

Herbalife Ltd.
Reconciliation of Net Income to Adjusted EBITDA



\$ million	2018	2019	2020	2021	2022	Q3 2023	Q3 2022	YTD September 2023	YTD September 2022
Net sales	4,891.8	4,877.1	5,541.8	5,802.8	5,204.4	1,281.3	1,295.1	3,847.4	4,023.6
Net income	296.6	311.0	372.6	447.2	321.3	42.8	82.2	132.0	266.9
Interest expense, net	161.6	132.4	124.2	148.7	133.2	38.5	34.5	116.3	95.9
Income taxes	167.6	140.4	143.8	113.6	103.5	26.4	30.7	53.3	93.5
Depreciation and amortization	100.4	97.7	100.3	107.6	115.4	28.4	28.6	85.1	87.2
EBITDA	726.2	681.5	740.9	817.1	673.4	136.1	176.0	386.7	543.5
Amortization of SaaS implementation costs	-	-	-	-	-	2.9	-	2.9	-
Expenses related to regulatory inquiries and legal accruals	10.4	75.5	85.9	12.5	-	-	-	-	-
Contingent value rights revaluation	8.8	(15.7)	-	-	-	-	-	-	-
(Gain) loss on extinguishment of debt	48.5	-	-	24.6	(12.8)	(1.0)	-	(1.0)	-
Venezuela devaluation	4.7 ¹	-	-	-	-	-	-	-	-
Income related to finalization of insurance recoveries	-	(6.0)	-	-	-	-	-	-	-
Mexico VAT assessment	-	19.0	-	-	-	-	-	-	-
Net expenses related to COVID-19 pandemic	-	-	21.2	13.8	4.4	-	0.5	-	3.8
Non-income tax items, net	-	-	-	(7.4)	-	-	-	-	-
Expenses related to Transformation Program	-	-	-	12.9	12.1	4.6	2.9	42.0	7.7
Digital technology program costs	-	-	-	-	11.9	12.1	3.3	22.6	3.3
Russia-Ukraine conflict charges	-	-	-	-	5.5	-	0.1	-	5.5
Korea tax settlement	-	-	-	-	-	8.6	-	8.6	-
Adjusted EBITDA	798.6 ¹	754.3 ¹	848.0	873.5	694.5	163.3	182.8	461.8	563.8
Adjusted EBITDA Margin	16.3%	15.5%	15.3%	15.1%	13.3%	12.7%	14.1%	12.0%	14.0%

EBITDA represents net income plus net interest expense, income taxes and depreciation and amortization. Adjusted EBITDA represents EBITDA plus certain items detailed above. We present adjusted EBITDA because management believes it provides useful information in evaluating our operating trends. Adjusted EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities and other consolidated income or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures reported by other companies.

(1) Historical amounts have been adjusted to reflect current period presentation