first three months of the fiscal year that follows the applicable performance fiscal year. The Annual Incentive Award will be deemed to have been earned on the date of payment of such bonus and you must remain an employee of the Company through the date of payment in order to receive the Award.

3. ***Long Term Incentive Compensation Plan.*** As a key executive and during your continued employment as a key executive, you will be eligible to participate in the Board of Directors' approved Employee Equity Plan pursuant to

the plan details. Such equity grants, if any, will be made in the sole discretion of the Board of Directors and will be subject to the terms and conditions specified by the Board of Directors, the Company's stock plan, the award agreement that you must execute as a condition of any grant and the Company's insider trading policy. If required by applicable law with respect to transactions involving Company equity securities, you agree that you shall use your best efforts to comply with any duty that you may have to (i) timely report any such transactions and (ii) to refrain from engaging in certain transactions from time to time. The Company has no duty to register under (or otherwise obtain an exemption from) the Securities Act of 1933 (or applicable state securities laws) with respect to any Company equity securities that may be issued to you.

4. ***Employee Benefit Programs.*** During your employment with the Company, and except as may be provided under an employee stock purchase plan, you will be entitled to participate, in all Company employee benefit plans and programs at the time or thereafter made available to Key Executives including, without limitation, any savings or profit sharing plans, deferred compensation plans, stock option incentive plans, group life insurance, accidental death and dismemberment insurance, hospitalization, surgical, major medical and dental coverage, vacation, sick leave (including salary continuation arrangements), long-term disability, holidays and other employee benefit programs sponsored by the Company. The Company may amend, modify or terminate these benefits at any time and for any reason. Any change in any employee benefit program or programs applicable to all covered key executive employees or all covered employees shall not constitute a material breach of the terms of the Agreement.

LifeVantage will pay all or a portion of the costs associated with the following company employee benefit plans:

- a. Life Insurance
- b. Long Term Disability
- c. Short Term Disability
- d. Health Insurance
- e. Dental Insurance
- f. Vision Insurance

5. ***Termination of Employment.*** Unless the Company requests otherwise in writing, upon termination of your employment for any reason, you understand and agree that you shall be deemed to have also immediately resigned from all positions as a key executive with the Company (and its affiliates) as of your last day of employment (the "Termination Date"). Upon termination of your employment for any reason, you shall receive payment or benefits from the Company covering the following: (i) all unpaid salary and unpaid vacation accrued

pursuant to the paid time off policy through the Termination Date, (ii) any payments/benefits to which you are entitled under the express terms of any applicable Company employee benefit plan, (iii) any unreimbursed valid business expenses for which you have submitted properly documented reimbursement requests, and (iv) your then outstanding equity compensation awards as governed by their applicable terms (collectively, (i) through (iv) are the "Accrued Pay"). You may also be eligible for other post-employment payments and benefits as provided in this Agreement. Termination shall not be made until on or after the date of a "separation from service" within the meaning of Code Section 409A.

(a) **At-Will Employment.** Your employment with the Company is at-will and either you or the Company may terminate your employment at any time and for any reason (or no reason), with or without Cause (as defined below), in each case subject to the terms and provisions of this Agreement.

(b) **For Cause.** For purposes of this Agreement, your employment may be terminated by the Company for "Cause" as a result of the occurrence of one or more of the following: a charge, through indictment or criminal complaint, entry of pretrial diversion or sentencing agreement, or your conviction of, or a plea of guilty or nolo contendere to, a felony or other crime involving moral turpitude, dishonesty or fraud, or any other criminal arrest (for example D.U.I.) which the Company, in its discretion considers inappropriate or harmful to its interests;

(i) your refusal, or inability to satisfactorily, in the judgment of your supervisor, perform in any material respect your duties and responsibilities for the Company or your failure to comply in any material respect with the terms of this Agreement and the Confidentiality Agreement and the policies and procedures of the Company;

(ii) fraud or deceptive or illegal conduct in your performance of duties for the Company;

(iii) your material breach of any material term of this Agreement; or

(iv) any conduct by you which is materially injurious to the Company or materially injurious to the business reputation of the Company or a Company affiliate.

In the event your employment is terminated by the Company for Cause you will be entitled only to your Accrued Pay and you will be entitled to no other

compensation from the Company.

(c) **Without Cause.** The Company may terminate your employment Without Cause at any time and for any reason with notice. If your employment is terminated Without Cause then, in addition to your Accrued Pay, you will be eligible to receive payments equal, in the aggregate amount, to six months of your base salary as of the Termination Date. Such payments shall be paid to you in cash, in substantially equal monthly installments payable over the six (6) month period following your 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 you must: (i) within not later than forty-five (45) days after your Termination Date, execute (and not revoke) and deliver to the Company a Separation Agreement in a form prescribed by the Company and such Separation Agreement shall include without limitation a release of all claims against the Company and its affiliates along with a covenant not to sue and (ii) remain in full compliance with such Separation Agreement and this Key Executive Benefit Package.

(d) **Voluntary Termination.** In the event you voluntarily terminate your employment with the Company, you will be entitled to receive only your Accrued Pay. You will be entitled to no other compensation from the Company.

(e) **Death or Disability.** In the event your employment with the Company is terminated due to your Disability, death or presumed death, then you or your estate will be entitled to receive your Accrued Pay. For purposes of this plan, "Disability" is defined to occur when you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

6. ***Proprietary Information and Inventions Agreement; Confidentiality.*** You will be required, as a condition of your employment with the Company, to timely execute the Company's form of proprietary information and inventions agreement as may be amended from time to time by the Company ("Confidentiality Agreement").

7. ***Governing Law; Arbitration.*** To the extent not preempted by federal law, this Agreement will be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of Utah. Any controversy

or claim relating to this Agreement or any breach thereof, and any claims you may have arising from or relating to your employment with the Company, will be settled solely and finally by arbitration in Salt Lake City, Utah before a single arbitrator and judgment upon such award rendered by the arbitrator may be entered in any court having jurisdiction thereof, provided that this Section shall not be construed to eliminate or reduce any right the Company or you may otherwise have to obtain a temporary restraining order or a preliminary or permanent injunction to enforce any of the covenants contained in this Agreement before the matter can be heard in arbitration.

8. **Taxes.** The Company shall have the right to withhold and deduct from any payment hereunder any federal, state or local taxes of any kind required by law to be withheld with respect to any such payment. The Company shall not be liable to you or other persons as to any unexpected or adverse tax consequence realized by you and you shall be solely responsible for the timely payment of all taxes arising from this Agreement that are imposed on you. This Agreement is intended to comply with the applicable requirements of Code Section 409A 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 you will be exempt from or comply with Code Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A. The Company will have no liability to you 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 your Termination Date, you are 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, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following your Termination Date until the earlier of (i) the first business day of the seventh (7th) month following your Termination Date or (ii) ten (10) days after the Company receives written confirmation of your death. Any such delayed payments shall be made without interest. Additionally, the reimbursement of expenses or in-kind benefits provided pursuant to this Agreement shall be subject to the following conditions: (1) the expenses eligible for reimbursement or in-kind benefits in one taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year; (2) the reimbursement of eligible expenses or in-kind benefits shall be made promptly, subject to the Company's applicable policies, but in no event later than the end of the year after the year in which such

expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

9. ***Entire Agreement.*** Except as otherwise specifically provided in this Agreement, this Agreement (and the agreements referenced herein) contains all the legally binding understandings and agreements between you and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously discussed or entered into between the parties including without limitation any term sheets regarding your potential employment with the Company. As a material condition of this Agreement, you represent that by entering into this Agreement or by becoming a Company employee you are not violating the terms of any other contract or agreement or other legal obligations that would prohibit you from performing your duties for the Company. You further agree and represent that in providing your services to the Company you will not utilize or disclose any other entity's trade secrets or confidential information or proprietary information. You represent that you are not resigning employment or relocating any residence in reliance on any promise or representation by the Company regarding the kind, character, or existence of such work, or the length of time such work will last, or the compensation therefor.

10. Non-Competition and Non-Solicitation.

(a) **Non-solicitation of employees and consultants.** During your employment and for a period of two years after your employment terminates, you will not directly or indirectly solicit or induce, or attempt to solicit or induce, any employee or consultant, to include independent contractors, of the Company to quit their employment or cease rendering services to the Company, unless you are specifically authorized to do so by the Company in writing.

(b) **Non-solicitation of Independent Distributors or Customers.** To the extent permitted under applicable law, and in order to protect the Confidential Information and preserve the Company's relationships with its prospects and customers, you agree that for a period of two (2) years after your employment with the Company ends for any reason, you will not directly or indirectly solicit any Independent Distributor, Preferred Customer or Direct Retail Customer for another competing Network Marketing Venture consisting of nutritional supplements or any other product (any product in the same generic product category as a Company product is deemed to be competing (e.g., any nutritional supplement is in the same generic category as Company's nutritional supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content) or service of the Company at the

time of your termination with any prospect or customer of the Company. By signing the Agreement, you acknowledge and agree that the Company is trying to protect legitimate business interests by this prohibition and such prohibition is reasonable in its scope and duration.

(c) **Non-Competition.** You shall not, for a period of [six (6) months] after your employment with the Company ends for any reason, engage in, advise or consult with, or accept employment with any company, business or any entity, or contribute your knowledge to any work or activity that involves a product, process, provision of services or distribution channel (network marketing) as offered by the company, the development and/or sales of nutritional supplements, or any other product or service of the Company which is competitive with and the same as or similar to a product, process, or provision of services or distribution channel (network marketing) on which you worked or with respect to which you had access to confidential information while with the Company. Following expiration of said six month period, you shall continue to be obligated under the confidential provisions of this Agreement and of your proprietary information and inventions agreement not to disclose and/or use confidential information so long as it shall remain proprietary or protectable as confidential or trade secret information. You acknowledge that this restraint is reasonable as to time and geographic limits and is necessary to protect the Company's Confidential Information, and that it will not unduly restrict your ability to secure suitable employment after leaving the Company.

(d) **Modification By Court.** If any court or arbitrator determines that any post-employment restrictive covenant is unreasonable in any respect, you agree that the Court may modify any unreasonable terms and enforce the agreement as modified.

(e) **Extension of Non-Compete.** For any period of time in which you are found to be in violation of any of the above non-compete or non-solicitation agreements, 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.** You agree that the Company may provide notice of your obligations under any provision of this Agreement to any company or future employer of yours should the Company consider it necessary for the enforcement of those obligations.

11. **Covenants.** As a condition of this Agreement and to your receipt of any post-employment benefits, you agree that you will fully and timely comply with all of the covenants set forth in this subsection (which shall

survive your termination of employment and termination or expiration of this Agreement):

(a) You will fully comply with all obligations under the Confidentiality Agreement and further agree that the provisions of the Confidentiality Agreement shall survive any termination or expiration of this Agreement or termination of your employment or any subsequent service relationship with the Company;

(i) Within five (5) days of the Termination Date, you shall return to the Company all Company confidential information including, but not limited to, intellectual property, etc., and you shall not retain any copies, facsimiles or summaries of any Company proprietary information;

(ii) You will not at any time make (or direct anyone to make) any disparaging statements (oral or written) about the Company, or any of its affiliated entities, officers, directors, employees, stockholders, representatives or agents, or any of the Company's products or services or work-in-progress, that are harmful to their businesses, business reputations or personal reputations.;

(iii) You agree that during the period of your employment with the Company and thereafter, you will not utilize any trade secrets of the Company in order to solicit, either on behalf of yourself or any other person or entity, the business of any client or customer of the Company, whether past, present or prospective. The Company considers the following, without limitation, to be its trade secrets: Financial information, administrative and business records, analysis, studies, governmental licenses, employee records (including but not limited to counts and goals), prices, discounts, financials, electronic and written files of Company policies, procedures, training, and forms, written or electronic work product that was authored, developed, edited, reviewed or received from or on behalf of the Company during period of employment; Company developed technology, software, or computer programs, process manuals, products, business and marketing plans and or projections, Company sales and marketing data, Company technical information, Company strategic plans, Company financials, vendor affiliations, proprietary information, technical data, trade secrets, know-how, copyrights, patents, trademarks, intellectual property, and all documentation related to or including any of the foregoing; and

(iv) You agree that, upon the Company's request

and without any payment therefore, you shall reasonably cooperate with the Company (and be available as necessary) after the Termination Date in connection with any matters involving events that occurred during your period of employment with the Company.

(b) You also agree that you will fully and timely comply with all of the covenants set forth in this subsection (which shall survive your termination of employment and termination or expiration of this Agreement):

(i) You will fully pay off any outstanding amounts owed to the Company no later than their applicable due date or within thirty days of your Termination Date (if no other due date has been previously established);

(ii) Within five (5) days of the Termination Date, you shall return to the Company all Company property including, but not limited to, computers, cell phones, pagers, keys, business cards, etc.;

(iii) Within thirty (30) days of the Termination Date, you will submit any outstanding expense reports to the Company for expenses incurred prior to the Termination Date; and

(iv) As of the Termination Date, you will no longer represent that you are an officer, director or employee of the Company and you will immediately discontinue using your Company mailing address, telephone, facsimile machines, voice mail and e-mail;

(c) You agree that you will strictly adhere to and obey all Company rules, policies, procedures, regulations and guidelines, including but not limited to those contained in the Company's employee handbook, as well as any others that the Company may establish including without limitation any policy the Company adopts on the recoupment of compensation ("Clawback Policy").

12. **Offset.** Any severance or other payments or benefits made to you under this Agreement may be reduced, in the Company's discretion, by any amounts you owe to the Company provided that any such offsets do not violate Code Section 409A.

13. **Notice.** Any notice that the Company is required to or may desire to give you shall be given by personal delivery, recognized overnight

courier service, email, telecopy or registered or certified mail, return receipt requested, addressed to you at your address of record with the Company, or at such other place as you may from time to time designate in writing. Any notice that you are required or may desire to give to the Company hereunder shall be given by personal delivery, recognized overnight courier service, email, telecopy or by registered or certified mail, return receipt requested, addressed to the Company's General Counsel at its principal office, or at such other office as the Company may from time to time designate in writing. The date of actual delivery of any notice under this Section shall be deemed to be the date of delivery thereof.

14. ***Waiver; Severability.*** No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to by you and the Company in writing and such amendment or waiver expressly references this Section. No waiver by you or the Company of the breach of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. Except as expressly provided herein to the contrary, failure or delay on the part of either party hereto to enforce any right, power, or privilege hereunder will not be deemed to constitute a waiver thereof. In the event any portion of this Agreement is determined to be invalid or unenforceable for any reason, the remaining portions shall be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

15. ***Voluntary Agreement.*** You acknowledge that you have been advised to review this Agreement with your own legal counsel and other advisors of your choosing and that prior to entering into this Agreement, you have had the opportunity to review this Agreement with your attorney and other advisors and have not asked (or relied upon) the Company or its counsel to represent you or your counsel in this matter. You further represent that you have carefully read and understand the scope and effect of the provisions of this Agreement and that you are fully aware of the legal and binding effect of this Agreement. This Agreement is executed voluntarily by you and without any duress or undue influence on the part or behalf of the Company.

16. ***Key-Man Insurance.*** The Company shall have the right to insure your life for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. You shall have no interest in any such policy, but you agree to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial

obligation is imposed on you by any such documents.

ACKNOWLEDGED AND AGREED:

Date:

Date:

LIFEVANTAGE CORPORATION

KEY EXECUTIVE

BY:
TITLE:

BY:
TITLE:

EXHIBIT A

TARGET ANNUAL INCENTIVE

Name	Title	Target Annual Incentive
------	-------	-------------------------

LIFEVANTAGE CORPORATION
2017 LONG-TERM INCENTIVE PLAN
(Adopted on December 6, 2016,
Effective on February 16, 2017 and
Amended on November 16, 2017, January 19, 2018,
September 20, 2018, and August 27, 2020)

SECTION 1. INTRODUCTION

The Board adopted the LifeVantage Corporation 2017 Long-Term Incentive Plan on the Adoption Date conditioned upon and subject to obtaining Company stockholder approval. Stockholder approval for the Plan was obtained on February 16, 2017. The Board amended the Plan on November 16, 2017 and January 19, 2018, pursuant to which 425,000 Shares in the aggregate were added to the reserve under the Plan, such that the maximum aggregate number of Shares that may be issued under the Plan (and pursuant to the exercise of Incentive Stock Options) shall be 1,550,000 Shares (the "2017/2018 Amendment"). The 2017/2018 Amendment was approved by the Company's stockholders on February 2, 2018. On September 20, 2018, the Board further amended the Plan to add 715,000 Shares to the reserve under the Plan and increase the maximum aggregate number of Shares that may be issued under the Plan (and pursuant to the exercise of Incentive Stock Options) from 1,550,000 Shares to 2,265,000 (the "September 2018 Amendment"). The September 2018 Amendment was approved by the Company's stockholders on November 15, 2018. On August 27, 2020, the Board further amended the Plan to add 650,000 Shares to the reserve under the Plan to increase the maximum aggregate number of Shares that may be issued under the Plan (and pursuant to the exercise of Incentive Stock Options) from 2,265,000 to 2,915,000 (the "August 2020 Amendment"). The August 2020 Amendment is conditioned upon and subject to obtaining Company stockholder approval in accordance with Section 15(a).

The purposes of the Plan are to (i) attract and retain the services of persons eligible to participate in the Plan; (ii) motivate Selected Employees, by means of appropriate equity and performance based incentives, to achieve long-term performance goals; (iii) provide equity and performance based incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align Participants' interests with those of the Company's other stockholders and thereby promote the financial interests of the Company and its affiliates and enhancement of stockholder return.

The Plan seeks to achieve this purpose by providing for Awards in the form of Options (which may constitute Incentive Stock Options or Nonstatutory Stock Options), Stock Appreciation Rights, Restricted Stock Grants, Stock Units and/or Cash Awards, as well as any other form of equity award consistent with the terms of the Plan.

Capitalized terms shall have the meaning provided in Section 2 unless otherwise provided in this Plan or any related Award Agreement.

SECTION 2. DEFINITIONS

- (a) "Adoption Date" means December 6, 2016.
- (b) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity. For purposes of determining an individual's "Service," this definition shall include any entity other than a Subsidiary, if the Company, a Parent and/or one or more Subsidiaries own not less than 50% of such entity.
- (c) "Award" means any award, under this Plan, to a Selected Employee of an Option, SAR, Restricted Stock Grant, Stock Unit or to a Covered Employee of any Cash Award.
- (d) "Award Agreement" means a Stock Option Agreement, a SAR Agreement, a Restricted Stock Grant Agreement, a Stock Unit Agreement or such other agreement evidencing an Award granted under the Plan.
- (e) "Board" means the Board of Directors of the Company, as constituted from time to time.

(f) “Cash Award” means an award of a bonus opportunity, under this Plan, to a Covered Employee that (i) is payable in cash, (ii) is not an Option, SAR, Restricted Stock Grant or Stock Unit, (iii) is paid based on achievement of Performance Goal(s) and (iv) may be intended to qualify as performance-based compensation under Code Section 162(m).

(g) “Cashless Exercise” means, to the extent that a Stock Option Agreement so provides and as permitted by applicable law and in accordance with any procedures established by the Committee, an arrangement whereby payment of some or all of the aggregate Exercise Price may be made all or in part by delivery of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company. Cashless Exercise may also be utilized to satisfy an Option's tax withholding obligations as provided in Section 14(b).

(h) “Cause” means, except as may otherwise be provided in a Participant's employment agreement or applicable Award Agreement (and in such case the employment agreement or Award Agreement shall govern as to the definition of Cause), (i) dishonesty or fraud, (ii) serious willful misconduct, (iii) unauthorized use or disclosure of confidential information or trade secrets, (iv) conviction or confession of a felony, or (v) any other act or omission by a Participant that, in the opinion of the Company, could reasonably be expected to adversely affect the Company's or a Subsidiary's or an Affiliate's business, financial condition, prospects and/or reputation. In each of the foregoing subclauses (i) through (v), whether or not a “Cause” event has occurred will be determined by the Company's chief human resources officer or other person performing that function or, in the case of Participants who are Directors or Officers or Section 16 Persons, the Board, each of whose determination shall be final, conclusive and binding. A Participant's Service shall be deemed to have terminated for Cause if, after the Participant's Service has terminated, facts and circumstances are discovered that would have justified a termination for Cause, including, without limitation, violation of material Company policies or breach of confidentiality or other restrictive covenants that may apply to the Participant.

(i) “Change in Control” means, except as may otherwise be provided in a Participant's employment agreement or applicable Award Agreement (and in such case the employment agreement or Award Agreement shall govern as to the definition of Change in Control), the occurrence of any one or more of the following: (i) any merger, consolidation or business combination in which the stockholders of the Company immediately prior to the merger, consolidation or business combination do not own at least a majority of the outstanding equity interests of the surviving parent entity, (ii) the sale of all or substantially all of the Company's assets, (iii) the acquisition of beneficial ownership or control of (including, without limitation, power to vote) a majority of the outstanding Shares by any person or entity (including a “group” as defined by or under Section 13(d)(3) of the Exchange Act), (iv) the dissolution or liquidation of the Company, or (v) a contested election of directors, as a result of which or in connection with which the persons who were directors of the Company before such election or their nominees cease to constitute a majority of the Board.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions. In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for a deferral of compensation and is subject to Code Section 409A, then notwithstanding anything to the contrary in the Plan or applicable Award Agreement the transaction with respect to such Award must also constitute a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(j) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

(k) “Committee” means a committee described in Section 3.

(l) “Common Stock” means the Company's common stock, \$0.001 par value per Share, and any other securities into which such shares are changed, for which such shares are exchanged or which may be issued in respect thereof.

(m) “Company” means LifeVantage Corporation, a Colorado corporation.

(n) “Consultant” means a consultant or adviser who provides bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee, Director or Non-Employee Director and who qualifies as a consultant or adviser under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(o) “Covered Employees” means those individuals whose compensation is subject to the deduction limitations of Code Section 162(m).

(p) “Director” means a member of the Board who is also an Employee.

(q) “Disability” means, except as may otherwise be provided in a Participant’s employment agreement or applicable Award Agreement (and in such case the employment agreement or Award Agreement shall govern as to the definition of Disability), that the Participant is classified as disabled under a long-term disability policy of the Company or, if no such policy applies, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

(r) “Employee” means any individual who is a common-law employee of the Company, or of a Parent, or of a Subsidiary or of an Affiliate.

(s) “Equity Award” means any Award other than a Cash Award.

(t) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(u) “Exercise Price” means, in the case of an Option, the amount for which a Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. “Exercise Price,” in the case of a SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value in determining the amount payable to a Participant upon exercise of such SAR.

(v) “Fair Market Value” means the market price of a Share, determined by the Committee as follows:

(i) If the Shares are traded on a stock exchange (such as the New York Stock Exchange, NYSE MKT, the NASDAQ Global Market or NASDAQ Capital Market) at the time of determination, then the Fair Market Value shall be equal to the regular session closing price for such stock as reported by such exchange (or the exchange or market with the greatest volume of trading in the Shares) on the date of determination, or if there are no sales on such date, on the last date preceding such date on which a closing price was reported;

(ii) If the Shares are traded on the OTC Bulletin Board at the time of determination, then the Fair Market Value shall be equal to the last-sale price reported by the OTC Bulletin Board for such date, or if there are no sales on such date, on the last date preceding such date on which a sale was reported; and

(iii) If neither of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith using a reasonable application of a reasonable valuation method as the Committee deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported by the applicable exchange or the OTC Bulletin Board, as applicable, or a nationally recognized publisher of stock prices or quotations (including an electronic on-line publication). Such determination shall be conclusive and binding on all persons.

(w) “Fiscal Year” means the Company’s fiscal year.

(x) “Incentive Stock Option” or “ISO” means an incentive stock option described in Code Section 422.

(y) “Net Exercise” means, to the extent that a Stock Option Agreement so provides and as permitted by applicable law, an arrangement pursuant to which the number of Shares issued to the Optionee in connection with the Optionee’s exercise of the Option will be reduced by the Company’s retention of a portion of such Shares. Upon such a net exercise of an Option, the Optionee will receive a net number of Shares that is equal to (i) the number of Shares as to which the Option is being exercised minus (ii) the quotient (rounded down to the nearest whole number) of the aggregate Exercise Price of the Shares being exercised divided by the Fair Market Value of a Share on the Option exercise date. The number of Shares covered by clause (ii) will be retained by the Company and not delivered to the Optionee. No fractional Shares will be created as a result of a Net Exercise and the Optionee must contemporaneously pay for any portion of the aggregate Exercise Price that is not covered by the Shares retained by the Company under clause (ii). The number of Shares delivered to the Optionee may be further reduced if Net Exercise is utilized under Section 14(b) to satisfy applicable tax withholding obligations.

(z) “Non-Employee Director” means a member of the Board who is not an Employee.

- (aa) “Nonstatutory Stock Option” or “NSO” means a stock option that is not an ISO.
- (bb) “Officer” means an individual who is an officer of the Company within the meaning of Rule 16a-1(f) of the Exchange Act.
- (cc) “Option” means an ISO or NSO granted under the Plan entitling the Optionee to purchase a specified number of Shares, at such times and applying a specified Exercise Price, as provided in the applicable Stock Option Agreement.
- (dd) “Optionee” means an individual, estate or other entity that holds an Option.
- (ee) “Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the Adoption Date shall be considered a Parent commencing as of such date.
- (ff) “Participant” means an individual or estate or other entity that holds an Award.
- (gg) “Performance Goals” means one or more objective performance targets established for a Participant which may be described in terms of Company-wide objectives and/or objectives that are related to the performance of the individual Participant or a Parent, Subsidiary, Affiliate, division, department or function within the Company or entity in which the Participant is employed, and such targets may be applied either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Committee. Any Performance Goals that are included in an Award in order to make such Award qualify as performance-based compensation under Code Section 162(m) shall be limited to one or more of the following target objectives: (i) operating income; (ii) earnings before interest, taxes, depreciation and amortization, or EBITDA; (iii) earnings; (iv) cash flow; (v) market share; (vi) sales or revenue, including with respect to a particular product, business line, geography or market; (vii) expenses; (viii) cost of goods sold; (ix) profit/loss or profit margin; (x) working capital; (xi) return on equity or assets or investment; (xii) earnings per share; (xiii) economic value added, or EVA; (xiv) stock price including without limitation total stockholder return; (xv) price/earnings ratio; (xvi) debt or debt-to-equity; (xvii) accounts receivable; (xviii) writeoffs; (xix) cash; (xx) assets; (xxi) liquidity; (xxii) operations; (xxiii) research or related milestones; (xxiv) business development; (xxv) intellectual property (e.g., patents); (xxvi) product development; (xxvii) regulatory activity; (xxviii) information technology; (xxix) financings; (xxx) product quality control; (xxxii) management; (xxxiii) human resources; (xxxiiii) corporate governance; (xxxiv) compliance program; (xxxv) legal matters; (xxxvi) internal controls; (xxxvii) policies and procedures; (xxxviii) accounting and reporting; (xxxix) strategic alliances, licensing and partnering; (xl) site, plant or building development; (xli) corporate transactions including without limitation mergers, acquisitions, divestitures and/or joint ventures; (xlii) customer satisfaction; (xliii) capital expenditures and/or (xliv) Company advancement milestones. Awards issued to individuals who are not Covered Employees (or which are not intended to qualify as performance-based compensation under Code Section 162(m)) may take into account other (or no) factors.
- (hh) “Performance Period” means any period of time as determined by the Committee, in its sole discretion. The Committee may establish different Performance Periods for different Participants, and the Committee may establish concurrent or overlapping Performance Periods.
- (ii) “Plan” means this LifeVantage Corporation 2017 Long-Term Incentive Plan as it may be amended from time to time.
- (jj) “Prior Equity Compensation Plans” means the Company’s 2010 Long-Term Incentive Plan (the “2010 Plan”), 2007 Long-Term Incentive Plan (as assumed from Lifeline Therapeutics, Inc., a Colorado corporation) and its predecessor plans and any other Company equity compensation plans.
- (kk) “Re-Price” means that the Company has lowered or reduced the Exercise Price of outstanding Options and/or outstanding SARs for any Participant(s) in a manner described by SEC Regulation S-K Item 402(d)(2)(viii) (or as described in any successor provision(s) or definition(s)).
- (ll) “Restricted Stock Grant” means Shares awarded under the Plan as provided in Section 9.
- (mm) “Restricted Stock Grant Agreement” means the agreement described in Section 9 evidencing each Award of a Restricted Stock Grant.

(nn) “SAR Agreement” means the agreement described in Section 8 evidencing each Award of a Stock Appreciation Right.

(oo) “SEC” means the Securities and Exchange Commission.

(pp) “Section 16 Persons” means those officers, directors or other persons who are subject to Section 16 of the Exchange Act.

(qq) “Securities Act” means the Securities Act of 1933, as amended.

(rr) “Selected Employee” means an Employee, Consultant, Director, or Non-Employee Director who has been selected by the Committee to receive an Award under the Plan.

(ss) “Separation From Service” means a Participant’s separation from service with the Company within the meaning provided to such term under Code Section 409A.

(tt) “Service” means service as an Employee, Director, Non-Employee Director or Consultant. Service will be deemed terminated as soon as the entity to which Service is being provided is no longer either (i) the Company, (ii) a Parent, (iii) a Subsidiary or (iv) an Affiliate. A Participant’s Service does not terminate if he or she is a common-law employee with respect to the Company, a Parent, a Subsidiary or an Affiliate and goes on a bona fide leave of absence that was approved by the Company in writing and the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. However, for purposes of determining whether an Option is entitled to continuing ISO status, a common-law employee’s Service will be treated as terminating ninety (90) days after such Employee went on leave, unless such Employee’s right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service commences and terminates for all purposes under the Plan. For avoidance of doubt, a Participant’s Service shall not be deemed terminated if the Committee determines that (i) a transition of employment to service with a partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the Company or a Subsidiary is a party is not considered a termination of Service, (ii) the Participant transfers between service as an Employee and service as a Consultant or other personal service provider (or vice versa), or (iii) the Participant transfers between service as an Employee and that of a Non-Employee Director (or vice versa). The Committee may determine whether any company transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in termination of Service for purposes of any affected Awards, and the Committee’s decision shall be final and binding.

(uu) “Share” means one share of Common Stock.

(vv) “Stockholder Approval Date” means the date that the Company’s stockholders approve this Plan provided that such approval must occur on or before the first anniversary of the Adoption Date.

(ww) “Specified Employee” means a Participant who is considered a “specified employee” within the meaning provided to such term under Code Section 409A.

(xx) “Stock Appreciation Right” or “SAR” means a stock appreciation right awarded under the Plan which provides the holder with a right to potentially receive, in cash and/or Shares, value with respect to a specific number of Shares, as provided in Section 8.

(yy) “Stock Option Agreement” means the agreement described in Section 6 evidencing each Award of an Option.

(zz) “Stock Unit” means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan and as provided in Section 10.

(aaa) “Stock Unit Agreement” means the agreement described in Section 10 evidencing each Award of Stock Units.

(bbb) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the Adoption Date shall be considered a Subsidiary commencing as of such date.

(ccc) “Termination Date” means the date on which a Participant’s Service terminates as determined by the Committee.

(ddd) “10-Percent Stockholder” means an individual who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

SECTION 3. ADMINISTRATION

(a) Committee Composition. A Committee appointed by the Board shall administer the Plan. Unless the Board provides otherwise, the Board’s Compensation Committee (or a comparable committee of the Board) shall be the Committee. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

To the extent required, the Committee shall have membership composition which enables (i) Awards to Section 16 Persons to qualify as exempt from liability under Section 16(b) of the Exchange Act and (ii) Awards to Covered Employees to be able to qualify as performance-based compensation as provided under Code Section 162(m) (to the extent such Awards are intended to qualify as performance-based compensation).

The Board may also appoint one or more separate committees of the Board, each composed of directors of the Company who need not qualify under Rule 16b-3 of the Exchange Act or Code Section 162(m), that may administer the Plan with respect to Selected Employees who are not Section 16 Persons or Covered Employees, respectively, may grant Awards under the Plan to such Selected Employees and may determine all terms of such Awards. To the extent permitted by applicable law, the Board may also appoint a committee, composed of one or more Officers, that may authorize Awards to Employees (who are not Section 16 Persons or Covered Employees) within parameters specified by the Board and consistent with any limitations imposed by applicable law.

The Committee shall comply with rules and regulations applicable to it, including under the rules of any exchange on which the Shares are traded.

Notwithstanding the foregoing, the Board shall constitute the Committee and shall administer the Plan with respect to all Awards granted to Non-Employee Directors.

(b) Authority of the Committee. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Such actions shall include without limitation:

- (i) determining Selected Employees who are to receive Awards under the Plan;
- (ii) determining the type, number, vesting requirements, Performance Goals (if any) and their degree of satisfaction, and other features and conditions of such Awards and amending such Awards;
- (iii) correcting any defect, supplying any omission, or reconciling or clarifying any inconsistency in the Plan or any Award Agreement;
- (iv) accelerating the vesting, or extending the post-termination exercise term, or waiving restrictions, of Awards at any time and under such terms and conditions as it deems appropriate;
- (v) interpreting the Plan and any Award Agreements;
- (vi) making all other decisions relating to the operation of the Plan; and
- (vii) adopting such plans or subplans as may be deemed necessary or appropriate to provide for the participation by non-U.S. employees of the Company and its Subsidiaries and Affiliates, which plans and/or subplans shall be attached hereto as appendices.

The Committee may adopt such rules or guidelines, as it deems appropriate to implement the Plan. The Committee’s determinations under the Plan shall be final, conclusive and binding on all persons. The Committee’s decisions and determinations need not be uniform and may be made selectively among Participants in the Committee’s sole discretion. The Committee’s decisions and determinations will be afforded the maximum deference provided by applicable law.

(c) **Indemnification.** To the maximum extent permitted by applicable law, each member of the Committee, or of the Board, or any persons (including without limitation Employees and Officers) who are delegated by the Board or Committee to perform oversight or administrative functions in connection with the Plan, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

SECTION 4. GENERAL

(a) **General Eligibility.** Only Employees, Consultants, Directors and Non-Employee Directors shall be eligible for designation as Selected Employees by the Committee.

(b) **Incentive Stock Options.** Only Selected Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, a Selected Employee who is a 10-Percent Stockholder shall not be eligible for the grant of an ISO unless the requirements set forth in Section 422(c)(5) of the Code are satisfied. If and to the extent that any Shares are issued under a portion of any Option that exceeds the \$100,000 limitation of Section 422 of the Code, such Shares shall not be treated as issued under an ISO notwithstanding any designation otherwise. Certain decisions, amendments, interpretations and actions by the Committee and certain actions by a Participant may cause an Option to cease to qualify as an ISO pursuant to the Code and by accepting an Option the Participant agrees in advance to such disqualifying action.

(c) **Restrictions on Shares.** Any Shares issued pursuant to an Award shall be subject to such Company policies, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally and shall also comply to the extent necessary with applicable law. In no event shall the Company be required to issue fractional Shares under this Plan.

(d) **Beneficiaries.** A Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate.

(e) **Performance Goals.** The Committee may, in its discretion, include Performance Goals or other performance objectives in any Award. If Performance Goals are included in Awards to Covered Employees in order to enable such Awards to qualify as performance-based compensation under Code Section 162(m), then such Awards will be subject to the achievement of such Performance Goals that will be established and administered pursuant to the requirements of Code Section 162(m) and as described in this Section 4(e). If an Award is intended to qualify as performance-based compensation under Code Section 162(m) and to the extent required by Code Section 162(m), the Committee shall certify in writing the degree to which the Performance Goals have been satisfied before any Shares underlying an Award or any Award payments are released to a Covered Employee with respect to a Performance Period. Without limitation, the approved minutes of a Committee meeting shall constitute such written certification. With respect to Awards that are intended to qualify as performance-based compensation under Code Section 162(m), the Committee may adjust the evaluation of performance under a Performance Goal (to the extent permitted by Code Section 162(m)) to remove the effects of certain events including without limitation the following:

- (i) asset write-downs or discontinued operations,
- (ii) litigation or claim judgments or settlements,
- (iii) material changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results,
- (iv) reorganizations or restructuring programs or divestitures or acquisitions, and/or

(v) extraordinary non-recurring items as described in applicable accounting principles and/or items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence.

Notwithstanding satisfaction of any completion of any Performance Goal, to the extent specified at the time of grant of an Award, the number of Shares, Options, SARs, Stock Units or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Performance Goals may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine. Awards with Performance Goals or performance objectives (if any) that are granted to Selected Employees who are not Covered Employees or any Awards to Covered Employees which are not intended to qualify as performance-based compensation under Code Section 162(m) need not comply with the requirements of Code Section 162(m).

(f) No Rights as a Stockholder. A Participant, or a transferee of a Participant, shall have no rights as a stockholder (including without limitation voting rights or dividend or distribution rights) with respect to any Common Stock covered by an Award until such person becomes entitled to receive such Common Stock, has satisfied any applicable withholding or tax obligations relating to the Award and the Common Stock has been issued to the Participant. No adjustment shall be made for cash or stock dividends or other rights for which the record date is prior to the date when such Common Stock is issued, except as expressly provided in Section 11. For the avoidance of doubt, no Award shall allow for the payment of dividends with respect to any portion of the Award that does not vest or as to which applicable vesting or performance conditions are not satisfied.

(g) Termination of Service. Unless the applicable Award Agreement or employment agreement provides otherwise (and in such case, the Award or employment agreement shall govern as to the consequences of a termination of Service for such Awards), the following rules shall govern the vesting, exercisability and term of outstanding Awards held by a Participant in the event of termination of such Participant's Service (in all cases subject to the term of the Option or SAR as applicable):

(i) if the Service of a Participant is terminated for Cause, then all of the Participant's Options, SARs, unvested portions of Stock Units and unvested portions of Restricted Stock Grants shall terminate and be forfeited immediately without consideration as of the Termination Date (except for repayment of any amounts the Participant had previously paid to the Company to acquire Shares underlying the forfeited Awards);

(ii) if the Service of Participant is terminated for any reason other than for Cause and other due to the Participant's death or Disability, then the vested portion of the Participant's then-outstanding Options/SARs may be exercised by such Participant or his or her personal representative within three months after the Termination Date and all unvested portions of the Participant's outstanding Awards shall be forfeited without consideration as of the Termination Date (except for repayment of any amounts the Participant had previously paid to the Company to acquire Shares underlying the forfeited Awards); or

(iii) if the Service of a Participant is terminated due to the Participant's death or Disability, the vested portion of the Participant's then outstanding Options/SARs may be exercised within twelve months after the Termination Date and all unvested portions of any outstanding Awards shall be forfeited without consideration as of the Termination Date (except for repayment of any amounts the Participant had previously paid to the Company to acquire Shares underlying the forfeited Awards).

(h) Code Section 409A. Notwithstanding anything in the Plan to the contrary, the Plan and Awards granted hereunder are intended to comply with the requirements of Code Section 409A and shall be interpreted in a manner consistent with such intention. In the event that any provision of the Plan or an Award Agreement is determined by the Committee to not comply with the applicable requirements of Code Section 409A and the Treasury Regulations and other guidance issued thereunder, the Committee shall have the authority to take such actions and to make such changes to the Plan or an Award Agreement as the Committee deems necessary to comply with such requirements, provided that no such action shall adversely affect any outstanding Award without the consent of the affected Participant. Each payment to a Participant made pursuant to this Plan shall be considered a separate payment and not one of a series of payments for purposes of Code Section 409A. Notwithstanding the foregoing or anything elsewhere in the Plan or an Award Agreement to the contrary, if upon a Participant's Separation From Service he/she is then a Specified Employee, then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such Separation From Service under this Plan until the earlier of (i) the first business day of the seventh month following the Participant's Separation From Service, or (ii) ten (10) days after the Company receives written confirmation of the Participant's death. Any such delayed

payments shall be made without interest. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Code Section 409A or for any damages for failing to comply with Code Section 409A.

(i) Suspension or Termination of Awards. If at any time (including after a notice of exercise has been delivered) the Committee (or the Board), reasonably believes that a Participant has committed an act of Cause (which includes a failure to act), the Committee (or Board) may suspend the Participant's right to exercise any Option or SAR (or payment of a Cash Award or vesting of Restricted Stock Grants or Stock Units) pending a determination of whether there was in fact an act of Cause. If the Committee (or the Board) determines a Participant has committed an act of Cause, neither the Participant nor his or her estate shall be entitled to exercise any outstanding Option or SAR whatsoever and all of Participant's outstanding Awards shall then terminate without consideration. Any determination by the Committee (or the Board) with respect to the foregoing shall be final, conclusive and binding on all interested parties.

(j) Electronic Communications. Subject to compliance with applicable law and/or regulations, an Award Agreement or other documentation or notices relating to the Plan and/or Awards may be communicated to Participants by electronic media.

(k) Unfunded Plan. Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Committee be deemed to be a trustee of stock or cash to be awarded under the Plan.

(l) Liability of Company. The Company (or members of the Board or Committee) shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (b) any unexpected or adverse tax consequence or any tax consequence expected, but not realized, by any Participant or other person due to the grant, receipt, exercise or settlement of any Award granted hereunder.

(m) Reformation. In the event any provision of this Plan shall be held illegal or invalid for any reason, such provisions will be reformed by the Board if possible and to the extent needed in order to be held legal and valid. If it is not possible to reform the illegal or invalid provisions then the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(n) Re-Pricing of Options or SARs. Notwithstanding anything to the contrary, without the approval of Company stockholders and except as provided in Section 11(a), outstanding Options or SARs may not be re-priced, replaced or regranted (i) through cancellation, whether in exchange for cash or another type of Award, (ii) by lowering the Exercise Price of a previously granted Option or SAR or (iii) by replacing a previously granted Option or SAR with a new Option or SAR with a lower Exercise Price.

(o) Successor Provision. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, both before and after the Adoption Date and including any successor provisions.

(p) Governing Law. This Plan and all Awards shall be construed in accordance with and governed by the laws of the State of Utah but without regard to its conflict of law provisions. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Utah to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

(q) Minimum Vesting Requirement. No Award granted on or after July 1, 2018 shall vest, become exercisable or be settled on a date that is earlier than the first anniversary of the grant date of the Award; provided however that this minimum vesting and exercisability requirement shall not apply (i) to up to 5% of the aggregate number of shares reserved for issuance hereunder, (ii) if Section 12 applies, or (iii) with respect to an Award held by a Participant whose Service terminates as a result of his or her death or disability.

SECTION 5. SHARES SUBJECT TO PLAN AND SHARE LIMITS

(a) Basic Limitations. The Common Stock issuable under the Plan shall be authorized but unissued Shares or treasury Shares. Subject to adjustment as provided in Section 11, the maximum aggregate number of Shares that may be issued under the Plan shall not exceed the sum of (i) 2,440,000 Shares, (ii) the number of Shares reserved under the 2010 Plan that are not issued or subject to outstanding awards under the 2010 Plan on the Stockholder Approval Date, (iii) any Shares subject to outstanding options or other awards under the 2010 Plan on the Stockholder Approval Date that subsequently expire or lapse unexercised and Shares issued pursuant to awards granted under the 2010 Plan that are outstanding on the Stockholder Approval Date and that are subsequently forfeited to or repurchased by the Company, and (iv) the additional Shares described in Section 5(b); provided, however, that no more than 475,000 Shares, in the aggregate, shall be added to the Plan pursuant to clauses (ii) and (iii). No more than 2,915,000 Shares plus the additional Shares described in Section 5(b) may be issued under the Plan upon the exercise of ISOs.

(b) Share Re-Use. If Equity Awards are forfeited or are terminated for any reason other than being exercised, then the Shares underlying such Equity Awards shall again become available for Equity Awards under the Plan. If SARs are exercised or Stock Units are settled in Shares, then only the number of Shares (if any) actually issued in settlement of such SARs or Stock Units shall reduce the number of Shares available under the Share limits stated in Section 5(a) and the balance shall again become available for Equity Awards under the Plan. If a Participant pays the Exercise Price by Net Exercise or by surrendering previously owned Shares (or by stock attestation) and/or, as permitted by the Committee, pays any withholding tax obligation with respect to an Equity Award by electing to have Shares withheld or surrendering previously owned Shares (or by stock attestation), the surrendered Shares and the Shares withheld to pay taxes shall be available for issuance under the Plan and shall not count toward the Share limits set forth in Section 5(a). Any Shares that are delivered and any Equity Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by another entity (as provided in Sections 6(e), 8(f), 9(e) or 10(e)) shall not be counted against the Share limits specified in Sections 5(a) and 5(d).

(c) Dividend Equivalents. Any dividend equivalents distributed under the Plan shall not be applied against the number of Shares available for Equity Awards.

(d) Code Section 162(m) Limits. For so long as: (x) the Company is a “publicly held corporation” within the meaning of Code Section 162(m) and (y) the deduction limitations of Code Section 162(m) are applicable to Awards granted to the Company’s Covered Employees under this Plan, then the limits specified below in this Section 5(d) shall be applicable to Awards issued under the Plan.

(i) Limits on Options. No Selected Employee shall receive Options to purchase Shares during any Fiscal Year that in the aggregate cover in excess of 300,000 Shares.

(ii) Limits on SARs. No Selected Employee shall receive Awards of SARs during any Fiscal Year that in the aggregate cover in excess of 300,000 Shares.

(iii) Limits on Restricted Stock Grants. No Selected Employee shall receive Restricted Stock Grants during any Fiscal Year that in the aggregate cover in excess of 300,000 Shares.

(iv) Limits on Stock Units. No Selected Employee shall receive Stock Units during any Fiscal Year that in the aggregate cover in excess of 300,000 Shares.

(v) Limit on Total Amount of All Equity Awards. Notwithstanding anything to the contrary contained herein, no Selected Employee shall receive Equity Awards during any Fiscal Year in excess of the aggregate amount of 600,000 Shares, whether such Equity Awards are in the form of Options, SARs, Restricted Stock Grants and/or Stock Units.

(vi) Increased Limits for First Year of Employment. The numerical limits expressed in the foregoing subparts (i) through (iv) shall in each case be increased to 600,000 Shares with respect to Equity Awards granted to a Selected Employee during the Fiscal Year of the Selected Employee’s commencement of employment with the Company or during the first Fiscal Year that the Selected Employee becomes a Covered Employee.

(vii) Dollar Limit for Cash Awards. The maximum aggregate value of Cash Awards that may be received by any one Selected Employee with respect to any individual Fiscal Year is \$5,000,000.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS

(a) Stock Option Agreement. Each Award of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan (including without limitation any Performance Goals). The provisions of the various Stock Option Agreements entered into under the Plan need not be identical. The Stock Option Agreement shall also specify whether the Option is an ISO and if not specified then the Option shall be an NSO.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and is subject to adjustment of such number in accordance with Section 11.

(c) Exercise Price. An Option's Exercise Price shall be established by the Committee and set forth in a Stock Option Agreement. Except with respect to outstanding stock options being assumed or Options being granted in exchange for cancellation of outstanding options granted by another issuer as provided under Section 6(e), the Exercise Price of an Option shall not be less than 100% of the Fair Market Value (110% for ISO Awards to 10-Percent Stockholders) on the date of Award.

(d) Exercisability and Term. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become vested and/or exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed ten years from the date of Award (and may be for a shorter period of time than ten years). No Option can be exercised after the expiration date specified in the applicable Stock Option Agreement. A Stock Option Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events. Notwithstanding the previous sentence, an ISO that is granted to a 10-Percent Stockholder shall have a maximum term of five years. Notwithstanding any other provision of the Plan, no Option can be exercised after the expiration date provided in the applicable Stock Option Agreement. In no event shall the Company be required to issue fractional Shares upon the exercise of an Option and the Committee may specify a minimum number of Shares that must be purchased in any one Option exercise.

(e) Modifications or Assumption of Options. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding Options or may accept the cancellation of outstanding stock options (whether granted by the Company or by another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. For avoidance of doubt, in accordance with Section 4(n), the Committee may not Re-Price outstanding Options without approval from the Company's stockholders, except as provided in Section 11(a). No modification of an Option shall, without the consent of the Optionee, impair his or her rights or increase his or her obligations under such Option.

(f) Assignment or Transfer of Options. Except as otherwise provided in the applicable Stock Option Agreement and then only to the extent permitted by applicable law, no Option shall be transferable by the Optionee other than by will or by the laws of descent and distribution. Except as otherwise provided in the applicable Stock Option Agreement, an Option may be exercised during the lifetime of the Optionee only by Optionee or by the guardian or legal representative of the Optionee. No Option or interest therein may be assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

SECTION 7. PAYMENT FOR OPTION SHARES

(a) General Rule. The entire Exercise Price of Shares issued upon exercise of Options shall be payable in cash at the time when such Shares are purchased by the Optionee, except as follows and if so provided for in an applicable Stock Option Agreement:

(i) In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Stock Option Agreement. The Stock Option Agreement may specify that payment may be made in any form(s) described in this Section 7.

(ii) In the case of an NSO granted under the Plan, the Committee may, in its discretion at any time, accept payment in any form(s) described in this Section 7.

(b) Surrender of Stock. To the extent that the Committee makes this Section 7(b) applicable to an Option in a Stock Option Agreement, payment for all or a part of the Exercise Price may be made with Shares which have already been owned

by the Optionee for such duration as shall be specified by the Committee. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(c) Cashless Exercise. To the extent that the Committee makes this Section 7(c) applicable to an Option in a Stock Option Agreement, payment for all or a part of the Exercise Price may be made through Cashless Exercise.

(d) Net Exercise. To the extent that the Committee makes this Section 7(d) applicable to an Option in a Stock Option Agreement, payment for all or a part of the Exercise Price may be made through Net Exercise.

(e) Other Forms of Payment. To the extent that the Committee makes this Section 7(e) applicable to an Option in a Stock Option Agreement, payment may be made in any other form that is consistent with applicable laws, regulations and rules and approved by the Committee.

SECTION 8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

(a) SAR Agreement. Each Award of a SAR under the Plan shall be evidenced by a SAR Agreement between the Participant and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan (including without limitation any Performance Goals). A SAR Agreement may provide for a maximum limit on the amount of any payout notwithstanding the Fair Market Value on the date of exercise of the SAR. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each SAR Agreement shall specify the number of Shares to which the SAR pertains and is subject to adjustment of such number in accordance with Section 11.

(c) Exercise Price. Each SAR Agreement shall specify the Exercise Price. Except with respect to outstanding stock appreciation rights being assumed or SARs being granted in exchange for cancellation of outstanding stock appreciation rights granted by another issuer as provided under Section 8(f), the Exercise Price of a SAR shall not be less than 100% of the Fair Market Value on the date of Award.

(d) Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR which shall not exceed ten years from the date of Award. No SAR can be exercised after the expiration date specified in the applicable SAR Agreement. A SAR Agreement may provide for accelerated exercisability in the event of the Participant's death, or Disability or other events and may provide for expiration prior to the end of its term in the event of the termination of the Participant's Service. A SAR may be included in an ISO only at the time of Award but may be included in an NSO at the time of Award or at any subsequent time, but not later than six months before the expiration of such NSO. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

(e) Exercise of SARs. If, on the date when a SAR expires, the Exercise Price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR may automatically be deemed to be exercised as of such date with respect to such portion to the extent so provided in the applicable SAR agreement. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after the Participant's death) shall receive from the Company (i) Shares, (ii) cash or (iii) any combination of Shares and cash, as the Committee shall determine. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the Exercise Price of the Shares.

(f) Modification or Assumption of SARs. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding SARs or may accept the cancellation of outstanding SARs (including stock appreciation rights granted by another issuer) in return for the grant of new SARs for the same or a different number of Shares and at the same or a different Exercise Price. For avoidance of doubt, in accordance with Section 4(n), the Committee may not Re-Price outstanding SARs without approval from the Company's stockholders, except as provided in Section 11(a). No modification of a SAR shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such SAR.

(g) Assignment or Transfer of SARs. Except as otherwise provided in the applicable SAR Agreement and then only to the extent permitted by applicable law, no SAR shall be transferable by the Participant other than by will or by the laws of descent and distribution. Except as otherwise provided in the applicable SAR Agreement, a SAR may be exercised during the

lifetime of the Participant only by the Participant or by the guardian or legal representative of the Participant. No SAR or interest therein may be assigned, pledged or hypothecated by the Participant during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

SECTION 9. TERMS AND CONDITIONS FOR RESTRICTED STOCK GRANTS

(a) Restricted Stock Grant Agreement. Each Restricted Stock Grant awarded under the Plan shall be evidenced by a Restricted Stock Grant Agreement between the Participant and the Company. Each Restricted Stock Grant shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan (including without limitation any Performance Goals). The provisions of the Restricted Stock Grant Agreements entered into under the Plan need not be identical.

(b) Number of Shares and Payment. Each Restricted Stock Grant Agreement shall specify the number of Shares to which the Restricted Stock Grant pertains and is subject to adjustment of such number in accordance with Section 11. Restricted Stock Grants may be issued with or without cash consideration under the Plan.

(c) Vesting Conditions. Each Restricted Stock Grant may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Grant Agreement. A Restricted Stock Grant Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(d) Voting and Dividend Rights. The holder of a Restricted Stock Grant (irrespective of whether the Shares subject to the Restricted Stock Grant are vested or unvested) awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders; provided however that any dividends attributed to Shares that are unvested (whether such dividends are in the form of cash or Shares) shall be subject to the same vesting conditions and restrictions as the Restricted Stock Grant with respect to which the dividends relate; and provided further that this sentence is subject to the final sentence of Section 4(f). Such additional Shares issued as dividends that are subject to the Restricted Stock Grant shall not reduce the number of Shares available for issuance under Section 5.

(e) Modification or Assumption of Restricted Stock Grants. Within the limitations of the Plan, the Committee may modify or assume outstanding Restricted Stock Grants or may accept the cancellation of outstanding Restricted Stock Grants (including stock granted by another issuer) in return for the grant of new Restricted Stock Grants for the same or a different number of Shares. No modification of a Restricted Stock Grant shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such Restricted Stock Grant.

(f) Assignment or Transfer of Restricted Stock Grants. Except as provided in Section 14, or in a Restricted Stock Grant Agreement, or as required by applicable law, a Restricted Stock Grant awarded under the Plan shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 9(f) shall be void. However, this Section 9(f) shall not preclude a Participant from designating a beneficiary pursuant to Section 4(d) nor shall it preclude a transfer of Restricted Stock Grant Awards by will or pursuant to Section 4(d).

SECTION 10. TERMS AND CONDITIONS OF STOCK UNITS

(a) Stock Unit Agreement. Each Award of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the Participant and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan (including without limitation any Performance Goals). The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical.

(b) Number of Shares and Payment. Each Stock Unit Agreement shall specify the number of Shares to which the Stock Unit Grant pertains and is subject to adjustment of such number in accordance with Section 11. To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

(c) Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(d) Voting and Dividend Rights. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents.

Such right entitles the holder to be credited with an amount equal to all cash or Common Stock dividends paid on one Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to vesting of the Stock Units, any dividend equivalents accrued on such unvested Stock Units shall be subject to the same vesting conditions and restrictions as the Stock Units to which they attach, provided that this sentence is subject to the final sentence of Section 4(f).

(e) Modification or Assumption of Stock Units. Within the limitations of the Plan, the Committee may modify or assume outstanding Stock Units or may accept the cancellation of outstanding Stock Units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares. No modification of a Stock Unit shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such Stock Unit.

(f) Assignment or Transfer of Stock Units. Except as provided in Section 14, or in a Stock Unit Agreement, or as required by applicable law, Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 10(f) shall be void. However, this Section 10(f) shall not preclude a Participant from designating a beneficiary pursuant to Section 4(d) nor shall it preclude a transfer of Stock Units pursuant to Section 4(d).

(g) Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of (a) cash, (b) Shares or (c) any combination of both, as determined by the Committee. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Except as otherwise provided in a Stock Unit Agreement or a timely completed deferral election, vested Stock Units shall be settled within thirty days after vesting. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred, in accordance with applicable law, to a later specified date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 11.

(h) Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

SECTION 11. ADJUSTMENTS

(a) Adjustments. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a stock split, a reverse stock split, a reclassification or other distribution of the Shares without the receipt of consideration by the Company, of or on the Common Stock, a recapitalization, a combination, a spin-off or a similar occurrence, the Committee shall make equitable and proportionate adjustments to:

(i) the number and kind of securities available for Equity Awards (and which can be issued as ISOs) under Section 5;

(ii) the Share limits on Equity Awards issued under the Plan that are intended to qualify as performance-based compensation under Code Section 162(m) under Section 5(d);

(iii) the number and kind of securities covered by each outstanding Equity Award;

(iv) the Exercise Price under each outstanding SAR and Option, and the repurchase price, if any, applicable to the unvested portion of Restricted Stock Grants; and

(v) the number and kind of outstanding securities issued under the Plan.

(b) Participant Rights. Except as provided in this Section 11, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. If by reason of an adjustment pursuant to this Section 11, a Participant's Equity Award covers additional or different shares of stock or securities, then such additional or different shares and the Equity Award in respect thereof shall be subject to

all of the terms, conditions and restrictions which were applicable to the Equity Award and the Shares subject to the Equity Award prior to such adjustment.

(c) Fractional Shares. Any adjustment of Shares pursuant to this Section 11 shall be rounded down to the nearest whole number of Shares. Under no circumstances shall the Company be required to authorize or issue fractional shares. To the extent permitted by applicable law, no consideration shall be provided as a result of any fractional shares not being issued or authorized.

SECTION 12. EFFECT OF A CHANGE IN CONTROL

(a) Merger or Reorganization. In the event that the Company is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, that subject to the consummation of the merger or other reorganization, for the assumption (or substitution) of outstanding Awards by the surviving corporation or its parent, for their continuation by the Company (if the Company is a surviving corporation), for accelerated vesting and/or for their cancellation with or without consideration, in all cases without the consent of the Participant.

(b) Acceleration. Except as otherwise provided in the applicable Award Agreement (and in such case the applicable Award Agreement shall govern), in the event that a Change in Control occurs and there is no assumption, substitution or continuation of Awards pursuant to Section 12(a), the Committee may in its discretion provide that all Awards shall vest and become exercisable as of immediately before such Change in Control. For avoidance of doubt, "substitution" includes, without limitation, an Award being replaced by a cash award that provides an equivalent intrinsic value (wherein for Equity Awards intrinsic value equals the difference between the market value of a Share and any per Share exercise price).

SECTION 13. LIMITATIONS ON RIGHTS

(a) Retention Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain in Service as an Employee, Consultant, Director or Non-Employee Director or to receive any other Awards under the Plan. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any).

(b) Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Shares or other securities under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Shares or other securities pursuant to any Equity Award prior to the satisfaction of all legal requirements relating to the issuance of such Shares or other securities, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

(c) Dissolution. To the extent not previously exercised or settled, Options, SARs, unvested Stock Units and unvested Restricted Stock Grants shall terminate immediately prior to the dissolution or liquidation of the Company and shall be forfeited to the Company.

(d) Clawback Policy. The Company may (i) cause the cancellation of any Award, (ii) require reimbursement of any Award by a Participant and (iii) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with Company policies and/or applicable law (each, a "Clawback Policy"). In addition, a Participant may be required to repay to the Company certain previously paid compensation, whether provided under this Plan or an Award Agreement or otherwise, in accordance with the Clawback Policy.

SECTION 14. TAXES.

(a) General. A Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with his or her Award. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied.

(b) Share Withholding. The Committee in its discretion may permit or require a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Shares that he or she previously acquired (or by stock

attestation). Such Shares shall be valued based on the value of the actual trade or, if there is none, the Fair Market Value as of the previous day.

Any payment of taxes by assigning Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the SEC. The Committee may also, in its discretion, permit or require a Participant to satisfy withholding or income tax obligations (up to the maximum amount permitted by applicable law) related to an Equity Award through a sale of Shares underlying the Equity Award or, in the case of Options, through Net Exercise or Cashless Exercise.

SECTION 15. DURATION AND AMENDMENTS

(a) Term of the Plan. The Plan was originally effective on the Adoption Date and was amended on November 16, 2017, January 19, 2018, September 20, 2018 and August 27, 2020 (the “August 2020 Amendment”). The August 2020 Amendment is conditioned upon and subject to the approval of the Company’s stockholders before August 27, 2021. If the Company’s stockholders do not approve the August 2020 Amendment before August 27, 2021, then the August 2020 Amendment shall not be effective and the Plan as in effect before the August 2020 Amendment shall remain in effect and in such case no Shares in excess of 2,265,000 may be issued under the Plan. In any event, the Plan shall terminate no later than on the day before the tenth anniversary of the Adoption Date. The Plan may be terminated by the Board on any earlier date pursuant to Section 15(b). This Plan will not in any way affect outstanding awards that were issued under the Prior Equity Compensation Plans or other Company equity compensation plans.

(b) Right to Amend or Terminate the Plan. The Board may amend or terminate the Plan at any time and for any reason. No Awards shall be granted under the Plan after the Plan’s termination. An amendment of the Plan shall be subject to the approval of the Company’s stockholders only to the extent required by applicable laws, regulations or rules. In addition, no such amendment or termination shall be made which would impair the rights of any Participant, without such Participant’s written consent, under any then-outstanding Award, provided that no such Participant consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated. In the event of any conflict in terms between the Plan and any Award Agreement, the terms of the Plan shall prevail and govern.

SECTION 16. EXECUTION

To record the adoption of this Plan by the Board, the Company has caused its duly authorized Officer to execute this Plan on behalf of the Company.

LIFEVANTAGE CORPORATION

/s/ Steven R. Fife

By: Steven R. Fife

Title: Interim President and CEO, CFO



Message from the President & CEO

This year has been a very different one both globally and at LifeVantage. Despite the challenges thrown at us, LifeVantage has a unique advantage of providing both wellness and financially solutions to our greater family and the world. We believe your well-being matters. That's why we've combined the cutting-edge research of nutrigenomics with a leveraged plan to build your own legacy. Because You Matter. We are a wellness and personal care company that believes products are only as good as the science they stand on. You play a central role in this effort and each of you is an invaluable member of our corporate team. We strive to maintain the highest standards of quality, service, integrity and ethics.

This Code of Conduct establishes the values that guide our conduct with respect to our employees, co-workers, executive team, directors, shareholders, distributors, business partners, local community and local government. Every employee shares in our responsibility to uphold and foster these values. If you have any questions regarding the Code or your responsibilities under it, please speak up! Discuss your questions with your supervisor. If you are not comfortable speaking with your supervisor, contact a member of Human Resources or the Legal Department.

Thank you for being the best part of LifeVantage.

Steven R. Fife
Interim President & CEO and CFO
LifeVantage Corporation

CODE OF BUSINESS CONDUCT AND ETHICS

AMENDED AND RESTATED BY THE BOARD OF DIRECTORS
ON NOVEMBER 12, 2020

LIFEVANTAGE CORPORATION

Introduction

This Code of Business Conduct and Ethics (the “**Code**”) covers a wide range of business practices and procedures for LifeVantage Corporation, its subsidiaries and affiliates, (collectively referred to hereinafter as the “Company”). The Code does not cover every issue that may arise, but it sets out basic principles, complimentary with the LifeVantage Employee Policy Manual, to guide you, all of the Company's officers and employees (collectively referred to herein as “**Employee(s)**”) and members of the Board of Directors (referred to herein as “**Director(s)**”). The standards set forth in this Code are linked closely to our corporate vision, strategies and values. All Employees and Directors must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code is intended to provide guidance to persons functioning in managerial or administrative capacities, as well as to all Employees and Directors.

If a local and/or federal law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask the Legal department along with your supervisor how to handle the situation.

The integrity, reputation and profitability of the Company ultimately depend upon the individual actions of our Employees, Directors and other representatives, agents and consultants. It is the policy of the Company to comply with all applicable local and/or federal laws and to adhere to ethical standards in the conduct of our business. Each Employee and Director is expected to read and understand this Code, certify to having done so, uphold these standards in daily activities and take personal responsibility for compliance with all applicable policies and procedures.

Any Employee and/or Director who may violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment or service. The guidelines in this Code are neither exclusive nor comprehensive. Because the business and legal environment in which the Company operates is complex, it would be impossible to formulate a single policy that would govern all possible situations. Employees and Directors are expected and required to comply with the letter and the spirit of all applicable laws and policies, whether or not specifically addressed within this Code. ***If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 20 of this Code.***

1. Responsibility of Company Supervisors and Managers

This Code applies to all Employees. However, those employees in leadership roles or who supervises others are held to a higher standard. Leaders are expected to be role models to the Employees who they manage and to advocate for the values expressed in the Code. Supervisors and Managers can do this by:

- Demonstrating ethical and compliant behavior;
- Creating and maintaining an open-door atmosphere and culture where Employees are encouraged to come to you for guidance, or to report concerns as they arise;
- Monitoring your organization to ensure compliance with the Code; and
- Not retaliating against good faith reporting and/or not allowing anyone in the organization to retaliate against Employees who report.

2. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which our Company's ethical standards are built. All Employees and Directors must respect and obey the laws of the cities, states and countries in which we operate. Although it is not expected that Employees and Directors will know the exact details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers, the Legal department or other appropriate personnel. Because individual violations may also subject the Company to civil or criminal liability or the loss of business, the Company takes legal compliance measures seriously and works diligently to enforce them.

If requested and/or as deemed necessary, the Company will hold information and training sessions to promote compliance with laws, rules and regulations mentioned herein.

3. Conflicts of Interest

The Company knows that it can only be truly successful through the diligence and loyalty of its Employees and Directors. Therefore, you must put the best interests of the Company at the forefront of any work or Company-related activity or decision and scrupulously avoid conflicts of interest. You must use your best judgment in determining whether a conflict of interest exists and then avoid any conduct, activity, relationship or other situation that would create or cause an actual or potential conflict of interest.

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when an Employee and/or Director takes actions or has interests that may make it difficult to perform his or her work for or on behalf of the Company objectively and effectively such as influence associated with current/former business associates and/or co-workers. Conflicts of interest may also arise when an Employee and/or Director or members of his or her Family, as defined below, may be perceived to receive and/or receives improper personal benefits as a result of his or her position in the Company. For purposes of this Code, the term "Family" shall mean the spouse, parents, children, siblings, any similar step, and/or ex and/or in-law relations and/or current or previous similar family-type and/or dating relationships and/or anyone who shares a residence/home with an Employee or Director.

Some scenarios that may pose potential conflict of interest problems for Employees and Directors include, but are not limited to, the following:

- Investing in any company that sells products or services similar to the Company's, or any company doing or seeking to do business with the Company, other than relatively small investments in securities widely held by the general public;
- Working for, or on behalf of, any such company that sells products or services similar to our Company;
- Placing Company business with relatives or friends, or working on a Company project that will have a direct impact on the financial interests of relatives or friends;
- Encouraging companies dealing with the Company to buy supplies or services from relatives or friends;
- Borrowing money from companies doing or seeking to do business with the Company other than on generally available terms;
- Participating in the regulatory or other activities of a community or governmental body that have a direct impact on the business of the Company;
- Hiring or having a direct or indirect reporting relationship with a family member or friend (for clarity, the Company prohibits the hiring of Family members and requires that the hiring of any other related family member, be expressly approved in writing by the relevant department head and the Human Resources department);
- Family members working in the same department;
- Engaging in a personal relationship with an Employee, Director, distributor or vendor that affects the perception and/or one's ability to do one's job or otherwise disrupts the workplace;
- Serving as a director of any company that competes with the Company; and
- Accepting or giving gifts or gratuities in violation of the Code as set forth below.

The best practice is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on behalf of the Company. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Human Resource and/or Legal department. If you become aware of a conflict or potential conflict, you should bring it to the attention of your supervisor, manager or other appropriate personnel or consult the procedures described in Section 20 of this Code.

4. Gifts and Entertainment

The Company recognizes that there are times where in the normal course of business gifts are given to or received from customers, vendors, suppliers, LifeVantage Distributors and/or other persons doing business with the Company (collectively, hereinafter "Business Partners"). In order to avoid the appearance or existence of a conflict of interest as a result of any such gifts, the following shall apply to all gifts given to or from Business Partners:

- All such gifts from any person or vendor with an individual or cumulative value, if several gifts are received within a one year period, in excess of one-hundred dollars (\$100) must be reported to the Company via the Company's reporting email box, giftsandentertainment@lifestantage.com,

including who is providing the gift, the approximate monetary value of the gift, a description of the gift and a description of the business reason for receipt or giving of the gift;

- For gifts given to Business Partners, whenever possible, written pre-authorization must be obtained from the Executive Management Team, defined as the C-Suite to include the President/Chief Executive Officer (CEO), Chief Sales and Marketing Officer (CSMO), , Chief Financial Officer (CFO), Chief Operations Officer (COO) and Chief Legal Officer (CLO)/General Counsel;
- No gift shall exceed an individual value of two hundred, fifty dollars (\$250) without the written approval of a member of the Executive Management Team; and
- Gifts exceeding an individual value of five hundred dollars (\$500) must receive approval in advance from a member of the Nominating and Governance Committee of the Board of Directors.

The Company also recognizes that Employees may be offered entertainment or recreational opportunities as a result of our Business Partners' business development strategies. In order to avoid the appearance or existence of a conflict of interest as a result of any such opportunities, the following shall apply to all entertainment or recreational opportunities given to or from Business Partners:

- All such entertainment or recreational opportunities with a value in excess of three hundred dollars (\$300) must be reported via the Company's reporting email box, giftsandentertainment@lifevantage.com, including who is providing the opportunity, the approximate monetary value of the opportunity, a description of the opportunity and a description of the business reason for receipt or giving of the opportunity;
- Any entertainment or recreational opportunities that include a guest, spouse or family member(s) of the Employee must be reported, regardless of the value, via the Company's reporting email box, giftsandentertainment@lifevantage.com, including who is providing the opportunity, the approximate monetary value of the opportunity, a description of the opportunity and a description of the business reason for receipt or giving of the opportunity;
- For entertainment or recreational opportunities given to Business Partners, whenever possible, written pre-authorization must be obtained from an immediate supervisor; and
- No such opportunity shall exceed a value of thousand dollars (\$1000) without the written approval of the Executive Management Team.

Gifts and entertainment or recreational opportunities for Business Partners must support the legitimate business interests of the Company and should be reasonable and appropriate under the circumstances. Under no circumstance shall an employee accept gifts or entertainment or recreational opportunities from Business Partners if doing so might compromise, or appear to compromise, your ability to make objective business decisions in the best interest of the Company.

5. External Communications

LifeVantage has an obligation to accurately respond to inquiries and report information. To ensure LifeVantage complies with applicable laws and regulations, as well as its duties to its shareholders and the public, all communication with the media, analysts, business and trade associations and others should be made, approved and coordinated through the Legal or Finance departments, as appropriate. If you receive a media inquiry, you should refer the inquiry to the Legal department. Likewise, inquiries from investors or analysts should be referred to the CFO. Being an Employee of LifeVantage, you will at times have access to inside information about the Company. LifeVantage Employees may not discuss Company business or information, including financial results or future business plans or initiatives with analysts, other financial

investment professionals, shareholders, the media, distributors or others, unless they are authorized to do so. No Employee should speak on behalf of LifeVantage without first receiving written approval from the Legal and/or Finance departments.

6. Securities Laws and Insider Trading

The Company has adopted an Insider Trading Policy, which sets forth detailed rules relating to trading in the Company's securities and those of other companies with which the Company does business. Each Employee and Director is subject to the Insider Trading Policy and must become familiar and comply with it at all times. Please see the LifeVantage Insider Trading Policy for additional details. We also urge you to contact the Company's General Counsel or CFO if you are unsure as to whether or not you are free to trade under a particular set of circumstances.

7. Corporate Opportunities

Employees and Directors are prohibited from taking for themselves directly or indirectly opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No Employee or Director may use corporate property, information, or position for improper personal gain, and no Employee or Director may compete with the Company directly or indirectly. Employees and Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

8. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Employee and Director should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and Employees. No Employee or Director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

Business Entertainment & Gifts. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Company Employee, Director, or family member of an Employee or Director unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws or regulations. Please refer to Section 4 above for additional information.

Competition Laws. Most countries in which LifeVantage does business have laws designed to prevent unfair trade and competition. In broad terms, these antitrust, monopoly or fair-trade laws aim to protect consumers by preventing individuals and businesses from interfering with the functions of a competitive market. LifeVantage makes every effort to comply with competition rules and we require all Employees and Directors to do the same. Almost all competition laws prohibit the following:

- Price-fixing agreements;
- Manipulating a product supply chain;

Colluding with a competitor or other business entity to provide a product at a predetermined price, aka "Bid-rigging". As competition laws can be complex and challenging, if you are not sure how to handle an issue that arises or if you become aware of any possible violation of these laws, consult the Legal department.

Sales, Marketing and Advertising. LifeVantage is committed to maintaining the integrity and credibility of our business model and our products. We strive to make sure that materials related to product marketing, advertising, promotion, packaging and/or display do not misstate facts or provide misleading impressions or representations. Employees must help ensure that LifeVantage's marketing and other materials are not misleading and report situations or information that might be inaccurate, false, incomplete or misstated.

Comparison Advertising. LifeVantage sells its products and services based exclusively on their merits. Our sales and marketing practices prohibit misleading or disparaging statements about competitors, their products or their services. In all comparative advertising, you must confirm that all comparisons between the Company and its competitors have been substantiated. Any comparison advertisements must also confirm that all language is fair, accurate and not misleading. Bear in mind that certain countries do not allow comparative advertising. For that reason, discuss guidelines with the Legal Department prior to launching any advertising campaign.

9. Discrimination and Harassment

The diversity of the Company's Employees and Directors is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

10. Policy Against Slavery & Human Trafficking

The Company is committed to treating all workers with dignity and respect and doing our part to maintain a work environment free from forced labor or slavery, unlawful child labor, and human trafficking. As part of the Company's efforts to avoid, detect and eliminate slavery and human trafficking, we have developed a policy relating to prevention of slavery and human trafficking that is based on relevant international legal standards and best practices. We require our Employees, Directors and suppliers to comply and certify compliance with the policy.

11. Health and Safety

The Company strives to provide each Employee with a safe and healthy work environment. Each Employee and Director has responsibility for maintaining a safe and healthy workplace for all Employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

Disability Accommodations. LifeVantage is committed to work with and provide reasonable accommodations for Employees and applicants with a disability. Any Employee with disabilities who needs assistance is encouraged to inform his or her manager or the Human Resources department.

Product Quality and Safety. Consumers of LifeVantage's products expect uncompromising quality in the

development and manufacturing of the Company's products. We go to great lengths to make sure consumers can trust that LifeVantage products are safe and manufactured to the highest quality standards for nutritional supplements and personal care products. One of LifeVantage's primary responsibilities is to maintain rigorous quality and safety standards, ensuring our products are safe for consumers. As part of this Code, Employees should report concerns or issues that might endanger product quality and/or safety.

12. Record-Keeping

The Company requires full, fair, honest, accurate, timely and understandable recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many Employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or the Company's controller.

Employees and/or Directors must act in a manner that ensures that all of the Company's books, records, accounts and financial statements are being maintained in reasonable detail, appropriately reflect the Company's transactions and conform both to applicable legal requirements and to the Company's system of internal controls. To do so, you must execute and record transactions in accordance with all internal control procedures implemented by the Company. Furthermore, all expense reimbursements must accurately reflect the true nature and amount of the expenses. In addition, if you are in any way involved in preparing the Company's disclosure documents (such as SEC filings or press releases), you must produce full, fair, accurate, timely and understandable disclosure in such documents.

It is very important that you do not create, or participate in the creation, or perpetuation of, any records that are intended to mislead anyone or conceal any improper act or conduct.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please consult the Company's Legal Department or the CEO or CFO.

13. Confidentiality

Employees and Directors must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Legal Department or the CEO or CFO or as required by laws or regulations. Confidential information includes, but is not limited to, business plans and proposals, business strategies and research, formulas and technical data, new product information, pricing information, financial information, targets or projections, and personnel records, and generally encompasses all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. All Employees and Directors have entered into a non-disclosure or confidentiality agreement detailing obligations regarding the Company's confidential information, and Employees and Directors must adhere to such agreements. The obligation to preserve confidential information continues even after employment or board service ends. Issues with respect to confidential information may also arise in securities transactions as further discussed in LifeVantage's Insider Trading Policy.

14. Protection and Proper Use of Company Assets

All Employees and Directors should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment (including the e-mail system) should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of Employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy. It could also be illegal and result in civil or even criminal penalties.

Ownership of Intellectual Property. Whatever the relationship with LifeVantage—through an employment agreement or other agreement,—Employees and Directors have assigned to the Company all rights, title, and interest in all intellectual property (IP) and work product you develop or help develop, whatever your professional expertise. Pursuant to such arrangements, you agree that the Company owns and is entitled to copyright, patent and trademark protections for anything you produce for the Company. The Company's ownership rights continue regardless of your departure for whatever reason, including termination or retirement.

15. Acceptable Use/Email Usage

Company-owned computers and IT resources are the property of the Company and are to be used for the Company business. Employees have no expectation of privacy when utilizing Company computer resources, even if the use is for personal purposes. The Company has adopted Acceptable Use of Company Property policies for Employees in the Employee Policy Manual, which sets forth detailed rules regarding use of Company equipment.

16. Company Guidelines Concerning Outside Activities

Social Networks. LifeVantage acknowledges that social networks have become a favorite way to instantly share one's thoughts, ideas and opinions, and we respect your right to participate in such platforms. However, careless posts have the potential to hurt the Company's reputation—among our most valuable assets—and to negatively affect public perception of the Company. To protect the Company's good reputation and brand, as well as your personal reputation, use good judgment in posting any and all such comments to social media platforms. To that end, please follow these guidelines:

- Use Company computers, phones or email systems only in accord with these guidelines and manager's direction for particular employment position if utilizing any social media sites;
- Avoid engaging in any public discussions or making any comments that could reasonably be perceived as a Company statement or opinion;
- Be professional in your word choices and respectful of others' ideas and their rights to free speech; and
- Never disclose, comment on, nor characterize confidential or proprietary information regarding LifeVantage or any other companies.

If you have questions regarding your use of social media, please consult the Legal department.

Civic Affairs. The Company encourages employees and distributors to get involved in civic affairs, as long as such engagements do not present any conflicts of interest. For example, as a board or committee member of a civic organization, you may be confronted with a decision involving the Company. It might be a decision to purchase LifeVantage products; or it might be a decision by a Board of Tax Assessors or a Zoning Board that affects Company property. In such circumstances, your interest in the Company and your obligation to the civic organization might pull you in opposite directions. While it's entirely up to you to choose how you resolve these conflicts, you should get advice from the Legal department, who can quickly advise you on conflicts questions.

Political Contributions. If you choose to support any political candidate or cause, you must do so only in your individual capacity and not as a representative of LifeVantage. The Company has no interest in your politics, and politics have no place in our work environment. Accordingly, it's inappropriate to ask your subordinates or colleagues to purchase tickets to a political fundraiser. In respect to personal/individual political contributions, our Employees may not:

- Use Company email systems, mailing lists or other business resources to promote a candidate or a cause;
- Request Company reimbursement for personal contributions;
- Work for any political purpose while on Company time; or
- Ask or pressure a colleague, vendor, customer or partner to contribute to or otherwise support a political candidate or cause.

17. International Business

The Company observes the highest ethical standards in all of its business transactions – including those involving foreign countries. You may not take any action in connection with any international transaction or any action in any foreign country that would be illegal or improper in the U.S. Furthermore, you are required to observe all applicable foreign laws to which you or the Company may be subject, including foreign tax laws, customs duties and regulations, drug testing, licensing, manufacturing and marketing laws, rules and regulations and currency restrictions. You should not take any actions that are intended to improperly circumvent the application of such laws. Some of the concerns raised by international business are as follows:

(a) **Anti-Corruption Laws and U.S. Foreign Corrupt Practices Act.**

With limited exceptions, Anti-Corruption laws around the world and the U.S. Foreign Corrupt Practices Act prohibits the Company and you from, among other things, giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited for the Company or any of its agents to make illegal payments to government officials of any country.

If you are asked to make any such payment or you become aware of such payments, you should consult with your supervisor and the Company's Legal department or CFO before making any payment.

(b) **New Foreign Countries.**

The decision to expand the Company's distribution or to establish an operation in any other country, besides those in which it is already qualified to do business, may carry many important legal and tax implications. You must not undertake to expand the Company's operations into any country outside the U.S. without prior approval from the CEO, CFO and/or Legal department.

(c) Export Controls.

In general, any goods that the Company sells to a customer in a foreign country must be covered by an export license. The definition of "export" is quite broad.

There are certain statutory licenses which allow exporting of certain products – generally non-military or non-high-technology goods – to the United States' allies without any further license. Export control regulations are, however, quite complex, and if you are involved in any export transaction you must observe at least the following two rules:

(i) You must satisfy yourself that there is some regulation or specific export license that covers the export you want to make.

(ii) You must furnish only truthful and accurate information to other Employees, to the government or to contracted distributors or companies that may be facilitating the Company's export transactions.

If you are involved in the Company's export business, you must be reasonably alert to situations in which inaccurate information may have been furnished, either to the Company or to any of the Company's agents, involving the ultimate destination or use of the goods.

If you have any doubt as to whether a situation involves an "export" within the meaning of the applicable export control laws, or as to the truth or accuracy of the information being furnished to the Company regarding the ultimate destination or use of products the Company exports, you must contact your supervisor or the Company's Legal Department or Chief Financial Officer.

(d) Imports.

All goods imported into the U.S. must pass through customs and, except in some limited cases where there are exemptions, a duty must be paid. The amount of that duty is based upon the classification of the goods and the value of the merchandise. You must furnish truthful and accurate information to any customs official or to any agent that the Company hires to facilitate its imports.

(e) Tax and foreign currency exchange control laws

Employees and representatives whose work requires compliance with tax and exchange control laws must understand and abide by the rules relevant to all jurisdictions in which the Company operates. Employees are prohibited from knowingly entering into a deal for LifeVantage that does not comport with tax and exchange control laws. If you have any questions, please contact the Finance and Legal Departments for guidance.

18. Payments to Government Personnel

See a brief description of the restrictions under the Anti-Corruption Laws and U.S. Foreign Corrupt Practices Act under the "International Business" section above. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's Legal Department or Chief Executive Officer or Chief Financial Officer can provide guidance to you in this area.

19. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for any Employee and/or Director may be made only by the Board or an authorized Board committee and will be promptly disclosed as required by law or stock exchange regulation.

20. Reporting any Illegal or Unethical Behavior

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. To that end, the Company has established a toll-free hotline that Employees are encouraged to use when reporting any such behavior. The toll-free hotline number is 877-778-5463 or Employees may access an anonymous reporting website for the Company at: www.reportit.net. When using that website, you may use the username: **LifeVantage** and Password: **LFVN**. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by Employees. Employees are expected to cooperate in internal investigations of misconduct.

Any Employee may submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

21. Annual Confirmation and Training

Each Employee is required to affirm in writing annually that he/she has read, understands and agrees to the terms of this Code. Employees will also be required to attend annual training on the Code.

22. Compliance Procedures

(a) Audits.

In some cases, the Company will monitor compliance with its policies by audits. These may be done by the Company's legal counsel or at the direction of the Company's Legal or Finance Departments or an internal auditor. You are required to cooperate fully with any such audits and to provide truthful and accurate responses to any request.

(b) Internal Investigation of Alleged Violations.

When an alleged violation of this Code is reported, the Company will take prompt and appropriate action in accordance with the law and regulations and otherwise consistent with good business practice. The Company's Chief Legal Officer/General Counsel, Chief Financial Officer or the Chairperson of the Audit Committee, as applicable, will assess the situation and determine the appropriate course of action. At a point in the process consistent with the need not to compromise the investigation, the person who is suspected of a violation will be apprised of the alleged violation and will have an opportunity to provide a response to the investigator.

(c) Disciplinary Actions.

If a violation of this Code has been reported to the Audit Committee, the Audit Committee shall be responsible for determining appropriate disciplinary action. With respect to violations by the Company's Directors or Executive Management Team, the Audit Committee shall be responsible for implementing the appropriate disciplinary action. With respect to violations by Employees other than the Executive Management Team, the Company's Chief Legal Officer/General Counsel and/or Chief Financial Officer, after consultation with the Company's senior Human Resources employee and/or the Chief Executive Officer, shall be responsible for implementing the appropriate disciplinary action in accordance with the Company's policies and procedures for any Employee who is found to have violated this Code. Any violation of applicable law or any deviation from the standards embodied in this Code will result in disciplinary action, up to and including immediate termination of employment. In addition to imposing discipline upon Employees involved in conduct that violates this Code, the Company may also impose discipline, as appropriate, upon an Employee's supervisor, if any, who directs or approves such Employee's improper actions or is aware of those actions but does not act appropriately to correct them, and upon other individuals who fail to report known violations of this Code. In addition to imposing its own discipline, the Company may bring any violations of law to the attention of appropriate law enforcement personnel.

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we approach any new question or problem with these steps:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.

- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it locally with your office manager or another member of management, such as the Legal, Finance and/or Human Resources departments.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against Employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act, from the Legal or Finance or Human Resources departments as applicable.

SUBSIDIARIES OF LIFEVANTAGE CORPORATION

Set forth below is a list of all subsidiaries of LifeVantage Corporation, a Delaware corporation, and the state or country of incorporation of each as of June 30, 2021.

<u>Name</u>	<u>State or Country of Incorporation</u>
Dinng Creative, Inc.	Utah
Importadora LifeVantage S. de R.L. de C.V.	Mexico
LFVN Malaysia SDN. BHD.	Malaysia
LifeLine Nutraceuticals Corporation	Colorado
LifeVantage Asia Pte. Ltd.	Singapore
LifeVantage Australia Pty. Ltd.	Australia
LifeVantage Canada Ltd.	Canada
LifeVantage de Mexico S. de R.L. de C.V.	Mexico
LifeVantage Hong Kong Limited	Hong Kong
LifeVantage Japan Kabushiki Kaisha (KK)	Japan
LifeVantage Netherlands B.V.	Netherlands
LifeVantage New Zealand Limited	New Zealand
LifeVantage (Shanghai) Trading Co. Ltd.	China
LifeVantage Singapore Pte. Ltd.	Singapore
LifeVantage Taiwan Pte. Ltd.	Taiwan
LifeVantage Thailand Company Limited	Thailand
LifeVantage UK Limited	United Kingdom
Protandum Philippines Corporation	Philippines
Puyoujian (Guangzhou) Technology Co., Ltd.	China

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 (No. 333-200363) of LifeVantage Corporation and subsidiaries (the "Company") of our report dated August 23, 2022 with respect to the consolidated balance sheets of the Company as of June 30, 2022 and 2021, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the three-year period ended June 30, 2022, which report appears in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission on August 23, 2022, and the effectiveness of internal control over financial reporting as of June 30, 2022, which report appears in the June 30, 2022 annual report on Form 10-K of the Company.

/s/ WSRP, LLC
Salt Lake City, Utah
August 23, 2022

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven R. Fife, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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(s) 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.

August 23, 2022

/s/ Steven R. Fife

Steven R. Fife
President & Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Carl A. Aure, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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(s) 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.

August 23, 2022

/s/ Carl A. Aure

Carl A. Aure
Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)

**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 annual report on Form 10-K of LifeVantage Corporation (the "Company") for the period ended June 30, 2022, with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven R. Fife, President and Chief 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.

August 23, 2022

/s/ Steven R. Fife

Steven R. Fife
President & Chief Executive Officer
(Principal Executive Officer)

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

In connection with the filing of this annual report on Form 10-K of LifeVantage Corporation (the "Company") for the period ended June 30, 2022, with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carl A. Aure, Chief 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.

August 23, 2022

/s/ Carl A. Aure

Carl A. Aure
Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)