

DIRECT SELLING INDUSTRY ANALYSIS

For the month ending August 31, 2020

TABLE OF CONTENTS

Summary & Our Take	1
TCAP Direct Selling Index	1
Large Cap Charts & Analysis	2
Small Cap Charts & Analysis	3
Short interest data & analysis	3
Analyst sentiment index	4
Full Size Charts & Tables	

This month we have significantly expanded our analysis and data in an effort to continue to provide the direct selling industry, and other constituencies interested in the space, with timely and relevant financial content and analysis. We believe this is a one of a kind offering and we are proud to provide this valuable service to the industry. As we have stated before, companies within the direct selling industry are most often grouped together with businesses that provide similar products or services, but which utilize different sales and marketing channels. While these comparisons are relevant, we believe that the channel deserves its own platform and that the most salient comparisons lie with other direct selling industry participants.

Going forward, you can expect a continued expansion in both the breadth and depth of our offering all with the goal of providing a one stop shop model for those interested in the financial aspects of the direct selling industry.

SUMMARY & OUR TAKE

Historical Large Cap Tracking Set Consolidates Gains – a Newcomer and Small Caps Lead the Way

August saw the majority of our large cap tracking set report financial results for the second quarter, 2020, which continued to support our growth thesis for the industry in the midst of the current environment. While, as we predicted, there was an element of profit taking during the month, the associated declines were moderate and to be expected following the significant advances experienced by many of the stocks over the last several months. Each of the stocks in our large cap group remain well above their pre-pandemic levels and the majority continue to significantly outperform the major indices.

This month we have added two companies to our large cap tracking group: **eXp World Holdings, Inc. (NASDAQ: EXPI)**, a cloud-based real estate brokerage service for residential homeowners and homebuyers in the United States, Canada, the United Kingdom and Australia, as well as **Primerica, Inc. (NYSE: PRI)**, a provider of financial products to middle income households in the United States and Canada. EXPI has emerged as a significant leader within the space rising 124% during August alone and now stands 365% above its February 28, 2020 closing price.

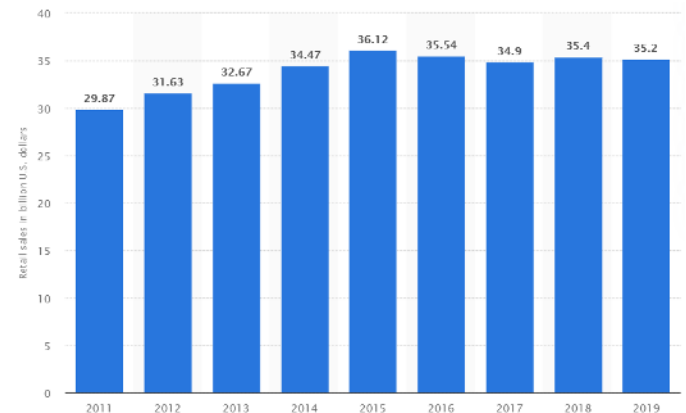
The smaller cap stocks amongst our tracking set performed well during the month, with all but one showing gains during the period

and four rising double digits. Standouts include **Sharing Services Global Corporation (OTC: SHRG)**, the parent Company of Elepreneurs, a health and wellness beverage Company focused on nootropics, which advanced 27% during the month and now stands 1,070% above its February 28 closing price.

Looking Forward

From a broad perspective, we believe that the direct selling industry, as a whole, is experiencing a renaissance within the domestic market. As indicated in the chart below, domestic direct selling revenues have been flat to slightly down since reaching an all-time high of more than \$36 billion in 2016.

HISTORICAL DIRECT SELLING REVENUE



It is our belief that 2020 sales will reach, and likely exceed, that record figure. While it is likely that August experienced somewhat of a seasonal slowdown, we believe that year-over-year trends remain strong when compared to 2019. Looking forward and moving into the fall and winter months, we believe that the industry will see a strong close to 2020 with typical seasonal trends and a continuation of the momentum built over the last six months driving the industry towards a potential record year.

There are a number of bullish indicators for the industry, including the anecdotal evidence we are seeing, as well as the sentiment of the vast majority of analysts covering industry stocks, 97% of which have “buy” or “hold” ratings on the industry stocks they cover. In addition, we are seeing a decline in short interest in industry stocks across the board meaning investors are not inclined to bet against industry stocks at this time.

CHARTS & ANALYSIS

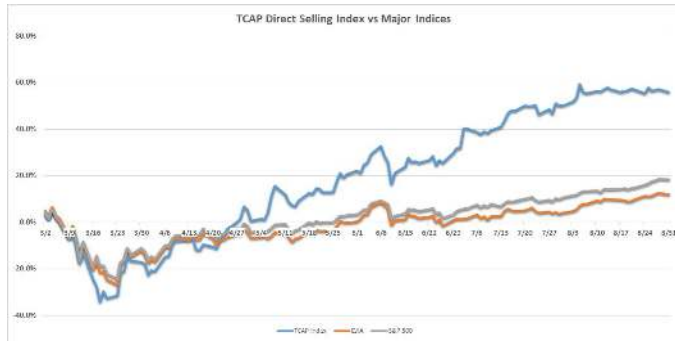
August was a generally strong month for the markets as a whole with the Dow Jones Industrial Average (DJIA) rising approximately 7.6% during the month, which compares to a gain of 4% for the TCAP Direct Selling Index (“TDSI”).

TCAP Direct Selling Index

The TDSI is a new feature this month and is a market capitalization weighted index of all domestic public direct selling companies with a valuation of at least \$25 million.

The index is rebalanced monthly and no single issue is permitted to represent more than 20% of the total value of the index. In the event that a particular issue would exceed 20%, then the excess weighting is redistributed amongst the other index components.

TDSI data is tracked back to March 1, 2020 and the index now stands 56% above February 28, 2020 levels, as compared to gains of approximately 7% for both the DJIA and S&P 500.



Large Cap

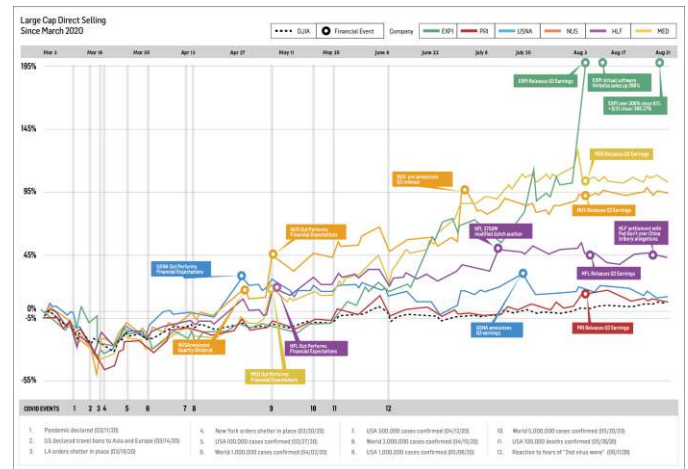
Nu Skin Enterprises, Inc. (NYSE: NUS) led our large cap tracking set over the course of August, rising an additional 6% and now stands more than 96% above its February 28 closing price. The Company reported second quarter financial results after the market close of August 5. Revenue for the quarter was \$612.4 million (-1.8% YoY) and earnings per share were \$.81 (-2.5% YoY). Despite the slight year-over-year declines, Nu Skin’s results were ahead of updated consensus analyst expectations of \$606 million and \$.67 per share. More importantly, and as we predicted last month, the Company raised its full year guidance for both revenue and earnings per share. Since that time, and despite a one-day decline in sympathy with Herbalife (see below), the stock has remained stable and pegged near its 52-week high in a bullish consolidating pattern.

Herbalife Nutrition, Inc. (NYSE: HLF) declined slightly over the course of the month and closed down 4% for the period at a price of \$49.15 per share, which is slightly off of its 52-week high of \$52.89. An August 6, 2020, after the market close, Herbalife reported the largest net sales quarter in the Company’s 30-year history with revenue of \$1.35 billion (+8.6% YoY) and earnings per share of \$.95 (+36% YoY), both of which were ahead of consensus analyst estimates of \$1.26 billion and \$.91 per share. Prior to the release the stock had traded right up to its 52-week high, before declining modestly over the next several days. Since that time, the stock has been consolidating in a sideways pattern on generally light trade. One key exception occurred on August 28 when the stock gapped down sharply on news regarding SEC charges related to a longstanding investigation of the Company’s business practices in China. There seems to have been some confusion in the market as this entire matter is “old news” an HLF rallied to close virtually unchanged by the end of the session.

Medifast, Inc. (NYSE: MED) also entered a period of consolidation during August, but declined only 2.6% during the period. Despite this small decline, MED continues to lead our historical large cap tracking set with gains of more than 100% since March 1, 2020. After the

market closed on August 5, MED reported second quarter financial results including revenue of \$220 million (+17.6 YoY) and earnings per share of \$1.86 (+6.3% YoY). Both revenue and earnings per share results were ahead of consensus analyst expectations of \$195.75 and \$1.84 per share. The Company did not provide forward looking guidance, which was attributed to a lack of visibility resulting from uncertainties surrounding COVID-19.

USANA Health Sciences, Inc. (NYSE: USNA) declined approximately 3.4% during the month after reaching a new 52-week high in the third week of July. While the stocks monthly decline is not substantial, it is a continuation of a trend that began following the Company’s July announcement of financial results and feels a little different than the rest of the group from a purely technical perspective. Down volume has far exceeded up volume over recent trading sessions, indicating that a large holder(s) is attempting to exit, or significantly reduce, its position. This is not at all surprising based on the impressive run the stock has been on over the last several months, however, it has broken several key technical support levels that might indicate continued weakness in the short-term. The Company’s fundamentals and performance remain strong and we see no particular reason for the stock’s recent weakness other than that associated with profit taking.



Note: For the purposes of this report, Transformation Capital considers direct companies with a market capitalization in excess of \$1 billion “Large Cap”.

New Additions

eXp World Holdings (NASDAQ: EXPI) is a new addition to our large cap tracking set. The Company, a cloud-based real estate brokerage service for residential homeowners and homebuyers, now carries a market capitalization of more than \$3 billion after rising 124% over the course of August and an impressive 365% since its February 28, 2020 closing price. EXPI has redefined the traditional real estate brokerage through the utilization of a virtual, work from anywhere model that now includes over 34,000 active agents in the United States and Canada.

On August 5 EXPI reported record revenue and earnings per share of \$354 million (+33% YoY) and \$.11 per share, which compared to a loss of \$.04 per share in the prior year period. Further driving the

Company's growth and stock performance is its wholly owned subsidiary VirBELA, which is an immersive technology platform ideally suited for remote working environments. During the second quarter, VirBELA's revenue increased a remarkable 260% on a sequential basis driven by the work from home trends prevalent in the current pandemic environment. On August 6 the Company also announced plans to expand its global footprint through the launch of operations in France, India, Mexico, Portugal and South Africa by the end of the year.

In conjunction with the Company's financial results announcement, management stated that they expect the Company's growth to continue through the remainder of the year and maintain a very positive outlook as EXPI's business model is ideally suited for the circumstances evident in today's market.

Primerica, Inc. (NYSE: PRI), a provider of life insurance and investment products, is the second new addition to our large cap tracking set. PRI rose 4.66% during the month and now stands approximately 13% above its February 28 closing price. On August 5, PRI reported financial results that included revenue of \$525.8 million (+4% YoY) and earnings per share of \$2.44 (+10% YoY). While sales of investment and savings products were down (as would be expected), this was offset by an increase in life insurance policies and new sales recruits. The Company also reported that it has repurchased approximately \$176.6 million in stock year-to-date, on its way to a 2020 goal of a total of \$250 million.

Small Cap

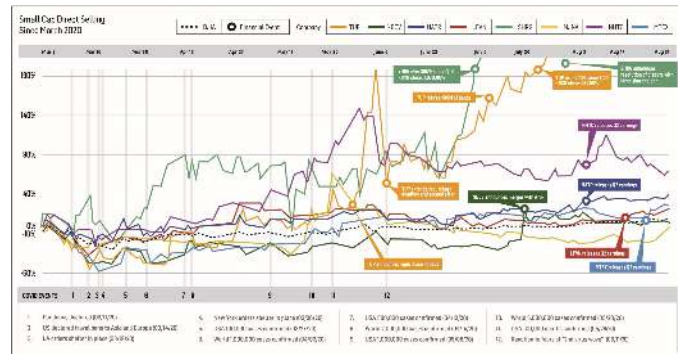
Switching focus to the smaller capitalization stocks within the industry, all but one has the vast majority continue to outperform the DJIA since the beginning of March and all but one rose over the month of August.

Tupperware Brands Corporation (NYSE: TUP) rose an additional 6%, following an impressive gain of 225% during the prior month, and now stands approximately 472% above its February 28 closing price. The stock spent the majority of the month in a consolidating pattern before beginning a new run, on heavy trade, near the end of the period. Last month we mentioned that TUP might be joining our large cap tracking group in the near future and, if the current pattern holds, it looks like that prediction might soon become a reality. The Company continues to improve its operating model and cost structure, but still carries approximately \$855 million in debt on its balance sheet, a significant portion of which is due in the next twelve months. However, TUP's new management team has made some significant progress, including retiring approximately \$100 million in debt recently, providing investors with hope that the Company will be able to successfully refinance the debt in a manner that will lead to long-term viability.

Sharing Services Global Corporation (OTC: SHRG) continued its impressive run of late with an additional gain of 27% during the month and now stands 1,070% above its levels at the end of February. SHRG, the parent Company of Elepreneurs, a health and wellness beverage Company focused on nootropics has been the top performer amongst all stocks in our tracking set since we entered the pandemic environment. On July 30 the Company filed a form 8-K with

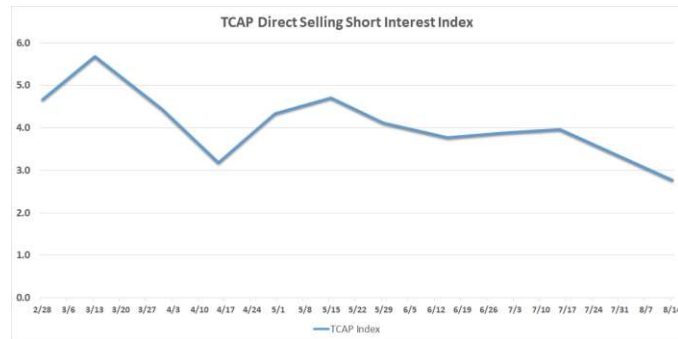
the Securities and Exchange Commission disclosing the settlement of a longstanding piece of litigation with a long-term shareholder, which led to a number of strong up days for the stock on 3X – 5X average trade. SHRG peaked on August 13 and has since pulled back somewhat before moving into a sideways consolidating pattern.

LifeVantage Corporation (NASDAQ: LFTV) rose 17% during the period following the reporting of financial results on August 18 that included both a sequential and year-over-year increase in revenue of approximately 6%. The Company, which engages in the identification, research, development, and distribution of nutrigenomic activators, dietary supplements, nootropics, pre- and pro-biotics, weight management, and skin and hair care products, now stands approximately 26% above its February 28 closing price.



Short Interest Data & Analysis

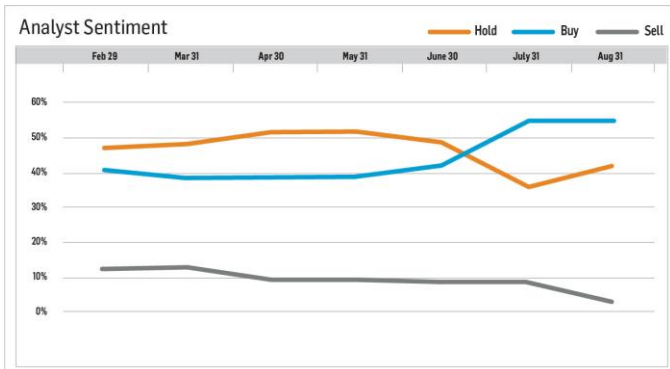
This month, we have begun tracking and indexing short interest amongst both our large and small cap tracking sets. The below chart is an aggregate index of "days to cover" amongst the entire tracking set. For those who do not know, days to cover is a measure determined by dividing the total outstanding short interest by average daily trading volume.



As indicated in the chart above, short interest has generally declined across the industry since the markets reached their mid-March, COVID-19 induced lows. Interestingly, but not surprisingly, two of the best performing stocks amongst the group have had the largest number of investors betting against them over the last several months. At February 28, MED carried a short interest equal to 32% shares outstanding, which has now declined to 11% as of August 14. Short sellers buying to cover positions at a loss undoubtedly led to some of the stocks impressive gains during June and July. Similarly, TUP's short interest has dropped from 16% to 8% over the same

period. As a whole, only three stocks amongst the tracking set carry a higher short interest in August as compared to February 28.

Analyst Sentiment Index



Methodology: The TCAP Analyst Sentiment Index is a consensus tracking tool that aggregates and averages the recommendations of all covering analysts across all public direct selling companies.

NOT INVESTMENT ADVICE

This document is for informational purposes only, you should not construe any such information or other material as legal, tax, investment, financial, or other advice. Nothing contained in this document constitutes a solicitation, recommendation, endorsement, or offer by Transformation Capital or any third party service provider to buy or sell any securities or other financial instruments in this or in any other jurisdiction in which such solicitation or offer would be unlawful under the securities laws of such jurisdiction.

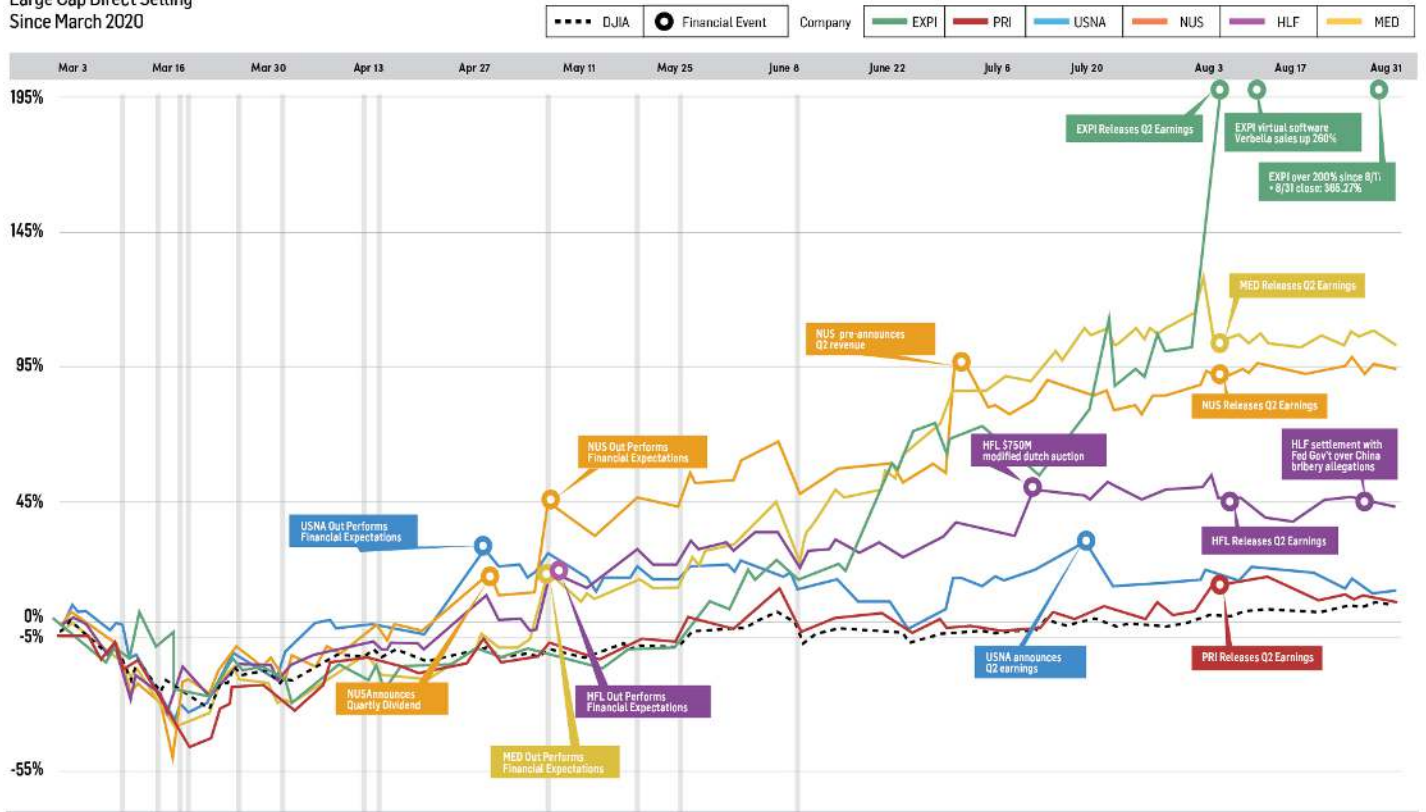
All content in this document is informational in nature and may not address all the circumstances or information related to any particular individual or entity. Nothing in the document constitutes professional and/or financial advice, nor does any information in the document constitute a comprehensive or complete statement of the matters discussed or the law relating thereto. Transformation Capital is not a fiduciary by virtue of any person’s use of or access to this document. You alone assume the sole responsibility of evaluating the merits and risks associated with the use of any information or other content in the document before making any decisions based on such information or other content.

ABOUT TRANSFORMATION CAPITAL, LLC

Transformation Capital, LLC is a boutique investment banking, business development and corporate finance advisory firm primarily focused on the direct selling vertical, as well as ancillary businesses. Located in Dallas, Texas, Transformation’s core service offerings include both buy and sell-side M&A advisory, equity and debt financing, as well as joint venture and partnership opportunities. For more information please visit our website at: www.transformationcapital.com, or contact us directly as follows:

<p>Stuart Johnson <i>Partner</i> (214) 763-2987 spj@transformationcap.com</p>	<p>Ryan Bright <i>Partner</i> (214) 315-7601 jrb@transformation.com</p>
--	---

Large Cap Direct Selling Since March 2020

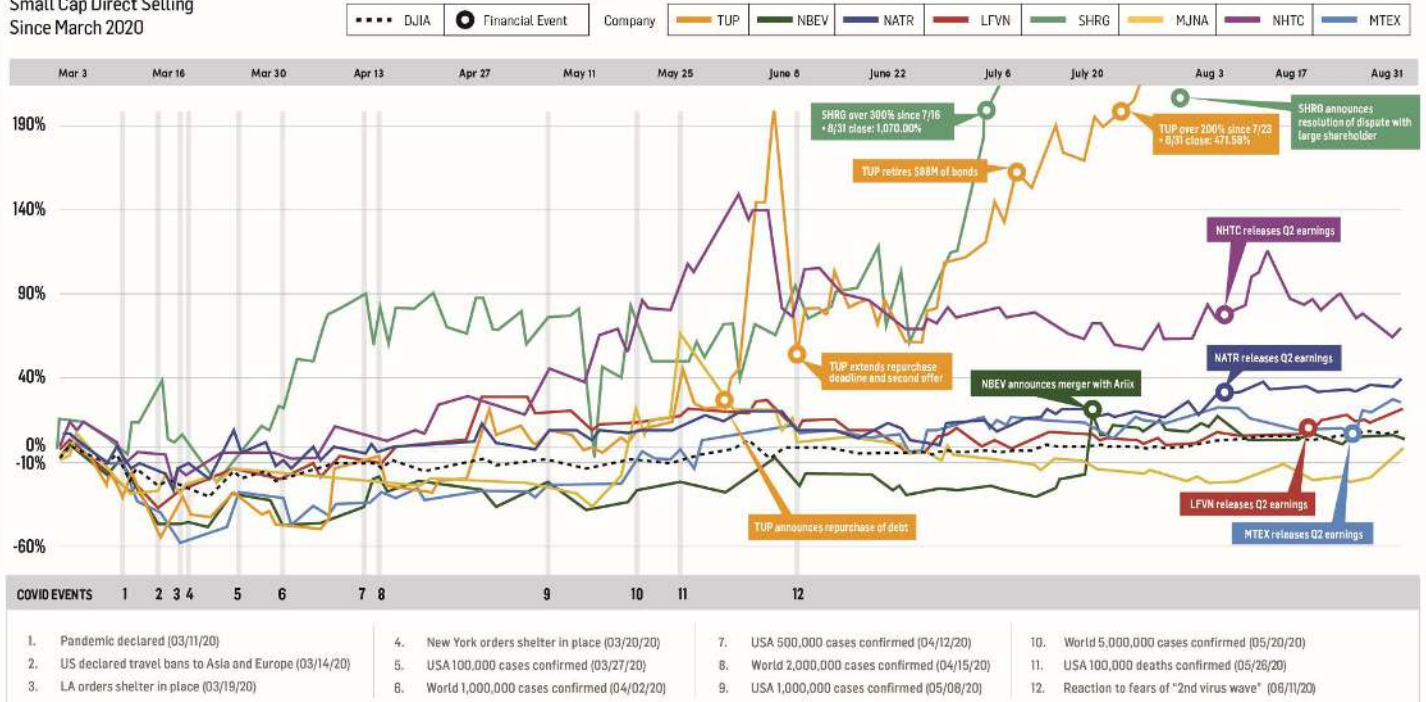


COVID EVENTS											
1	2	3	4	5	6	7	8	9	10	11	12
1. Pandemic declared (03/11/20)	2. US declared travel bans to Asia and Europe (03/14/20)	3. LA orders shelter in place (03/18/20)	4. New York orders shelter in place (03/20/20)	5. USA 100,000 cases confirmed (03/27/20)	6. World 1,000,000 cases confirmed (04/02/20)	7. USA 500,000 cases confirmed (04/12/20)	8. World 2,000,000 cases confirmed (04/15/20)	9. USA 1,000,000 cases confirmed (05/08/20)	10. World 5,000,000 cases confirmed (05/20/20)	11. USA 100,000 deaths confirmed (05/26/20)	12. Reaction to fears of "2nd virus wave" (06/11/20)

Large Cap Direct Selling Since March 2020

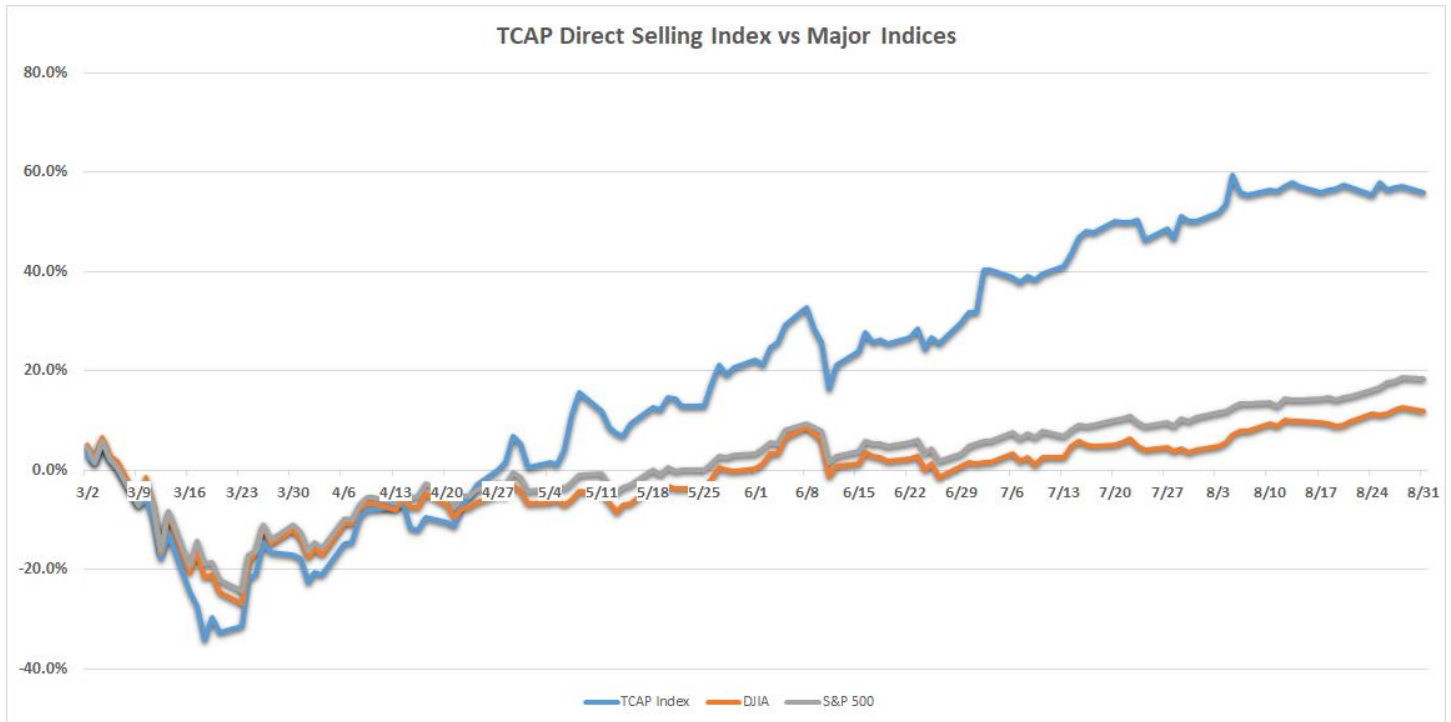
Large Cap Symbol	Stock Summary					Mkt Cap	Key Financial Metrics				
	02/29/20	07/31/20	08/31/20	MoM	Aug VS Feb		08/31/20	52 Wk High	52 Wk Low	Spread	EPS (1tm)
Herbalife (HLF)	\$32.36	\$51.24	\$49.15	-4.08%	51.89%	\$6,005	\$52.89	\$20.73	\$32.16	\$2.26	\$20.44
Primerica (PRI)	\$110.58	\$119.29	\$124.85	4.66%	12.90%	\$4,934	\$138.05	\$61.20	\$76.85	\$9.03	\$13.76
Nu Skin (NUS)	\$24.09	\$44.50	\$47.27	6.22%	96.21%	\$2,429	\$48.95	\$12.31	\$36.65	\$2.81	\$17.00
Medfast (MED)	\$80.97	\$167.13	\$162.72	-2.64%	100.97%	\$1,906	\$183.54	\$49.03	\$134.51	\$6.57	\$26.40
USANA (USNA)	\$66.10	\$81.18	\$78.41	-3.41%	18.62%	\$1,648	\$92.26	\$43.01	\$49.25	\$5.21	\$14.95
eXp World Holdings (EXPI)	\$9.56	\$19.87	\$44.48	123.86%	365.27%	\$3,048	\$46.58	\$6.51	\$40.07	\$0.11	\$415.58
DJIA	25,409.36	26,428.32	28,430.05	7.57%	11.89%		29,568.57	18,213.65	11,354.92		

Small Cap Direct Selling
Since March 2020



Small Cap Direct Selling
Since March 2020

Small Cap Symbol	Stock Summary					Mkt Cap (m)	Key Financial Metrics				
	02/29/20	07/31/20	08/31/20	MoM	Aug VS Feb		08/31/20	52 Wk High	52 Wk Low	Spread	EPS (ttm)
Tupperware (TUP)	\$2.85	\$15.43	\$16.29	5.57%	471.58%	\$800	\$20.62	\$1.15	\$19.47	\$0.27	-\$128.20
New Age Beverage (NBEV)	\$2.02	\$2.27	\$2.17	-4.41%	7.43%	\$212	\$3.58	\$0.98	\$2.61	-\$0.73	-\$2.10
Nature's Sunshine (NATR)	\$8.20	\$9.51	\$11.04	16.09%	34.63%	\$215	\$11.72	\$5.50	\$6.22	\$0.56	\$20.01
LifeVantage (LFVN)	\$11.91	\$12.84	\$15.02	16.98%	26.11%	\$216	\$17.25	\$7.75	\$9.50	\$0.81	\$18.82
Sharing Services Global (SHRG)	\$0.04	\$0.37	\$0.47	27.28%	1,070.00%	\$82	\$0.73	\$0.02	\$0.71	\$0.05	\$29.55
Medical Marijuana (MJNA)	\$0.02	\$0.02	\$0.02	12.00%	8.39%	\$67	\$0.05	\$0.01	\$0.04	\$0.00	-\$4.22
Natural Health Trends (NHTC)	\$3.29	\$5.13	\$5.21	1.58%	58.49%	\$56	\$8.50	\$2.25	\$5.98	-\$0.31	-\$12.61
Mannatech (MTEX)	\$14.91	\$17.25	\$18.82	9.10%	26.24%	\$40	\$19.39	\$6.49	\$12.90	\$1.91	\$7.33
DJIA	25,409.36	26,428.32	28,430.05	7.57%	11.89%		29,568.57	18,213.65	11,354.92		

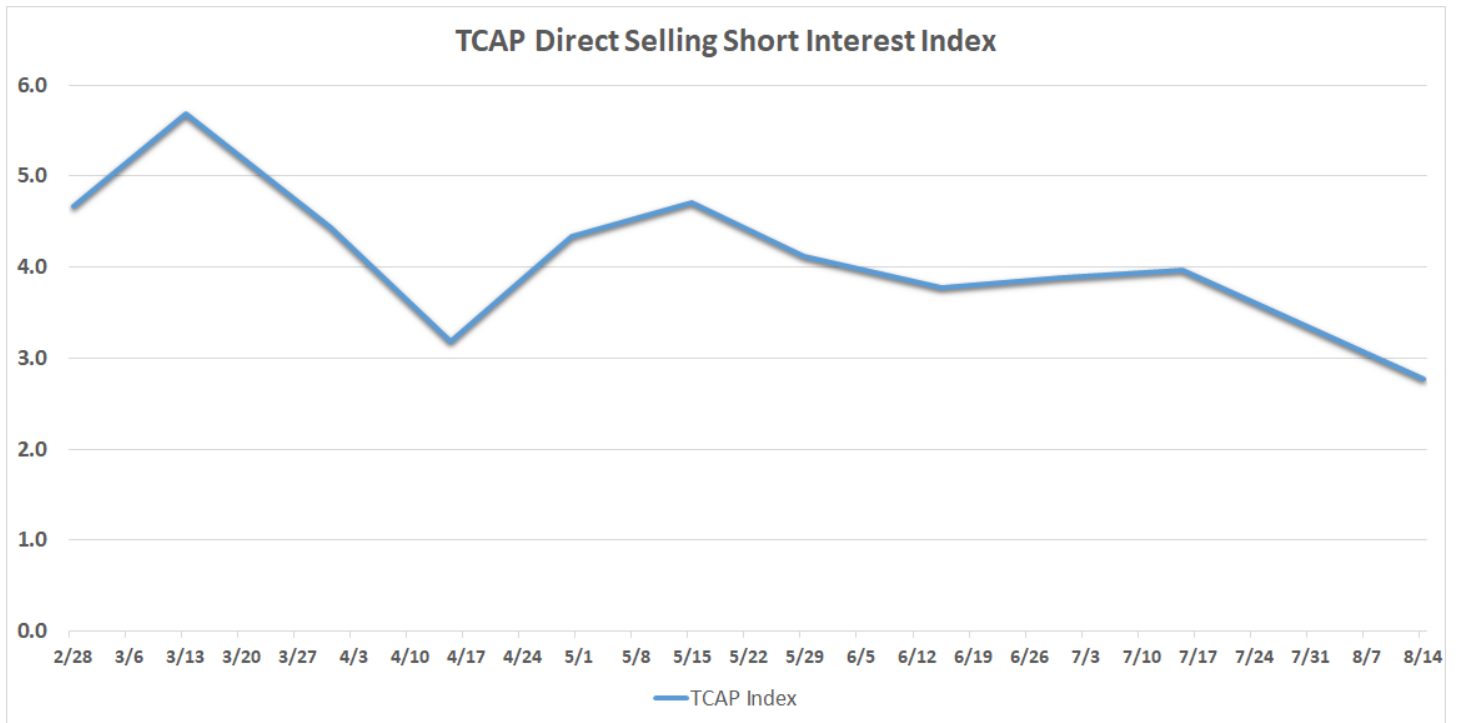


Methodology: The TCAP Direct Selling Index is rebalanced monthly and comprised of 14 component stocks, weighted by market capitalization and with no single issue carrying more than a 20% weighting within the index. In the event that an issue(s) would exceed 20% of the index, then the surplus weighting is spread equally among the remaining components (unless the additional weighting would cause another issue to exceed 20%).

TCAP Direct Selling Index - Stock Performance Summary

Month ending 08/31/20

Symbol	Stock Summary					Mkt Cap	Key Financial Metrics				
	02/29/20	07/31/20	08/31/20	MoM	Aug vs. Feb		08/31/20	52 Wk High	52 Wk Low	Spread	EPS (ltm)
HLF	\$32.36	\$51.24	\$49.15	-4.08%	51.89%	\$6,005	\$52.89	\$20.73	\$32.16	\$2.26	\$20.43
PRI	\$110.58	\$119.29	\$124.85	4.66%	12.90%	\$4,934	\$138.05	\$61.20	\$76.85	\$9.03	\$13.24
EXPI	\$9.56	\$19.87	\$44.48	123.86%	365.27%	\$3,048	\$46.58	\$6.51	\$40.07	\$0.11	\$406.33
NUS	\$24.09	\$44.50	\$47.27	6.22%	96.21%	\$2,429	\$48.95	\$12.31	\$36.65	\$2.81	\$17.61
MED	\$80.97	\$167.13	\$162.72	-2.64%	100.97%	\$1,906	\$183.54	\$49.03	\$134.51	\$6.57	\$26.93
USNA	\$66.10	\$81.18	\$78.41	-3.41%	18.62%	\$1,648	\$92.26	\$43.01	\$49.25	\$5.21	\$14.88
TUP	\$2.85	\$15.43	\$16.29	5.57%	471.58%	\$800	\$21.67	\$1.15	\$20.52	\$0.27	-\$139.08
LFVN	\$11.91	\$12.84	\$15.02	16.98%	26.11%	\$216	\$17.25	\$7.75	\$9.50	\$0.81	\$17.05
NATR	\$8.20	\$9.51	\$11.04	16.09%	34.63%	\$215	\$11.90	\$5.50	\$6.40	\$0.56	\$22.60
NBEV	\$2.02	\$2.27	\$2.17	-4.41%	7.43%	\$212	\$3.59	\$0.98	\$2.61	-\$0.73	-\$1.86
SHRG	\$0.04	\$0.37	\$0.47	27.26%	1070.00%	\$82	\$0.73	\$0.02	\$0.71	\$0.05	\$32.18
MJNA	\$0.02	\$0.02	\$0.02	12.00%	8.39%	\$67	\$0.05	\$0.01	\$0.04	\$0.00	-\$3.82
NHTC	\$3.29	\$5.13	\$5.21	1.58%	58.49%	\$56	\$8.50	\$2.52	\$5.98	-\$0.31	-\$11.80
MTEX	\$14.91	\$17.25	\$18.82	9.10%	26.24%	\$40	\$19.39	\$6.49	\$12.90	\$1.91	\$7.92
TCAP Index	\$39.61	\$59.43	\$61.81	4.00%	56.03%	\$21,681	\$69.04	\$23.48	\$45.56	\$3.14	\$41.27
DJIA	25,409	26,428	28,430	7.57%	11.89%		29,569	18,214	11,355		



TCAP Index Companies' Historical Days to Cover

	<u>02/28/20</u>	<u>03/13/20</u>	<u>03/31/20</u>	<u>04/15/20</u>	<u>04/30/20</u>	<u>05/15/20</u>	<u>05/29/20</u>	<u>06/15/20</u>	<u>06/30/20</u>	<u>07/15/20</u>	<u>08/14/20</u>
NATR	6.1	4.5	2.5	5.2	4.5	3.5	4.7	1.1	2.7	2.1	10.4
LFVN	7.7	7.4	6.7	8.0	6.1	5.1	9.5	6.4	6.8	7.8	31.5
NBEV	4.6	9.3	6.3	6.3	5.4	7.7	5.0	4.3	5.7	6.3	8.9
YGYI	22.5	12.1	12.0	1.0	6.1	4.5	6.9	6.4	4.2	7.9	4.6
MTEX	1.0	1.0	1.0	1.0	1.0	1.0	1.7	1.0	1.0	1.1	2.5
TUP	3.4	3.5	3.3	3.4	3.1	3.5	3.1	2.5	2.4	2.5	1.9
NHTC	9.6	21.6	11.2	22.5	10.9	7.8	3.7	1.0	3.6	4.0	3.6
USNA	10.5	10.9	9.1	7.9	5.9	4.3	4.4	4.4	6.2	5.4	11.8
NUS	4.0	3.7	1.8	1.9	2.0	1.9	1.6	2.7	2.0	2.5	4.4
HLF	3.8	3.1	2.7	4.9	4.8	5.4	4.0	4.3	4.3	4.4	9.6
MED	12.5	11.8	10.5	9.9	10.8	10.9	11.8	12.6	11.0	6.4	9.1
EXPI	21.7	18.0	12.3	14.4	20.0	23.6	16.3	12.0	4.7	8.6	4.2
PRI	3.3	3.3	2.5	2.0	2.3	2.4	2.3	2.8	3.1	3.0	6.7
TCAP Index	4.7	5.7	4.4	3.2	4.3	4.9	4.1	3.8	3.9	4.0	2.8