



INVESTOR PRESENTATION

SEPTEMBER 2017

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# FORWARD LOOKING STATEMENTS

## Safe Harbor Statement

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words and expressions reflecting optimism, satisfaction or disappointment with current prospects, as well as words such as “believe,” “hopes,” “intends,” “estimates,” “expects,” “projects,” “plans,” “look forward to,” “anticipates” and variations thereof, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. These forward-looking statements are not guarantees of performance and actual results could differ materially from those contained in such statements. These forward-looking statements are based on our current expectations and beliefs concerning future events affecting us and involve known and unknown risks and uncertainties that may cause our actual results or outcomes to be materially different from those anticipated and discussed herein. These risks and uncertainties are discussed in greater detail in our Annual Report on Form 10-K and Quarterly Report on Form 10-Q under the caption “Risk Factors” and in other documents filed by us from time to time with the Securities and Exchange Commission. We caution you not to place undue reliance on the forward-looking statements contained in this presentation. All forward-looking statements are based on information currently available to us as of today, and we undertake 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.

## Health Claims Disclaimer

Statements made in this presentation and appendixes have not been evaluated by the Food and Drug Administration. LifeVantage products are not intended to treat, cure, prevent or mitigate any disease. The statements in this presentation are for investors’ educational purposes only.



A woman and a child in wetsuits walking on a beach, holding hands, with a surfboard under the woman's arm. The scene is overlaid with a blue tint.

## THE COMPANY: LifeVantage (NASDAQ: LFDN)

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LifeVantage is a pioneer in Nutrigenomics - a new science dedicated to cracking the human aging code.

We agree with leading researchers that extending human life is inevitable. However, we believe that in order to truly enjoy extreme longevity, we need to biohack both our physical and financial health. That is why we have combined our pioneering nutrigenomics efforts with a powerful entrepreneurial vehicle.

Our products are sold exclusively through that entrepreneurial vehicle - our network of independent distributors.

I N D U S T R Y

# TRENDS

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AUGUST 25, 2017

## FOX NEWS

“Nutrigenomics...is changing everything. Where we once thought we were powerless is now an area over which we have at least some control. The ability to use nutrition to affect our genes means that we're no longer at the mercy of our DNA. “

SEPTEMBER 12, 2017

## THE TODAY SHOW

“The latest trend in nutrition isn't a fad diet or newly discovered supplement; it's your DNA.”





PROJECTED MARKET

# NUTRIGENOMICS

“Nutrigenomics market is  
expected to reach

**\$17,313,500,000**

by 2023.”

MARKET RESEARCH  
FUTURE



# ADDITIONAL TRENDS

Market trends relating to specific LifeVantage products.

## ANTI-AGING

Nrf2, NRF1,  
TrueScience Skin Care

2015: \$140.3 bn

2021: \$216 bn

## SKIN CARE

TrueScience

2015: \$121 bn

2021: \$154 bn

## NOOTROPICS (BRAIN HEALTH)

Axio, NRF1

2015: \$2.3 bn

2021: \$11.6 bn

## WEIGHT LOSS

PhysIQ

2015: \$158 bn

2021: \$241 bn



# TRENDS

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## The rise of the health activated individual

- ◆ Rapid democratization of genomic and other personalized health data is giving rise to a new wave of health-conscious individuals
- ◆ More than ever, education and understanding of one's own health is becoming widespread
- ◆ Individuals will research, measure and manage their overall health much like their personal finances
- ◆ Millennials have become a major driving force, empowered by ready access to genomic testing, health tools and a social network environment filled with influencers, all with a desire to hack the code to a healthier lifestyle

## Biohacking

LifeVantage is a biohacking company. Using nutrigenomics to hack the human body for increased health.

- ◆ These trends have led to the emergence of **“Biohacking”**
  - ◆ The art of hacking your biology using nature's built-in mechanisms to stack the cards in your favor and become the best version of yourself
  - ◆ Bio-hacking is using science and personalized results to take control of and upgrade your body, your mind and your life
- ◆ Our mission is to “Bio-Hack the Aging Code” through the relentless pursuit of science-based, nutrigenomic products with the intent of helping our customers live longer, healthier lives





# HOW WE GO TO MARKET





# DIRECT SELLING CHANNEL

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**A large global sales channel ideally suited for our products**

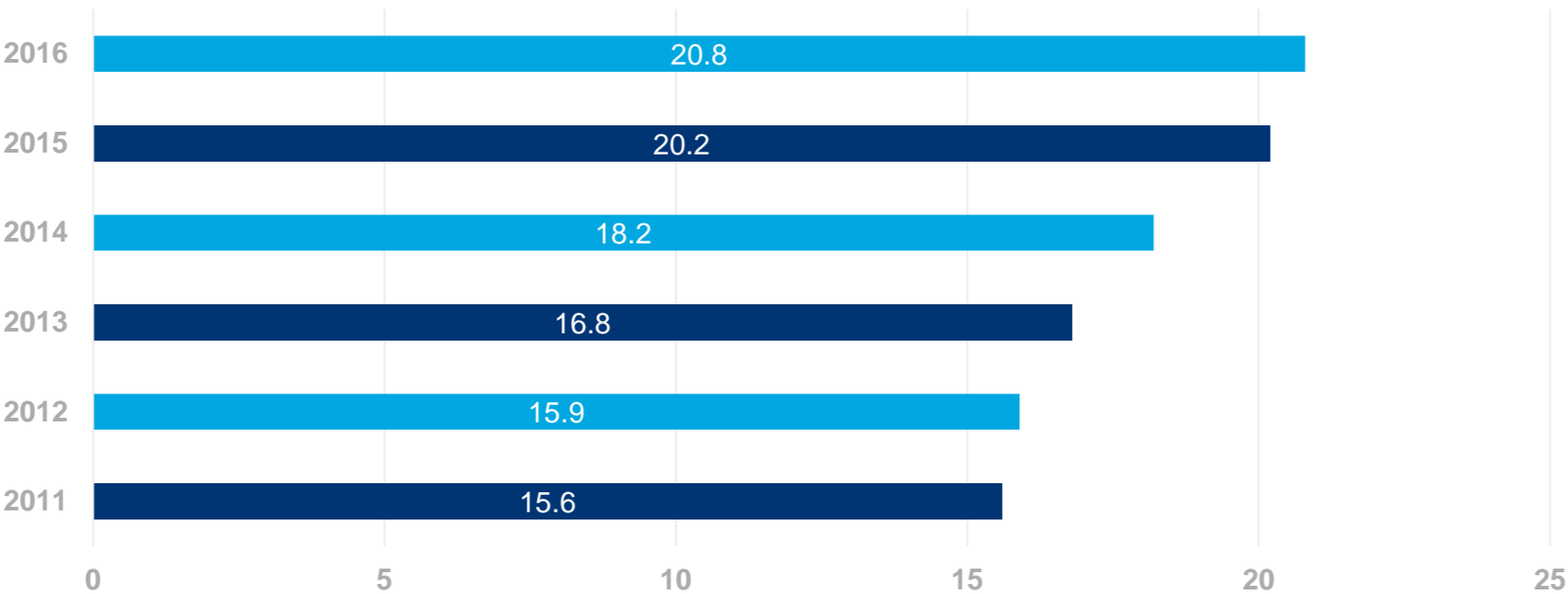
- ◆ Global sales of \$183 billion in 2016
- ◆ CAGR of 5% since 2013
- ◆ More than 107 million direct sellers worldwide



# DIRECT SELLING (US)

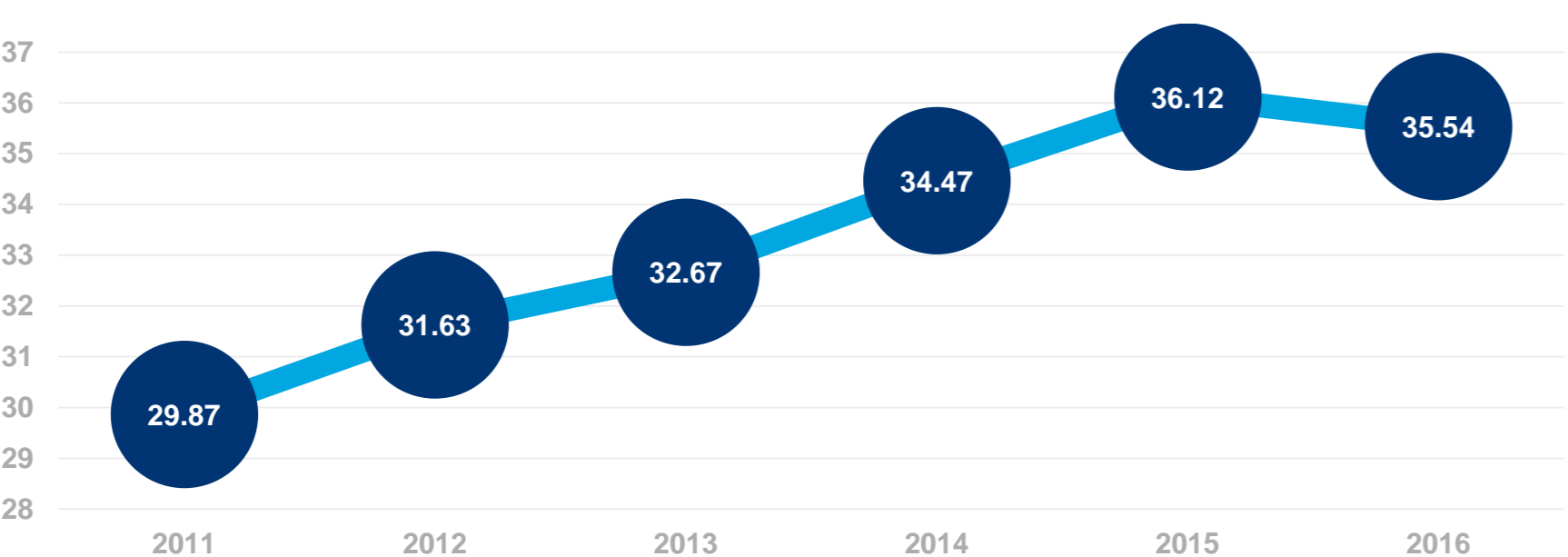
## PEOPLE INVOLVED IN DIRECT SELLING

(in millions)

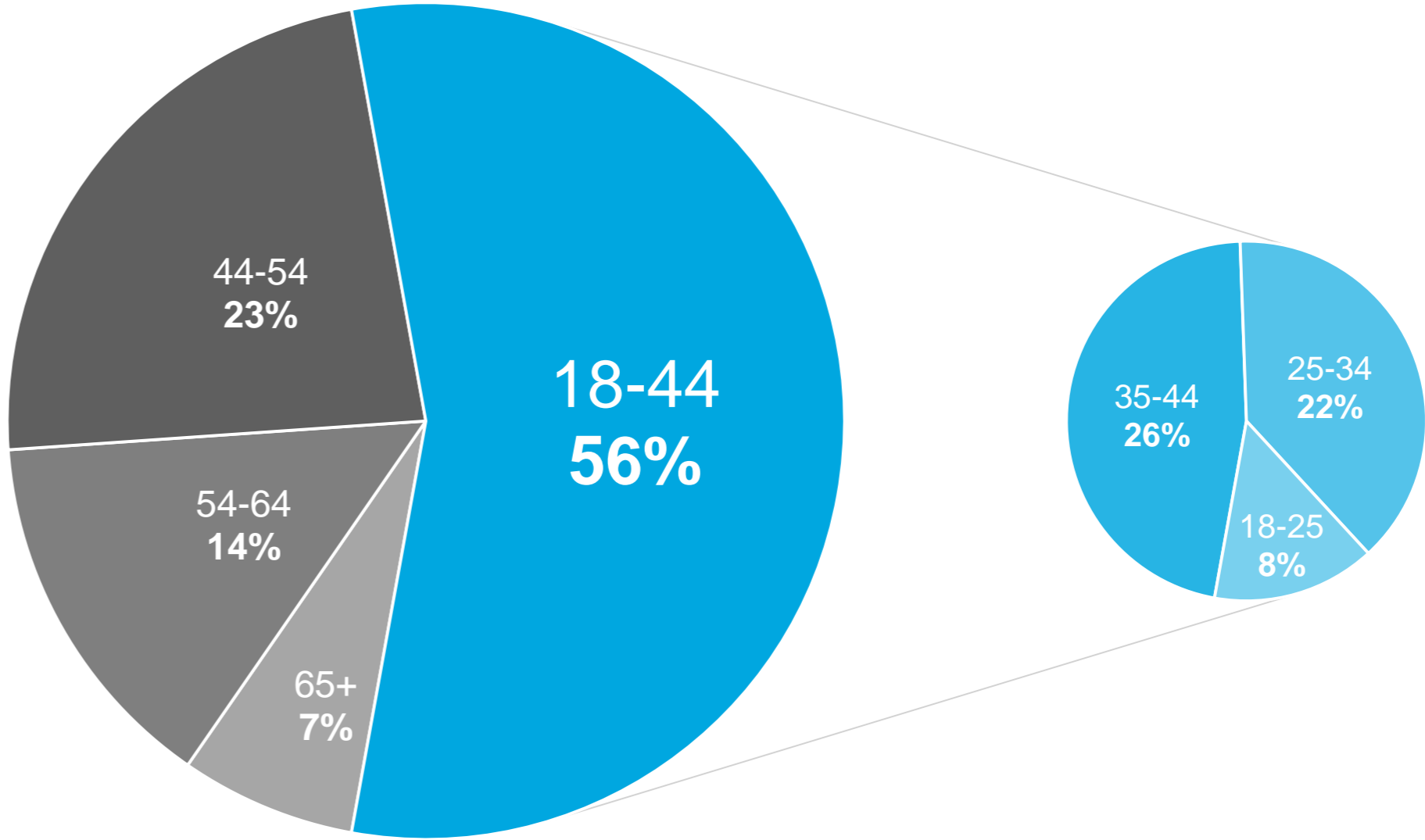


## US RETAIL SALES

(in billions)



## PEOPLE INVOLVED BY AGE



Source: Direct Selling Association

# ROOM FOR GROWTH

Direct selling regional sales and top 3 product categories.

## North America: \$37.8 billion

- Wellness: 34%
- Cosmetics & Personal Care: 17%
- Household Goods & Durables: 14%

## Western Europe: \$29.5 billion

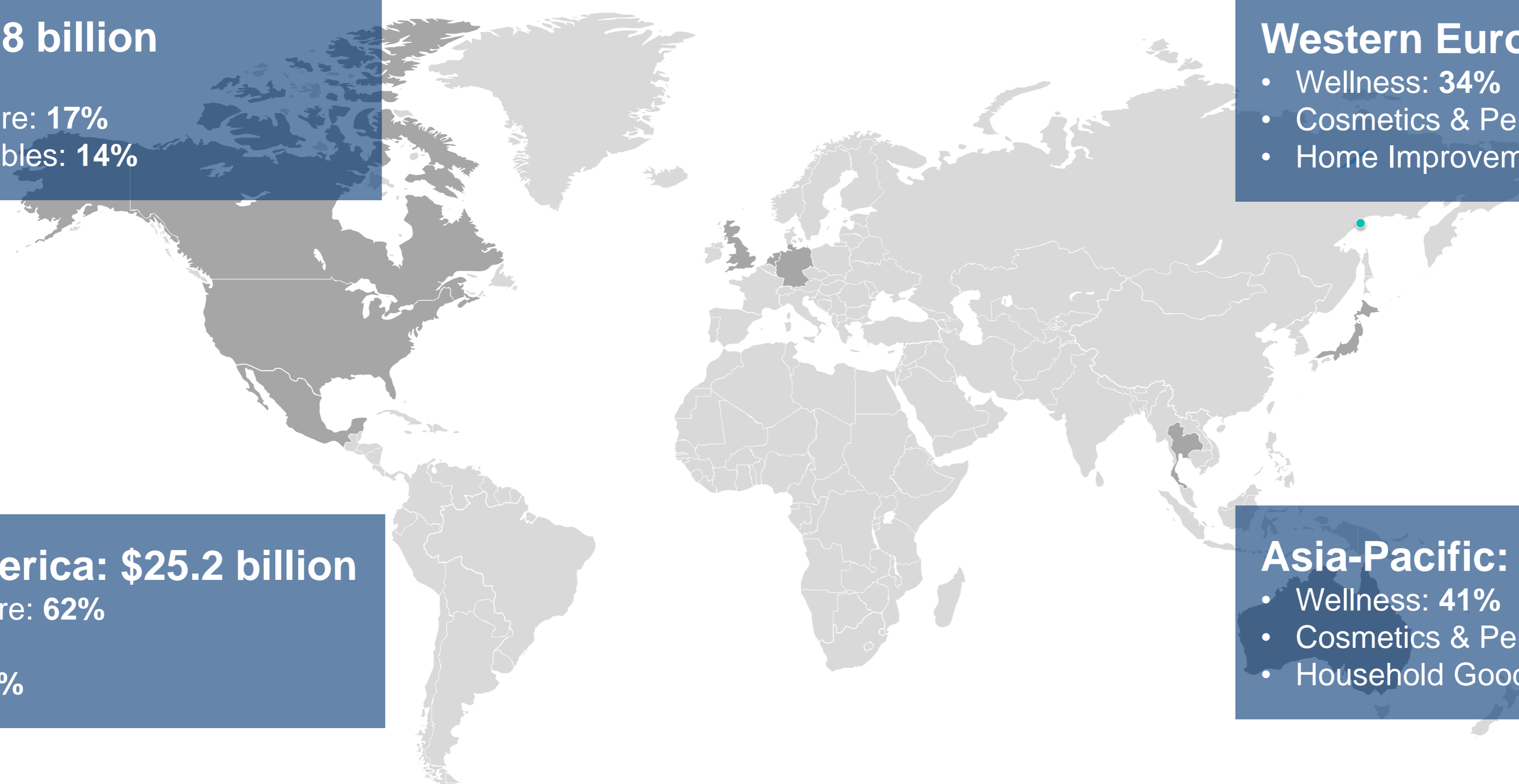
- Wellness: 34%
- Cosmetics & Personal Care: 16%
- Home Improvement: 13%

## South & Central America: \$25.2 billion

- Cosmetics & Personal Care: 62%
- Wellness: 21%
- Clothing & Accessories: 8%

## Asia-Pacific: \$84.1 billion

- Wellness: 41%
- Cosmetics & Personal Care: 29%
- Household Goods & Durables: 13%



■ Current LifeVantage Market

LifeVantage





# WHAT IS GOING TO DRIVE GROWTH?

# NEAR TERM GROWTH DRIVERS

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Cross border e-commerce  
program in China mainland

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Global Customer Program

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Opening of Germany





# NEW PRODUCT INTRODUCTIONS IN 2018

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## Reconfiguring of Products

- ◆ Approach from single products to a regimen

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## Activated Essentials

- ◆ Combining several of our powerful nutrigenomic products into a single solution that will become the basis of our bio-hacking protocol

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## Flagship Product Sent to Key Growth Markets

- ◆ Recent launch of Protandim in Mexico and Thailand

# NEAR TERM GROWTH DRIVERS

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## Expanding Distributor Base

- ◆ Recently deployed an enhanced effort to attract new experienced leaders to LifeVantage through a program focused on creating relationships with developed leaders with access to our corporate leadership team, while providing activity based incentives as they build their business
- ◆ Incentivize experienced sales leaders to attract and retain accomplished salespeople to drive our business

Enhancing the demographics and skillset of our distributor base

- ◆ Focused on enhancing distributor base by attracting a second wave of leaders who are technology adept and social commerce savvy
- ◆ History of success with similar programs, which have demonstrated significant return on investment



# LONG TERM GROWTH DRIVERS

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## CROSS BORDER E-COMMERCE PROGRAM INTO MAINLAND CHINA

Creating a new way of selling  
using micro-entrepreneurs with a  
cross border e-commerce platform.





# SOCIAL COMMERCE

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Entering Mainland China through an innovative e-commerce and social influencer model

- ◆ Business model is not multi-level marketing
- ◆ Utilizing third party social influencers in China
- ◆ Products already approved for e-commerce



# LONG TERM GROWTH DRIVERS

ADDITIONAL EFFORTS TO DRIVE LONG TERM GROWTH

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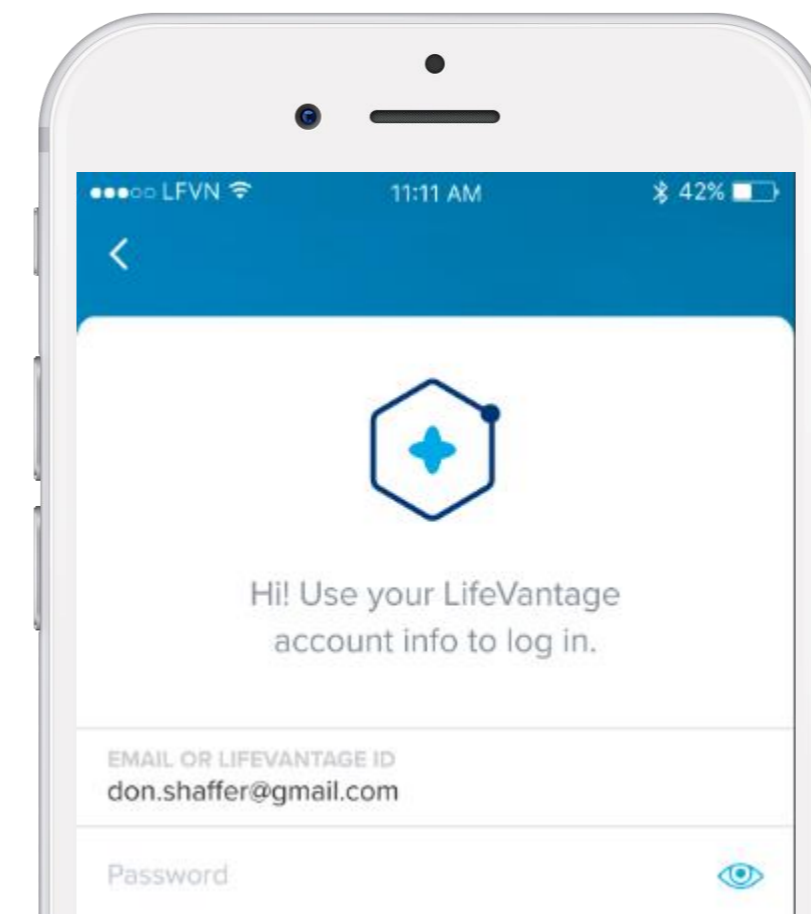
## PRODUCTS

As previously mentioned, Building our biohacking protocol. Activated Essentials. Makes us a system company rather than a product company. Complementary Additional research tools and products to come.

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## TOOLS

Utilizing artificial intelligence and machine learning to assist our distributor base in selling and empowering them with digital technology with the Lifevantage App.



F I N A N C I A L

# O V E R V I E W

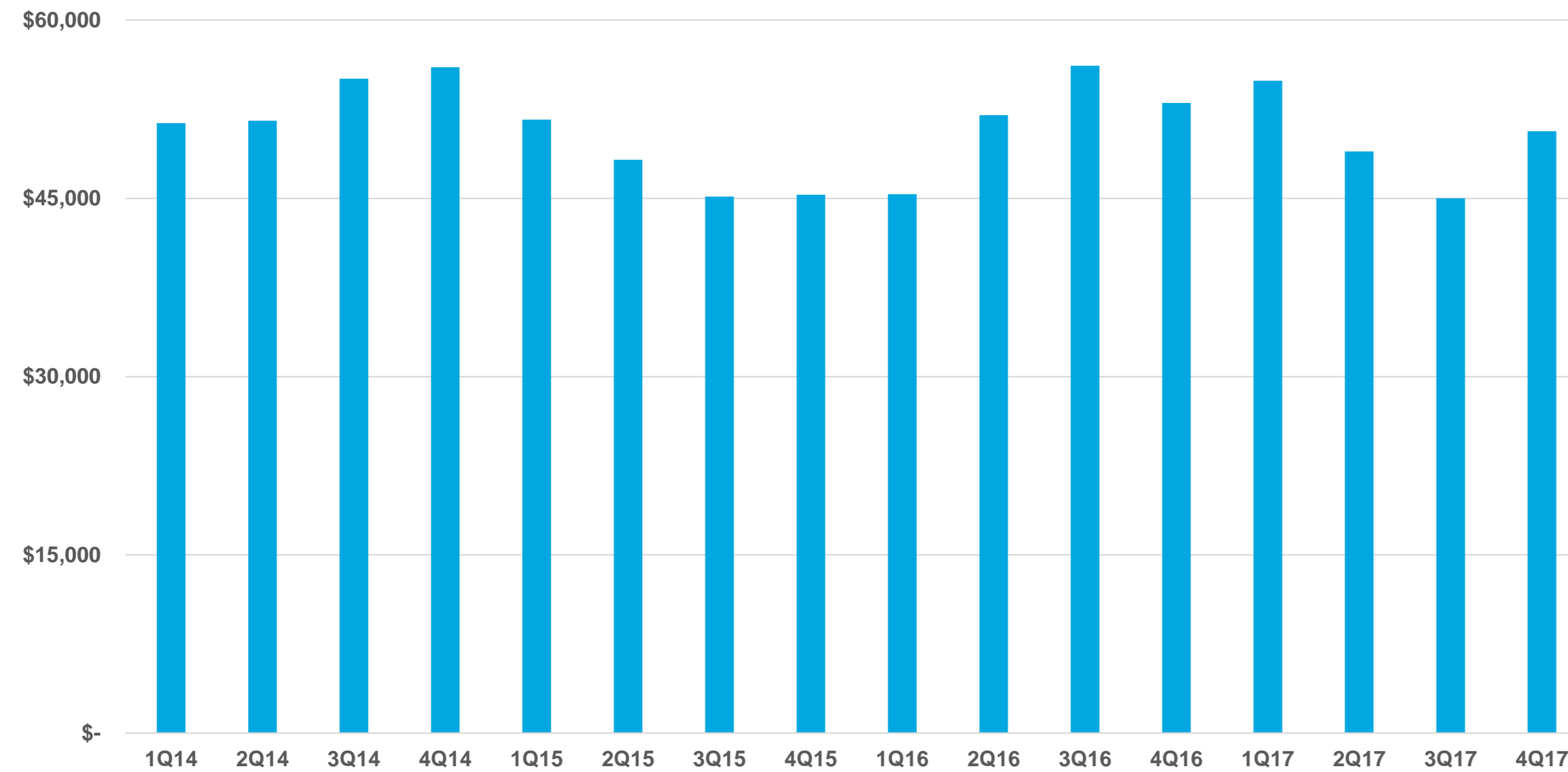
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# SALES HISTORY

Revenue (USD in thousands)



## May 2015 New CEO

- Began to implement growth initiatives

## September 2016 Disruption

- Review of cross border sales resulted in policy and procedure adjustments that interrupted sales momentum

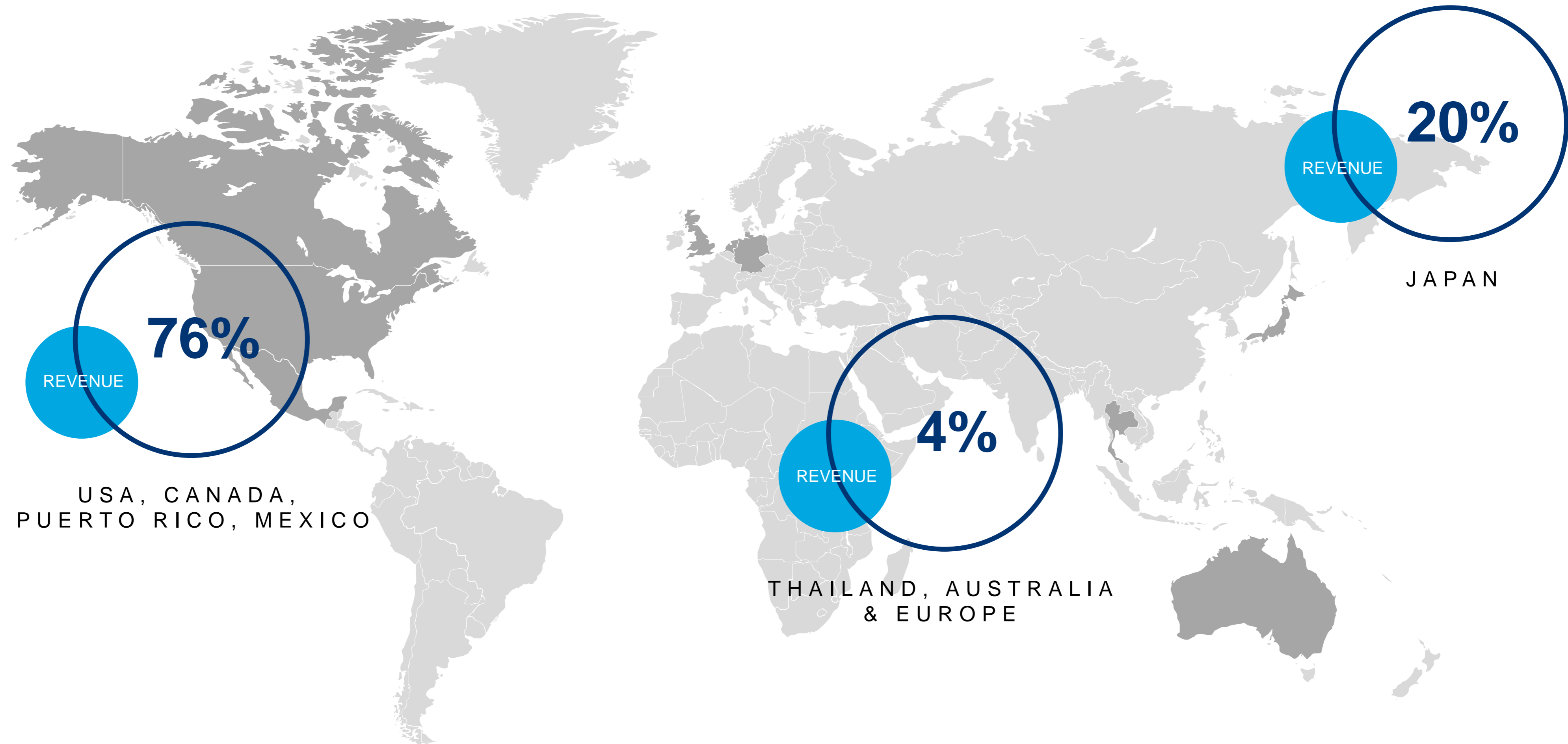
## March 2017 Management Enhancements

- New CFO
- New COO

Return to sequential revenue growth in Q4:2017

# GLOBAL REACH

Distribution of sales by sales area.





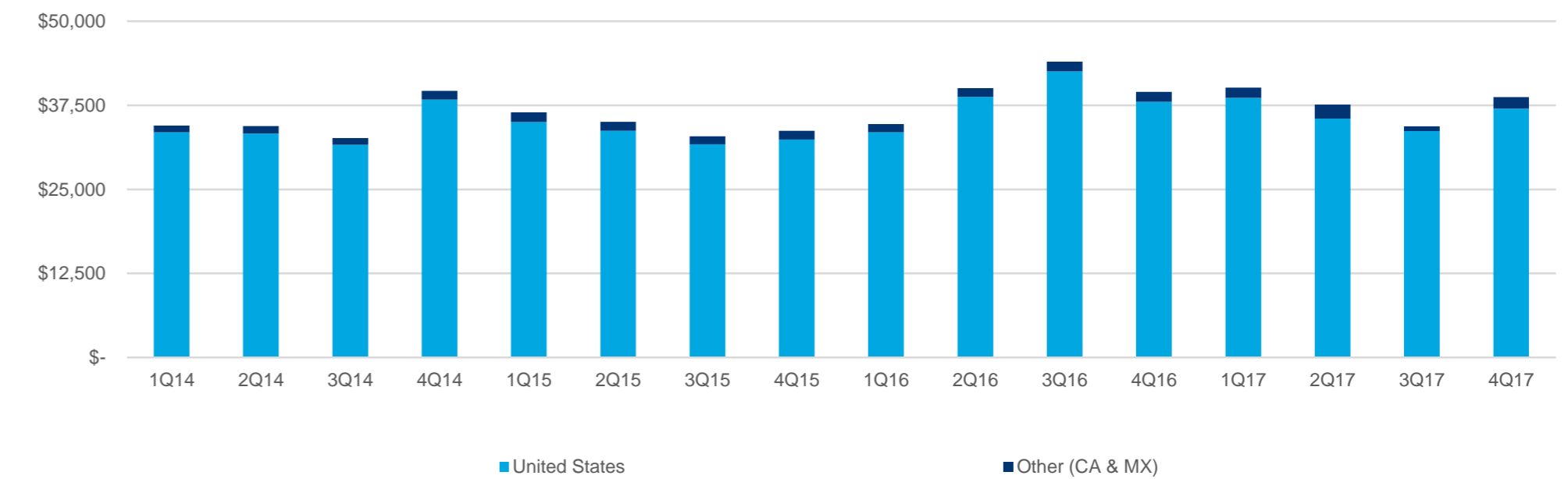
# AMERICAS MARKET



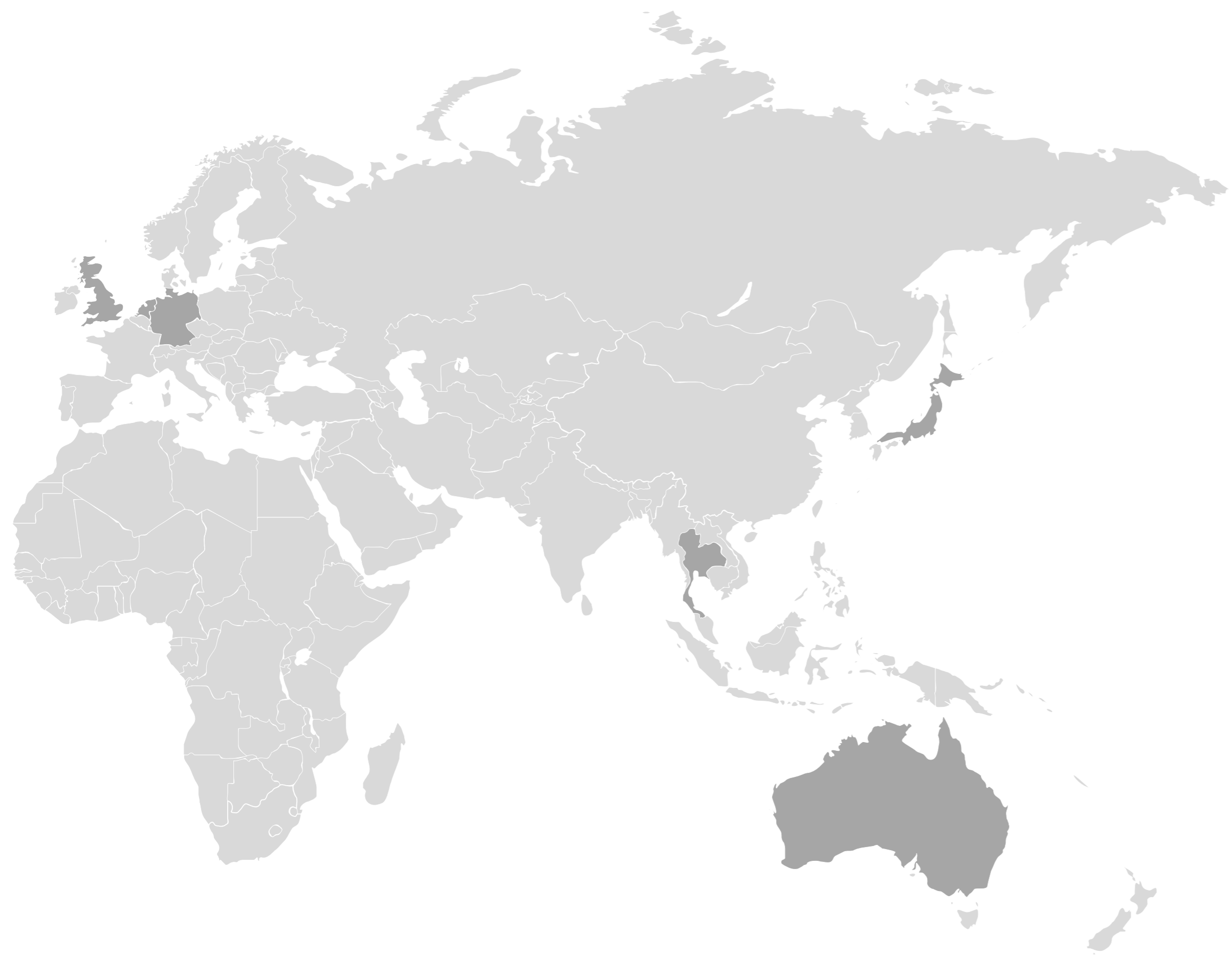
## 76% OF SALES

- Celebrated official launch in Quebec
- Launched Protandim NRF2 in Mexico
- Successful Global Convention in Salt Lake City and Elite Academy events in Denver

Americas Sales History  
In thousands



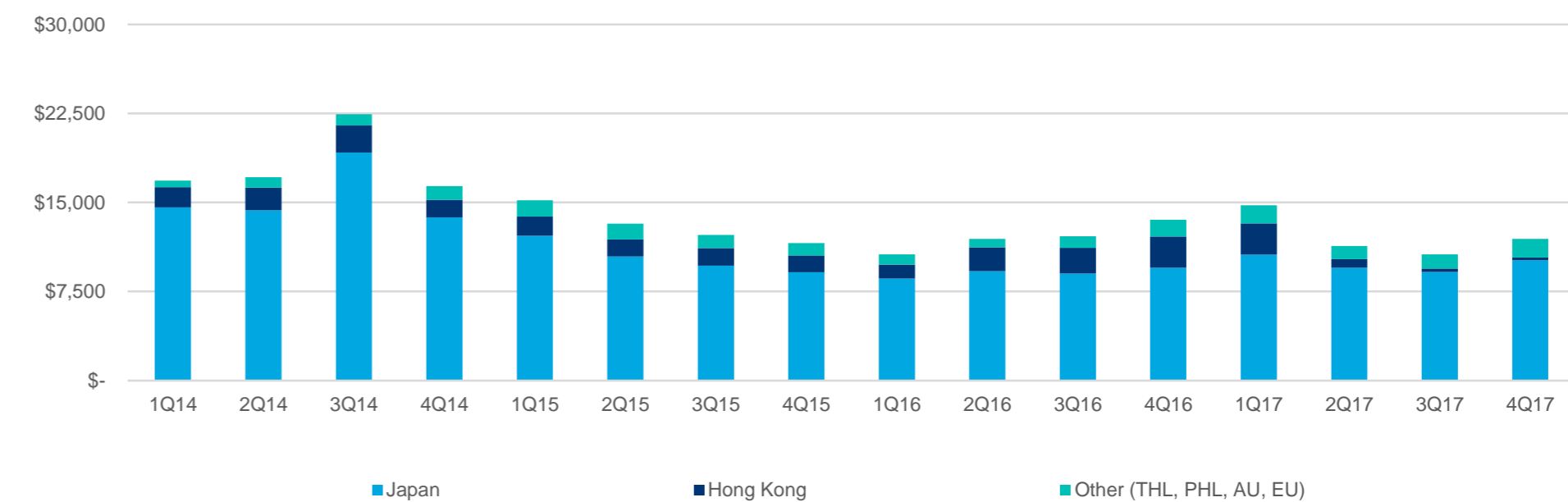
# ASIA PACIFIC & EUROPE MARKETS



## 24% OF SALES

- Japan has turned
  - 6.7% YOY growth during Q4:2017
- Launched Germany on September 1<sup>st</sup>
- Introduced NRF2 in Thailand
- Targeting China and Taiwan launches during fiscal 2018
- Successful Leadership Academy in Japan, Australia, and Europe

Asia/Pacific & Europe Sales History  
In thousands





# BUSINESS MODEL

(as % of revenue)	Long-term			
	FY 2015	FY 2016	FY 2017	Target
Gross Margin <sup>1</sup>	84.2%	83.6%	83.2%	84.0%
Commissions and Incentives	47.8%	49.9%	48.5%	48.0%
SG&A <sup>2</sup>	29.4%	26.3%	30.4%	24.0%
Operating Margin <sup>2</sup>	7.0%	7.3%	4.4%	12.0%
Adjusted EBITDA Margin <sup>2</sup>	9.2%	9.5%	6.6%	14.5%

**Robust gross margin and highly variable cost structure produces strong incremental margins approaching 36%**

Historical financial information and a reconciliation of non-GAAP measures is available in fiscal year-end earnings releases as filed on form 8K on sec.gov. Figures may not add due to rounding.

<sup>1</sup> Non-GAAP adjustments to FY 2015 gross margin to exclude recall insurance recovery

<sup>2</sup> Non-GAAP adjustments to FY 2015 to 2017 SG&A, operating margin and adjusted EBITDA to exclude expenses associated with the Audit Committee review, class action expenses, non-recurring legal expenses, reverse split fees and recruiting, severance and management transition fees



# INVESTMENT SUMMARY



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Well positioned with on-trend scientific products in a growing, global sales channel

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Highly efficient business model with strong cash flow and high incremental margins

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Continuous focus on product innovation and international market opportunities position us for growth

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Demonstrated ability to drive accelerated revenue growth





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**THANK YOU!**

**Q&A**