

Risk Factors Comparison 2024-08-28 to 2023-08-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text Section**

Risks Relating to Our Business and Industry An inability to properly motivate and incentivize sales from our independent consultants could harm our business. Motivating our independent consultants and providing them with appropriate sales resources, including technology, tools, and training, are important to the growth and success of our business. We have faced, and may continue to face, challenges in motivating and incentivizing our independent consultants. In addition, actions we take from time to time to enforce our policies and procedures, may cause discord among some of our independent consultants. ~~The loss widespread outbreak of an illness~~ **key independent consultants due to various factors including, but not limited to, voluntary termination or involuntary termination or suspension resulting from non-compliance with or our communicable disease policies and procedures**, could distract ~~or our independent consultants and disrupt our business.~~ For example, in the past, we have experienced discord among our leading independent consultants. **If we fail to properly respond to any discord among our leading independent consultants in the United States and other public health crisis markets, we could lose additional leaders**, including the recent COVID-19 pandemic, could adversely affect our business, results of operations and financial condition. We could be negatively impacted by the widespread outbreak of an illness or any other communicable disease, or any other public health crisis that results in economic and trade disruptions, including the disruption of global supply chains. In December 2019, an outbreak of COVID-19 began in China and in March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. The pandemic resulted in significant national and global economic disruption and there is a chance that a future public health crisis may adversely affect our business. During fiscal year 2023, we continued to **competing direct selling companies, which monitor COVID-19 and the disruptions it could have a significant negative impact on our revenue.** Further, from time to time, we are involved in legal proceedings with former independent consultants. Such legal proceedings can be a distraction to our active independent consultants and can be expensive, time-consuming and cause a disruption to our business. **Our inability to properly respond to these and other distractions may have a negative impact on our business. If we are unable to retain our existing customers and independent consultants or attract additional customers and independent consultants, our revenue will not increase and may decline. Our customers may cease purchasing our products at any time and for any reason.** Our independent consultants **may terminate their services at any time, and we can and have in the past terminated consultants for conduct violative of our policies and procedures.** As such, like most direct selling companies, we have experienced ~~and could~~ **are likely to continue to experience turnover among both customers and**, disruptions resulting from the recent COVID-19 pandemic. In Japan, independent consultants are still required. We have experienced, and may continue to provide experience, a ~~hard~~ **decrease in the number of our independent consultants.** The departure for any reason of one of our leading independent consultants can be a major disruption to other independent consultants and could have a significant negative impact on our sales and operating results. Independent consultants who join our company to purchase our products for personal consumption or for short-copy introductory packet (gaiyoshomen) in person-term income goals may only stay with us for a short time. While we take steps to each person-help train, motivate, and retain independent consultants, we cannot accurately predict ~~they-~~ the approach to possibly enroll as **number or sales productivity of our independent consultants.** Our operating results will be harmed if we ~~an and our independent consultant before presenting~~ **leaders do not generate sufficient interest in our business to retain existing customers and independent consultants and attract new customers and independent consultants.** The number and sales productivity of our independent consultants could be harmed by several factors, including: • any adverse publicity regarding us, our products, our distribution channel, or our competitors; • non-compliance by our independent consultants with applicable legal requirements or our policies and procedures; • lack of interest in existing or new products or their failure to achieve desired sales results; • lack of a compelling business opportunity **sufficient**. This requirement has inhibited, and could continue to **generate the interest and commitment of** inhibit, independent consultants from connecting with potential new independent consultants virtually; • any changes we **might make to or our independent consultant sales compensation plan;** • any negative through social media from time. While some of the orders and restrictions that were in place during the COVID-19 pandemic have been lifted, we cannot be certain that such orders and restrictions will not be reinstated in the future. Accordingly, quarantines, avoidance of public **perception of** places and general concerns about physical distancing related to COVID-19 or our company or our products or otherwise, if implemented, may significantly reduce the **their ability ingredients;** • any negative public perception of our independent consultants to meet people in person and commence the enrollment process in some areas of the world. Our independent consultants have adapted their approach for customer outreach and sales, including transitioning to a stronger social media presence, in an **and direct selling** effort to sustain their sales volume. Our business may, in **general;** • the future, experience additional disruptions and be negatively impacted by public health crises, including limitations on the ability of our suppliers to manufacture, or **our actions to enforce our policies and procure procedures ;** • any efforts to from manufacturers, the products we sell or any of the raw materials or components required in the production process, or to meet delivery requirements and commitments; limitations on the ability of our employees to perform their work due to illness caused by the pandemic or local, state, or federal orders requiring employees to remain at home; limitations on the ability of carriers to deliver our products to customers; limitations on the ability of our independent consultants to conduct their businesses and purchase our

products; and limitations on the ability of our customers or independent consultants to continue to purchase our products due to decreased disposable income. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption could have a material adverse effect on our business, results of operations, access to sources of liquidity and financial condition. Cyber security risks and the failure to maintain the integrity of data belonging to our company, employees, customers, and independent consultants could expose us to data loss, litigation and liability, and our reputation could be significantly harmed. We collect and retain large volumes of data relating to our business and from our customers, independent consultants and employees for business purposes, including for transactional and promotional purposes, and our various information technology systems enter, process, summarize and report such data. The integrity and protection of this data is critical to our business. We are subject to significant security and privacy regulations, as well as requirements imposed by the payment card industry. Maintaining compliance with these evolving regulations and requirements could be difficult and may increase our expenses. In addition, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss or fraudulent or unlawful use of data relating to our company or our customers, independent consultants and / or employees, which could harm our brand and reputation, disrupt our operations, or result in remedial and other costs, fines or lawsuits, all of which would substantially harm our business and operating results. Further, we are subject to changes in the regulatory environment regarding privacy and data protection. Our growth and expansion into a variety of new markets may potentially involve new regulatory issues and requirements. For example, many countries, such as European Union member countries as a result of the General Data Protection Regulation (“GDPR”) have introduced into local law some form of traffic and user data retention requirements. Compliance with these retention requirements can be difficult and costly from a legal, operational and technical perspective and could harm our business and operational results. We did not experience a material cyber security event in fiscal year 2023. We may not be successful in expanding our operations. We may not be successful in expanding our operations. Although we have been selling our products through **competitive channels; • any regulatory actions** our **or charges against us or** direct selling network since fiscal year 2009, we still may have limited insight into trends, disruptions and other **others in** factors that may emerge and affect our **industry; and • general economic and** business **conditions**. For example, primarily as a..... our expansion efforts in a timely manner. Our independent consultants could fail to comply with applicable legal requirements or our policies and procedures, which could result in claims against us that could harm our business. Our independent consultants are independent contractors and, accordingly, we are not in a position to directly provide the same oversight, direction and motivation as we would if they were our employees. As a result, there can be no assurance that our independent consultants will comply with applicable laws or regulations or our independent consultant policies and procedures, participate in our marketing strategies or plans, or accept our introduction of new products. **Extensive federal** **Despite their independent contractor status**, **activities by our independent consultants that allegedly violate applicable laws or regulations could result in government or third-party actions against us, which could harm our business. Our independent consultants agree to abide by our policies and procedures which are designed to ensure our independent consultants will comply with legal requirements. We have a consultant compliance department that addresses violations of our independent consultants when they become known to us. However, given the size of our independent consultant network, we experience problems with independent consultants violating our policies and procedures from time to time and are not always able to discover or remedy such violations. One of our most significant areas of risk with respect to independent consultant activities relates to improper product claims and claims regarding the consultant business opportunity of being an independent consultant. Any determination by the FDA, FTC, any state agency, local and international or other similar governmental agency outside the United States that we or our independent consultants are not in compliance with applicable laws regulate could materially harm our business. Even if governmental actions do not result in rulings or orders against us, they could create negative publicity that could detrimentally affect our efforts to recruit or motivate independent consultants and attract customers or lead to consumer lawsuits against us. When we experience growth in the number of our independent consultants, we have seen an increase in sales aids and promotional material being produced by independent consultants and / or consultant groups in some markets. This places an increased burden on us to monitor compliance of such materials and increases the risk that such materials could contain problematic products- product, marketing, or business opportunity claims in violation of our policies and applicable regulations** direct selling activities. Because we have expanded into foreign countries, our policies and procedures for our independent consultants differ slightly in some countries due to the different legal requirements of each country in which we do business. In addition, as we have expanded internationally, some of our independent consultants have carried or shipped our products into countries in which such products are not registered or that otherwise impose stringent restrictions on our direct selling model. While we have taken steps to stop or restrict these sales from occurring, including through our independent consultant policies and procedures, it can be difficult to enforce these policies and procedures because of the large number of independent consultants and their independent status. If relevant regulatory authorities determined that any such independent consultant activities are not compliant with all regulatory requirements, we could be subject to related fines, penalties, and other assessments. **Activities by our or negative publicity independent consultants that violate applicable laws or regulations could result in government or third-party actions against us, any of which could harm** **have an adverse impact on** our business. In addition, violations by our independent consultants of our policies and procedures could reflect negatively on our products and operations and harm our business reputation. Further, it is possible that a court could hold us civilly or criminally accountable based on vicarious liability because of the actions of our independent consultants. In the past, some of our independent consultants have been investigated by government agencies for conduct alleged to have violated the law and our policies. This type of investigation can have an adverse effect on us even if we are not involved in the

independent consultant's activities, reflect the underlying fundamentals and prospects of our business. It is possible that we could become engaged in future proxy contests with other activist stockholders, which could adversely affect our results of operations and financial condition. The loss of or inability to attract key personnel could negatively impact our business. Our future performance will depend, in part, upon our ability to attract, retain, and motivate our executive and senior management team and scientific staff. Our success depends to a significant extent both upon the continued services of our current executive and senior management team and scientific staff, as well as our ability to attract, hire, motivate, and retain additional qualified management and scientific staff in the future. Specifically, competition for executive and senior staff in the direct selling and dietary supplement markets is intense, and our operations could be adversely affected if we cannot attract and retain qualified personnel. Additionally, former members of our executive and senior management team have in the past, and could in the future, join or form companies that compete against us in the direct selling industry. All of our employees are "at will" employees, which means any employee may quit at any time and we may terminate any employee at any time. We do not carry "key person" insurance covering members of senior management or our employees. We may be held responsible for certain taxes or assessments and other obligations relating to the activities of our independent consultants, which could harm our financial condition and operating results. Our independent consultants are subject to taxation, and in some instances, legislation or governmental agencies impose an obligation on us to collect or withhold taxes, such as value added taxes or income taxes, and to maintain appropriate records. In the event that local laws and regulations or the interpretation of local laws and regulations change to require us to treat our independent consultants as employees, or that our independent consultants are deemed by local regulatory authorities in one or more of the jurisdictions in which we operate to be our employees rather than independent contractors under existing laws and interpretations, or our independent consultants are deemed to be conducting business in countries outside of the country in which they are authorized to do business, we may be held responsible for social security, income, and other related taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results. If our independent consultants were deemed to be employees rather than independent contractors, we may be obligated to pay certain employee benefits, such as workers compensation and unemployment insurance. Further, if our independent consultants are misclassified as employees, we would also face the threat of increased vicarious liability for their actions.

The dietary supplement market is highly competitive. Our flagship product line, Protandim®, competes in the dietary supplements market, which is large, highly competitive and fragmented. Participants include specialty retailers, supermarkets, drugstores, mass merchants, multi-level marketing organizations, on-line merchants, mail-order companies, and a variety of other smaller participants. Many of our competitors have greater financial and other resources available to them and possess better manufacturing, independent distribution and marketing capabilities than we do. We are subject to risks related to a Global Not Believe some of these competitors with greater resources may develop and release products that will compete directly with the Protandim® product line and will be marketed as NRF1 and NRF2 activators. One For- or Resale Program. We more of these products could significantly reduce the demand for the Protandim® product line and have a Global Not For Resale program material adverse effect on our revenue. We believe that the market is also highly sensitive to the introduction of new products, including various prescription drugs, which allows customers may rapidly capture a significant share of the market. Moreover, because of regulatory restrictions concerning claims about the efficacy of dietary supplements, we may have difficulty differentiating our products from around the world to purchase limited amounts of our competitors' products and competing products entering the dietary supplements market could harm our revenue. In the United States and Japan, we also compete for their individual consumption. Under this program sales with heavily advertised national brands manufactured by large pharmaceutical and food companies, customers from as well as other countries retailers. In addition, as some products become more mainstream, we experience increased competition for those products as more participants enter the market. Our international competitors include are large international pharmacy chains, major international supermarket chains, and other large U.S.-based companies with international operations. We may not be able to set up compete effectively and our attempt to do so may result in increased pricing pressure, which may result in lower margins and have a material U.S. customer account and associated U.S. address and payment method to drop-ship their order to a third-party vendor in the U.S., who will then ship the products to the customer's global location with any customs and / or duties being the sole responsibility of the ordering customer. This program may raise questions from tax regulators about the appropriate sales tax jurisdiction due to the varied and complex tax regulations in the U.S. and around the world. Further, any regulatory review of our facilitation to ship U.S. product to our existing markets, where such product has not been registered, may raise issues against the local subsidiary from the foreign jurisdiction equivalents of the FDA or FTC or the relevant trade associations, should any agency or association perceive that we or our independent consultants are advertising and / or facilitating the sale of unregistered product in their country. Risks Relating to Our Company We are subject to evolving laws, policies, and contractual obligations related to data privacy and security, including cybersecurity, and our actual or perceived failure to comply with such obligations or perceived failure to maintain the integrity of our data could expose us to data loss or litigation, harm our reputation, subject us to significant fines and liability, or otherwise adversely -- adverse affect effect on our business, prospects, results of operations and financial condition, and

Inability of new products and technological innovations to gain market acceptance by customers and / or independent consultants could harm our business. We believe our ability to introduce new products that gain acceptance among our customers and independent consultants is an important part of our ability to grow our revenue in future periods. However, any new products we introduce may not gain market acceptance by customers and / or independent consultants to the extent we anticipate or project. Factors that could affect our ability to introduce new products include, among others, government regulations, the inability to attract and retain qualified research and development staff, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit our ability to offer comparable products and the difficulties in anticipating changes in consumer

tastes and buying preferences. In addition, new products we introduce may not be successful or generate substantial sales revenue. The introduction of a new product could also negatively impact other product lines to the extent our independent consultant leaders focus their sales efforts on the new product instead of an existing product. If any of our products fails to gain customer and / or independent consultant acceptance, we could see an increase in product returns. In addition, we believe our ability to introduce new technologies that gain acceptance among our customers and independent consultants is an important part of our ability to grow our sales revenue in future periods. However, these or other new technologies that we introduce may not gain customer and / or independent consultant acceptance to the extent we anticipate or project. ~~If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could result in sanctions or other penalties that would harm our business. As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) requires, among other things, that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting. We have implemented internal controls to help ensure the completeness and accuracy of our financial reporting and to detect and prevent fraudulent actions within our financial and accounting processes including the development and implementation of control policies and procedures regarding the international business policies, practices, monitoring and training for each country outside the U. S. in which we do business. However, we cannot be assured that significant deficiencies or material weaknesses in our internal control over financial reporting will not exist in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations, or cause investors to lose confidence in our reported financial information, which could cause a decline in the market price of our stock and we could be subject to sanctions or investigations by the SEC or other regulatory authorities including equivalent foreign authorities. In fiscal year 2023, we did not experience any material weaknesses in our internal control and / or financial reporting processes.~~ Our business could be negatively impacted if we fail to execute any product launch process due to increased pressure on our supply chain, information systems and management. Although our product launch process may vary by market, we generally introduce new products to our customers and independent consultants through live events or cyber launches, limited- time offers and promotions. The limited- time offers typically generate significant activity and a high level of purchasing, which may result in a higher ~~than~~ normal increase in sales revenue during the quarter of the limited- time offer and skew year- over- year and sequential comparisons. We may experience difficulty effectively managing growth associated with these limited- time offers. In addition, the size and condensed schedule of these product launches increases pressure on our supply chain. If we are unable to accurately forecast sales levels in each market, obtain sufficient ingredients or produce a sufficient supply to meet demand, we may incur higher expedited shipping costs and we may temporarily run out of stock of certain products, which could negatively impact the enthusiasm of our independent consultants and their customers. Conversely, if demand does not meet our expectations for a product launch, we could incur increased inventory write- offs. Any inventory write- off would negatively impact our gross margins. In addition, our order processing systems could have difficulties handling the high volume of orders generated by limited- time offers. Although our previous limited- time offers have not materially affected our product return rate, these events may increase our product return rate in the future. Our business may be harmed if we are unable to appropriately manage our inventory. In the past, we have experienced difficulties in appropriately managing our inventory. For example, when we launched our TrueScience ® Liquid Collagen product in June 2022, we experienced higher than expected demand and did not have sufficient inventory to meet demand. Subsequently, our inventory balances increased significantly, causing us to engage in a deliberate effort to manage our inventory balances down to levels we viewed as appropriate. We review all inventory items quarterly for obsolescence, and when items become obsolete or are expired, we write down our inventory accordingly. If we are unable to sell our inventory in a timely manner, we may experience additional inventory obsolescence charges, including for finished products in inventory that have expired. If we are unable to appropriately manage our inventory balances, our business may be harmed. We rely on our ~~IT information technology~~ systems to manage numerous aspects of our business, and a disruption in these systems ~~, including as a result of cybersecurity incidents,~~ could adversely affect our business. We depend on our ~~information technology (“IT”),~~ systems to manage numerous aspects of our business, including our finance and accounting transactions, to manage our independent consultant sales compensation plan and to provide analytical information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems ~~, including as a result of cybersecurity incidents,~~ could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses. Any disruption could cause our business and competitive position to suffer and adversely affect our business and operating results. In addition, if we experience future growth, we will need to scale or change some of our systems to accommodate the increasing number of independent consultants and their customers. Inability to comply with financial covenants imposed by our credit facility and the impact of debt service obligations and restrictive covenants could impede our operations and flexibility. ~~We~~ **In March 2016, we** entered into a **Financing loan Agreement agreement** ~~in March 2016,~~ which was subsequently amended in May 2018, February 2019, April 2021 ~~,~~ and September 2022 ~~,~~ that **provides provided** for a credit facility consisting of a revolving loan facility in an aggregate principal amount not to exceed \$ **5.0** million

~~The revolving loan (the "2016 Credit Facility") has a~~). On March 31, 2024, the 2016 Credit Facility reached its maturity date and was terminated. As of March 31, 2024, there was no outstanding balance on the 2016 Credit Facility. On April 12, 2024, we entered into a new loan agreement, which provides for a revolving line of credit in an aggregate principal amount not to exceed \$ 5.0 million (the "2024 Credit Facility"). As of June 30, 2023-2024 and 2022, there is no outstanding balance on the revolving loan-2024 Credit facility-Facility. The principal amount of any borrowings under the 2024 credit-Credit facility-Facility is repayable in consecutive quarterly installments, if drawn, on the maturity date of the facility (April 12, 2027). Interest will accrue on outstanding loans, payable monthly. We expect to generate the cash necessary to pay any future principal and interest on the 2024 credit-Credit facility-Facility, if any, from our cash flows provided by operating activities. However, our ability to meet our debt service obligations will depend on our future performance, which may be affected by financial, business, economic, demographic, and other factors. If we do not have enough money to pay our debt service obligations, we may be required to refinance all or part of our debt, sell assets, borrow more money, or raise cash through the sale of equity. In such an event, we may not be able to refinance our debt, sell assets, borrow more money, or raise cash through the sale of equity on terms acceptable to us or at all. Also, our ability to carry out any of these activities on favorable terms, if at all, may be further impacted by any financial or credit crisis which may limit access to the credit markets and increase the cost of capital. The 2024 credit-Credit facility-Facility is secured by a lien on substantially all of our assets, and the assets of Lifeline Nutraceuticals, and by a pledge of membership interests of our subsidiaries, and contains customary covenants, including both affirmative and negative covenants, that, among other things, restrict our ability to deal with our assets outside of the ordinary course, incur or guarantee additional indebtedness, grant liens, declare or pay dividends on or our assets, redeem capital stock, make other payments to holders of our equity interests, make certain investments, purchase or otherwise acquire all or substantially all the assets or equity interests of other companies, sell our assets and enter into consolidations, mergers or other combinations, transfers of all or substantially all of our assets. The 2024 credit-Credit facility-Facility requires that we maintain specified financial ratios and satisfy certain financial condition tests and meet-comply with certain informational requirements in order to draw on-borrow under the revolving loan facility, if needed. Our ability to meet-comply with these financial ratios and tests and informational requirements can be affected by events beyond our control and we may be unable to meet these ratios and tests and informational requirements. A breach of any of the representations, covenants, (including compliance with financial ratios), tests or other restrictions imposed by the 2024 credit-Credit facility-Facility would may result in a default or an event of default and the giving rise to lender's remedies thereunder, which could result in the lender declaring any and portion or all amounts of principal, interest and other related costs and expenses outstanding under the 2024 credit-Credit facility-Facility to be immediately due and payable or limit our ability to draw on the revolving loan facility. Our assets may not be sufficient to repay the indebtedness if the lenders-lender accelerate-accelerates our repayment of the indebtedness under the 2024 credit-Credit facility-Facility. In such circumstances, the lender's remedies would include the ability to foreclose on the collateral securing the loan. We were in compliance with all of the 2024 credit-Credit facility-Facility covenants at the end of fiscal year 2023-2024. A substantial portion of our business is conducted in foreign markets, exposing us to the risks of trade or foreign exchange restrictions, increased tariffs, foreign currency fluctuations, disruptions or conflicts with our third-party importers and similar risks associated with foreign operations. Global economic conditions continue to be challenging and unpredictable. A substantial portion of our sales are generated outside the United States. If we are successful in entering additional foreign markets, we anticipate that the percentage of our sales generated outside the United States will increase. There are substantial risks associated with foreign operations. For example, a foreign government may impose trade or foreign exchange restrictions, increased tariffs or other legal, tax, customs or other financial burdens on us or our independent consultants, due, for example, to the structure of our operations in various markets. Any such actions could negatively impact our operations and financial results. We are also exposed to risks associated with foreign currency fluctuations. For instance, in preparing our financial statements, we translate revenue and expenses in our markets outside the United States from their local currencies into U. S. Dollars using weighted average exchange rates. If the U. S. Dollar strengthens relative to local currencies, our reported revenue, gross profit, and net income will likely be reduced. Foreign currency fluctuations can also result in losses and gains resulting from translation of foreign currency denominated balances on our balance sheet. Additionally, purchases from suppliers are generally made in U. S. Dollars while sales to customers and independent consultants are generally made in local currencies. Accordingly, strengthening of the U. S. Dollar versus a foreign currency could have a negative impact on us. Specifically, because a significant percentage of our revenue is generated in Japan, strengthening of the U. S. Dollar versus the Japanese yen has had and, in the future, could have an adverse impact on our financial results. Although we may engage in transactions intended to reduce our exposure to foreign currency fluctuations, there can be no assurance that these transactions will be effective. Given the complex global political and economic dynamics that affect exchange rate fluctuations, it is difficult to predict future fluctuations and the effect these fluctuations may have upon future reported results or our overall financial condition. We Additionally, we may be negatively impacted by conflicts with, or disruptions caused or faced by, third party importers, as well as conflicts between such importers and local governments or regulatory agencies. We are required to obtain import licenses in order to sell our products to consumers in countries outside the United States. Our inability to obtain and maintain import licenses could cause delays or disruptions to our business and financial condition. Our operations in some markets also may be adversely affected by political, economic, and social instability in foreign countries. We may require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development or growth plans. Based on our current plans, we believe that our current cash and cash equivalents and our ongoing cash flow from operations will be sufficient to satisfy our anticipated cash requirements for at least 12 months from the date of this report. If our available cash resources and anticipated cash flows from operations are insufficient to satisfy our liquidity requirements, we may be required to raise significant

additional capital to support our continued operations and the implementation of our business and growth plans. Future funding requirements will depend on many factors, including but not limited to: • the costs associated with acquiring products from third-party vendors; • the costs of the sales and marketing activities of our products; • the costs associated with commissions and incentives for our independent consultants; • litigation expenses we incur to defend against claims, including claims that we infringe the intellectual property of others or judgments we must pay to satisfy such claims; • contractual obligations to third parties; • our rate of progress in developing, launching, and selling our current products and any new products we pursue; • our ability to control our operating costs; • our ability to satisfy our outstanding debt obligations; and • the costs of responding to the other risks and uncertainties described in this report. We may also be required to raise additional capital in the future to expand our business and operations to pursue strategic investments or for other reasons including but not limited to: • increasing our sales and marketing efforts to drive market adoption of our products; • scaling up our customer support capabilities; • funding development and marketing efforts of additional products; • expanding our product portfolio into additional markets; • acquiring products through licensing rights; • acquiring or investing in complementary businesses or assets; and • financing capital expenditures and general and administrative expenses. We may seek required funding through issuances of equity or convertible debt securities or entering into additional loan facilities. Each of the various ways we could raise additional capital carry potential risks. If we raise funds by issuing equity securities, dilution to our stockholders would result. If we raise funds by issuing additional debt securities, those debt securities would have rights, preferences, and privileges senior to those of holders of our common stock. Our 2024 credit facility restricts our ability to pursue certain transactions that we may believe to be in our best interest, including incurring additional indebtedness without the prior written consent of the lender under the credit facility. If we are unable to obtain adequate financing or financing on terms satisfactory to us, if we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Regulatory, Compliance, and Legal Matters

Our business is subject to strict government regulations. The manufacturing, packaging, labeling, advertising, sale, and distribution of our products are subject to federal laws and regulations by one or more federal agencies, including, in the United States, the FDA, the FTC, the Consumer Product Safety Commission, and the United States Department of Agriculture (the "U.S. DOA"). These activities are also regulated by various state, local, and international laws, and agencies of the states, localities, and countries in which our products are sold. For instance, the FDA regulates, among other things, the ingredients, composition, safety, labeling, and marketing of dietary supplements (including vitamins, minerals, herbs and other dietary ingredients for human use) and cosmetic products. Government regulations may prevent us from marketing certain products, or require us to reformulate our products or change the claims we make about them, which could result in lost revenue, increased costs, and delay our expansion into new international markets. The FDA may determine that a particular dietary supplement or ingredient is adulterated or misbranded or both and may determine that a particular claim or statement of nutritional support that we make to support the marketing of a dietary supplement is an impermissible drug claim, or is an unauthorized version of a "health claim," or that a particular benefit claim that we make to support the marketing of a cosmetic product is an impermissible drug claim. The FDA, the FTC, or state attorneys general may also determine that a particular claim we make for our products is not substantiated. Determining whether a claim is improper frequently involves a degree of subjectivity by the regulatory agency or individual regulator. Any of these determinations by the FDA or other regulators could prevent us from marketing that particular dietary supplement product or cosmetic product, or making certain claims for that product. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenue from any product that we are required to remove from the market, which could be material. Any product recalls or removals could also lead to liability, substantial costs, and reduced growth prospects.

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

primarily rely on, there has been increased pressure in the United States and other markets to increase regulation of dietary supplements. New regulations, or new interpretations of those regulations, could impose additional restrictions, including requiring reformulation of some products to meet new standards, recalls or discontinuance of some products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of some products, additional or different labeling, additional scientific substantiation, additional adverse event reporting, or other new requirements. Any of these developments could increase our costs significantly. **In the United States, Our operations also could be harmed if new laws for- or regulations are enacted that restrict our ability to market or distribute our products or impose additional burdens or requirements on dietary supplement companies or Protandim® and TruScience® require us to reformulate our product lines.** In the United States, for example, a majority of our revenue, which collectively represent approximately 79% of our total revenue, are derived from sales of dietary supplements and the FTC over the direct selling industry. 3% The FTC may strengthen the regulation of business opportunity claims and direct selling companies, among other things. The FTC has in recent years investigated and taken enforcement action against direct selling companies products that we could rely on to support our operations if we were to experience any difficulty with the manufacture, marketing, sale or distribution of these product lines. As such, any adverse impact we experience with respect to these two- to the earnings potential of product lines could result in an impact to our overall revenue. For example, independent consultant within a company's compensation plan, as well as appropriateness of if we are unable to sustain or increase the compensation plans themselves. Our price or sales levels for the Protandim® and TruScience® product lines, our business could be harmed if more restrictive legislation or regulation is successfully introduced and adopted in the future. In December 2022, Congress passed the Modernization of Cosmetics Regulation Act, which added significant new requirements for cosmetic products marketed in the United States. For example, we now have to register cosmetic product manufacturing facilities and list all cosmetic products with the FDA, and need to report all "serious adverse events" to the FDA and maintain relevant records. We will need to comply with current GMP regulations and fragrance allergen declaration regulations once the FDA implements those requirements. Complying with these requirements could raise our costs and negatively impact our business. Regulations governing the production and marketing of our products could harm our business. We are subject to various domestic and foreign laws and regulations that regulate the production and marketing of our products. If we, for example, a determination that our dietary supplement products are unable to retain, diagnose, treat, cure, or existing customers and prevent any disease or illness, including due to improper marketing claims by our independent consultants, it may lead to a determination that the LifeVantage supplements require pre-market approval as a drug. Such regulations in any given market can limit or our attract additional customers ability to import products and independent consultants can delay product launches as we go through the registration and approval process for those products. Furthermore, if we fail to comply with these regulations, we could face enforcement action against us and we could be fined, forced to alter our- or revenue will not increase stop selling our products and may decline/ or be required to adjust our operations. Our operations also customers may cease purchasing our products at any time and for any reason. Our independent consultants may terminate their services at any time, and we can and have in the past terminated consultants for conduct violative of our policies and procedures. As such, like most direct selling companies, we have experienced and are likely to continue to experience turnover among both customers and independent consultants. We have experienced, and may continue to experience, a decrease in the number of our independent consultants. The departure for any reason of one of our leading independent consultants can be a major disruption to other independent consultants and could have a significant negative impact on our sales and operating results. Independent consultants who join our company to purchase our products for personal consumption or for short-term income goals may only stay with us for a short time. While we take steps to help train, motivate, and retain independent consultants, we cannot accurately predict the number or sales productivity of our independent consultants. Our operating results will be harmed if we and new laws our- or independent consultant leaders do regulations are enacted that restrict our ability to market or distribute our products or impose additional burdens or requirements on the contents of our products or require us to reformulate our products. We are subject to the risk of investigatory and enforcement action. We are subject to the risk of investigatory and enforcement action by various government agencies, both domestic and international. For instance, the FTC and state attorneys general may open an investigation or bring an enforcement action against us based on our advertising claims and marketing practices. The FTC routinely reviews product advertising, including websites, to identify significant questionable advertising claims and practices. The FTC has brought many actions against dietary supplement companies, including some actions that were brought jointly with state attorneys general, based upon allegations that applicable advertising claims or practices were deceptive or not substantiated. If the FTC initiates generate sufficient interest in our business to retain existing customers and- an independent consultants investigation, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. In addition, we are subject to the risk of investigatory and enforcement action by other agencies including, but not limited to, the FDA, including warning letters and other sanctions, enforcement actions by the SEC and by other international regulatory agencies. Any investigation may be very expensive to defend and may result in and - an adverse ruling attract new customers and independent consultants. The number and sales productivity of our- or independent consultants in a consent decree. Our direct selling program could be harmed by several factors found to be not in compliance with current or newly adopted laws or regulations in one or more markets, which could prevent including: any adverse publicity regarding us from conducting our products, our distribution channel, or our business in these markets and harm our financial condition and operating results. Some of the competitors, non-compliance by our independent consultants with applicable legal and regulatory requirements concerning or our policies and procedures, lack of

interest in existing or new products or their -- **the** failure to achieve desired sales results; • lack of a compelling business opportunity sufficient to generate the interest and commitment of new independent consultants; • any changes we might make to our independent consultant sales compensation plan; • any negative public perception of our company or our products or their ingredients; • any negative public perception of our independent consultants and direct selling business **model are ambiguous in general**; • our actions to enforce our policies and **subject** procedures; • any efforts to **interpretation. As a result**, sell our products through competitive channels; • any regulatory **regulators** actions and courts have discretion in their application of **these laws and regulations, and the enforcement** or **interpretation of these laws and regulations by governmental agencies or courts can** charges-- **change** against us or others in. **Allegations by short sellers regarding the legality of multi-level marketing companies generally have also created intense public scrutiny of** our industry ; and • general economic and business conditions..... changes in government regulations. Our business could **cause governmental agencies** be adversely affected if we are unable to **change** obtain a reliable source of any of the raw materials used in the manufacturing of our products that meets our quality standards. Additionally, if demand for our products exceeds our forecasts, we may have difficulties in obtaining additional raw materials in time to meet the excess demand. Any significant delay in or disruption of the supply of raw materials could, among other- **their enforcement** things, substantially increase the cost of such materials, require reformulation or repackaging of products, require the qualification of new suppliers, or result in our inability to meet customer demands. Although our independent consultants are independent contractors, improper actions by independent consultants that violate laws or regulations could harm our business. Our independent consultants are not employees and **interpretation** act independent of us. However, activities by our independent consultants that allegedly violate applicable laws or **and** regulations . **The failure of** could result in government or third-party actions against us, which could harm our business .Our independent consultants agree to abide by our policies and procedures which are designed to ensure our independent consultants will comply with **current** legal requirements. We have a consultant compliance department that addresses violations of our- **or newly adopted regulations** independent consultants when they become known to us. However, given the size of our- **or interpretations could negatively impact** independent consultant network, we experience problems with independent consultants violating our policies and procedures from time to time and are not always able to discover or **our** remedy such violations. One of our most significant areas of risk with respect to independent consultant activities relates to improper product claims and claims regarding the consultant business opportunity of being an independent consultant. Any determination by the Food and Drug Administration, Federal Trade Commission, any state agency or other similar governmental agency outside the United States that we or our independent consultants are not in **a particular** compliance with applicable laws could materially harm our business. Even if governmental actions do not result in rulings or orders against us, they could create negative publicity that could detrimentally affect our efforts to recruit or motivate independent consultants and attract customers or lead to consumer lawsuits against us. When we experience growth in the number of our independent consultants, we have seen an increase in sales aids and promotional material being produced by independent consultants and / or consultant groups in some markets- **market** . This places an increased burden on us to monitor compliance of such materials and increases the risk that such materials could contain problematic product, marketing, or business opportunity claims in violation of our- **or** policies and applicable regulations. As we expand our operations, including internationally, our independent consultants sometimes attempt to anticipate additional new markets that we may enter in **general** the future and begin marketing and sponsoring activities in markets where we are not qualified to conduct business. For example, some of our independent consultants have carried or shipped our products into countries in which such products are not registered or that otherwise impose stringent restrictions on our direct selling model. These or other activities by our independent consultants that violate applicable laws or regulations could subject us to legal or regulatory claims or actions, which could result in fines, penalties or negative publicity, any of which could have an **and** adverse impact on our business. We..... and other distribution channels for our products may adversely affect our **margins and profitability**. We generally rely..... cause the market value of our common stock **price** to decline. A past voluntary product recall strained our relationships with some of our third-party manufacturers. Additionally, following the voluntary recall we implemented more stringent measures, including several redundant measures, in our manufacturing process to detect contaminants. Third-party manufacturers may be reluctant to implement these redundant measures, may refuse to manufacture our products, and additional safety measures such as these may increase our cost of goods sold and strain our relationships with manufacturers. Laws and regulations may prohibit or severely restrict direct selling and cause our revenue and profitability to decline, and regulators could adopt new regulations that negatively impact our business. Various government agencies throughout the world regulate direct selling practices. The laws and regulations applicable to us and our independent consultants in Japan are particularly stringent. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as “ pyramid ” schemes, which compensate participants primarily for recruiting additional participants without significant emphasis on the sale of product to end consumers. Government agencies, such as the FTC in the United States and similar agencies in foreign jurisdictions, periodically investigate direct selling companies based on such schemes or other claims made by a direct selling company or its independent consultants. Generally, companies that are the subject of an FTC, or similar foreign agency, enforcement action are required to pay monetary fines and / or make updates **or changes** to **its their** business model. The laws and regulations in some of our markets impose cancellations, product returns, inventory buy- backs and cooling- off rights for our independent consultants and / or customers. Excessive refunds and / or product returns pursuant to local laws and regulations, including being the target of an enforcement action or investigation by the FTC or a similar foreign agency in a foreign jurisdiction, could have a negative impact on our operating results. Complying with these rules and regulations can be difficult and requires the devotion of significant resources on our part. We may not be able to continue business in existing markets or commence operations in new markets if we are unable to comply with these laws or adjust to changes in these laws . **Unfavorable publicity could materially harm our..... which we conduct business throughout the world** . Our financial condition and results of operations may be adversely affected by international regulatory

and business risks. As a result of our operations, offering products or contracting with independent contractors and other service providers in various other countries, we are increasingly subject to varied and complex foreign and international laws and regulations. Compliance with these laws and regulations often involves significant costs and may require changes in our business practices that may result in reduced revenues and adversely affect our operating results. We are subject to the Foreign Corrupt Practices Act (the “FCPA”), which prohibits companies and their intermediaries from making payments in violation of law to non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Our reliance on independent consultants to market our products internationally demands a high degree of vigilance in maintaining our policy against participation in corrupt activity, because these independent consultants may be deemed to be our agents and we could be held responsible for their actions. We are also subject to similar anti-bribery laws in the jurisdictions in which we operate, including the United Kingdom’s Bribery Act of 2010, which also prohibits commercial bribery and makes it a crime for companies to fail to prevent bribery. These laws are complex and far-reaching in nature. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction, involve significant costs and expenses, including legal fees, and we could be subject to severe penalties, including criminal and civil penalties, disgorgement, and other remedial measures, any of which could result in a material adverse effect on our business, prospects, financial condition, or results of operations. Any allegations that we are not in compliance with anti-corruption laws may require us to dedicate time and resources to an internal investigation of the allegations or may result in a government investigation. Any determination that our operations or activities are not in compliance with existing anti-corruption laws or regulations could result in the imposition of substantial fines, and other penalties. Although we have implemented anti-corruption policies and controls to protect against violation of these laws, we cannot be certain that these efforts will be effective. Operating internationally requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to increase international revenues or expand our international presence will produce desired levels of revenues or profitability. **The loss of or inability to..... our results of operations and financial condition.** Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brand. The loss of our intellectual property rights in our products could permit our competitors to manufacture their own version of our products. We have attempted to protect our intellectual property rights in our products through a combination of patents, patent applications, trademarks, trade secrets, confidentiality agreements, non-compete agreements and other contractual protection mechanisms, and we will continue to do so. While we intend to defend against any threats to our intellectual property, our patents or various contractual protections may not adequately protect our intellectual property. In addition, we could be required to expend significant resources to defend our rights to proprietary information and may not be successful in such defense. Moreover, our intellectual property rights are more limited outside of the United States than they are in the United States. As such, we may not be successful in preventing third parties from copying or misappropriating our intellectual property. There also can be no assurance that pending patent applications owned by us will result in patents being issued to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our products or to provide us with any competitive advantage. Third parties could also obtain patents that may require us to negotiate to obtain licenses to conduct our business, and any required licenses may not be available on reasonable terms or at all. We also rely on confidentiality and non-compete agreements with certain employees, independent consultants, consultants, and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or proprietary knowledge. Third parties might claim that we infringe on their intellectual property rights. Although the dietary supplement industry has historically been characterized by products with naturally occurring ingredients, recently it is becoming more common for suppliers and competitors to apply for patents or develop proprietary technologies and processes. Third parties may assert intellectual property infringement claims against us despite our efforts to avoid such infringement. Such claims could prevent us from offering competitive products or result in litigation or threatened litigation. ~~Our business is susceptible to product liability claims. The manufacture and sale of any product for human consumption raises the risk of product liability claims. These claims may derive from the product itself or a contaminant found in the product from the manufacturing, packaging, sales process or even due to tampering by unauthorized third parties. Our products consist of vitamins, minerals, herbs, and other ingredients that are classified as foods or dietary supplements and are not subject to pre-market regulatory approval in the United States. Our products could contain contaminated substances, and some of our products contain ingredients that do not have long histories of human consumption. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur. In addition, third-party manufacturers produce all of the products we sell. As a distributor of products manufactured by third parties, we may also be liable for various product liability claims for these products despite not manufacturing them. We may be subject to various product liability claims, including, among others, that our products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. Any product liability claim against us could result in increased costs and could adversely affect our reputation with our customers, which in turn could adversely affect our revenue and operating income. Although we maintain insurance coverage, there is a risk that our insurance will not cover our potential exposure completely or would fail to cover a particular claim, in which case we may not have the financial resources to satisfy such claim. In addition, certain types of damages, such as punitive damages, are not covered by our insurance policy. Economic, political, and other risks associated with our international operations could adversely affect our revenue and international growth prospects. As part of our business strategy, we intend to continue to expand and grow our international presence. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion or growth of our international operations will increase the effects of these risks. These risks include, among others:~~

political and economic instability of foreign markets; • foreign governments' restrictive trade policies; • lack of well-established or reliable legal systems in certain areas in which we operate; • inconsistent product regulation or sudden policy changes by foreign agencies or governments; • the imposition of, or increase in, duties, taxes, government royalties, or non-tariff trade barriers; • difficulty in collecting international accounts receivable and potentially longer payment cycles; • the possibility that a foreign government may limit our ability to repatriate cash; • increased costs in maintaining international marketing efforts; • problems entering international markets with different cultural bases and consumer preferences; and • fluctuations in foreign currency exchange rates. Any of these risks could have a material adverse effect on our international operations and our growth strategy. Unfavorable global economic conditions, including high inflation, and other macroeconomic conditions or trends may have an adverse impact on our business, financial results and prospects. While the severity of the COVID-19 pandemic has lessened significantly, the pandemic has had a significant negative impact on the macroeconomic environment, such as decreases in per capita income and level of disposable income, inflation, rising interest rates, and supply chain issues. Ongoing geopolitical matters have also contributed to difficult macroeconomic conditions and exacerbated supply chain issues, resulting in significant economic uncertainty as well as volatility in the financial markets, particularly in the United States. Such conditions may adversely impact our business, financial results, and prospects. We rely on consumer discretionary spending. If general economic conditions continue to deteriorate globally or in specific markets where we operate, including with respect to inflation, consumer discretionary spending may decline and demand for our products may be reduced. A decrease in consumer discretionary spending would cause sales in our products to decline and adversely impact our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also affect consumers' willingness to make discretionary purchases on our products. Our inability or failure to do so could harm our business, financial condition, and results of operations. In addition, such macroeconomic conditions could impact our ability to access the public markets as and when appropriate or necessary to carry out our operations or our strategic goals. We cannot predict the ongoing extent, duration or severity of these conditions, nor the extent to which we may be impacted. To the extent that there is a resurgence in the COVID-19 pandemic, or other health epidemics or outbreaks, our operations could be disrupted and our business adversely impacted. Such disruptions or impacts may be similar to those we faced during the COVID-19 pandemic, such as mandated business closures in impacted areas, limitations due to stay at home orders or sickness of employees or their families, reduced demand for certain of our products, or supply constraints. 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. In fiscal year 2023, we launched our new compensation plan for our independent consultants in the United States, Australia, New Zealand, and Japan markets, with plans to roll out the new compensation plan to other markets where we sell and distribute our products. 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. In addition, if regulatory agencies such as the FTC or judicial cases lead to new industry standards or rules, our business could be impacted, and we may need to amend our compensation plan. If we are required to make changes, or if the FTC seeks to enforce similar measures in the industry, either through rulemaking or an enforcement action against our company, our business could be harmed.

Risks Related to Ownership of Our Common Stock **If we are unable to maintain compliance..... on the price of our stock.** Our stock price may experience future volatility. The trading price of our common stock has historically been subject to wide fluctuations. The price of our common stock may fluctuate in the future in response to quarter-to-quarter variations in operating results, material announcements by us or competitors, governmental regulatory action, conditions in the dietary supplement industry, or other events or factors, many of which are beyond our control, and some of which do not have a strong correlation to our operating performance. We cannot predict the effect, if any, of future sales of our common stock, or the availability of our common stock for future sales, on the value of our common stock. Sales of substantial amounts of our common stock by any one or more of our stockholders, or the perception that such sales could occur, may adversely affect the market price of our common stock. Substantial sales of shares of our common stock in the public market may impact the market price of our common stock. Sales of a substantial number of shares of our common stock in the public market could cause our stock price to decline. Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we consider appropriate. We have registered and intend to continue to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. However, future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of our outstanding warrant or options, or the perception that such sales may occur, could adversely affect the market price of our common stock. Significant additional capital may be required in the future to continue our planned operations. To the extent that we raise additional capital through the sale and issuance of shares or other securities convertible into shares, our stockholders will be diluted. We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance. Our board of directors authorized a share repurchase

program pursuant to which we may repurchase up to \$ 60 million of our common stock on or before December 31, 2026. The manner, timing and amount of any share repurchases may fluctuate and will be determined by us based on a variety of factors, including the market price of our common stock, our priorities for the use of cash to support our business operations and plans, general business and market conditions, tax laws, and alternative investment opportunities. The share repurchase program authorization does not obligate us to acquire any specific number or dollar value of shares. Further, our share repurchases could have an impact on our share trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. Our share repurchase program may be modified, suspended, or terminated at any time, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long- term stockholder value. Additionally, repurchases are subject to the 1 % Share Repurchase Excise Tax enacted by the Inflation Reduction Act, which may be offset by shares newly issued during that fiscal year (the “ Share Repurchase Excise Tax ”). We have and will continue to take the Share Repurchase Excise Tax into account with respect to our decisions to repurchase shares —Additional shares that may be issued upon the exercise of currently outstanding options or upon future vesting of performance restricted stock units,would dilute the voting power of our currently outstanding common stock and could cause our stock price to decline.As of June 30, 2024-2023 ,we had 12. 5-6 million shares of common stock outstanding.As of June 30, 2024-2023 ,we also had stock options outstanding for an aggregate of 0.1 million shares of common stock.Additionally,the future vesting of time- based and performance restricted stock units will further increase our outstanding shares of common stock.The issuance of these shares will dilute the voting power of our currently outstanding common stock and could cause our stock price to decline. . We are a “ smaller reporting company ” and may take advantage of certain scaled disclosures available to us. We cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our common stock less attractive to investors. We are a “ smaller reporting company ” as defined in the Exchange Act. As a smaller reporting company, we are permitted to comply with scaled disclosure obligations in our SEC filings as compared to other issuers who are not smaller reporting companies, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodations available to smaller reporting companies. Until we cease to be a smaller reporting company, the scaled disclosure in our SEC filings will result in less information about our company being available than for public companies that are not smaller reporting companies. We will be able to take advantage of these scaled disclosures for so long as our voting and non- voting common stock held by non- affiliates is less than \$ 250 million measured on the last business day of our second fiscal quarter, or (ii) our annual revenue is less than \$ 100 million during the most recently completed fiscal year and the market value of our voting and non- voting common stock held by non- affiliates is less than \$ 700 million as measured on the last business day of our second fiscal quarter. We cannot predict if investors will find our common stock less attractive because we will rely certain scaled disclosures that are available to smaller reporting companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Additional shares that may be issued upon..... cause our stock price to decline. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations. Delaware law and provisions in our certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock. Our status as a Delaware corporation and the anti- takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following: • the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror; • the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors; • a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; • the requirement that a special meeting of stockholders may be called only by a majority vote of our entire board of directors, the chairman of our board of directors or our chief executive officer, or by stockholders holding at least 10 % of the outstanding shares entitled to vote at such special meeting, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and • advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror acquiror’ s own slate of directors or otherwise attempting to obtain control of us. In addition, as a Delaware corporation, we are subject to

Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15 % or more of our outstanding voting stock, from merging or combining with us for a certain period of time. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of this provision. These and other provisions in our certificate of incorporation, amended and restated bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including delay or impede a merger, tender offer or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

In August 2023, we entered into a Rights Agreement, pursuant to which we declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of our common stock. The dividend was payable on September 11, 2023 to the stockholders of record at the close of business on September 11, 2023. Each Right initially entitled the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$ 0.0001 per share, of the Company (the "Preferred Stock") at a price of \$ 20 per one one-thousandth of a share of Preferred Stock, subject to adjustment. Also called a "poison pill," the Rights Agreement may have the effect of discouraging or preventing a change of control by, among other things, making it uneconomical for a third party to gain control of us through open market accumulation of shares without paying all stockholders an appropriate control premium or without the consent of our board. The Rights will expire on August 28, 2024 (the "Final Expiration Date").

General Risk Factors

We may become involved in legal proceedings that are expensive, time consuming and, if adversely adjudicated or settled, could adversely affect our financial results. Litigation claims can be expensive and time consuming to bring or defend against and could result in settlements or damages that could significantly affect our financial results. It is not possible to predict the final resolution of litigation to which we may become a party, and the impact of litigation proceedings on our business, results of operations and financial condition could be material. From time to time, we are involved in various legal matters, both as a plaintiff and defendant. While we believe the suits against us are without merit, they are costly to defend, and we cannot be assured that we will ultimately prevail. If we do not prevail and are required to pay damages, it could harm our business. If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could result in sanctions or other penalties that would harm our business. As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires, among other things, that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting. We have implemented internal controls to help ensure the completeness and accuracy of our financial reporting and to detect and prevent fraudulent actions within our financial and accounting processes including the development and implementation of control policies and procedures regarding the international business policies, practices, monitoring, and training for each country outside the U. S. in which we do business. However, we cannot be assured that significant deficiencies or material weaknesses in our internal control over financial reporting will not exist in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under the Sarbanes-Oxley Act and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations, or cause investors to lose confidence in our reported financial information, which could cause a decline in the market price of our stock and we could be subject to sanctions or investigations by the SEC or other regulatory authorities including equivalent foreign authorities. In fiscal year 2024, we did not experience any material weaknesses in our internal control and / or financial reporting processes. Government authorities may question our tax positions or transfer pricing policies or change their laws in a manner that could increase our effective tax rate or otherwise harm our business. As a U. S. company doing business in international markets through subsidiaries, we are subject to various tax and intercompany pricing laws, including those relating to the flow of funds between our company and our subsidiaries. Tax authorities may disagree with certain positions that we have taken and assess additional taxes. From time to time, we are audited by tax regulators in the United States and in our foreign markets. If regulators challenge our tax positions, corporate structure, transfer pricing mechanisms or intercompany transfers, we may be subject to fines and payment of back taxes, our effective tax rate may increase, and our operations may be harmed. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax positions. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our business, result of operations, financial condition, and cash flows. Tax rates vary from country to country, and, if tax authorities determine that our profits in one jurisdiction may need to be increased, we may not be able to fully utilize all foreign tax credits that are generated, which will increase our effective tax rate. The various customs, exchange control and transfer pricing laws are continually changing and are subject to the interpretation of government agencies. We may experience increased efforts by customs authorities in foreign countries to reclassify our products or otherwise increase the level of duties we pay on our products. Despite our efforts to be aware of and comply with such laws, and changes to and interpretations thereof, there is a risk that we may not continue to operate in compliance with such laws.

We may need to adjust our operating procedures in response to such changes and, as a result, our business may suffer. In addition, due to the international nature of our business, from time to time, we are subject to reviews and audits by taxing authorities of other jurisdictions in which we conduct business throughout the world. Economic, political, and other risks associated with our international operations could adversely affect our revenue and international growth prospects. As part of our business strategy, we intend to continue to expand and grow our international presence. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion or growth of our international operations will increase the effects of these risks. These risks include, among others: • political and economic instability of foreign markets; • foreign governments' restrictive trade policies; • lack of well-established or reliable legal systems in certain areas in which we operate; • inconsistent product regulation or sudden policy changes by foreign agencies or governments; • the imposition of, or increase in, duties, taxes, government royalties, or non-tariff trade barriers; • difficulty in collecting international accounts receivable and potentially longer payment cycles; • the possibility that a foreign government may limit our ability to repatriate cash; • increased costs in maintaining international marketing efforts; • problems entering international markets with different cultural bases and consumer preferences; and • fluctuations in foreign currency exchange rates. Any of these risks could have a material adverse effect on our international operations and our growth strategy. Unfavorable global economic conditions, including high inflation, and other macroeconomic conditions or trends may have an adverse impact on our business, financial results, and prospects. Ongoing geopolitical matters have contributed to difficult macroeconomic conditions and exacerbated supply chain issues, resulting in significant economic uncertainty as well as volatility in the financial markets, particularly in the United States. Such conditions may adversely impact our business, financial results, and prospects. We rely on consumer discretionary spending. If general economic conditions continue to deteriorate globally or in specific markets where we operate, including with respect to inflation, consumer discretionary spending may decline and demand for our products may be reduced. A decrease in consumer discretionary spending would cause sales in our products to decline and adversely impact our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also affect consumers' willingness to make discretionary purchases on our products. Our inability or failure to do so could harm our business, financial condition, and results of operations. In addition, such macroeconomic conditions could impact our ability to access the public markets as and when appropriate or necessary to carry out our operations or our strategic goals. We cannot predict the ongoing extent, duration, or severity of these conditions, nor the extent to which we may be impacted. To the extent that there are health epidemics or outbreaks, or a resurgence in the COVID-19 pandemic, our operations could be disrupted and our business adversely impacted. Such disruptions or impacts may be similar to those we faced during the recent COVID-19 pandemic, such as mandated business closures in impacted areas, limitations due to stay at home orders or sickness of employees or their families, reduced demand for certain of our products, or supply constraints. We could be subject to securities class action litigation. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because dietary supplement companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business. If securities or industry analysts cease publishing research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline. The trading market for our common stock will depend in part on the research and reports published by securities or industry analysts about us or our business. Securities and industry analysts currently publish research on our company. If analysts cease coverage of us, the trading price for our common stock could be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.