

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

---

**FORM 8-K**

---

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): January 28, 2020**

---

**LIFEVANTAGE CORPORATION**

(Exact name of registrant as specified in its charter)

---

**Delaware**

(State or other Jurisdiction of Incorporation)

**001-35647**

(Commission File Number)

**90-0224471**

(IRS Employer Identification No.)

**9785 S. Monroe Street, Suite 400**

**Sandy, Utah 84070**

(Address of principal executive offices, including zip code)

**(801) 432-9000**

Registrant's telephone number

---

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

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

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

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

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

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

On January 28, 2020, the Company issued a press release announcing its financial results for the three and six months ended December 31, 2019. A copy of the Company's press release is attached as Exhibit 99.1 to this report and incorporated by reference.

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

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | <a href="#"><u>Press Release issued by the Company on January 28, 2020, announcing its financial results for the three and six months ended December 31, 2019</u></a> |

**SIGNATURE**

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

LIFEVANTAGE CORPORATION

Date: January 28, 2020

By: /s/ Steven R. Fife  
\_\_\_\_\_  
Name: Steven R. Fife  
Title: Chief Financial Officer



## LifeVantage Announces Financial Results for the Second Quarter of Fiscal 2020

**Record Second Quarter Revenue of \$61 million, increased 5% year over year**

**Second Quarter Adjusted EBITDA Increased 82%**

**Reiterates Fiscal 2020 Guidance for Revenue and Adjusted EBITDA**

**Raises Fiscal 2020 Adjusted EPS Guidance**

**Salt Lake City, UT, January 28, 2020**, LifeVantage Corporation (Nasdaq: LFTV) today reported financial results for its second quarter ended December 31, 2019.

### **Second Quarter Fiscal 2020 Summary\*:**

- Revenue increased 5.3% to \$61.2 million;
- Revenue in the Americas increased 4.3% and revenue in Asia/Pacific & Europe increased 7.8%, including 4.7% growth in Japan;
- Total active accounts increased 0.6% sequentially to 182,000, while declining year over year by 1.1%. The sequential growth included a 4.6% increase in distributors, partially offset by a 1.7% decline in customers. On year over year basis, distributors increased 3.0% and customers declined 3.4%;
- Adjusted EBITDA increased 82.2% to \$6.0 million;
- Earnings per diluted share were \$0.30, compared to \$0.06 in the prior year period;
- Adjusted earnings per diluted share increased 138.5% to \$0.31, compared to \$0.13 in the prior year period; and
- Repurchased \$2.0 million of common shares during the second quarter of fiscal 2020.

\* All comparisons are on a year over year basis and compare the second quarter of fiscal 2020 to the second quarter of fiscal 2019, unless otherwise noted.

"We are pleased with our strong revenue growth and profit performance during the second quarter. We generated over 5% year over year revenue growth, 82% year over year growth of adjusted EBITDA and 138% adjusted EPS growth over the prior year period," stated LifeVantage President and Chief Executive Officer, Darren Jensen. "The U.S. launch of our newest addition to our flagship Protandim® product line, Protandim® NAD Synergizer™, was a significant success and lifted sales across our entire family of Protandim® products during the quarter. We continue to see a strong consumer response to our recent launch and are focused on driving subscription orders of both our Protandim® NAD Synergizer™ and our newly introduced Protandim® Tri-Synergizer™ bundle. Additionally, we saw strong sales growth in our Asia Pacific and Europe region, particularly within Japan where sales increased 5%. We also enjoyed a strong launch in New Zealand during the quarter, leveraging our existing business in Australia."

"We remain on track to meet our fiscal 2020 expectations for both revenue and adjusted EBITDA, and are increasing our fiscal 2020 adjusted EPS guidance. We remain confident in our business and will continue to execute upon each of our 2020 initiatives to drive growth, margin performance and shareholder value," continued Mr. Jensen.

### **Second Quarter Fiscal 2020 Results**

For the second fiscal quarter ended December 31, 2019, the Company reported revenue of \$61.2 million, an increase of 5.3% as compared to \$58.2 million in the second quarter of fiscal 2019. Revenue in the Americas for the second quarter increased 4.3% compared to the second quarter of fiscal 2019 and revenue in the Asia/Pacific & Europe region increased 7.8% compared to the second quarter of fiscal 2019. Revenue for the second quarter of



fiscal 2020 was positively impacted 0.3 million, or 0.6%, by foreign currency fluctuations associated with revenue generated in international markets when compared to the second quarter of fiscal 2019.

Gross profit for the second quarter of fiscal 2020 was \$51.0 million, or 83.3% of revenue, compared to \$48.4 million, or 83.2% of revenue, for the same period in fiscal 2019. The increase in gross margin is primarily due to decreased inventory obsolescence and handling costs and changes to our geographic and product sales mix.

Commissions and incentives expense for the second quarter of fiscal 2020 was \$29.2 million, or 47.7% of revenue, compared to \$28.2 million, or 48.4% of revenue, for the same period in fiscal 2019. The decrease in commissions and incentives expense as a percentage of revenue is due mainly to the timing and magnitude of investments in our promotional and incentive programs and our red carpet program.

Selling, general and administrative expense (SG&A) for the second quarter of fiscal 2020 was \$18.1 million, or 29.6% of revenue, compared to \$19.6 million, or 33.7% of revenue, for the same period in fiscal 2019. Adjusted for nonrecurring expenses, which are detailed in the GAAP to non-GAAP reconciliation tables included at the end of this press release, adjusted non-GAAP SG&A expenses for the second quarter of fiscal 2020 were \$17.9 million, or 29.3% of revenue, compared to adjusted non-GAAP SG&A expenses for the second quarter of fiscal 2019 of \$19.1 million, or 32.8% of revenue. The year over year decrease in non-GAAP SG&A primarily was due to decreased event expenses due to our October 2018 Global Convention that was held during the prior year period, as well as decreases in employee compensation related expenses. These decreases were partially offset by increased depreciation expenses associated with our investment in new technology assets that have been placed in service and increased payment processing fees associated with our increased revenue.

Operating income for the second quarter of fiscal 2020 was \$3.6 million, or 6.0% of revenue, compared to \$0.6 million, or 1.0% of revenue, for the second quarter of fiscal 2019. Accounting for non-GAAP adjustments noted previously, adjusted non-GAAP operating income for the second quarter of fiscal 2020 was \$3.9 million, or 6.3% of revenue, compared to \$1.1 million, or 1.9% of revenue, for the second quarter of fiscal 2019.

Net income for the second quarter of fiscal 2020 was \$4.3 million, or \$0.30 per diluted share. This compares to net income for the second quarter of fiscal 2019 of \$0.8 million, or \$0.06 per diluted share. Accounting for the non-GAAP adjustments noted previously, net of tax, adjusted non-GAAP net income for the second quarter of fiscal 2020 increased 139.0% year over year, to \$4.6 million, or \$0.31 per diluted share. This compares to adjusted non-GAAP net income for the second quarter of fiscal 2019 of \$1.9 million, or \$0.13 per diluted share.

Adjusted EBITDA increased 82.2% to \$6.0 million for the second quarter of fiscal 2020, compared to \$3.3 million for the comparable period in fiscal 2019.

#### **Fiscal 2020 First Six Month Results**

For the first six months of fiscal 2020, the Company reported revenue of \$117.5 million, an increase of 3.2% as compared to \$113.8 million for the first six months of fiscal 2019. Revenue in the Americas for the first six months of fiscal 2020 increased 1.1% compared to the first six months of fiscal 2019 and revenue in the Asia/Pacific & Europe region increased 9.1% compared to the first six months of fiscal 2019. Revenue for the first six months of fiscal 2020 was positively impacted \$0.6 million, or 0.5%, by foreign currency fluctuations associated with revenue generated in international markets when compared to the first six months of fiscal 2019.

Gross profit for the first six months of fiscal 2020 was \$98.0 million, or 83.5% of revenue, compared to \$94.8 million, or 83.3% of revenue, for the same period in fiscal 2019. The increase in gross margin is primarily due to decreased inventory obsolescence and handling costs and changes to our geographic and product sales mix.

Commissions and incentives expense for the first six months of fiscal 2020 was \$56.0 million, or 47.7% of revenue, compared to \$56.0 million, or 49.2% of revenue, for the same period in fiscal 2019. The decrease in commissions and incentives expense as a percentage of revenue is due mainly to the timing and magnitude of investments in our promotional and incentive programs and our red carpet program.

Selling, general and administrative expense (SG&A) for the first six months of fiscal 2020 was \$35.8 million, or 30.5% of revenue, compared to \$36.9 million, or 32.4% of revenue, for the same period in fiscal 2019. Adjusted for



nonrecurring expenses, which are detailed in the GAAP to non-GAAP reconciliation tables included at the end of this press release, adjusted non-GAAP SG&A expenses for the first six months of fiscal 2020 were \$35.4 million, or 30.1% of revenue, compared to adjusted non-GAAP SG&A expenses for the first six months of fiscal 2019 of \$36.2 million, or 31.8% of revenue. The year over year decrease in non-GAAP SG&A primarily was due to decreased event expenses due to our October 2018 Global Convention that was held during the prior year period, as well as decreases in employee compensation related expenses. These decreases were partially offset by increased depreciation expenses associated with our investment in new technology assets that have been placed in service and increased payment processing fees associated with our increased revenue.

Operating income for the first six months of fiscal 2020 was \$6.2 million, or 5.3% of revenue, compared to \$1.9 million, or 1.7% of revenue, for the same period in fiscal 2019. Accounting for non-GAAP adjustments noted previously, adjusted non-GAAP operating income for the first six months of fiscal 2020 was \$6.7 million, or 5.7% of revenue, compared to \$2.6 million, or 2.3% of revenue, for the same period in fiscal 2019.

Net income for the first six months of fiscal 2020 was \$6.1 million, or \$0.42 per diluted share. This compares to net income for the first six months of fiscal 2019 of \$1.7 million, or \$0.12 per diluted share. Accounting for the non-GAAP adjustments noted previously, net of tax, adjusted non-GAAP net income for the first six months of fiscal 2020 increased 120.3% year over year, to \$6.5 million, or \$0.45 per diluted share. This compares to adjusted non-GAAP net income for the first six months of fiscal 2019 of \$2.9 million, or \$0.20 per diluted share.

Adjusted EBITDA increased 63.5% to \$10.7 million for the first six months of fiscal 2020, compared to \$6.5 million for the comparable period in fiscal 2019.

### **Balance Sheet & Liquidity**

The Company generated \$9.2 million of cash from operations during the second quarter of fiscal 2020 compared to generating \$4.6 million in the comparable period of fiscal 2019. The Company's cash and cash equivalents at December 31, 2019 were \$14.5 million, compared to \$18.8 million at June 30, 2019. Total debt at December 31, 2019 was \$0.5 million compared to \$1.5 million at June 30, 2019. During the second quarter of fiscal 2020, the Company utilized approximately \$2.0 million to repurchase 140,000 common shares under its share repurchase program.

### **Fiscal Year 2020 Guidance**

The Company is reiterating its outlook for fiscal 2020 revenue and adjusted EBITDA, which was initially provided when the Company reported fourth fiscal quarter and full fiscal year 2019 results on August 14, 2019. The Company expects to generate revenue in the range of \$235 million to \$245 million in fiscal year 2020 and adjusted EBITDA of \$20 million to \$22 million. The Company is raising its adjusted earnings per share to a range of \$0.74 to \$0.79, up from \$0.62 to \$0.71 previously, which now reflects a full year tax rate of approximately 17% compared to the prior range of 19% to 22%, as well as a reduction in our estimated annual fully diluted share count. The Company's adjusted non-GAAP EBITDA and adjusted non-GAAP earnings per diluted share guidance excludes any non-operating or non-recurring expenses that may materialize during fiscal 2020. The Company is not providing GAAP earnings per diluted share guidance for fiscal 2020 due to the potential occurrence of one or more non-operating, one-time expenses, which the Company does not believe it can reliably predict.



## Conference Call Information

The Company will hold an investor conference call today at 2:30 p.m. MST (4:30 p.m. EST). Investors interested in participating in the live call can dial (877) 705-6003 from the U.S. International callers can dial (201) 493-6725. A telephone replay will be available approximately two hours after the call concludes and will be available through Tuesday, February 4, 2020, by dialing (844) 512-2921 from the U.S. and entering confirmation code 13698109, or (412) 317-6671 from international locations, and entering confirmation code 13698109.

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

## About LifeVantage Corporation

LifeVantage Corporation (Nasdaq: LFDV) is a pioneer in Nutrigenomics - a new science dedicated to biohacking the human aging code. The Company engages in the identification, research, development and distribution of advanced nutraceutical dietary supplements and skin and hair care products, including its Protandim® product line, LifeVantage® Omega+ and ProBio dietary supplements, the TrueScience® line of Nrf2 infused skin care and hair care products, Petandim® for Dogs, Axio® smart energy drink mixes, and the PhysIQ™ weight management system. LifeVantage was founded in 2003 and is headquartered in Salt Lake City, Utah. For more information, visit [www.lifevantage.com](http://www.lifevantage.com).

## Forward Looking Statements

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

## About Non-GAAP Financial Measures

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

We are presenting Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share because management believes that they provide additional ways to view our operations when considered with both our GAAP results and the reconciliation to net income, which we believe provides a more



complete understanding of our business than could be obtained absent this disclosure. Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share are presented solely as supplemental disclosure because: (i) we believe these measures are a useful tool for investors to assess the operating performance of the business without the effect of these items; (ii) we believe that investors will find this data useful in assessing shareholder value; and (iii) we use Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings Per Share internally as benchmarks to evaluate our operating performance or compare our performance to that of our competitors. The use of Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP Earnings per Share has limitations and you should not consider these measures in isolation from or as an alternative to the relevant GAAP measure of net income prepared in accordance with GAAP, or as a measure of profitability or liquidity.

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

**Investor Relations Contacts:**

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



**LIFEVANTAGE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(unaudited)

(In thousands, except per share data)

|  | December 31, 2019 | June 30, 2019    |
|--|-------------------|------------------|
| <b>ASSETS</b>  |                   |                  |
| Current assets   |                   |                  |
| Cash and cash equivalents  | \$ 14,479         | \$ 18,824        |
| Accounts receivable  | 1,788             | 2,066            |
| Income tax receivable  | 1,006             | 1,236            |
| Inventory, net   | 14,222            | 13,753           |
| Prepaid expenses and other   | 6,117             | 7,309            |
| Total current assets   | 37,612            | 43,188           |
| Property and equipment, net  | 7,586             | 7,131            |
| Right-of-use assets  | 2,136             | —                |
| Intangible assets, net   | 917               | 983              |
| Deferred income tax asset  | 3,014             | 2,693            |
| Equity securities  | 2,205             | —                |
| Other long-term assets   | 1,548             | 1,278            |
| <b>TOTAL ASSETS</b>  | <b>\$ 55,018</b>  | <b>\$ 55,273</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |                  |
| Current liabilities  |                   |                  |
| Accounts payable   | \$ 3,900          | \$ 5,180         |
| Commissions payable  | 8,059             | 7,916            |
| Income tax payable   | 170               | 592              |
| Lease liabilities  | 2,270             | —                |
| Other accrued expenses   | 10,362            | 11,053           |
| Current portion of long-term debt, net   | 484               | 1,454            |
| Total current liabilities  | 25,245            | 26,195           |
| Lease liabilities  | 288               | —                |
| Other long-term liabilities  | 387               | 1,879            |
| Total liabilities  | 25,920            | 28,074           |
| Commitments and contingencies  |                   |                  |
| 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 14,293 and 14,114 issued and outstanding as of December 31, 2019 and June 30, 2019, respectively | 1                 | 1                |
| Additional paid-in capital   | 125,858           | 127,096          |
| Accumulated deficit  | (96,793)          | (99,960)         |
| Accumulated other comprehensive income   | 32                | 62               |
| Total stockholders' equity   | 29,098            | 27,199           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <b>\$ 55,018</b>  | <b>\$ 55,273</b> |





**LIFEVANTAGE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(unaudited)*

| <i>(In thousands, except per share data)</i> | Three Months Ended December 31, |           | Six Months Ended December 31, |            |
|--|---------------------------------|-----------|-------------------------------|------------|
|  | 2019                            | 2018      | 2019                          | 2018       |
| Revenue, net                                 | \$ 61,242                       | \$ 58,167 | \$ 117,470                    | \$ 113,776 |
| Cost of sales                                | 10,230                          | 9,794     | 19,421                        | 18,994     |
| Gross profit                                 | 51,012                          | 48,373    | 98,049                        | 94,782     |
| <b>Operating expenses:</b>                   |                                 |           |                               |            |
| Commissions and incentives                   | 29,235                          | 28,176    | 56,009                        | 55,961     |
| Selling, general and administrative          | 18,131                          | 19,616    | 35,817                        | 36,918     |
| Total operating expenses                     | 47,366                          | 47,792    | 91,826                        | 92,879     |
| Operating income                             | 3,646                           | 581       | 6,223                         | 1,903      |
| <b>Other expense:</b>                        |                                 |           |                               |            |
| Interest expense, net                        | (41)                            | (100)     | (89)                          | (209)      |
| Other expense, net                           | (148)                           | (72)      | (228)                         | (120)      |
| Total other expense                          | (189)                           | (172)     | (317)                         | (329)      |
| Income before income taxes                   | 3,457                           | 409       | 5,906                         | 1,574      |
| Income tax benefit                           | 846                             | 420       | 158                           | 166        |
| Net income                                   | \$ 4,303                        | \$ 829    | \$ 6,064                      | \$ 1,740   |
| <b>Net income per share:</b>                 |                                 |           |                               |            |
| Basic  | \$ 0.31                         | \$ 0.06   | \$ 0.44                       | \$ 0.12    |
| Diluted                                      | \$ 0.30                         | \$ 0.06   | \$ 0.42                       | \$ 0.12    |
| <b>Weighted-average shares outstanding:</b>  |                                 |           |                               |            |
| Basic  | 13,902                          | 13,944    | 13,908                        | 13,996     |
| Diluted                                      | 14,562                          | 14,963    | 14,515                        | 14,996     |



LIFEVANTAGE CORPORATION AND SUBSIDIARIES

Revenue by Region  
(unaudited)

| (In thousands)        | Three Months Ended December 31, |       |           |       | Six Months Ended December 31, |       |            |       |
|-----------------------|---------------------------------|-------|-----------|-------|-------------------------------|-------|------------|-------|
|                       | 2019                            |       | 2018      |       | 2019                          |       | 2018       |       |
| Americas              | \$ 44,284                       | 72 %  | \$ 42,440 | 73 %  | \$ 84,465                     | 72 %  | \$ 83,519  | 73 %  |
| Asia/Pacific & Europe | 16,958                          | 28 %  | 15,727    | 27 %  | 33,005                        | 28 %  | 30,257     | 27 %  |
| Total                 | \$ 61,242                       | 100 % | \$ 58,167 | 100 % | \$ 117,470                    | 100 % | \$ 113,776 | 100 % |

Active Accounts  
(unaudited)

|  | As of December 31, |       |         |       | Change from<br>Prior Year | Percent<br>Change |
|--|--------------------|-------|---------|-------|---------------------------|-------------------|
|  | 2019               |       | 2018    |       |                           |                   |
| Active Independent Distributors <sup>(1)</sup> |                    |       |         |       |                           |                   |
| Americas                                       | 46,000             | 68 %  | 45,000  | 68 %  | 1,000                     | 2.2 %             |
| Asia/Pacific & Europe                          | 22,000             | 32 %  | 21,000  | 32 %  | 1,000                     | 4.8 %             |
| Total Active Independent Distributors          | 68,000             | 100 % | 66,000  | 100 % | 2,000                     | 3.0 %             |
| Active Customers <sup>(2)</sup>                |                    |       |         |       |                           |                   |
| Americas                                       | 89,000             | 78 %  | 95,000  | 81 %  | (6,000)                   | (6.3)%            |
| Asia/Pacific & Europe                          | 25,000             | 22 %  | 23,000  | 19 %  | 2,000                     | 8.7 %             |
| Total Active Customers                         | 114,000            | 100 % | 118,000 | 100 % | (4,000)                   | (3.4)%            |
| Active Accounts <sup>(3)</sup>                 |                    |       |         |       |                           |                   |
| Americas                                       | 135,000            | 74 %  | 140,000 | 76 %  | (5,000)                   | (3.6)%            |
| Asia/Pacific & Europe                          | 47,000             | 26 %  | 44,000  | 24 %  | 3,000                     | 6.8 %             |
| Total Active Accounts                          | 182,000            | 100 % | 184,000 | 100 % | (2,000)                   | (1.1)%            |

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

(2) Active Customers have purchased product in the prior three months for personal consumption only.

(3) Total Active Accounts is the sum of Active Independent Distributor accounts and Active Customer accounts.



**LIFEVANTAGE CORPORATION AND SUBSIDIARIES**  
**Reconciliation of GAAP Net Income to Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA**  
*(Unaudited)*

| <i>(In thousands)</i>                        | Three Months Ended December 31, |          | Six Months Ended December 31, |          |
|--|---------------------------------|----------|-------------------------------|----------|
|  | 2019                            | 2018     | 2019                          | 2018     |
| GAAP Net income                              | \$ 4,303                        | \$ 829   | \$ 6,064                      | \$ 1,740 |
| Interest Expense                             | 41                              | 100      | 89                            | 209      |
| Provision for income taxes                   | (846)                           | (420)    | (158)                         | (166)    |
| Depreciation and amortization <sup>(1)</sup> | 709                             | 436      | 1,245                         | 878      |
| Non-GAAP EBITDA:                             | 4,207                           | 945      | 7,240                         | 2,661    |
| <u>Adjustments:</u>                          |                                 |          |                               |          |
| Stock compensation expense                   | 1,547                           | 1,721    | 2,918                         | 3,053    |
| Other expense, net                           | 148                             | 72       | 228                           | 120      |
| Other adjustments <sup>(2)</sup>             | 55                              | 532      | 286                           | 693      |
| Total adjustments                            | 1,750                           | 2,325    | 3,432                         | 3,866    |
| Non-GAAP Adjusted EBITDA                     | \$ 5,957                        | \$ 3,270 | \$ 10,672                     | \$ 6,527 |

(1) Includes \$152,000 of accelerated depreciation related to a change in lease term for the three and six months ended December 31, 2019.

(2) Other adjustments breakout:

|  |       |        |        |        |
|--|-------|--------|--------|--------|
| Class-action lawsuit expenses                    | \$ 55 | \$ 364 | \$ 187 | \$ 367 |
| Executive team severance expenses, net           | —     | —      | —      | (79)   |
| Other nonrecurring legal and accounting expenses | —     | 168    | 99     | 405    |
| Total adjustments                                | \$ 55 | \$ 532 | \$ 286 | \$ 693 |



**LIFEVANTAGE CORPORATION AND SUBSIDIARIES**  
**Reconciliation of GAAP Net Income to Non-GAAP Net Income and Non-GAAP Adjusted EPS**  
*(Unaudited)*

| <i>(In thousands)</i>                                    | Three Months Ended December 31, |          | Six Months Ended December 31, |          |
|--|---------------------------------|----------|-------------------------------|----------|
|  | 2019                            | 2018     | 2019                          | 2018     |
| GAAP Net income  | \$ 4,303                        | \$ 829   | \$ 6,064                      | \$ 1,740 |
| Adjustments:   |                                 |          |                               |          |
| Executive team severance expenses, net                   | —                               | —        | —                             | (79)     |
| Class-action lawsuit expenses                            | 55                              | 364      | 187                           | 367      |
| Other nonrecurring legal and accounting expenses         | —                               | 168      | 99                            | 405      |
| Accelerated depreciation related to change in lease term | 152                             | —        | 152                           | —        |
| Tax impact of adjustments                                | 51                              | 547      | (14)                          | 512      |
| Total adjustments, net of tax                            | 258                             | 1,079    | 424                           | 1,205    |
| Non-GAAP Net Income:                                     | \$ 4,561                        | \$ 1,908 | \$ 6,488                      | \$ 2,945 |

|   | Three Months Ended December 31, |         | Six Months Ended December 31, |         |
|---|---------------------------------|---------|-------------------------------|---------|
|   | 2019                            | 2018    | 2019                          | 2018    |
| Diluted earnings per share, as reported                     | \$ 0.30                         | \$ 0.06 | \$ 0.42                       | \$ 0.12 |
| Total adjustments, net of tax                               | 0.02                            | 0.07    | 0.03                          | 0.08    |
| Non-GAAP adjusted diluted earnings per share <sup>(1)</sup> | \$ 0.31                         | \$ 0.13 | \$ 0.45                       | \$ 0.20 |

(1) May not add due to rounding.