

Herbalife Ltd.
Reconciliation of Net Income to Credit Agreement Adjusted EBITDA



\$ million	Q4 2022	Q1 2023	Q2 2023	Q3 2023	TTM Sept 2023
Net income	54.4	29.3	59.9	42.8	186.4
Interest expense, net	37.3	39.4	38.4	38.5	153.6
Income taxes	10.0	1.8	25.1	26.4	63.3
Depreciation and amortization	28.2	27.6	29.1	28.4	113.3
EBITDA	129.9	98.1	152.5	136.1	516.6
Interest income	1.5	2.4	2.7	3.2	9.8
EBITDA, including interest income	131.4	100.5	155.2	139.3	526.4
Amortization of SaaS implementation costs	-	-	-	2.9	2.9
Gain on extinguishment of debt ¹	(12.8)	-	-	(1.0)	(13.8)
Inventory write-downs	9.2	11.5	5.3	5.0	31.0
Share-based compensation expenses	6.9	10.8	11.2	13.7	42.6
Net expenses related to COVID-19 pandemic	0.6	-	-	-	0.6
Expenses related to Transformation Program	4.4	27.3	10.1	4.6	46.4
Digital technology program costs	8.6	3.5	7.0	12.1	31.2
Korea tax settlement	-	-	-	8.6	8.6
Other expenses ²	(4.3)	4.7	(1.1)	(3.8)	(4.5)
Credit Agreement Adjusted EBITDA	144.0	158.3	187.7	181.4	671.4
Gross Debt	2,572.0				
Gross Leverage Ratio	3.8x				

EBITDA represents net income plus net interest expense, income taxes and depreciation and amortization. Credit Agreement Adjusted EBITDA represents EBITDA plus certain items permitted under our Senior Credit Facility.

(1) Gain on partial extinguishment of the 2024 convertible senior notes

(2) Other expenses include certain non-cash items such as bad debt expense, unrealized foreign currency gains and losses, and other gains and losses