

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

**Form 10-Q**

- QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_
- Commission file number 001-35647

**LIFEVANTAGE CORPORATION**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**90-0224471**  
(IRS Employer Identification No.)

**3300 Triumph Blvd, Suite 700, Lehi, UT 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	LFVN	The Nasdaq Stock Market LLC
Title of each class	Trading Symbol(s)	Name of each exchange on which registered

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 (§232.405 of this chapter) 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the issuer's common stock, par value \$0.0001 per share, as of May 3, 2023 was 12,794,719.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- Inability to properly manage, motivate and retain our independent consultants (formerly known as distributors) or to attract new customers and independent consultants 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 consultants 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 consultant 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 consultant force or customer base or attract additional customers and/or independent consultants;
- Changes to the Company’s independent consultant compensation plans;
- High quality materials for our products may become difficult to obtain or expensive;

- Improper actions by our independent consultants 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 consultants;
- 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.

LIFEVANTAGE CORPORATION

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**PART I. Financial Information****Item 1. Financial Statements**

LIFEVANTAGE CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	March 31, 2023	June 30, 2022
<i>(In thousands, except per share data)</i>		
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 19,529	\$ 20,190
Accounts receivable	2,353	3,338
Income tax receivable	662	1,752
Inventory, net	18,452	16,472
Prepaid expenses and other	3,346	5,205
Total current assets	44,342	46,957
Property and equipment, net	9,454	9,500
Right-of-use assets	9,249	11,040
Intangible assets, net	488	587
Deferred income tax asset	2,242	1,289
Other long-term assets	1,307	1,333
<b>TOTAL ASSETS</b>	<b>\$ 67,082</b>	<b>\$ 70,706</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 5,823	\$ 7,462
Commissions payable	7,071	7,285
Income tax payable	—	453
Lease liabilities	1,774	2,601
Other accrued expenses	6,734	7,927
Total current liabilities	21,402	25,728
Long-term lease liabilities	11,919	13,154
Other long-term liabilities	319	308
Total liabilities	33,640	39,190
Commitments and contingencies - Note 8		
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 12,771 and 12,493 issued and outstanding as of March 31, 2023 and June 30, 2022, respectively	1	1
Additional paid-in capital	133,424	131,075
Accumulated deficit	(99,004)	(98,437)
Accumulated other comprehensive loss	(979)	(1,123)
Total stockholders' equity	33,442	31,516
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 67,082</b>	<b>\$ 70,706</b>

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

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
<i>(In thousands, except per share data)</i>				
Revenue, net	\$ 53,741	\$ 50,004	\$ 159,177	\$ 155,418
Cost of sales	10,618	9,657	32,318	28,765
Gross profit	43,123	40,347	126,859	126,653
Operating expenses:				
Commissions and incentives	23,816	23,206	71,185	72,760
Selling, general and administrative	17,708	15,316	54,018	47,813
Total operating expenses	41,524	38,522	125,203	120,573
Operating income	1,599	1,825	1,656	6,080
Other income (expense):				
Interest income (expense), net	59	(5)	91	(10)
Other income (expense), net	7	(69)	(304)	(385)
Total other income (expense)	66	(74)	(213)	(395)
Income before income taxes	1,665	1,751	1,443	5,685
Income tax expense	(643)	(610)	(869)	(1,149)
Net income	<u>\$ 1,022</u>	<u>\$ 1,141</u>	<u>\$ 574</u>	<u>\$ 4,536</u>
Net income per share:				
Basic	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.34
Diluted	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.34
Weighted-average shares outstanding:				
Basic	12,615	13,195	12,538	13,261
Diluted	12,770	13,257	12,555	13,312
Other comprehensive gain (loss), net of tax:				
Foreign currency translation adjustment	\$ 14	\$ (290)	\$ 144	\$ (604)
Other comprehensive gain (loss), net of tax	14	(290)	144	(604)
Comprehensive income	<u>\$ 1,036</u>	<u>\$ 851</u>	<u>\$ 718</u>	<u>\$ 3,932</u>

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<i>(In thousands, except per share data)</i>						
<b>Balances, June 30, 2022</b>	<b>12,493</b>	<b>\$ 1</b>	<b>\$ 131,075</b>	<b>\$ (98,437)</b>	<b>\$ (1,123)</b>	<b>\$ 31,516</b>
Stock-based compensation	—	—	602	—	—	602
Common stock issued under equity award plans	48	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(17)	—	(72)	—	—	(72)
Common stock issued under employee stock purchase plan	36	—	121	—	—	121
Cash dividends	—	—	—	(377)	—	(377)
Currency translation adjustment	—	—	—	—	(510)	(510)
Net income	—	—	—	610	—	610
<b>Balances, September 30, 2022</b>	<b>12,560</b>	<b>\$ 1</b>	<b>\$ 131,726</b>	<b>\$ (98,204)</b>	<b>\$ (1,633)</b>	<b>\$ 31,890</b>
Stock-based compensation	—	—	823	—	—	823
Common stock issued under equity award plans	152	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(5)	—	(19)	—	—	(19)
Cash dividends	—	—	—	(381)	—	(381)
Currency translation adjustment	—	—	—	—	640	640
Net loss	—	—	—	(1,058)	—	(1,058)
<b>Balances, December 31, 2022</b>	<b>12,707</b>	<b>\$ 1</b>	<b>\$ 132,530</b>	<b>\$ (99,643)</b>	<b>\$ (993)</b>	<b>\$ 31,895</b>
Stock-based compensation	—	—	817	—	—	817
Common stock issued under employee stock purchase plan	40	—	131	—	—	131
Common stock issued under equity award plans	38	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(14)	—	(54)	—	—	(54)
Cash dividends	—	—	—	(383)	—	(383)
Currency translation adjustment	—	—	—	—	14	14
Net income	—	—	—	1,022	—	1,022
<b>Balances, March 31, 2023</b>	<b>12,771</b>	<b>\$ 1</b>	<b>\$ 133,424</b>	<b>\$ (99,004)</b>	<b>\$ (979)</b>	<b>\$ 33,442</b>

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount				
<i>(In thousands, except per share data)</i>						
<b>Balances, June 30, 2021</b>	<b>13,609</b>	<b>\$ 1</b>	<b>\$ 129,048</b>	<b>\$ (92,346)</b>	<b>\$ 104</b>	<b>\$ 36,807</b>
Stock-based compensation	—	—	645	—	—	645
Exercise of options	30	—	133	—	—	133
Common stock issued under equity award plans	49	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(19)	—	(139)	—	—	(139)
Repurchase of company stock	(460)	—	—	(3,492)	—	(3,492)
Common stock issued under employee stock purchase plan	27	—	175	—	—	175
Currency translation adjustment	—	—	—	—	(135)	(135)
Net income	—	—	—	3,316	—	3,316
<b>Balances, September 30, 2021</b>	<b>13,236</b>	<b>\$ 1</b>	<b>\$ 129,862</b>	<b>\$ (92,522)</b>	<b>\$ (31)</b>	<b>\$ 37,310</b>
Stock-based compensation	—	—	755	—	—	755
Common stock issued under equity award plans	67	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(5)	—	(31)	—	—	(31)
Repurchase of company stock	(454)	—	—	(3,154)	—	(3,154)
Currency translation adjustment	—	—	—	—	(179)	(179)
Net income	—	—	—	79	—	79
<b>Balances, December 31, 2021</b>	<b>12,844</b>	<b>\$ 1</b>	<b>\$ 130,586</b>	<b>\$ (95,597)</b>	<b>\$ (210)</b>	<b>\$ 34,780</b>
Stock-based compensation	—	—	(38)	—	—	(38)
Common stock issued under employee stock purchase plan	41	—	197	—	—	197
Common stock issued under equity award plans	23	—	—	—	—	—
Shares canceled or surrendered as payment of tax withholding and other	(5)	—	(31)	—	—	(31)
Repurchase of company stock	(326)	—	—	(1,728)	—	(1,728)
Currency translation adjustment	—	—	—	—	(290)	(290)
Net income	—	—	—	1,141	—	1,141
<b>Balances, March 31, 2022</b>	<b>12,577</b>	<b>\$ 1</b>	<b>\$ 130,714</b>	<b>\$ (96,184)</b>	<b>\$ (500)</b>	<b>\$ 34,031</b>

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



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

(In thousands)	Nine Months Ended March 31,	
	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 574	\$ 4,536
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,678	2,443
Stock-based compensation	2,242	1,362
Amortization of right-of-use assets	1,257	1,228
Loss on disposal of assets	24	—
Deferred income tax	(953)	131
Changes in operating assets and liabilities:		
Accounts receivable	975	53
Income tax receivable	1,090	234
Inventory, net	(1,947)	(441)
Prepaid expenses and other	1,859	(2,648)
Other long-term assets	55	141
Accounts payable	(1,642)	(170)
Income tax payable	(453)	(752)
Other accrued expenses	(1,301)	(874)
Lease liabilities	(1,274)	(89)
Other long-term liabilities	(119)	25
<b>Net Cash Provided by Operating Activities</b>	<b>3,065</b>	<b>5,179</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(2,554)	(1,264)
<b>Net Cash Used in Investing Activities</b>	<b>(2,554)</b>	<b>(1,264)</b>
<b>Cash Flows from Financing Activities:</b>		
Repurchase of company stock	—	(8,374)
Payment of cash dividends	(1,141)	—
Shares canceled or surrendered as payment of tax withholding and other	(145)	(201)
Proceeds from common stock issued under employee stock purchase plan	252	372
Exercise of options	—	133
<b>Net Cash Used in Financing Activities</b>	<b>(1,034)</b>	<b>(8,070)</b>
<b>Foreign Currency Effect on Cash</b>	<b>(138)</b>	<b>(1,223)</b>
<b>Decrease in Cash and Cash Equivalents:</b>	<b>(661)</b>	<b>(5,378)</b>
Cash and Cash Equivalents — beginning of period	20,190	23,174
<b>Cash and Cash Equivalents — end of period</b>	<b>\$ 19,529</b>	<b>\$ 17,796</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 3	\$ 10
Cash paid for income taxes	\$ 977	\$ 2,554

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

These unaudited condensed consolidated financial statements and notes should be read in conjunction with the audited financial statements and notes of LifeVantage Corporation (the "Company") as of and for the year ended June 30, 2022 included in the annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on August 23, 2022.

**Note 1 — Organization and Basis of Presentation**

LifeVantage Corporation 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 consultants as well as a financially rewarding commission-based direct sales opportunity to its independent consultants. 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 sold its products in China through a China approved cross-border e-commerce business model until March 15, 2023, at which time the Company closed its e-commerce business in China.

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<sup>®</sup> family of products, LifeVantage<sup>®</sup> Omega+, ProBio, IC Bright<sup>®</sup>, Daily Wellness, Rise AM, Reset PM, and D3+ dietary supplements. TrueScience<sup>®</sup> is the Company's line of skin, hair, bath & body, and targeted relief products. The Company also markets and sells Petandim<sup>®</sup>, its companion pet supplement formulated to combat oxidative stress in dogs, Axio<sup>®</sup> its nootropic energy drink mixes, and PhysIQ, its smart weight management system.

On January 18, 2023, the Company announced the adoption of a new Compensation Plan for its independent consultants (formerly known as independent distributors), which became effective March 1, 2023 in its United States, Australia, New Zealand and Japan markets. These initiatives are planned to roll out to other markets where LifeVantage products are sold and distributed. As part of the change in Compensation Plan, LifeVantage independent distributors are now referred to as independent consultants.

The condensed consolidated financial statements included herein have been prepared by the Company's management, without audit, pursuant to the rules and regulations of the SEC. In the opinion of the Company's management, these interim financial statements include all adjustments that are considered necessary for a fair presentation of its financial position as of March 31, 2023, and the results of operations for the three and nine months ended March 31, 2023 and 2022, and the cash flows for the nine months ended March 31, 2023 and 2022. Interim results are not necessarily indicative of results for a full year or for any future period.

The condensed consolidated financial statements and notes included herein are presented as required by Form 10-Q, and do not contain certain information included in the Company's audited financial statements and notes for the fiscal year ended June 30, 2022, pursuant to the rules and regulations of the SEC. For further information, refer to the financial statements and notes thereto as of and for the year ended June 30, 2022, and included in the annual report on Form 10-K on file with the SEC.

**Note 2 — Summary of Significant Accounting Policies**

**Consolidation**

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

**Use of Estimates**

The Company prepares the condensed 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 is generally its functional currency. All assets and liabilities are translated into U.S. dollars at exchange rates existing at the balance sheet dates, revenue and expenses are translated at weighted-average exchange rates and stockholders' equity is recorded at historical exchange rates. The resulting foreign currency translation adjustments are recorded as a separate component of stockholders' equity in the condensed consolidated balance sheets and as a component of comprehensive income. Transaction gains and losses are included in other expense, net in the condensed consolidated statements of operations and comprehensive income. For the three months ended March 31, 2023 and 2022, net foreign currency gains of \$36,000 and losses of \$0.1 million, respectively, are recorded in other expense, net. For the nine months ended March 31, 2023 and 2022, net foreign currency losses of \$0.2 million and \$0.4 million, respectively, are recorded in other expense, net.

## Derivative Instruments and Hedging Activities

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

To hedge risks associated with the foreign-currency-denominated intercompany transactions, the Company entered into forward foreign exchange contracts which were all settled by the end of December 2021 and were not designated for hedge accounting. There were no realized gains or losses for three months ended March 31, 2023 and 2022, respectively. There were no realized gains or losses for nine months ended March 31, 2023. For the nine months ended March 31, 2022, realized losses of \$0.1 million related to forward contracts, are recorded in other expense, net. The Company did not hold any derivative instruments at March 31, 2023.

## Cash and Cash Equivalents

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

## Concentration of Credit Risk

Accounting guidance for financial instruments requires disclosure of significant concentrations of credit risk regardless of the degree of such risk. Financial instruments with significant credit risk include cash and investments. At March 31, 2023, the Company had \$14.8 million in cash accounts at one financial institution and \$4.7 million in accounts at other financial institutions. At June 30, 2022, the Company had \$15.4 million in cash accounts at one financial institution and \$4.8 million in accounts at other financial institutions. As of March 31, 2023 and June 30, 2022, and during the periods then ended, the Company's cash balances exceeded federally insured limits.

## Accounts Receivable

The Company's accounts receivable as of March 31, 2023 and June 30, 2022 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 March 31, 2023 and June 30, 2022 is not necessary. No bad debt expense was recorded during the three and nine months ended March 31, 2023 and 2022.

## Inventory

As of March 31, 2023 and June 30, 2022, inventory consisted of (in thousands):

	March 31, 2023		June 30, 2022	
Finished goods	\$ 14,571	79.0 %	\$ 12,674	76.9 %
Raw materials	3,881	21.0 %	3,798	23.1 %
Total inventory	\$ 18,452	100.0 %	\$ 16,472	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 \$1.0 million and \$1.3 million at March 31, 2023 and June 30, 2022, respectively, related to obsolete and slow-moving inventory.

## 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 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). Equity securities were fully impaired as of March 31, 2023 and June 30, 2022.

### **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 the Company expects to be entitled to in exchange for those goods or services. Sales, value-added, 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, IC Bright®, Daily Wellness, Rise AM, Reset PM, and D3+ dietary supplements, TrueScience® skin, hair, bath & body and targeted relief, 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 independent consultants to attend certain 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. 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.

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 March 31, 2023 and June 30, 2022, the returns liability reserve, net was \$0.1 million and \$0.1 million, respectively.

### **Shipping and Handling**

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

### **Research and Development Costs**

The Company expenses all costs related to research and development activities, as incurred. Research and development expenses for the three months ended March 31, 2023 and 2022 were \$0.2 million and \$0.1 million, respectively. Research and development expenses for the nine months ended March 31, 2023 and 2022 were \$0.4 million and \$0.6 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 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.

Changes in the Company's strategies have resulted in operation modifications in certain Asia/Pacific markets resulting in the closure of showrooms and changes to selling models. As of December 31, 2022, the Company abandoned the ROU assets related to the Hong Kong and Singapore showroom leases. These leases were to terminate in August and September 2023, respectively. However, the Company reached agreements with each of the landlords to modify the termination date to February 2023. There is no remaining lease liability for these showrooms as of March 31, 2023.

Total expenses related to the abandonment of the ROU assets and costs associated with the change in operations in these markets for the nine months ended March 31, 2023 is \$0.4 million and is included in selling, general, and administrative expenses.

## Stock-Based Compensation

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

The Black-Scholes option pricing model is used to estimate the fair value of stock options 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 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 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.

For the nine months ended March 31, 2023 and 2022, the Company recognized income tax expense of \$0.9 million and \$1.1 million, respectively, which is reflective of the Company's current estimated federal, state and foreign effective tax rate.

Realization of deferred tax assets is dependent upon future earnings in specific tax jurisdictions, the timing and amount of which are uncertain.

### Income Per Share

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

For the three months ended March 31, 2023 and 2022, the effects of approximately 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 computations as their effect was anti-dilutive. For the nine months ended March 31, 2023 and 2022, the effects of approximately 0.3 million and 0.2 million common shares, respectively, issuable upon exercise of options and non-vested shares of restricted stock are not included in 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):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net income	\$ 1,022	\$ 1,141	\$ 574	\$ 4,536
<b>Denominator:</b>				
Basic weighted-average common shares outstanding	12,615	13,195	12,538	13,261
<b>Effect of dilutive securities:</b>				
Stock awards and options	155	62	17	51
Diluted weighted-average common shares outstanding	12,770	13,257	12,555	13,312
Net income per share, basic	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.34
Net income per share, diluted	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.34

### Segment Information and Disaggregated Revenue

The Company operates in a single operating segment by selling products directly to customers and through an international network of independent consultants 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 consultants. The Company manages its business primarily by managing its international network of independent consultants. The Company disaggregates 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):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Americas	\$ 39,532	\$ 33,444	\$ 115,606	\$ 104,600
Asia/Pacific & Europe	14,209	16,560	43,571	50,818
Total revenue	\$ 53,741	\$ 50,004	\$ 159,177	\$ 155,418

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
United States	\$ 37,855	\$ 31,674	\$ 110,485	\$ 98,868
Japan	\$ 8,133	\$ 8,724	\$ 23,665	\$ 28,558

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

	March 31, 2023	June 30, 2022
United States	\$ 20,312	\$ 19,790
Japan	\$ 1,235	\$ 1,869

### Note 3 — 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 in consideration for conversion and cancellation of all principal, interest and other amounts due under the Convertible Note (representing \$0.0 million in aggregate consideration).

#### Equity Securities under ASC 321

Upon conversion of the convertible promissory note receivable with GEG, 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 (loss) income equal to the difference between the fair value of the investment and its carrying value. In such cases, 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. Because GEG is in the early startup stage, GEG is subject to potential changes in cash flows and valuation, and may be unable to raise additional capital necessary to support its ongoing operations, which may result in future impairment.

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. During the fourth quarter of the 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 a non-cash impairment charge of \$2.2 million related to these equity securities. There was no carrying amount of equity securities held by the Company without readily determinable fair values at March 31, 2023 and June 30, 2022. During the three and nine months ended March 31, 2023 and 2022, there were no impairments recognized.

### Note 4 — Leases

The Company has operating leases for current corporate offices and certain equipment. These leases have remaining terms of approximately one to nine years. As of March 31, 2023, the weighted average remaining lease term and weighted average discount rate for operating leases was 8.36 years and 3.25%, respectively.

For the three months ended March 31, 2023 and 2022, operating lease expense was \$0.6 million and \$0.8 million, respectively. For the nine months ended March 31, 2023 and 2022, operating lease expense was \$2.2 million and \$2.5 million, respectively.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2022	2021
Operating cash outflows from operating leases	\$ 782	\$ 804	\$ 2,288	\$ 1,858

Maturity of lease liabilities at March 31, 2023 are as follows (in thousands):

Year ended June 30,	Amount
2023 (remaining three months ending June 30, 2023)	\$ 700
2024	1,930
2025	1,606
2026	1,646
2027	1,687
Thereafter	8,123
<b>Total</b>	<b>15,692</b>
Less: imputed interest	(1,999)
<b>Present value of lease liabilities</b>	<b>\$ 13,693</b>

#### Note 5 — 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 exceeds \$2.0 million, the Company must prepay an amount equal to such excess. Any principal amount of the 2016 Term Loan which is prepaid or repaid may not be re-borrowed.

On February 1, 2019, the Company entered into a loan modification agreement, which further amended the 2016 Credit Facility (“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%. 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).

The Company entered into a loan modification agreement (“Amendment No. 4”), effective September 30, 2022, which amended the 2016 Credit Facility, as previously amended. Amendment No. 4 revised the calculation of the minimum fixed charge coverage ratio (as defined in Amendment No. 4) and allows the Company to declare and pay dividends, up to \$500,000



per quarter, through September 30, 2023. There were no other changes to the covenants or revolving loan facility as set forth in Amendment No. 3.

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, 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 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. As of March 31, 2023, the Company was in compliance with all applicable covenants under the 2016 Credit Facility, as amended.

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. As of March 31, 2023, the balances on the 2016 Term Loan and the revolving loan facility were zero.

#### **Note 6 — Stockholders' Equity**

During the three months ended March 31, 2023 and 2022, the Company issued 38,000 and 23,000 shares of common stock under equity award plans, respectively. During the nine months ended March 31, 2023 and 2022, the Company issued 0.2 million and 0.1 million shares of common stock under equity award plans, respectively. During the three months ended March 31, 2023 and 2022, the Company issued no shares of common stock upon the exercise of stock options. During the nine months ended March 31, 2023 and 2022, the Company issued zero and 30,000 shares of common stock, respectively, upon the exercise of stock options. During the three months ended March 31, 2023 and 2022, 14,000 and 5,000 shares of restricted stock were canceled or surrendered as payment of tax withholding upon vesting, respectively. During the nine months ended March 31, 2023 and 2022, 36,000 and 29,000 shares of restricted stock were canceled or surrendered as payment of tax withholding upon vesting, respectively.

On November 27, 2017, the Company announced a share repurchase program authorizing it to repurchase up to \$5 million in shares of the Company's common stock. The repurchase program permits the Company to purchase shares through a variety of methods, including in the open market, through privately negotiated transactions or other means as determined by the Company's management. As part of the repurchase program, the Company has entered 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 will 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. On February 1, 2019, the Board of Directors approved an amendment to the share repurchase program to increase the authorized share repurchase amount from \$5 million to \$15 million. 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. During the three and nine months ended March 31, 2023, the Company purchased no shares of common stock under this repurchase program. During the three and nine months ended March 31, 2022, the Company purchased 0.3 million and 1.2 million shares of common stock at an aggregate price of \$1.7 million and \$8.4 million under this repurchase program, respectively. At March 31, 2023, there is \$27.7 million remaining under this repurchase program.

The Company's Certificate of Incorporation authorizes the issuance of preferred stock. However, as of March 31, 2023, none have been issued nor have any rights or preferences been assigned to the preferred stock by the Company's board of directors.

#### *Dividends*

In August 2022, November 2022, and February 2023, the board of directors declared a quarterly cash dividend of \$0.03 per share of common stock to be paid on September 15, 2022, December 15, 2022, and March 15, 2023, to stockholders of record on September 2, 2022, December 1, 2022, and March 1, 2023, respectively. Cash dividends for the three and nine months ended March 31, 2023 totaled \$0.4 million and \$1.1 million, or \$0.03 and \$0.09 per share, respectively.

The declaration of dividends is subject to the discretion of the Company's 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 the Company's board of directors.

## **Note 7 — Stock-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 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 March 31, 2023, 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 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. As of March 31, 2023, there were no stock option awards outstanding under the 2010 Plan.

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. The initial share pool approved was 650,000 shares. On February 2, 2018, November 15, 2018, November 12, 2020 and November 10, 2022, the stockholders approved amendments to the 2017 Plan to increase by 425,000 shares, 715,000 shares, 650,000 shares and 1,052,000 shares, respectively, the number of shares of the Company's common stock that are available for issuance under the 2017 Plan. As of March 31, 2023, a maximum of 4.0 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) 3,492,000 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 is generally ten years. As of March 31, 2023, 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.

#### **Employee Stock Purchase Plan**

*General.* The Company's 2019 Employee Stock Purchase Plan ("ESPP") was adopted by the board of directors in September 2018 and the Company's 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 March 31, 2023, 0.1 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 their regular hourly or salary compensation, and up to a maximum of 3,000 shares may be purchased 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 grant date 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 three months ended March 31, 2023 and 2022, approximately 40,000 and 41,000 shares of common stock were issued under the ESPP, respectively. During the nine months ended March 31, 2023 and 2022, approximately 76,000 and 68,000 shares of common stock were issued under the ESPP, respectively.

## Stock-Based Compensation

For the three months ended March 31, 2023, compensation of \$0.8 million was reflected as an increase to additional paid-in capital, all of which was employee related. For the three months ended March 31, 2022, a decrease to additional paid-in capital of \$38,000, all of which was employee related, was recognized due to changes in estimates in performance stock unit performance measures and reductions in headcount. For the nine months ended March 31, 2023 and 2022, compensation of \$2.2 million and \$1.4 million, respectively, was reflected as an increase to additional paid-in capital, all of which was employee related.

## **Note 8 — 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 March 31, 2023, 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 LifeVantage'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. On December 15, 2022, the case was dismissed with prejudice, which concluded litigation.

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

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

We are a company focused on nutrigenomics, the study of how nutrition and naturally occurring compounds affect human genes 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 consultants as well as a financially rewarding commission-based direct sales opportunity to our independent consultants. 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 consultants 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 consultants to attract and retain customers in order to sell our products and our ability to attract and retain independent consultants. When we are successful in attracting and retaining independent consultants and customers, it is largely because of:

- Our products, including our flagship Protandim<sup>®</sup> family of scientifically-validated dietary supplements, LifeVantage<sup>®</sup> Omega+, ProBio, IC Bright<sup>®</sup>, Daily Wellness, Rise AM, Reset PM, and D3+ dietary supplements, our line of Nrf2 enhanced TrueScience<sup>®</sup> skin, hair, bath & body, and targeted relief products, Petandim<sup>®</sup>, our companion pet supplement formulated to combat oxidative stress in dogs, Axio<sup>®</sup>, 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 consultants 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. The Company sold its products in China through a China approved cross-border e-commerce business model until March 15, 2023, at which time the Company closed its e-commerce business in China. 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**

As a result of the recent COVID-19 pandemic, we have made modifications and are continuing to evaluate 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, as the COVID-19 pandemic began, 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.

We will continue to actively monitor how COVID-19 or any similar situation might affect business operations. We may take any necessary 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 consultants, customers, and stockholders.

## **Our Products**

Our products include the Protandim<sup>®</sup> line of scientifically-validated dietary supplements, LifeVantage<sup>®</sup> Omega+ , ProBio, Daily Wellness, Rise AM, Reset PM, and D3+ dietary supplements, TrueScience<sup>®</sup>, our line of skin, bath & body, target relief, and hair care products, Petandim<sup>®</sup>, our companion pet supplement formulated to combat oxidative stress in dogs, Axio<sup>®</sup>, our nootropic energy drink mixes, and PhysiQ, our smart weight management system. The Protandim<sup>®</sup> product line includes Protandim<sup>®</sup> NRF1 Synergizer<sup>®</sup>, Protandim<sup>®</sup> Nrf2 Synergizer<sup>®</sup>, and Protandim<sup>®</sup> NAD Synergizer<sup>®</sup>. The Protandim<sup>®</sup> NRF1 Synergizer<sup>®</sup> is formulated to increase cellular energy and performance by boosting mitochondria production to improve cellular repair and slow cellular aging. The Protandim<sup>®</sup> Nrf2 Synergizer<sup>®</sup> 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<sup>®</sup> NAD Synergizer<sup>®</sup> 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<sup>®</sup> products together has been shown to produce synergistic benefits greater than using the single products on their own. LifeVantage<sup>®</sup> 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<sup>®</sup> ProBio is a dietary supplement designed to support optimal digestion and immune system function. LifeVantage<sup>®</sup> Daily Wellness is a dietary supplement designed to support and strengthen immune health. Our TrueScience<sup>®</sup> line of anti-aging skin and hair care, and CBD Nrf2 enhanced, bath & body, targeted relief products includes TrueScience<sup>®</sup> Facial Cleanser, TrueScience<sup>®</sup> Perfecting Lotion, TrueScience<sup>®</sup> Eye Serum, TrueScience<sup>®</sup> Anti-Aging Cream, TrueScience<sup>®</sup> Beauty Serum, TrueScience<sup>®</sup> Hand Cream, TrueScience<sup>®</sup> Invigorating Shampoo, TrueScience<sup>®</sup> Nourishing Conditioner, TrueScience<sup>®</sup> Scalp Serum, TrueScience<sup>®</sup> Body Lotion, TrueScience<sup>®</sup> Body Wash, TrueScience<sup>®</sup> Body Butter, TrueScience<sup>®</sup> Deodorant, TrueScience<sup>®</sup> Soothing Balm, TrueScience<sup>®</sup> Body Rub, and TrueScience<sup>®</sup> Liquid Collagen. Petandim<sup>®</sup> is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. Axio<sup>®</sup> is our line of 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<sup>®</sup> helps support eye and brain health, reduce eye fatigue and strain, supports cognitive functions, and may help support normal sleep patterns.

We sell our products both individually and in stacks. 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<sup>®</sup> NRF1 Synergizer<sup>®</sup>, Protandim<sup>®</sup> Nrf2 Synergizer<sup>®</sup>, LifeVantage<sup>®</sup> Omega+ and LifeVantage<sup>®</sup> 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<sup>®</sup> NAD Synergizer<sup>®</sup> 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<sup>®</sup> Tri-Synergizer<sup>™</sup> consists of our Protandim<sup>®</sup> NRF1 Synergizer<sup>®</sup>, Protandim<sup>®</sup> Nrf2 Synergizer<sup>®</sup> and Protandim<sup>®</sup> NAD Synergizer<sup>®</sup>, 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.

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 consultants and customers.

## **Compensation Plan for our Independent Consultants**

On March 1, 2023, we launched a new compensation plan for our Independent Consultants in the United States, Japan, Australia, and New Zealand markets. We refer to this compensation plan as our Evolve Compensation Plan.

## Accounts

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

The following tables summarize the changes in our active accounts base 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 consultants 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 March 31,				Change from Prior Year	Percent Change
	2023		2022			
<b>Active Independent Consultants</b>						
Americas	36,000	62.1 %	38,000	61.3 %	(2,000)	(5.3)%
Asia/Pacific & Europe	22,000	37.9 %	24,000	38.7 %	(2,000)	(8.3)%
<b>Total Active Independent Consultants</b>	<b>58,000</b>	<b>100.0 %</b>	<b>62,000</b>	<b>100.0 %</b>	<b>(4,000)</b>	<b>(6.5)%</b>
<b>Active Customers</b>						
Americas	72,000	79.1 %	70,000	73.7 %	2,000	2.9 %
Asia/Pacific & Europe	19,000	20.9 %	25,000	26.3 %	(6,000)	(24.0)%
<b>Total Active Customers</b>	<b>91,000</b>	<b>100.0 %</b>	<b>95,000</b>	<b>100.0 %</b>	<b>(4,000)</b>	<b>(4.2)%</b>
<b>Active Accounts</b>						
Americas	108,000	72.5 %	108,000	68.8 %	—	— %
Asia/Pacific & Europe	41,000	27.5 %	49,000	31.2 %	(8,000)	(16.3)%
<b>Total Active Accounts</b>	<b>149,000</b>	<b>100.0 %</b>	<b>157,000</b>	<b>100.0 %</b>	<b>(8,000)</b>	<b>(5.1)%</b>

## Results of Operations

### Three and Nine Months ended March 31, 2023 and 2022

**Revenue.** We generated net revenue of \$53.7 million and \$50.0 million during the three months ended March 31, 2023 and 2022, respectively. We generated net revenue of \$159.2 million and \$155.4 million during the nine months ended March 31, 2023 and 2022, respectively. Foreign currency fluctuations negatively impacted our revenue \$1.5 million or 3.0% and \$6.7 million or 4.3% during the three and nine months ended March 31, 2023, respectively.

**Americas.** The following table sets forth revenue for the three and nine months ended March 31, 2023 and 2022 for the Americas region (in thousands):

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2023	2022	% Change	2023	2022	% Change
United States	\$ 37,855	\$ 31,674	19.5 %	\$ 110,485	\$ 98,868	11.8 %
Other	1,677	1,770	(5.3)%	5,121	5,732	(10.7)%
<b>Americas Total</b>	<b>\$ 39,532</b>	<b>\$ 33,444</b>	<b>18.2 %</b>	<b>\$ 115,606</b>	<b>\$ 104,600</b>	<b>10.5 %</b>

Revenue in the Americas region for the three and nine months ended March 31, 2023 increased \$6.1 million or 18.2% and \$11.0 million or 10.5%, respectively, from the prior year periods. Total Active Accounts remained flat in the region compared

to the prior year period. The average revenue per account increased due to changes in our product sales mix, driven primarily by our new TrueScience® Liquid Collagen product announced during our Activate 2022 event held in June 2022.

**Asia/Pacific & Europe.** The following table sets forth revenue for the three and nine months ended March 31, 2023 and 2022 for the Asia/Pacific & Europe region and its principal markets (in thousands):

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2023	2022	% Change	2023	2022	% Change
Japan	\$ 8,133	\$ 8,724	(6.8)%	\$ 23,665	\$ 28,558	(17.1)%
Australia & New Zealand	2,179	2,941	(25.9)%	6,295	9,840	(36.0)%
Greater China	811	1,099	(26.2)%	2,810	3,894	(27.8)%
Other	3,086	3,796	(18.7)%	10,801	8,526	26.7 %
Asia/Pacific & Europe Total	\$ 14,209	\$ 16,560	(14.2)%	\$ 43,571	\$ 50,818	(14.3)%

Revenue in the Asia/Pacific & Europe region decreased \$2.4 million or 14.2% and \$7.2 million or 14.3% for the three and nine months ended March 31, 2023, respectively, as compared to the prior year periods. Active Accounts in the region decreased 16.3% compared to the prior year period. Decreases in total Active Accounts along with negative impacts from foreign currency exchange rate fluctuations have contributed to the overall decrease in revenue within the Asia/Pacific & Europe region. We continue to be encouraged by the results we are seeing from our launch in the Philippines due to continued consultant leadership development and advancement.

Overall, revenue in the Asia/Pacific & Europe region was negatively impacted by foreign currency exchange rate fluctuations in the amount of approximately \$1.5 million or 9.0% and \$6.6 million or 13.2% during the three and nine months ended March 31, 2023, respectively, as compared to the prior year periods, mainly due to currency fluctuations in Japan. Revenue in Japan was negatively impacted by foreign exchange rate fluctuations in the amount of approximately \$1.1 million or 12.9% and \$5.0 million or 17.3%, during the three and nine months ended March 31, 2023, respectively, as compared to the prior year periods. On a constant currency basis, revenue in Japan increased 5.8% and decreased 1.1% for the three and nine months ended March 31, 2023, respectively, as compared to the prior year periods.

Globally, our sales and marketing efforts continue to be directed toward strengthening our core business through our fiscal year initiatives and building our worldwide revenue. During fiscal year 2023, we launched our TrueScience® Liquid Collagen to our Japan, Australia, and New Zealand markets along with launching our new LifeVantage® Rise AM, LifeVantage® Reset PM and LifeVantage® D3+ products. During fiscal year 2022, we launched our new LifeVantage® IC Bright® eye health product in October 2021 and TrueScience® Liquid Collagen in June 2022 to the US market. We have seen and continue to expect that these product launches will help drive revenue growth globally through increased average order size and increased ability to attract and retain new independent consultants and customers with a compelling product lineup.

**Gross Margin.** Our gross profit percentage for the three months ended March 31, 2023 and 2022 was 80.2% and 80.7%, respectively. Our gross profit percentage for the nine months ended March 31, 2023 and 2022 was 79.7% and 81.5%, respectively. The decrease in gross margins, as compared to the prior year periods, is primarily due to increased shipping to customer expenses during the current year period as well as shifts in geographic and product sales mix.

**Commissions and Incentives.** Commissions and incentives expenses during the three months ended March 31, 2023 were \$23.8 million or 44.3% of revenue as compared to \$23.2 million or 46.4% of revenue for the three months ended March 31, 2022. Commissions and incentives expenses during the nine months ended March 31, 2023 were \$71.2 million or 44.7% of revenue as compared to \$72.8 million or 46.8% of revenue for the nine months ended March 31, 2022. The decrease in commissions and incentives expenses as a percentage of revenue compared to the prior year periods is due mainly to the price increases on many of our products during the current period as well as due to the timing and magnitude of our various promotional and incentive programs. 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 during the three months ended March 31, 2023 were \$17.7 million or 33.0% of revenue as compared to \$15.3 million or 30.6% of revenue for the three months ended March 31, 2022. Selling, general and administrative expenses during the nine months ended March 31, 2023 were \$54.0 million or 33.9% of revenue as compared to \$47.8 million or 30.8% of revenue for the nine months ended March 31, 2022. The increase in selling, general and administrative expenses as a percentage of revenue during the three and nine months ended March 31, 2023 compared to the prior year periods is primarily due to increased event and travel expenses, employee

compensation, and outside professional services related to Company-wide initiatives which launched in March 2023. These increases have been offset by decreases in legal, accounting, and tax services.

*Total Other Income (Expense).* During the three months ended March 31, 2023 we recognized total net other income of \$0.1 million as compared to expense of \$0.1 million for the three months ended March 31, 2022. During the nine months ended March 31, 2023 we recognized total net other expense of \$0.2 million as compared to \$0.4 million for the nine months ended March 31, 2022. Total net other income (expense) for the three and nine months ended March 31, 2023 and 2022 consisted primarily of foreign currency gains and losses, offset by interest income.

*Income Tax Expense.* We recognized income tax expense of \$0.6 million and \$0.9 million for the three and nine months ended March 31, 2023, respectively, as compared to income tax expense of \$0.6 million and \$1.1 million for the three and nine months ended March 31, 2022, respectively.

The change in the effective tax rate for the nine months ended March 31, 2023 compared to the prior year period was due to changes in taxable income and the impact of discrete items.

We expect that our effective tax rate will fluctuate slightly during the remainder of fiscal 2023 as the impact of discrete items and other permanent differences are recognized during the year; however, our tax rate can be impacted by various book to tax differences and fluctuations in our stock price that occur during the year which are difficult to forecast.

## **Liquidity and Capital Resources**

### Liquidity

Our primary liquidity and capital resource requirements are to finance the cost of our planned operating expenses and working capital (principally inventory purchases), fund capital expenditures, and service our debt, which includes any outstanding balances under the 2016 Credit Facility. We have generally relied on cash flow from operations to fund operating activities and we have, at times, incurred long-term debt in order to fund stock repurchases and strategic transactions.

As of March 31, 2023, our available liquidity was \$19.5 million, which consisted of available cash and cash equivalents. This represents a decrease of \$0.7 million from the \$20.2 million in cash and cash equivalents as of June 30, 2022.

During the nine months ended March 31, 2023, our net cash provided by operating activities was \$3.1 million as compared to \$5.2 million during the nine months ended March 31, 2022.

During the nine months ended March 31, 2023, our net cash used in investing activities was \$2.6 million, as a result of the purchase of fixed assets. During the nine months ended March 31, 2022, our net cash used in investing activities was \$1.3 million, as a result of the purchase of fixed assets.

Cash used in financing activities during the nine months ended March 31, 2023 was \$1.0 million as a result of our payment of a cash dividend and shares purchased as payment of tax withholding upon vesting of equity awards, partially offset by proceeds from stock issued under our employee stock purchase plan. Cash used in financing activities during the nine months ended March 31, 2022 was \$8.1 million as a result of our repurchase of common stock, and shares purchased as payment of tax withholding upon vesting of equity awards, partially offset by proceeds from stock issued under our employee stock purchase plan and stock option exercises.

At March 31, 2023 and June 30, 2022, the total amount of our foreign subsidiary cash was \$7.9 million and \$7.0 million, respectively. The federal tax reform legislation that was passed into law during December 2017 enacted a 100% dividend deduction for greater than 10% owned foreign corporations. Therefore, in the future, if needed, we expect to be able to repatriate cash from foreign subsidiaries without paying additional U.S. taxes.

At March 31, 2023, we had working capital (current assets minus current liabilities) of \$22.9 million, compared to working capital of \$21.2 million at June 30, 2022. We believe that our cash and cash equivalents balances and our ongoing cash flow from operations will be sufficient to satisfy our cash requirements for at least the next 12 months. The majority of our historical expenses have been variable in nature and as such, a potential reduction in the level of revenue would reduce our cash flow needs. In the event that our current cash balances and future cash flow from operations are not sufficient to meet our obligations or strategic needs, we would consider raising additional funds, which may not be available on terms that are acceptable to us, or at all. Our credit facility, however, contains covenants that restrict our ability to raise additional funds in the debt markets and repurchase our equity securities without prior approval from the lender. Additionally, our credit facility, as amended, 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 on Form S-3 (the "Prior Shelf Registration") with the SEC that was declared effective April 3, 2020, which permitted 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. The Prior Shelf Registration expired on April 3, 2023.

On March 31, 2023, we filed a shelf registration statement on Form S-3 (the "2023 Shelf Registration") with the SEC that was declared effective on April 6, 2023, 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 2023 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.

On February 1, 2019, we entered into a loan modification agreement, which further amended the 2016 Credit Facility ("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%. 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 amount as set forth in Amendment No. 2.

We entered into a loan modification agreement ("Amendment No. 4"), effective September 30, 2022, which amended the 2016 Credit Facility, as previously amended. Amendment No. 4 revised the calculation of the minimum fixed charge coverage ratio (as defined in Amendment No. 4) and allows us to declare and pay dividends, up to \$500,000 per quarter, through September 30, 2023. There were no other changes to the covenants or revolving loan facility as set forth in Amendment No. 3.

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. As of March 31, 2023, we were in compliance with all applicable non-financial and restrictive covenants under the 2016 Credit Facility, as amended.

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 March 31, 2023, we were in compliance with all applicable financial covenants under the 2016 Credit Facility, as amended. Additionally, management anticipates that in the normal course of operations we will be in compliance with the financial covenants during the ensuing year.

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. As of March 31, 2023, the balances on the 2016 Term Loan and the revolving loan facility were zero.

### Commitments and Obligations

The following table summarizes our contractual payment obligations and commitments as of March 31, 2023 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	Thereafter
Operating lease obligations	\$ 15,830	\$ 2,287	\$ 3,286	\$ 3,395	\$ 6,862
Other operating obligations <sup>(1)</sup>	11,474	11,474	—	—	—
<b>Total</b>	<b>\$ 27,304</b>	<b>\$ 13,761</b>	<b>\$ 3,286</b>	<b>\$ 3,395</b>	<b>\$ 6,862</b>

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

### **Off-Balance Sheet Arrangements**

As of March 31, 2023, we did not have any off-balance sheet arrangements.

### **Critical Accounting Policies**

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of 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 unaudited condensed 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 March 31, 2023, our shipments of products sold totaling approximately \$18.8 million were subject to the 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 March 31, 2023, compared with \$0.1 million at June 30, 2022. To date, product expiration dates have not played any role in product returns, and we do not expect that they will in the future as it is unlikely that we will ship product with an expiration date earlier than the latest allowable product return date.

### Inventory Valuation

We value our inventory at the lower of cost or net realizable value on a first-in first-out basis. Accordingly, we reduce our inventories for the diminution of value resulting from product obsolescence, damage or other issues affecting marketability equal to the difference between the cost of the inventory and its net realizable value. Factors utilized in the determination of 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 three and nine months ended March 31, 2023 we recognized expenses of approximately \$0.3 million and \$0.7 million, respectively, related to obsolete and slow-moving inventory. During the three and nine months ended March 31, 2022 we recognized expenses of approximately \$0.5 million and \$1.0 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-added, 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.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There were no substantial changes to our market risks during the quarter ended March 31, 2023 when compared to the disclosures in “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the year ended June 30, 2022.

## **Item 4. Controls and Procedures**

### **Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act of 1934, as amended) that are designed to ensure that the information required to be disclosed in the reports we file or submit under the Exchange Act of 1934, as amended, 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 the end of the period covered by this quarterly report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness and design and operation of such disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended. 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 March 31, 2023.

### **Changes in Internal Control over Financial Reporting**

An evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 of the Exchange Act of 1934, as amended, was also performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of any change in our internal control over financial reporting that occurred during our last fiscal quarter. That evaluation did not identify any changes in our internal control over financial reporting during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Inherent Limitations of Internal Control Over Financial Reporting**

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **PART II. Other Information**

### **Item 1. Legal Proceedings**

See Note 8 to our unaudited condensed consolidated financial statements contained within this quarterly report on Form 10-Q for a discussion of our legal proceedings.

### **Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in “Part I. Item 1A — Risk Factors” in our annual report on Form 10-K for the fiscal year ended June 30, 2022, filed on August 23, 2022. The risks and uncertainties described in such risk factors and elsewhere in this report have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results and future prospects. Other than as set forth below, we do not believe that there have been any material changes to the risk factors previously disclosed in our recent SEC filings, including our most recently filed Form 10-K, as referenced above.

### **We may be adversely affected by changes to our independent consultant compensation plans**

We modify our compensation plans from time to time to keep them competitive and attractive to existing and potential independent consultants, to address changing market dynamics, to provide incentives to our independent consultants that we believe will help grow our business, to conform to local regulations and to address other business-related considerations. It is difficult to predict how such changes will be viewed by our independent consultants and whether such changes will achieve their desired results. Such changes could result in unintended or unforeseen negative economic and non-economic consequences to our business, such as higher than anticipated costs or difficulty in attracting and retaining independent consultants, either of which could have a material adverse effect on our results of operations and financial condition.

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

On November 27, 2017, our Board of Directors approved a stock repurchase plan, as amended on February 1, 2019, August 27, 2020, and February 17, 2022. Under the plan, we are authorized to repurchase up to \$60.0 million of our

outstanding shares through November 30, 2023. 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 have entered 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 will 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 March 31, 2023, we did not repurchase any shares of our common stock under this repurchase program. At March 31, 2023, there is \$27.7 million remaining under this repurchase program.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Document Description</b>	<b>Filed Herewith or Incorporate by Reference From</b>
3.1	<a href="#">Certificate of Incorporation, as filed with the Delaware Secretary of State on March 9, 2018</a>	Exhibit 3.1 to the Current Report on Form 8-K filed on March 13, 2018.
3.2	<a href="#">Amended and Restated Bylaws, August 9, 2019</a>	Exhibit 3.1 to the Current Report on Form 8-K filed on August 15, 2019
31.1	<a href="#">Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a)</a>	Filed herewith
31.2	<a href="#">Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a)</a>	Filed herewith
32.1*	<a href="#">Certification of principal executive officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	Furnished herewith
32.2*	<a href="#">Certification of principal financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	Furnished herewith
101	The following financial information from the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2023 formatted in Inline XBRL (extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets at March 31, 2023 and June 30, 2022; (ii) Unaudited Condensed Consolidated Statements of Operations and Other Comprehensive Income for the three and nine months ended March 31, 2023 and 2022; (iii) Unaudited Condensed Consolidated Statement of Stockholders' Equity for the three and nine months ended March 31, 2023 and 2022; (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2023 and 2022; and (v) Notes to Unaudited Condensed 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

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

**SIGNATURES**

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

LIFEVANTAGE CORPORATION

Date: May 4, 2023

/s/ Steven R. Fife

Steven R. Fife  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 4, 2023

/s/ Carl A. Aure

Carl A. Aure  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, Steven R. Fife, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven R. Fife

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Steven R. Fife

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 4, 2023



**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Carl A. Aure, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Carl A. Aure

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Carl A. Aure

Chief Financial Officer

(Principal Financial Officer)

Date: May 4, 2023

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of LifeVantage Corporation (the "Company") for the period ended March 31, 2023, with the Securities and Exchange Commission on the date hereof (the "report"), I, Steven R. Fife, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Steven R. Fife

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Steven R. Fife

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 4, 2023

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

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of LifeVantage Corporation (the "Company") for the period ended March 31, 2023, with the Securities and Exchange Commission on the date hereof (the "report"), I, Carl A. Aure, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Carl A. Aure

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Carl A. Aure

Chief Financial Officer

(Principal Financial Officer)

Date: May 4, 2023

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