

# The Case for Boardroom Change at LifeVantage

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Prepared by the Radoff-Sudbury Group

October 2023

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# Executive Summary

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# Why We're Asking Stockholders to Support Our Three, Independent Director Candidates

*As long-term, significant stockholders of LifeVantage, our Group believes the Company is a fundamentally sound business that has been mismanaged by directors lacking direct selling, wellness industry, capital allocation and public company board experience.*

*LifeVantage stockholders have suffered long-term underperformance due to apparent lapses in judgment and poor decisions made under long-tenured directors Darwin Lewis, Michael Beindorff and Chairman Garry Mauro, who has served on the Board of Directors (the "Board") for 15 years.*

*We have nominated three director candidates with sorely needed ownership perspectives and extensive direct selling industry experience to help strengthen LifeVantage's alignment with stockholders and enact much-needed change in the boardroom.*

# About Our Group

The Radoff-Sudbury Group collectively owns ~12.8% of LifeVantage's outstanding stock and are long-term investors in the Company. Our Group has attempted to engage privately with the Board and management on several occasions concerning ways to improve stockholder value.

## Bradley L. Radoff

- Mr. Radoff has a successful track record engaging with management and boards to deliver improved governance and enhanced value for stockholders. Recent examples include:
  - ✓ Reaching an agreement to enhance board diversity at TETRA Technologies, Inc. (NYSE: TTI).
  - ✓ Adding a director to the board of Newpark Resources, Inc. (NYSE: NR), delivering 87% in total stockholder returns ("TSR").
  - ✓ Advocating for the sale of Trecora Resources (NYSE: TREC) at a 30% premium.
- Additional examples of Mr. Radoff's value-enhancing service include:
  - ✓ 239% in TSR while serving as a director at VAALCO Energy, Inc. (NYSE: EGY).
  - ✓ 720% in TSR while serving as a director at Support.com, Inc. (NASDAQ: SPRT).

***Significant LifeVantage stockholder since May 2022***

## Sudbury Capital Fund, LP

- Sudbury Capital is a value-oriented investment firm founded and managed by Dayton Judd, who is a successful investor with significant experience investing in public and private direct selling companies.
- Mr. Judd's C-suite experience and public company board service have delivered significant value for stockholders.
- Recent examples of Mr. Judd's value-enhancing service include:
  - ✓ 1,951% in TSR while serving as the CEO and director of FitLife Brands Inc. (NASDAQ: FTLF).
  - ✓ 53% in TSR while serving as a director at Optex Systems Holdings Inc. (NASDAQ: OPXS).
  - ✓ 173% in TSR while serving as a director at RLJ Entertainment, Inc. (NASDAQ: RLJE).

***Significant LifeVantage stockholder since June 2021***

# About LifeVantage

We believe LifeVantage's health products, sales model and growth strategy have the potential to create significant value over the long-term if new, experienced directors are added to the boardroom.

## Business Summary and Product Overview

- LifeVantage uses a direct selling model to offer premium-quality supplements, energy and skincare products through a network of independent consultants around the globe.
- The Company provides products across three "Activation Paths":



## Network Marketing Business Model

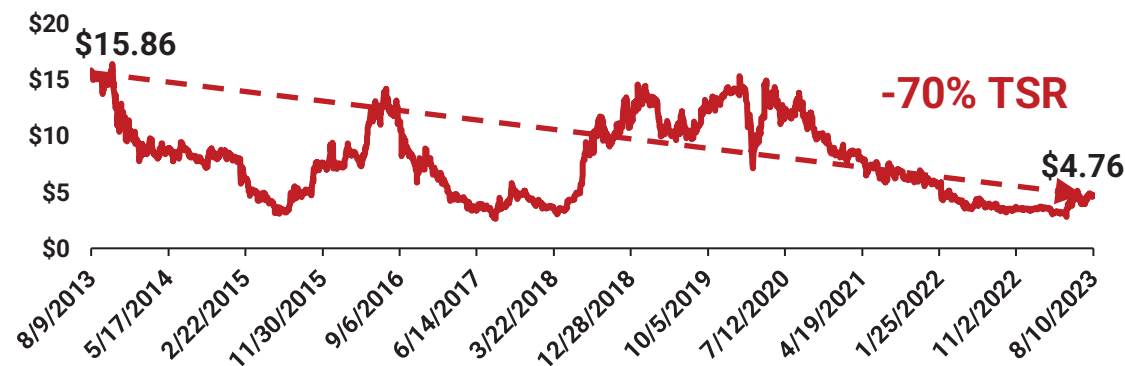
- The Company has stated that the success and growth of its business is primarily based on the effectiveness of:
  - Its independent consultants' ability to attract customers;
  - Its independent consultants' ability to sell its products; and
  - The Company's ability to attract new and retain existing independent consultants.

## LifeVantage Corporate Snapshot (NASDAQ: LFTN)

- Headquarters:** Lehi, Utah
- Founded:** 1988
- Employees:** 248
- Share Price:** \$6.49<sup>1</sup>
- Market Capitalization:** ~\$82.4 million<sup>1</sup>
- Enterprise Value:** \$61.3 million
- 2023 Revenue:** \$213.4 million



## 10-Year TSR During Garry Mauro's Tenure<sup>2</sup>

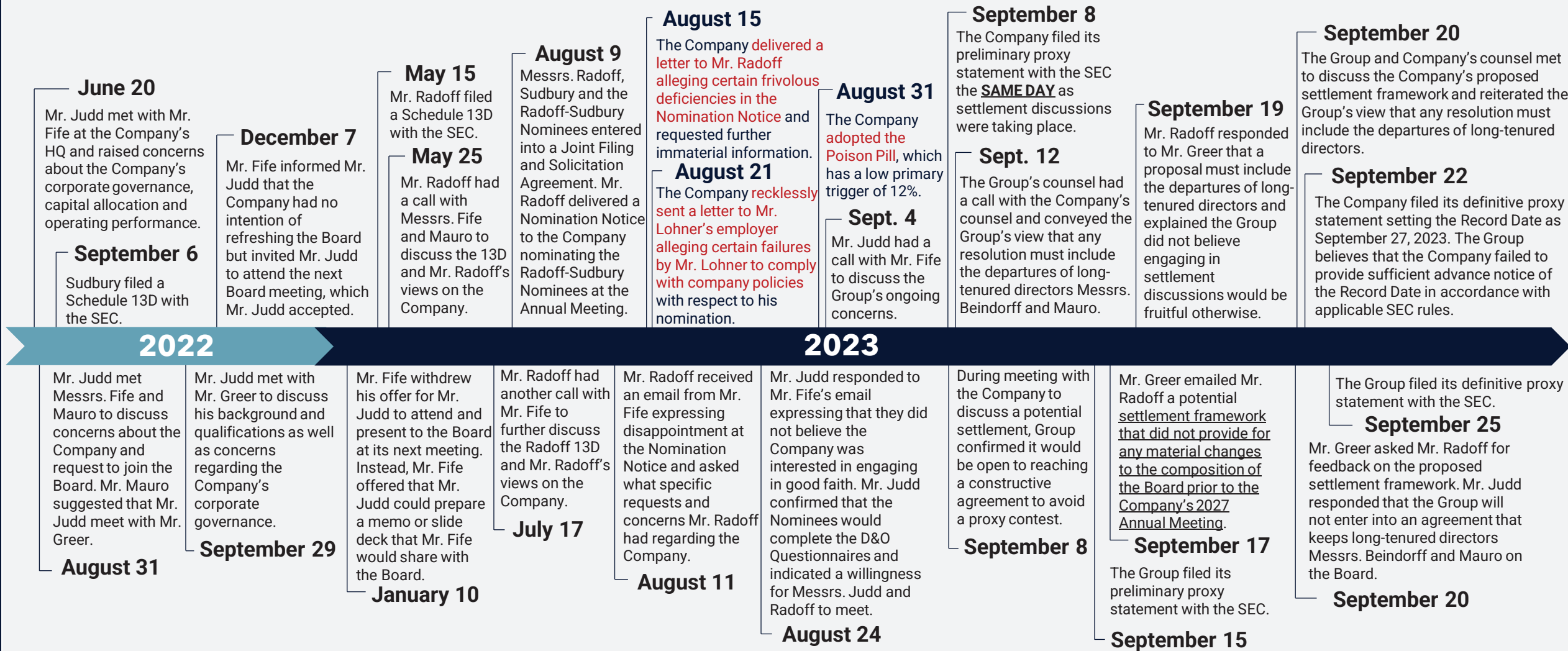


Source: Company 10-K dated August 28, 2023, October 2023 Investor Presentation and Bloomberg.

1. Reflects share price at market close as of October 6, 2023.

2. TSR calculated as of market close on August 10, 2023, the last day prior to the public announcement of the nomination of the Radoff-Sudbury Nominees.

# Timeline of Our Efforts to Engage with LifeVantage





# Significant Value Destruction Over the Last Decade Under Mr. Mauro's Leadership

Certain over-tenured directors appear more concerned about maintaining their positions and the status quo than addressing LifeVantage's long-term underperformance.

LifeVantage's 10-Year Stock Performance Chart



Source: Bloomberg. Company press releases.

Stock price calculated from the following dates (ordered left to right): October 25, 2013-November 22, 2013; February 3, 2015-March 3, 2015; September 29, 2016-October 28, 2016; January 18, 2023-February 17, 2023; May 12, 2023-June 9, 2023.

# Recent and Long-Term Performance Trends are Alarming

We believe LifeVantage has significant growth potential but has been mismanaged by a Board lacking direct selling, wellness industry, capital allocation and governance experience.

**-70%**

Total Stockholder  
Return<sup>1</sup>

**-75%**

Decrease in EPS  
Over 3 Years

**\$10M**

EBITDA Guidance  
Miss in 2022

**-14.3%**

Decline in Total  
Consultants in 2023

**-4.3%**

Decline in Total Active  
Customers in 2023

**-8.3%**

Decline in Total Active  
Accounts in 2023

**In our view, the Board does not deserve stockholder support for delivering persistently poor performance.**

# Anti-Stockholder Actions Perpetuated by an Entrenched, Over-Tenured Board

We believe LifeVantage is in need of stockholder-designated directors following years of negative performance and worst-in-class governance under Chairman Garry Mauro and the current Board:



**Adopted “Poison Pill” with  
Low 12% Trigger**



**Repeated Violations of  
SEC Rules**



**Demonstrated Lack of  
Urgency in Responding to  
Stockholders**



**Alleged Frivolous  
Nomination Deficiencies &  
Attempted to Intimidate  
Nominee**



**Maintained Audit  
Committee with No Audit  
Experience**



**Refused to Transition  
Long-Tenured Directors  
off the Board**

# The Board's Attempts to Mislead Stockholders Ring Hollow

## MYTH

- × *"...[the Company's] new strategy has begun to yield tangible performance improvements. We have delivered returns for our stockholders of 84% since we announced our new strategy in January 2023. Last quarter, we grew revenue by 6% and increased Adjusted EBITDA by 179% year-over-year."*
- × *"The simultaneous loss of every member of the Audit Committee would be particularly disruptive to any business, especially one like ours in the middle of an ongoing transformation."*
- × *"...we know exactly what Messrs. Beindorff, Lewis and Mauro contribute to the Board: vital insights, relevant experience, independent oversight and a dedication to serving stockholder interests."*
- × *"LifeVantage executives and Board members sought proactive and constructive engagement with the Radoff-Sudbury Group..."*

## THE REALITY

- ✓ In our view, the Board does not deserve stockholder support for taking one step forward after 10 value-destructive steps back. The reality is that the LifeVantage Board under Chairman Mr. Mauro has overseen a decline in TSR of 70% over the past decade.<sup>1</sup>
- ✓ Despite initiating a so-called "transformation plan" three years ago, the Company reported a 73% year-over-year decline and 17% year-over-year decline in EPS in 2022 and 2023, respectively.
- ✓ Messrs. Beindorff, Lewis and Mauro do not possess audit, financial or capital allocation experience, and have overseen poor capital allocation decisions, including the \$30 million Major League Soccer deal, an irresponsible, 11-year \$17 million office lease and questionable related party transactions.
- ✓ We have nominated a slate of individuals – which includes two audit chairs – with extensive financial and investment expertise to address these gaps in the boardroom.
- ✓ Messrs. Beindorff, Lewis and Mauro have also perpetuated worst-in-class corporate governance by taking anti-stockholder actions, including the adoption of a Poison Pill with a low 12% primary trigger.
- ✓ Additionally, the LifeVantage Board has shown an apparent disregard for securities law through repeated violations of SEC rules, which has created an uneven playing field in this proxy contest to the detriment of stockholders.
- ✓ The Radoff-Sudbury Group made numerous good faith attempts to work constructively with the LifeVantage Board and avoid a proxy contest.
- ✓ Our Group was met with resistance from the Board, who refused to consider our nominees, and who took various anti-stockholder actions in response to our concerns.

# The Path Forward: Electing Experienced, Stockholder Representatives to the LifeVantage Board

Our director candidates would bring additive experience and stockholder perspectives to the Board, which we believe would help end the decade of value destruction at LifeVantage.



**Dayton Judd**

- ✓ Meaningful LifeVantage stockholder
- ✓ Public company financial expert
- ✓ Consumer wellness product experience
- ✓ Audit chair experience
- ✓ Experienced public company board member
- ✓ Delivered 1,951% in TSR while CEO of FitLife Brands



**Michael Lohner**

- ✓ Significant direct selling expertise
- ✓ Corporate finance and capital allocation expertise
- ✓ C-suite executive
- ✓ Experienced public company board member
- ✓ Track record of value creation
- ✓ Experienced investor



**Bradley L. Radoff**

- ✓ Meaningful LifeVantage stockholder
- ✓ Audit chair experience
- ✓ Experienced public company board member
- ✓ Consumer goods industry experience
- ✓ Private and public engagements have delivered sizable returns for stockholders
- ✓ Delivered 239% in TSR while director at VAALCO Energy

**Our highly qualified director candidates were selected to represent a minority slate that will address experience gaps and enact much-needed change in the boardroom.**

# Our Vision to Improve LifeVantage

Our director candidates are committed to acting in stockholders' best interests and working diligently to improve LifeVantage's governance and financial performance, by taking actions that include:



Encouraging our fellow directors to purchase stock on the open market



Committing to better capital allocation practices, including returning capital to stockholders through share repurchases and dividends



Encouraging meaningful engagement with *all* stockholders



Holding management accountable to meet 10-12% EBITDA margin target



Encouraging the repeal of certain anti-stockholder actions, including the Poison Pill



Refocusing LifeVantage on retaining and attracting consultants and customers to improve sales



Overseeing a viable strategic expansion in high growth markets



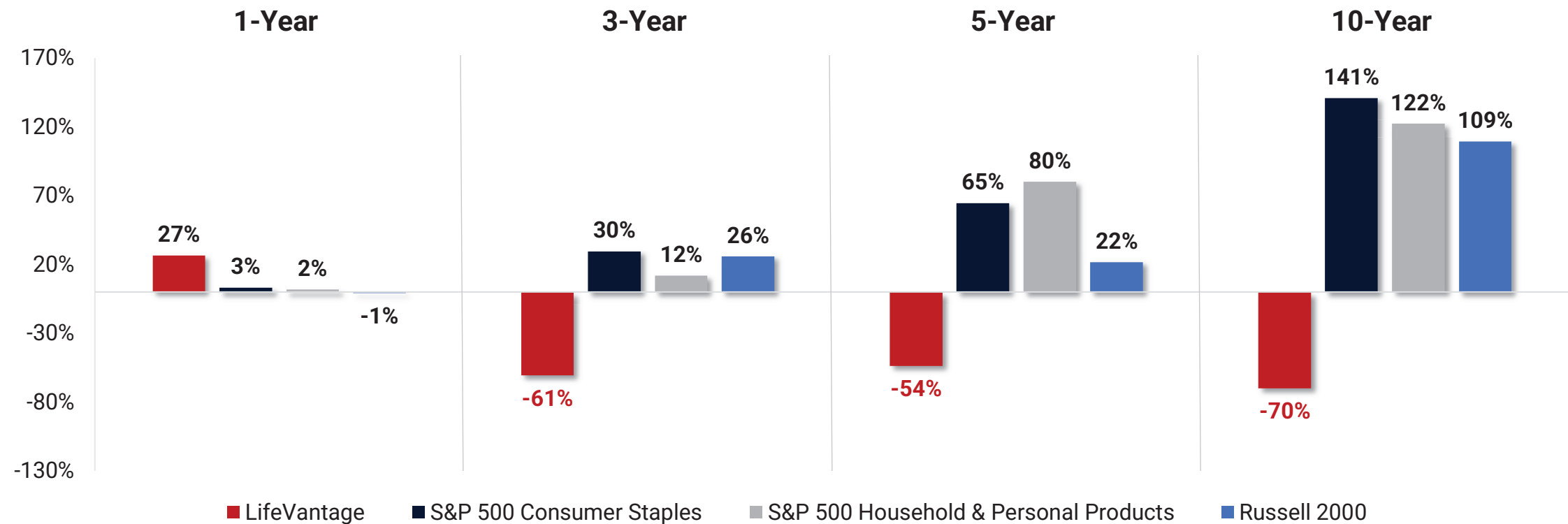
Reassessing equity compensation practices to ensure sustainability and alignment with stockholders

# **Why We're Here: The Case for Boardroom Change**

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# LifeVantage Stockholders Have Suffered Significant Financial Losses

While Mr. Mauro served as Chairman over the last decade, stockholders have watched the value of their investment decline more than 70%.



A single dollar invested in LifeVantage three years ago at the start of the Company’s purported “transformation” is worth approximately 39 cents today.

Source: Bloomberg. Calculated as of market close on August 10, 2023, the last day prior to the public announcement of the nomination of the Radoff-Sudbury Group’s nominees.



# Mr. Mauro's Decade-Long, Value Destructive Tenure as Chair

It has become clear to us that the over-tenured directors are more concerned about maintaining their positions and the status quo than addressing the Company's long-term underperformance.

## LifeVantage's 10-Year Stock Performance Chart

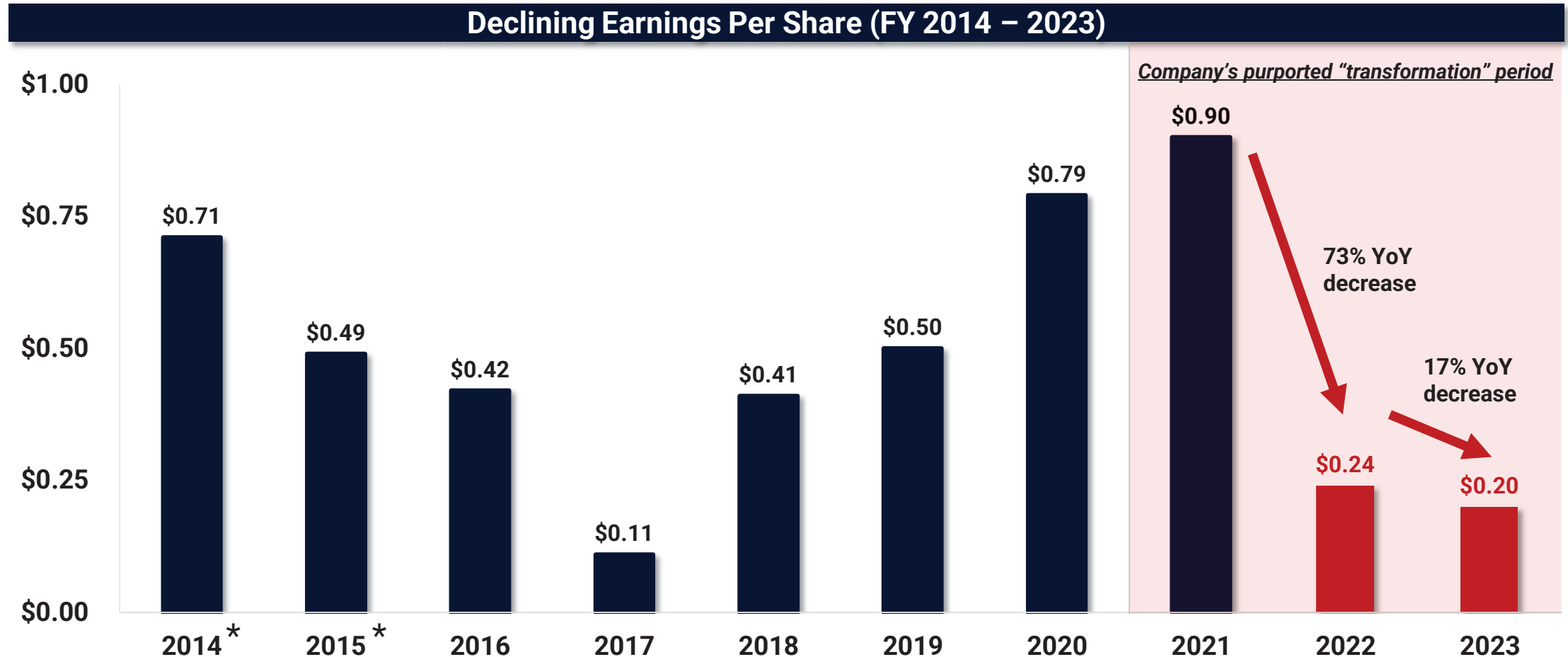


Source: Bloomberg. Company press releases.

Stock price calculated from the following dates (ordered left to right): October 25, 2013-November 22, 2013; February 3, 2015-March 3, 2015; September 29, 2016-October 28, 2016; January 18, 2023-February 17, 2023; May 12, 2023-June 9, 2023.

# The Board and its “Transformation Plan” Do Not Deserve Credit for Short-Term Performance

Despite claims that the Board’s “transformation plan” is working, the Company reported a drop in earnings per diluted share from \$0.79 in fiscal year 2020 to \$0.20 per share in fiscal year 2023.



Source: Bloomberg. Company's earnings press releases.

\*Adjusted to account for 7:1 reverse stock split that took place on October 19, 2015.

# LifeVantage's Sales Force Has Been in Perpetual Decline

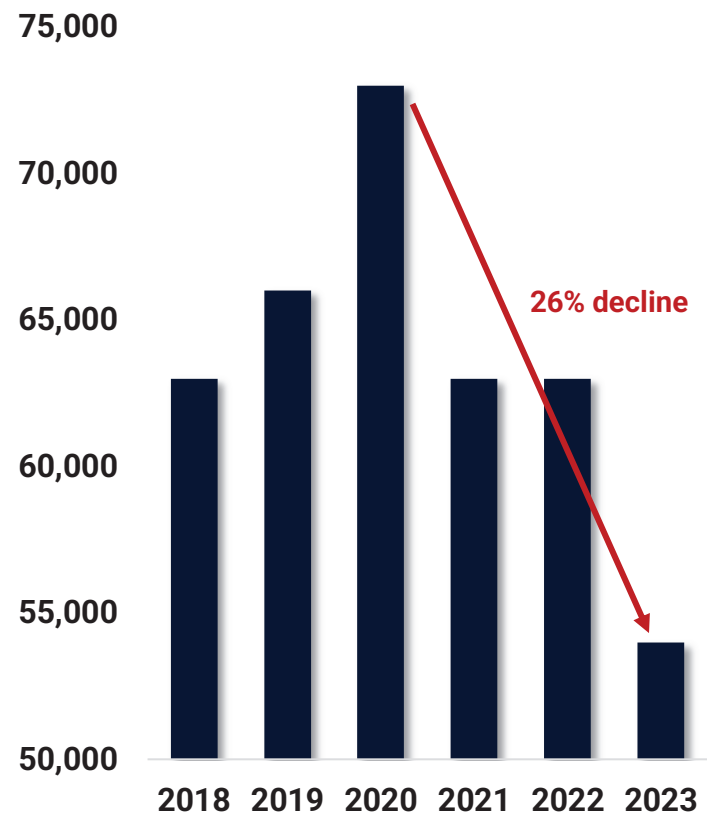
- LifeVantage's sales force is centered around its "independent consultants," who are responsible for selling the Company's products directly to customers via their own networks.
- The Company's success is largely tied to its independent consultants' ability to attract and retain customers as well as the Company's ability to attract and retain independent consultants.
- However, LifeVantage's independent consultant base has been in rapid decline. In 2023 alone, LifeVantage has lost over 14% of its active independent consultants.
  - This reduction in active independent consultants led to a loss of 4,000 customers in 2023.
- We believe these declines in independent consultants and customers can be attributed to Board mismanagement, further underscoring the need to install proven operators in LifeVantage's boardroom.

The image shows the front cover of a SEC Form 10-Q for LifeVantage Corporation. The header includes the United States Securities and Exchange Commission logo and the form number 10-Q. The title is 'QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934'. The period covered is 'FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023'. The company name is 'LIFEVANTAGE CORPORATION' with the tagline '(Exact name of Registrant as specified in its charter)'. The state of incorporation is 'Delaware' and the commission file number is '001-35647'. The cover also includes the title 'Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations' and a brief overview of the company's business.

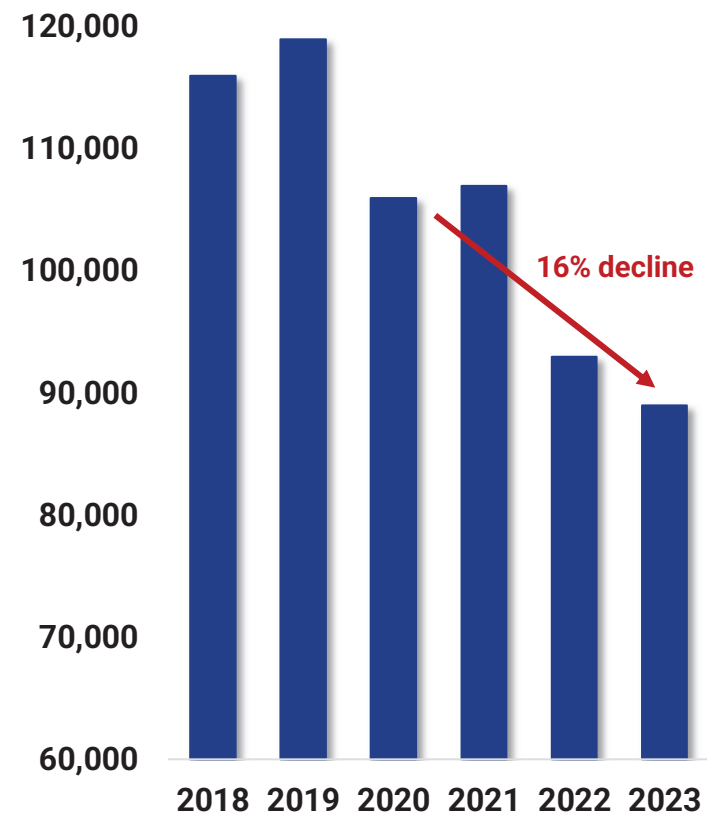
“ The success and growth of our business is primarily based on the effectiveness of our independent consultants' [ability] to attract customers and sell our products and our ability to attract new and retain existing independent consultants. ”

# LifeVantage's Declining Sales Force Threatens Stockholder Value

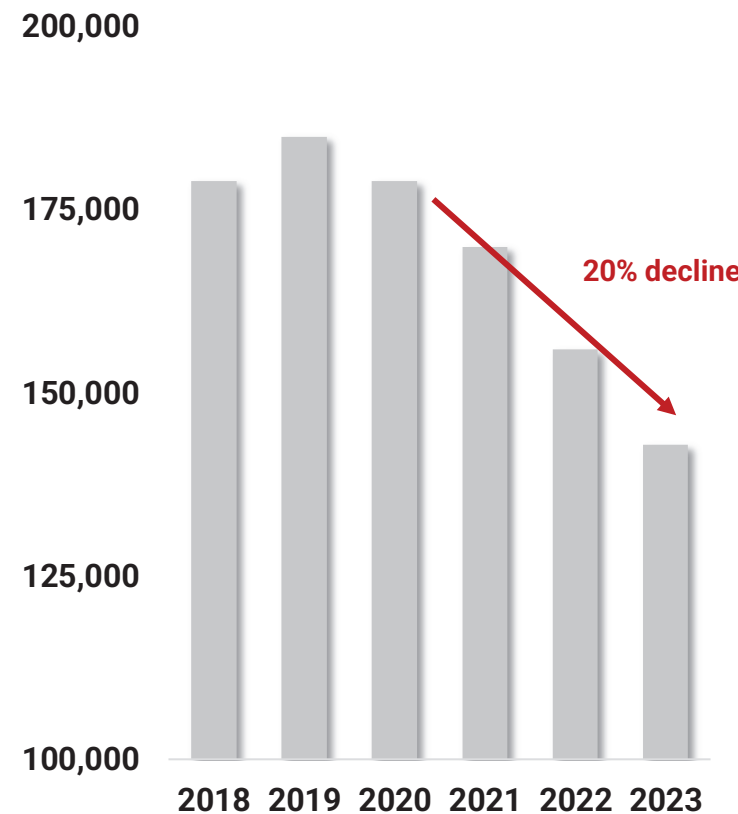
Total Active Independent Consultants



Total Active Customers



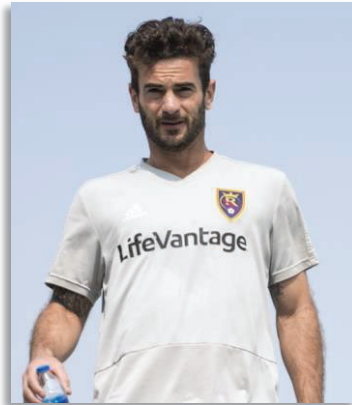
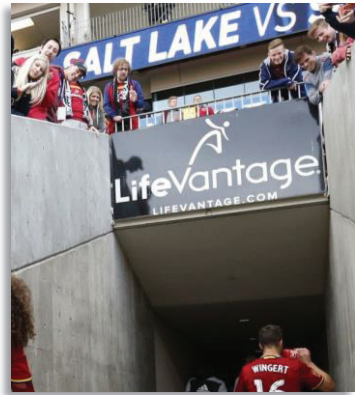
Total Active Accounts



Despite claiming to initiate a “transformation plan” three years ago, LifeVantage’s sales force, customer base and accounts have rapidly declined.

# Questionable Capital Allocation Decisions: A 10-Year, \$30 Million Deal with Real Salt Lake

LifeVantage inked a 10-year, \$30 million deal with the MLS team Real Salt Lake that allowed use of the Company's logo around the stadium and during TV broadcasting of the games.



*“The 10-year, \$30M deal is ‘one of the league's largest’ and was completed ‘in just over a month.’ The value of the deal is about \$1.3M more per year than the team’s naming-rights deal to Rio Tinto Stadium, and ‘three times more per year than what was being paid by Xango’ (previous sponsor).”*

Street & Smith's  
**SEJ** SPORTS  
BUSINESS  
JOURNAL

*“Marketing and event costs also include expenses associated with our sponsorship of the Major League Soccer team, Real Salt Lake. Once our agreement with Real Salt Lake ends, our marketing and event costs will materially decrease.”*

 **LifeVantage.**

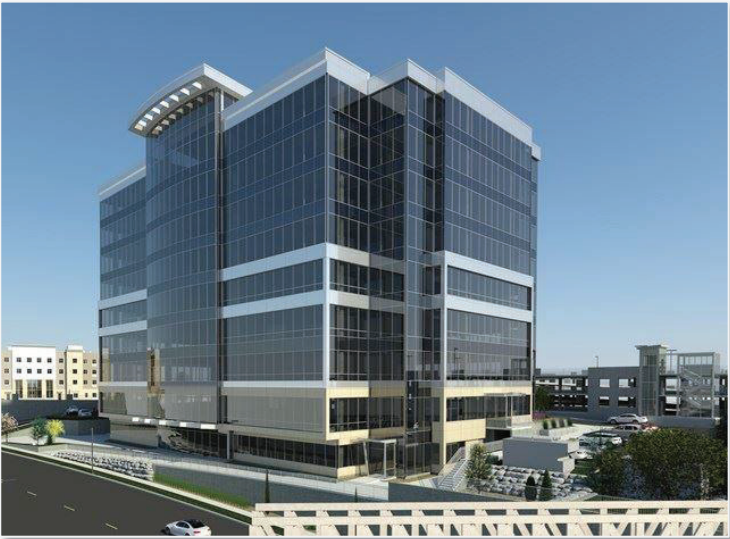
Company's 10-K dated  
August 28, 2023.

**Clearly, this was a poorly thought-out investment, based on the drag on the Company's bottom line and its unwillingness to continue the sponsorship.**

# Questionable Capital Allocation Decisions: An 11-Year, \$17 Million Office Lease Near Salt Lake

LifeVantage is paying a premium per square foot compared to the average asking price in the region and will pay an astounding \$1.89 million in 2031 alone for just two floors of office space.

“ Average 2022 asking rent per square foot in Salt Lake city is \$26.68, meaning that **LifeVantage is paying a \$2.53 premium per square foot**... Even for ‘A and A+’ office space, which their building is, average rent is \$28.94, meaning that in 2022, **LifeVantage was still paying a premium.** ”



3300 N Triumph Blvd., Lehi, UT

### Terms of Lease


Year	Annual Rent
2021	\$ 361,718.00
2022	\$ 1,506,526.73
2023	\$ 1,547,264.89
2024	\$ 1,585,946.52
2025	\$ 1,625,595.18
2026	\$ 1,666,235.06
2027	\$ 1,707,890.93
2028	\$ 1,750,588.21
2029	\$ 1,794,352.91
2030	\$ 1,839,211.74
2031	\$ 1,885,192.03
Total	\$ 17,270,522.20

We question the Board’s decision to commit to a \$17.3 million lease for office space when the majority of its revenue-generating workforce are independent consultants.




# The LifeVantage Board Lacks Alignment with Stockholders

*LifeVantage's CEO and the Entire Board Collectively Own Less Stock Than Our Group*




Dayton Judd



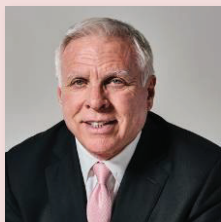
Michael Lohner

VS.




Bradley L. Radoff


Collective Owners of  
**~12.8%**  
of LifeVantage Stock




Michael Beindorff  
0.87%




Erin Brockovich  
0.36%




Steve Fife  
2.23%



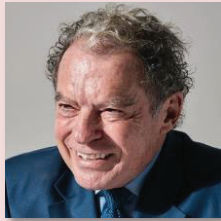
Raymond Greer  
0.65%



Cindy Latham  
0.24%



Darwin Lewis  
0.70%

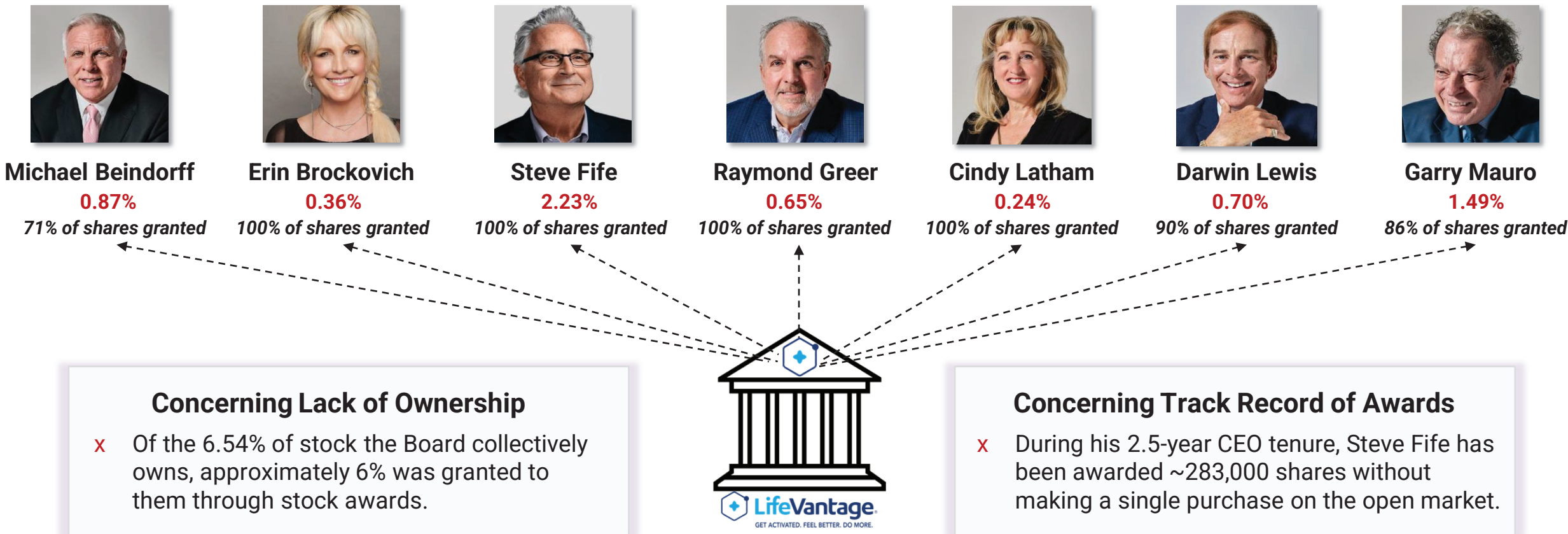


Garry Mauro  
1.49%

**Our Group owns more stock than the entire Board combined... and almost all the shares owned by the current directors were not purchased but granted to them... despite the Company's horrible performance.**

# The LifeVantage Board Has a Track Record of Excessive Stock Awards

The majority of LifeVantage stock that the Board owns was granted to them with 100% of certain directors' ownership consisting exclusively of stock awards.



The Board's lack of holdings – the majority of which were granted to them – demonstrate a misalignment with LifeVantage long-suffering stockholders.



# The LifeVantage Board Has Excessive Director Tenure

Darwin Lewis



Director since 2017

**6.5 years**

**-19% TSR**

Michael Beindorff



Director since 2012

**~12 years**

**-44% TSR**

Garry Mauro



Director since 2008

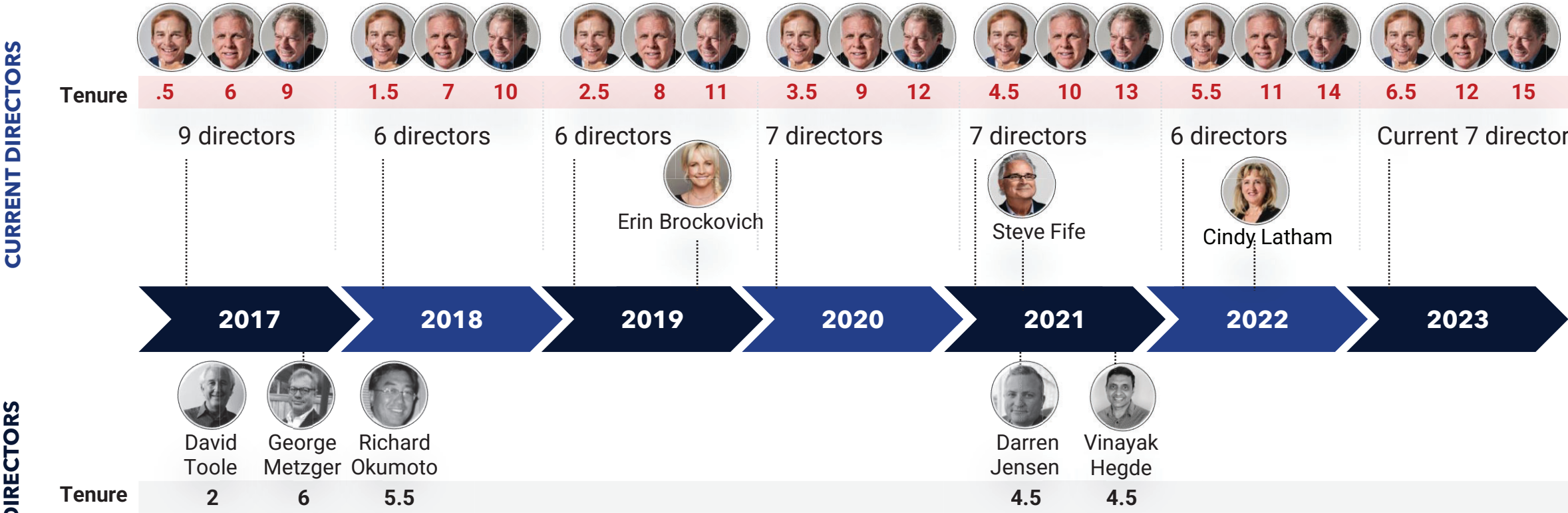
**15 years**

**-59% Chairman TSR**

**Mr. Mauro has served as Chairman for nearly 10 years and on the Board for more than 15 years – and appears intent on spending millions in stockholder resources to further entrench himself.**

# Recent Board “Refreshes” Protect the Longest-Tenured Directors

LifeVantage has publicly lauded their “commitment to Board refreshment” – yet they have allowed their longest-tenured directors to remain on the Board and continue to oversee the destruction of stockholder value.



Source: Company filings.

# Mr. Beindorff Was Previously the CEO of a Vitamin Company that was Forced to Declare Bankruptcy



**Mr. Beindorff's concerning track record includes holding the CEO position of a public company when it had to declare bankruptcy**

- The Company touts Mr. Beindorff as an “accomplished leader,” but a closer look at his professional background suggests he has overseen the destruction of value for other companies he has led.
- A year after its IPO, vitamin company PlanetRx.com (“PlanetRx”) went from trading at \$26 per share to \$0.28 per share – under Mr. Beindorff’s leadership.
- In just over two years, PlanetRx went from IPO to bankruptcy and liquidation, facing more than a dozen securities lawsuits claiming that the company gave false and misleading information to prospective investors.

*MR. MICHAEL A. BEINDORFF* Mr. Beindorff has been an independent member of our Board since January 2012. He is an accomplished leader and director with diverse experience in transformational leadership, public, private and not-for-profit board service, general management, strategic planning, digital transformation, marketing, and branding and operations across a variety of business environments large and small. Since 2022, Mr. Beindorff has been Managing Partner of BJ Capital Partners, a firm focused on syndicating investments in multi-family and other commercial real estate properties. He has also served on the board of The World Poker Tour, from 2004 to 2010, and the board of the California Higher Education Loan Authority, from approximately 2003 to 2006, among other board and advisory roles. Prior to his role with BJ Capital Partners, Mr. Beindorff was principal and president of Far Niente Group, a management consultancy and private investment entity, a position he held from 2008 until 2022. From 2004 to 2008, he served as Chief Operating Officer of Exclusive Resorts, a private club for luxury travel experience. From 2002 to 2004, he served as President and President of the Greentree Group, a management consultancy focused on helping clients build strong brands and effective business models. From 1999 to 2002, he served first as President and COO and then as Chairman and Chief Executive Officer of PlanetRx.com, an internet pharmacy and on-line health portal. From 1995 to 1999, he served as Executive Vice President of Marketing, Operations and Product Management for VISA. Previously, he held various positions leading global advertising, marketing and brand management for

## The Washington Post R.I.P. for PlanetRx

Add PlanetRx.com to the list of health Web sites considered terminal. Shares in the online pharmacy -- whose price hit \$292 per share 18 months ago at the peak of the national dot-com spasm -- traded at less than 35 cents before it was delisted from the Nasdaq stock market in January. The company stopped filling prescription orders a few weeks ago and is selling off its Web site names to staunch further losses.

It's not the only e-pharmacy with no lights visible on its monitor. Drug Emporium, a national retail pharmacy chain, recently filed for bankruptcy, thanks to its failed online efforts. HealthCentral.com, a health content site that bought Drug Emporium's Web site in September as part of a plan to profit from electronic commerce, is facing a Nasdaq hearing that could result in its delisting. Sickly but expected to pull through is drugstore.com, PlanetRx.com's chief rival; it laid off more than 100 employees earlier this year to try to stay afloat.

[R.I.P. for PlanetRx](#), The Washington Post (April 10, 2001).



# Mr. Mauro Features Inaccurate Information in His Proxy Bio Filed with the SEC



**As a public company Chairman, Mr. Mauro should understand the importance of having a factually accurate proxy biography**

- Mr. Mauro is a Texas politician with no apparent relevant experience in multi-level marketing, wellness/consumer products, finance, audit or capital allocation.
- Further, a public record search shows that he apparently has not been a registered financial professional with FINRA or the SEC since 2021 despite claims of being a licensed stockbroker in his proxy bio.
- Additionally, there is no evidence of Mr. Mauro being at EnTrust since 2021.


MR. GARRY MAURO. Mr. Mauro has been an independent member of our Board since April 2008 and has served as the Chairman of the Board since November 2013. Mr. Mauro has been a practicing attorney out of Texas since 1973 and out of the District of Columbia since 2016, where he is the Managing Partner of Mauro, Archer and Associates, LLC and of Mauro, Archer, O'Neil, LLP, each of which is a D.C.-based law firm. He is also a licensed stockbroker. Mr. Mauro has been a Managing Director of EnTrust Global, a New York-based hedge fund, since 2005, and currently serves as a Senior Advisor. He has worked for over 30 years at the local, state and national levels on behalf of both private and public sector entities. From 1983 to 1999, he served as Commissioner of the Texas General Land Office overseeing the management of more than 20 million acres of state land, 18,000 oil and gas wells, and the state's benefit program for Veterans. During his tenure as Commissioner, he also chaired the Veterans Land Board, the School Land Board, the Parks and Wildlife Board For Lease, the Texas Department of Corrections Board For Lease, the Permanent University Fund Board For Lease, the Coastal Coordination Council and the Texas Alternative Fuels Council and co-chaired the Sustainable Energy Development Council. He has received numerous honors and awards for his civic and philanthropic contributions in environmental, political and business arenas, including the "Man of the Year Award" from the Texas League of Women Voters and the "Rising Star of Texas Award" from Texas Business Magazine. In 1998, he was the Texas Democratic Party nominee for Governor. Mr. Mauro's broad range of expertise brings to our Board experience in management and operations as well as strong leadership and oversight. The Board believes that Mr. Mauro's extensive legal and political experience and dedicated philanthropic and leadership efforts in sustainability and environmental initiatives qualifies him to be on the Board.



**GARRY PAUL MAURO MR.**

CRD#: 4753215

PR Previously Registered Broker

PR Previously Registered Investment Adviser 



# The Board's Audit Committee Lacks Apparent Audit Experience

We believe the Audit Committee – Messrs. Beindorff, Lewis and Mauro – should be held responsible for LifeVantage's poor capital allocation decisions.



**Darwin Lewis**



**Michael Beindorff**



**Garry Mauro**

- x No audit experience
- x No financial experience
- x No capital allocation experience

- x No audit experience
- x No financial experience
- x No capital allocation experience

- x No audit experience
- x No financial experience
- x No capital allocation experience

## LifeVantage Corporation Audit Committee Charter

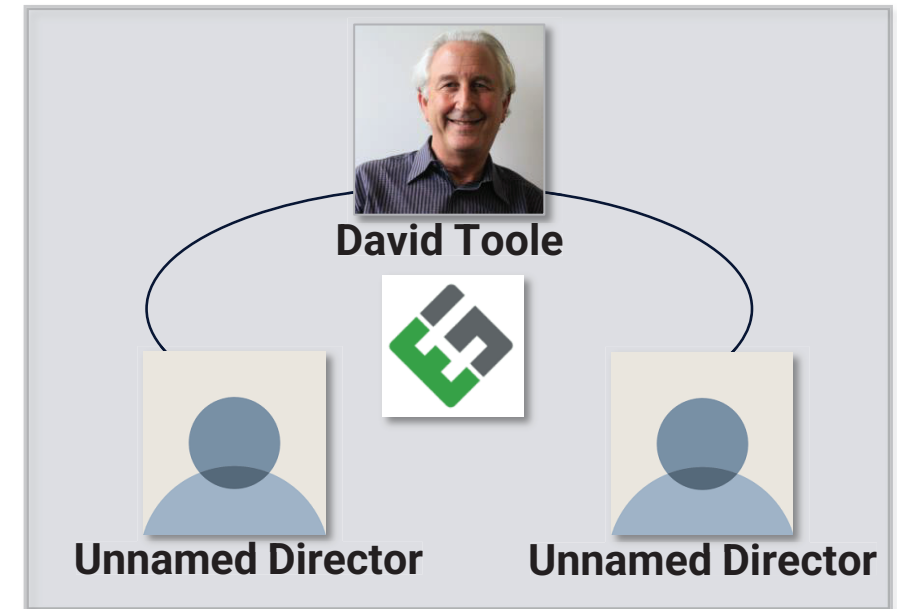
### MEMBERSHIP OF COMMITTEE

- The Committee shall have at least three (3) members at all times.
- Each member of the Committee shall be (1) independent as that term is defined in Section 10A(m) of the Securities Exchange Act of 1934 (the "Exchange Act"), and the applicable rules and regulations ("Regulations") of the SEC and (2) independent as that term is defined in the rules and regulations of NASDAQ from time to time.<sup>1</sup>
- No member of the Committee shall:
  - have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the three years prior to such member's appointment to the committee;
  - have accepted any consulting, advisory, or other compensatory fee, directly or indirectly, from the Company, other than in his or her capacity as a member of the Committee, the Board, or any other committee of the Board; or
  - be an affiliate of the Company or any subsidiary of the Company, other than a director who meets the independence requirements of the SEC and NASDAQ.
- At least one member of the Committee shall be an "audit committee financial expert," as that term is defined in the Regulations.<sup>2</sup> All members of the Committee shall be financially literate, shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements from the time of their respective appointments to the Committee. In addition, members may be required to participate in continuing education to the extent mandated by applicable law, the Company's Corporate Governance Guidelines or NASDAQ.

**We find it especially concerning that Mr. Lewis serves as Audit Committee Chair when he is a sales and operations executive with no apparent financial or audit experience.**

# Questionable Related Party Transactions: Contract with Gig Economy Group

- David Toole served on LifeVantage's Board for two years, from 2016-2018.
- In 2017, LifeVantage entered into a contract with Gig Economy Group ("GEG"), Mr. Toole's company, for "outsourced software application development services."
- In 2019, LifeVantage stated that **"two members of the Company's board of directors serve on the Gig Economy Group board of directors"** – but failed to tell stockholders who those directors were.
- In 2020, this agreement somehow became an "equity investment," with Gig Economy Group issuing stock to LifeVantage.



**“** We recognized an impairment of \$2.2 million on our investment in Gig Economy Group during fiscal year 2022 **as we determined our investment in GEG had declined significantly as a result of the business.** **”**



Company's Form 10-K dated August 28, 2023.

**In our view, the Board must explain why the Company entered into an agreement with a Board member's company, recognized an impairment related to the investment and concealed the GEG directors' identities.**



# Related Party Transactions Raise More Questions Than Answers

This \$2.2 million impairment raises numerous questions regarding the Company's governance practices, including:

1. Why has the Company **not been forthright in providing investors with a clear picture** of what transpired with Gig Economy Group?
2. Why would the Company **contract with a sitting director** for a service that could be done for cheaper by an independent provider?
3. Why has the Company **failed to disclose** which of its sitting directors also sit on the board of Gig Economy Group?
4. Will the Board agree **to release the names of the sitting directors who served on the board of Gig Economy Group**?
5. Will it also agree to **provide investors with a clear picture** of how its investment in the company became impaired?



GigEconomyGroup

## LifeVantage and Gig Economy Group Partner to Transform Sales Through Artificial Intelligence

New sales enablement technology changes the way companies and associations can engage and support sales teams and members in a time of digital transformation

### *Convertible Note Receivable*

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

### *Equity Securities under ASC 321*

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

Equity securities held by the Company lack readily determinable fair values and therefore the securities are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar equity securities of the same issuer. During the fourth quarter of fiscal year ended June 30, 2022, the

Company determined its investment in GEG had declined significantly as a result of the business failing to achieve profitability due to weak market conditions for its products. The Company recorded non-cash impairment charges of \$2.2 million related to these equity securities the fiscal year ended June 30, 2022. The carrying amount of equity securities held by the Company without readily determinable fair values was zero at June 30, 2023 and 2022.

# Worst-In-Class Governance: Entrenchment Tactics and Anti-Stockholder Actions

The Board continues to spend stockholder capital to adopt entrenchment and defense tactics, rather than engage constructively with significant investors to address our concerns.

1

## Adoption of a Poison Pill

- Adopted Poison Pill in response to our Group's nominations that has a low 12% primary trigger.
- Hinders efforts to enact governance changes.

2

## Repeated Violations of SEC Rules

- Failed to provide adequate notice of record date, in violation of Rule 14a-13(a)(3).
- Failed to timely file solicitation communications, in violation of Rule 14a-6.
- Included false information in Mr. Mauro's bio, in violation of Rule 14a-9.

3

## Alleged Frivolous Deficiencies with Nominations

- Apparent attempt to entrench current directors and drive up the cost of our efforts to improve LifeVantage.

4

## No Action By Written Consent

- Reduces accountability of directors and management.

5

## Sent Threatening Letter to Nominee's Employer

- This was an apparent attempt to intimidate and discourage Mr. Lohner from serving as a nominee.

6

## No Stockholder Ability To Fill Vacancies

- Eliminates accountability and helps preserve status quo.



# Worst-In-Class Governance: Repeated Violations of SEC Rules

The Board has taken multiple actions that show an apparent disregard for both securities law and stockholder interests:

## Violated SEC Rule 14a-13(a)(3)

Failed to provide adequate notice of the record date for the upcoming Annual Meeting

- **How this benefits the Board:** the Board appears to have intentionally manipulated the Company's corporate machinery to influence the voting outcome at the upcoming Annual Meeting.
- **How this hurts stockholders:** we are concerned that the Board may have intentionally manipulated the record date in an attempt to facilitate placing shares into friendly hands or otherwise game the system in the Company's favor.

## Violated SEC Rule 14a-6

Failing to properly file certain stakeholder communications with the SEC

- **How this benefits the Board:** the Board appears to have intentionally failed to timely file certain communications, such as robocalls it has made to investors, in an effort to sway how stockholders will vote at the upcoming Annual Meeting.<sup>1</sup>
- **How this hurts stockholders:** by not being transparent about their solicitation efforts, the Company is creating an unlevel playing field for stockholders. What other solicitation communications has the Company failed to timely file?

1. Company's DEFA14A filing (see [here](#)) dated October 10, 2023.

**The Path Forward: Independent  
Directors With Track Records of  
Value Creation Who Will Act in  
Stockholders' Best Interests**

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# Meet the Radoff-Sudbury Nominees

Our director candidates would bring additive experience and stockholder perspectives to the Board, which we believe would help end the decade of value destruction at LifeVantage.



**Dayton Judd**

- ✓ Meaningful LifeVantage stockholder
- ✓ Public company financial expert
- ✓ Consumer wellness product experience
- ✓ Audit chair experience
- ✓ Experienced public company board member
- ✓ Delivered 1,951% in TSR while CEO of FitLife Brands

**Mr. Judd would bring valuable audit, corporate finance and capital allocation experience to the LifeVantage Board.**



**Michael Lohner**

- ✓ Significant direct selling expertise
- ✓ Corporate finance and capital allocation expertise
- ✓ C-suite executive
- ✓ Experienced public company board member
- ✓ Track record of value creation
- ✓ Experienced investor

**Mr. Lohner would bring valuable direct selling, corporate finance and capital allocation experience to the LifeVantage Board.**



**Bradley L. Radoff**




- ✓ Meaningful LifeVantage stockholder
- ✓ Audit chair experience
- ✓ Experienced public company board member
- ✓ Consumer goods industry experience
- ✓ Private and public engagements have delivered sizable returns for stockholders
- ✓ Delivered 239% in TSR while director at VAALCO Energy

**Mr. Radoff would bring valuable perspectives as a meaningful stockholder with a track record of value creation to the LifeVantage Board.**

# Our Nominees vs. Targeted Directors

Our slate of nominees possess the right mix of relevant skills and experience that the targeted directors lack.

	Prior Audit Committee Experience	Capital Allocation Experience	Prior Public Board Experience	Wellness/Direct Selling Experience	Prior C-Suite Experience	Significant Stockholdings
Dayton Judd 	✓	✓	✓	✓	✓	✓
Michael Lohner 		✓	✓	✓	✓	
Bradley Radoff 	✓	✓	✓	✓		✓

Darwin Lewis 					✓	
Michael Beindorff 					✓	
Garry Mauro 						

# Dayton Judd

**We believe that Mr. Judd's more than 20 years of operational, management and corporate finance experience across multiple industries, including his public company service, make him a valuable addition to the Board.**



- Chairman and Chief Executive Officer of FitLife Brands, Inc. (NASDAQ: FTLF), a national provider of innovative and proprietary nutritional supplements and wellness products for health-conscious consumers.
- Audit Committee Chair of Optex Systems Holdings, Inc. (NASDAQ: OPXS), a manufacturer of optical sighting systems and assemblies.
- Experienced investor in multiple public and private direct selling companies over the past 10 years.
- Founder and Managing Member of Sudbury Capital Management, LLC, a provider of investment advisory services and significant stockholder of LifeVantage.
- Former Portfolio Manager for Q Investments, L.P., a multi-billion-dollar hedge fund.
- Former consultant at McKinsey & Company, Inc., a global management consulting firm.
- Former director of Otelco Inc. (formerly NASDAQ: OTEL), which operates and acquires rural local exchange carriers, and RLJ Entertainment, Inc. (formerly NASDAQ: RLJE), a premium digital channel company serving distinct audiences through its proprietary subscription-based digital channels.



# Michael Lohner

**We believe that Mr. Lohner's extensive experience as an investor in and executive of companies in the direct selling industry make him a valuable addition to the Board.**



- President of Lohner Investments, LLC, a private investment firm.
- President, Chief Financial Officer and director of Direct Selling Acquisition Corp. (NYSE: DSAQ), a blank check company.
- Former consultant at Bain & Company, one of the world's premier management consulting firms.
- Former Chairman and Chief Executive Officer of Stella & Dot, LLC (a/k/a S&D Retail), a leading technology-enabled social selling platform and fashion accessories business.
- Previously served as Co-Founder, Chief Strategy Officer and Chief Revenue Officer of DOSH, Inc., a leading card-linked cash-back app.



# Bradley L. Radoff

**We believe that Mr. Radoff's financial and investment expertise together with his perspective as a significant stockholder of the Company and public company board experience make him a valuable addition to the Board.**



- Successful private investor.
- Previously served as a Portfolio Manager at Third Point LLC, a registered investment advisory firm.
- Served as a director of Citadel Investment Group LLC, a global financial institution.
- Former Managing Director of Lonestar Capital Management LLC, a registered investment advisory firm.
- Current director of Farmer Bros. Co. (NASDAQ: FARM), a coffee roaster and wholesale equipment servicer and distributor of coffee, tea and allied products.
- Chair of the Audit Committee, member of the Nominating/Governance and Compensation Committees of Enzo Biochem, Inc. (NYSE: ENZ), an integrated diagnostics, clinical lab and life sciences company.
- Member of the Audit, Compensation and Nominating and Corporate Governance Committees of Harte Hanks, Inc. (NASDAQ: HHS), a leading global customer experience company.





# Our Vision to Improve LifeVantage

Our director candidates are committed to acting in stockholders' best interests and working diligently to improve LifeVantage's governance and financial performance, by taking actions that include:



Encouraging our fellow directors to purchase stock on the open market



Committing to better capital allocation practices, including returning capital to stockholders through share repurchases and dividends



Encouraging meaningful engagement with *all* stockholders



Holding management accountable to meet 10-12% EBITDA margin target



Encouraging the repeal of certain anti-stockholder actions, including the Poison Pill



Refocusing LifeVantage on retaining and attracting consultants and customers to improve sales



Overseeing a viable strategic expansion in high growth markets



Reassessing equity compensation practices to ensure sustainability and alignment with stockholders



# Vote the BLUE Proxy Card

We Urge Stockholders to Vote for the Radoff-Sudbury Group's  
Director Candidates on the BLUE Proxy Card Ahead of LifeVantage's  
Upcoming Annual Meeting



# **Appendix: Director Candidate Bios**

# Dayton Judd

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**Dayton Judd** has served as the Chief Executive Officer of FitLife Brands, Inc. (NASDAQ: FTLF) (“FitLife”), a national provider of innovative and proprietary nutritional supplements and wellness products for health-conscious consumers, since February 2018, and founder and Managing Member of Sudbury Capital Management, LLC, a provider of investment advisory services, since 2012. Prior to that, he served as a Portfolio Manager for Q Investments, L.P., a multi-billion-dollar hedge fund, from 2007 through 2011, and held various positions at McKinsey & Company, Inc., a global management consulting firm, from 1996 to 1998 and again from 2000 to 2007. Mr. Judd currently serves as Chairman of FitLife, where he has served as a director since 2017, and has also served as a director of Optex Systems Holdings, Inc. (NASDAQ: OPXS), a manufacturer of optical sighting systems and assemblies, since October 2022, where he also serves as Audit Committee Chair. He previously served on the board of directors of Otelco Inc. (formerly NASDAQ: OTEL), which operates and acquires rural local exchange carriers, from May 2019 until the sale of the company in March 2021, and RLJ Entertainment, Inc. (formerly NASDAQ: RLJE), a premium digital channel company serving distinct audiences through its proprietary subscription-based digital channels, from 2015 until the sale of the company in October 2018. Mr. Judd is a Certified Public Accountant. He received an M.B.A. with high distinction from Harvard Business School, where he was a Baker Scholar, and earned his M.S. and B.S., summa cum laude, in Accounting from Brigham Young University.



# Michael Lohner

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**Michael Lohner** currently serves as President and Chief Financial Officer of Direct Selling Acquisition Corp. (NYSE: DSAQ), a blank check company formed for the purpose of effecting a business combination, since July 2021, and as a director since September 2021, and currently serves as President of Lohner Investments, LLC, a private investment firm, since founding it in 2001. Previously, Mr. Lohner served as Chief Executive Officer of Stella & Dot, LLC (a/k/a S&D Retail), a leading technology enabled social selling platform and fashion accessories business, from 2007 to 2009, and then as Chairman from 2009 to November 2022. Mr. Lohner also previously served as Co-Founder, Chief Strategy Officer and Chief Revenue Officer of DOSH, Inc., a leading card-linked cash-back app, from 2016 until its sale in March 2021. Earlier in his career, Mr. Lohner served as President and Chief Executive Officer for Home Interiors and Gifts, Inc., a private equity-owned home décor direct sales company, and Chief Executive Officer for Evergreen Alliance Golf, Ltd., a golf course development and management company. Prior to that, Mr. Lohner served as a consultant at Bain & Company, one of the world's premier management consulting firms. Mr. Lohner currently serves on the board of directors of Exigo Holdings, LP, a direct selling technology provider, and TVC Marketing Associates, Inc. (d/b/a TVC Pro-Driver), a trucking services provider that has used a direct selling model for distribution. Mr. Lohner received an M.B.A. from the Stanford University Graduate School of Business, where he was an Arjay Miller scholar, and a B.A. in Economics from Brigham Young University.



# Bradley L. Radoff

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**Bradley L. Radoff** is successful private investor. Previously, Mr. Radoff served as Principal of Fondren Management LP, a private investment management company, from 2005 to December 2021. Mr. Radoff previously served as a Portfolio Manager at Third Point LLC, a registered investment advisory firm, from 2006 to 2009. He also served as Managing Director of Lonestar Capital Management LLC, a registered investment advisory firm, from 2003 to 2004. Mr. Radoff also previously served as a director of Citadel Investment Group LLC, a global financial institution, from 2000 to 2003. Mr. Radoff has served as a director of Farmer Bros. Co. (NASDAQ: FARM), a coffee roaster and wholesale equipment servicer and distributor of coffee, tea and allied products, since October 2022; as a director of Enzo Biochem, Inc. (NYSE: ENZ), an integrated diagnostics, clinical lab and life sciences company, since January 2022, where he also serves as Chair of the Audit Committee and as a member of the Nominating/Governance and Compensation Committees; and as a director of Harte Hanks, Inc. (NASDAQ: HHS), a leading global customer experience company, where he also serves as a member of the Audit, Compensation and Nominating and Corporate Governance Committees, since May 2021. Mr. Radoff previously served as a director of VAALCO Energy, Inc. (NYSE: EGY), a Texas-based independent energy company, where he also served as a member on the Audit, Compensation and Nominating and Corporate Governance Committees, from June 2020 to January 2022, Support.com, Inc. (formerly NASDAQ: SPRT), a leading provider of cloud-based software and services, where he also served as a member on the Audit, Compensation and Nominating and Corporate Governance Committees, from June 2016 until its merger in September 2021, and Pogo Producing Company (formerly NYSE: PPP), an oil and gas exploration, development and production company, from March 2007 until the completion of its sale to Plains Exploration & Production Company in November 2007. Mr. Radoff graduated summa cum laude with a B.S. in Economics from The Wharton School at the University of Pennsylvania.

