



## Q1 2024 Earnings Presentation

May 1, 2024



## Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management, including for future operations, capital expenditures, or share repurchases; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; any statements of belief or expectation; and any statements of assumptions underlying any of the foregoing or other future events. Forward-looking statements may include, among others, the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "anticipate" or any other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results or outcomes could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include the following: the potential impacts of current global economic conditions, including inflation, on us; our Members, customers, and supply chain; and the world economy; our ability to attract and retain Members; our relationship with, and our ability to influence the actions of, our Members; our noncompliance with, or improper action by our employees or Members in violation of, applicable U.S. and foreign laws, rules, and regulations; adverse publicity associated with our Company or the direct-selling industry, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws; changing consumer preferences and demands and evolving industry standards, including with respect to climate change, sustainability, and other environmental, social, and governance, or ESG, matters; the competitive nature of our business and industry; legal and regulatory matters, including regulatory actions concerning, or legal challenges to, our products or network marketing program and product liability claims; the Consent Order entered into with the Federal Trade Commission, or FTC, the effects thereof and any failure to comply therewith; risks associated with operating internationally and in China; our ability to execute our growth and other strategic initiatives, including implementation of our restructuring initiatives, and increased penetration of our existing markets; any material disruption to our business caused by natural disasters, other catastrophic events, acts of war or terrorism, including the war in Ukraine, cybersecurity incidents, pandemics, and/or other acts by third parties; our ability to adequately source ingredients, packaging materials, and other raw materials and manufacture and distribute our products; our reliance on our information technology infrastructure; noncompliance by us or our Members with any privacy laws, rules, or regulations or any security breach involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information; contractual limitations on our ability to expand or change our direct-selling business model; the sufficiency of our trademarks and other intellectual property; product concentration; our reliance upon, or the loss or departure of any member of, our senior management team; restrictions imposed by covenants in the agreements governing our indebtedness; risks related to our convertible notes; changes in, and uncertainties relating to, the application of transfer pricing, income tax, customs duties, value added taxes, and other tax laws, treaties, and regulations, or their interpretation; our incorporation under the laws of the Cayman Islands; and share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

Additional factors and uncertainties that could cause actual results or outcomes to differ materially from our forward-looking statements are set forth in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024, filed with the Securities and Exchange Commission on May 1, 2024, including under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our Condensed Consolidated Financial Statements and the related Notes included therein, and Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on February 14, 2024, including under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our Consolidated Financial Statements and the related Notes included therein. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

Forward-looking statements made in this presentation speak only as of the date hereof. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

## Non-GAAP Measures

This presentation includes non-GAAP financial measures, including adjusted SG&A, adjusted EBITDA, credit agreement EBITDA, adjusted net income and adjusted diluted EPS, as well as net sales, EBITDA, net income and diluted EPS presented on a constant currency basis. We believe that these non-GAAP measures and presentation, which are defined and discussed in greater detail and reconciled elsewhere in this presentation, provide additional useful information to management and investors for assessing our financial performance, as well as other business trends. These non-GAAP measures and presentation do, however, have certain limitations and should not be considered as an alternative to or in isolation from information calculated in accordance with U.S. GAAP. Refer to the Appendix.

Q1 2024

# Strategic Update

Michael Johnson  
Chairman & CEO



# CEO Highlights

- Achieved Q1 2024 YoY net sales growth, up 1.0% to \$1.3B
  - 2 consecutive quarters of YoY net sales growth
- Exceeded Q1 2024 Adjusted EBITDA<sup>1</sup> guidance and raised FY 2024 expectations
- Recently launched initiatives are driving new distributor growth
- Redesigning and streamlining organizational structure
  - Major markets to report directly to President
  - Reducing management layers
  - Increasing span of control
- Laser focused on reducing cost structure and expanding margins
- Completed \$1.6B senior secured refinancing in April
- Total leverage ratio reduced to 3.6x at Mar 31; committed to reducing to 3.0x by end of 2025

**~67,000 Nutrition Clubs Worldwide  
A Key Differentiator in Our Industry**



Q1 2024

# Business Update

Stephan Gratziani  
President



# New Distributor Trends

	Mar '24 vs Feb '24	Month-to-Date Apr '24 vs Mar '24 <sup>1</sup>	Month-to-Date Apr '24 vs Apr '23 <sup>2</sup>
North America	+9%	+27%	+41%
Latin America	+5%	+23%	+49%
EMEA	+5%	+16%	+25%
Asia Pacific	+35%	+22%	+8%
China	+75%	(2)%	+8%
Worldwide	+22%	+17%	+20%

New Distributors Increasing  
Following Launch of Key Growth Initiatives

Q1 2024

# Financial Update

John DeSimone  
CFO



# Q1 2024 Financial Highlights

Net Sales	Adjusted EBITDA <sup>1</sup>	Capital Expenditures
<b>\$1.3B</b>   <b>+1.0%</b> vs Q1 2023	<b>\$138M</b>   <b>+7.3%</b> vs Q1 2023	<b>\$33M</b>
Second Consecutive Quarter of YoY Net Sales Growth +2.4% YoY at Constant Currency <sup>2</sup>	<b>Adjusted EBITDA<sup>1</sup> Margin</b> <b>10.9%</b> <b>+60 bps</b> vs Q1 2023	~\$5M Capitalized SaaS Implementation Costs

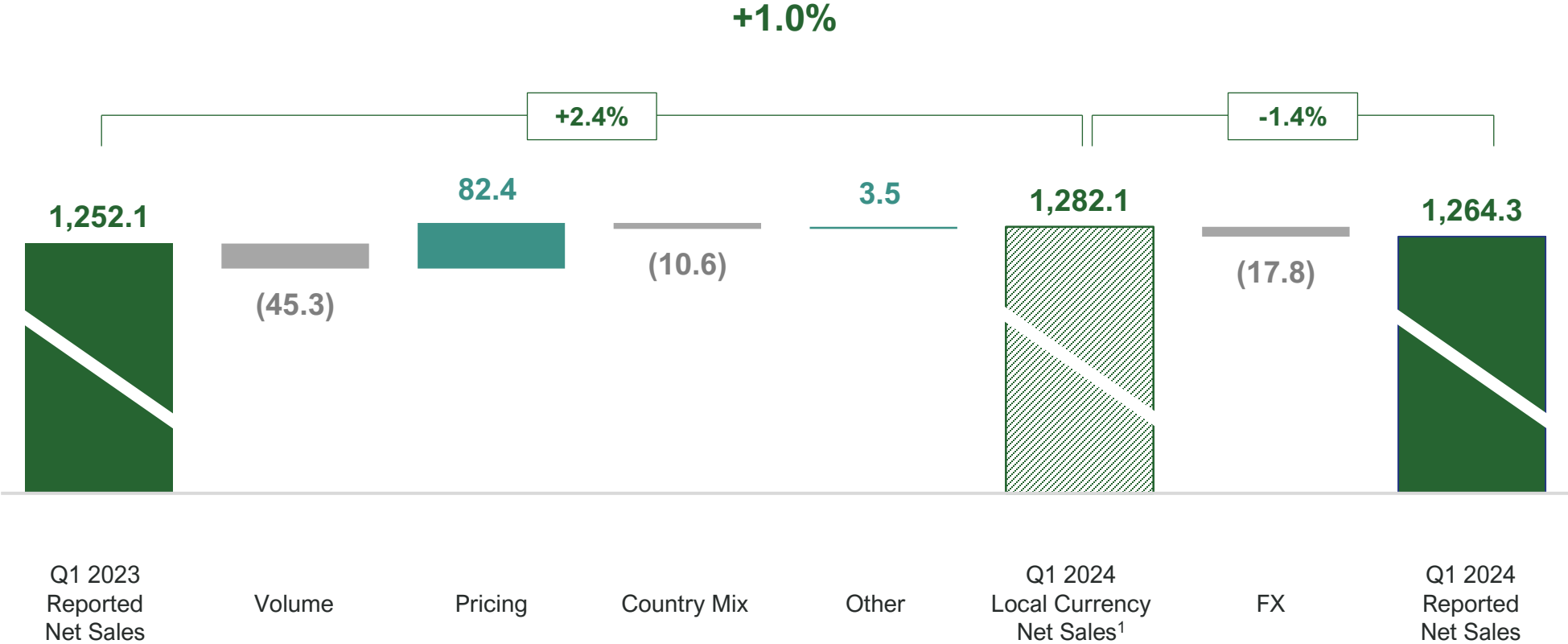
- Gross profit margin of 77.5%, up 130 bps YoY
- Adjusted diluted EPS<sup>1</sup> of \$0.49, includes \$0.03 YoY FX headwind
- Implementing new restructuring plan to streamline organizational structure
  - At least \$80M of savings expected in 2025, ~\$40M expected in 2024
  - At least \$60M of total program pre-tax expenses expected in 2024 (\$17M recognized in Q1); excluded from adjusted results
- Operating cash flows of \$14M; \$250M – \$290M expected for remainder of 2024
- Completed \$1.6B senior secured refinancing in April; target total leverage ratio of 3.0x by end of 2025

(1) Non-GAAP Measure. Refer to Appendix for further details and reconciliation to most directly comparable U.S. GAAP measure.  
(2) Non-GAAP Measure. Refer to Appendix for discussion of why we believe adjusting for the effects of foreign exchange is useful.



# Net Sales Bridge

\$ million



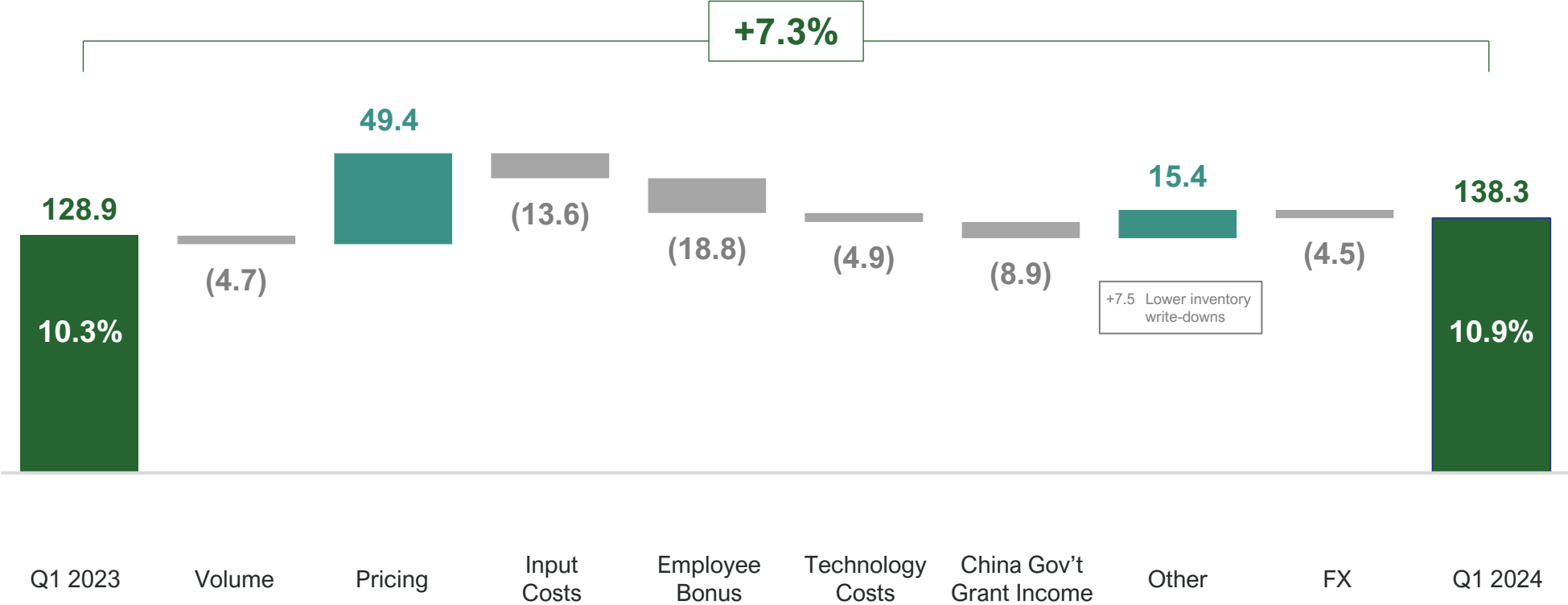
(1) Non-GAAP Measure. Refer to Appendix for discussion of why we believe adjusting for the effects of foreign exchange is useful.

# Regional Net Sales

	Reported Net Sales			Local Currency Net Sales <sup>1</sup>
	Q1 2024	Q1 2023	YoY % Change	YoY % Change
\$ million				
North America	265.8	297.2	(11)%	(11)%
Latin America	214.2	205.5	+4%	+2%
EMEA	277.9	268.1	+4%	+7%
Asia Pacific	431.2	413.6	+4%	+7%
China	75.2	67.7	+11%	+17%
<b>Worldwide</b>	<b>1,264.3</b>	<b>1,252.1</b>	<b>+1.0%</b>	<b>+2.4%</b>

# Adjusted EBITDA<sup>1</sup> Bridge

\$ million  
% = Adjusted EBITDA<sup>1</sup> Margin



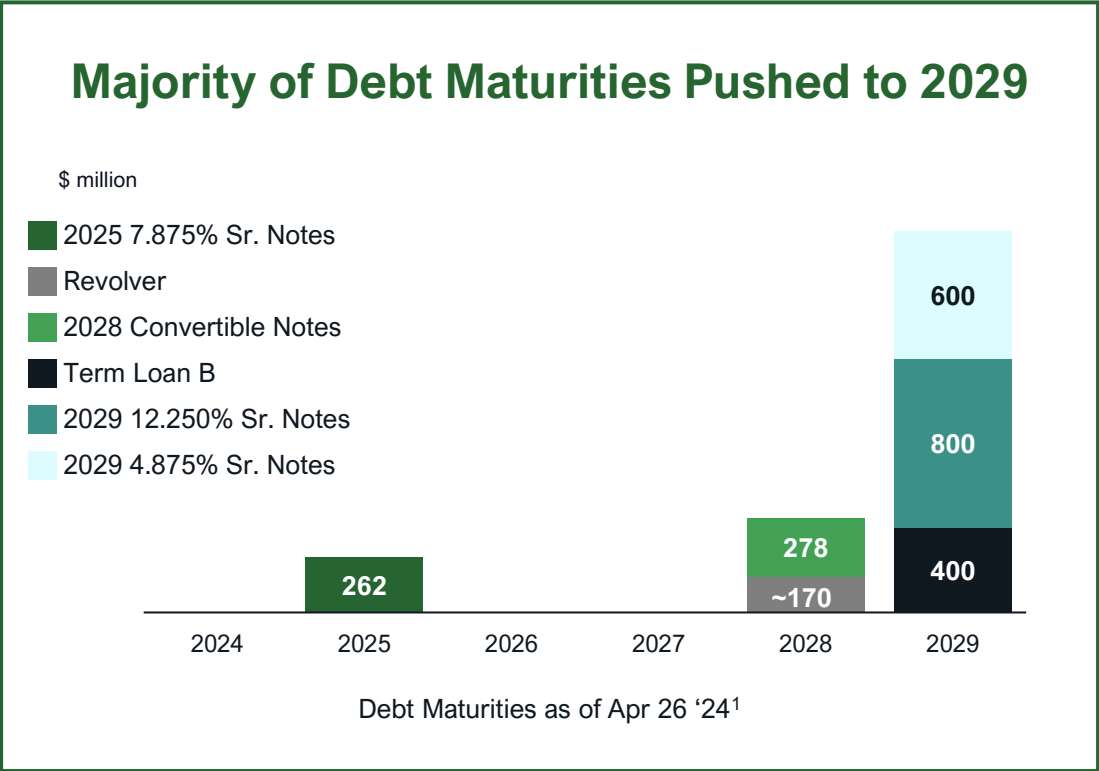
# Capital Structure Update

## ~\$155M Debt Reduction in First Quarter

- Reduced total leverage ratio from 3.9x at Dec 31 '23 to 3.6x at Mar 31
- \$398M cash on hand as of Mar 31

## Completed \$1.6B Senior Secured Refinancing in April

- Repaid all amounts outstanding under 2018 credit facility
- Redeemed \$300M of \$600M 2025 Senior Notes
- Separately repurchased ~\$38M of 2025 Senior Notes
- ~\$170M outstanding under new revolving credit facility<sup>1</sup>



**Target Total Leverage Ratio of 3.0x by End of 2025**

(1) Represents principal amounts outstanding as of Apr 26 '24 and upon completion of refinancing transactions. Excludes 5% annual amortization payments under Term Loan B.

# Outlook

\$ million	Second Quarter		Full-Year		
	2024 Guidance	2023 Results	2024 Guidance REVISED	2024 Guidance (as of Mar 20 '24)	2023 Results
Net Sales	0% to +3% YoY	1,314.0	0% to +5% YoY	= 0% to +5% YoY	5,062.4
Adjusted EBITDA <sup>1</sup>	140 – 160	169.6	550 – 590	↑ 540 – 580	570.6
Capital Expenditures	30 – 40	38.3	120 – 150	↓ 125 – 175	135.0

## Near Term Expectations

- Business continues to stabilize
- Initiatives drive increased distributor engagement
- Continued sales growth trajectory
- Additional opportunities to reduce costs
- Excess cash generated used to reduce debt



# Appendix

# Supplemental Information

## Non-GAAP Financial Measures (unaudited)

### Adjusted SG&A, Adjusted EBITDA, Credit Agreement EBITDA, Adjusted Net Income and Adjusted Diluted EPS

In addition to its reported results calculated in accordance with U.S. GAAP, the Company has included in this presentation adjusted SG&A, adjusted EBITDA, credit agreement EBITDA, adjusted net income and adjusted diluted EPS, performance measures that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Adjusted SG&A, adjusted EBITDA, credit agreement EBITDA, adjusted net income and adjusted diluted EPS exclude the impact of certain unusual or non-recurring items such as expenses related to restructuring initiatives, expenses related to the digital technology program, gains or losses from extinguishment of debt and Korea tax settlement, as further detailed in the reconciliations included herein. Adjusted EBITDA margin represents adjusted EBITDA divided by net sales. Credit agreement EBITDA represents EBITDA adjusted for certain items permitted under our senior secured credit facilities.

Management believes that such non-GAAP performance measures, when read in conjunction with the Company’s reported results, calculated in accordance with U.S. GAAP, can provide useful supplemental information for investors because they facilitate a period to period comparative assessment of the Company’s operating performance relative to its performance based on reported results under U.S. GAAP, while isolating the effects of some items that vary from period to period without any correlation to core operating performance and eliminate certain charges that management believes do not reflect the Company’s operations and underlying operational performance.

The Company’s definitions and calculations as set forth in the reconciliations of adjusted SG&A, adjusted EBITDA, credit agreement EBITDA, adjusted net income and adjusted diluted EPS included herein, may not be comparable to similarly titled measures used by other companies because other companies may not calculate them in the same manner as the Company does and should not be viewed in isolation from, nor as alternatives to, selling, general, and administrative expenses, net income or diluted EPS calculated in accordance with U.S. GAAP.

The Company does not provide a reconciliation of forward-looking adjusted EBITDA guidance to net income, the comparable U.S. GAAP measure, because, due to the unpredictable or unknown nature of certain significant items, such as income tax expenses or benefits, loss contingencies, and any gains or losses in connection with refinancing transactions, we cannot reconcile this non-GAAP projection without unreasonable efforts. We expect the variability of these items, which are necessary for a presentation of the reconciliation, could have a significant impact on our reported U.S. GAAP financial results.

## Currency Fluctuation

Our international operations have provided and will continue to provide a significant portion of our total net sales. As a result, total net sales will continue to be affected by fluctuations in the U.S. dollar against foreign currencies. In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, in addition to comparing the percent change in net sales from one period to another in U.S. dollars, we also compare the percent change in net sales from one period to another period using “net sales in local currency.” Net sales in local currency is not a measure presented in accordance with U.S. GAAP. Net sales in local currency removes from net sales in U.S. dollars the impact of changes in exchange rates between the U.S. dollar and the local currencies of our foreign subsidiaries, by translating the current period net sales into U.S. dollars using the same foreign currency exchange rates that were used to translate the net sales for the previous comparable period. We believe presenting net sales in local currency is useful to investors because it allows a meaningful comparison of net sales of our foreign operations from period to period. However, net sales in local currency should not be considered in isolation or as an alternative to net sales in U.S. dollar measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with U.S. GAAP. In addition to its reported results calculated in accordance with U.S. GAAP, the Company has included herein net sales, EBITDA, net income and diluted EPS adjusted for the impact of certain unusual or non-recurring items as described above and FX translation, which are considered “non-GAAP financial measures”. Management believes that such non-GAAP financial measures, when read in conjunction with the Company’s reported results, can provide useful supplemental information for investors when analyzing period to period comparisons of the Company’s results.

# Reconciliation of SG&A to Adjusted SG&A

\$ million	Q1 2024	Q1 2023
<b>Net Sales</b>	<b>1,264.3</b>	<b>1,252.1</b>
Selling, general, and administrative expenses (SG&A)	492.2	475.9
<i>SG&amp;A as a percentage of net sales</i>	38.9%	38.1%
Expenses related to Restructuring Program	(16.7)	—
Expenses related to Transformation Program	(5.9)	(27.3)
Digital technology program costs	(11.0)	(3.5)
<b>Adjusted SG&amp;A</b>	<b>458.6</b>	<b>445.1</b>
<i>Adjusted SG&amp;A as a percentage of net sales</i>	36.3%	35.5%
China independent service providers service fees included in SG&A	(36.8)	(33.7)
<b>Adjusted SG&amp;A excluding China service fees</b>	<b>421.8</b>	<b>411.4</b>
<i>Adjusted SG&amp;A excluding China service fees as a percentage of net sales</i>	33.4%	32.9%

# Reconciliation of Net Income to Adjusted EBITDA to Credit Agreement EBITDA and Total Leverage Ratio

\$ million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	TTM March 2024	FY 2023
<b>Net Sales</b>	<b>1,252.1</b>	<b>1,314.0</b>	<b>1,281.3</b>	<b>1,215.0</b>	<b>1,264.3</b>	<b>5,074.6</b>	<b>5,062.4</b>
Net income	29.3	59.9	42.8	10.2	24.3	137.2	142.2
Interest expense, net	39.4	38.4	38.5	38.1	37.9	152.9	154.4
Income taxes	1.8	25.1	26.4	7.5	9.7	68.7	60.8
Depreciation and amortization	27.6	29.1	28.4	28.2	29.2	114.9	113.3
<b>EBITDA</b>	<b>98.1</b>	<b>152.5</b>	<b>136.1</b>	<b>84.0</b>	<b>101.1</b>	<b>473.7</b>	<b>470.7</b>
Amortization of SaaS implementation costs	—	—	2.9	3.1	3.6	9.6	6.0
Expenses related to Restructuring Program	—	—	—	—	16.7	16.7	—
Expenses related to Transformation Program	27.3	10.1	4.6	12.2	5.9	32.8	54.2
Digital technology program costs	3.5	7.0	12.1	9.5	11.0	39.6	32.1
Gain on extinguishment of debt	—	—	(1.0)	—	—	(1.0)	(1.0)
Korea tax settlement	—	—	8.6	—	—	8.6	8.6
<b>Adjusted EBITDA</b>	<b>128.9</b>	<b>169.6</b>	<b>163.3</b>	<b>108.8</b>	<b>138.3</b>	<b>580.0</b>	<b>570.6</b>
<b>Adjusted EBITDA Margin</b>	<b>10.3%</b>	<b>12.9%</b>	<b>12.7%</b>	<b>9.0%</b>	<b>10.9%</b>	<b>11.4%</b>	<b>11.3%</b>
Interest income	2.4	2.7	3.2	3.2	3.7	12.8	11.5
Inventory write-downs	11.5	5.4	5.0	6.6	4.7	21.7	28.5
Share-based compensation expenses	10.8	11.2	13.7	12.3	11.9	49.1	48.0
Other expenses <sup>(1)</sup>	4.7	(1.2)	(3.8)	11.8	0.9	7.7	11.5
<b>Credit Agreement EBITDA</b>	<b>158.3</b>	<b>187.7</b>	<b>181.4</b>	<b>142.7</b>	<b>159.5</b>	<b>671.3</b>	<b>670.1</b>
<b>Credit Agreement Total Debt</b>						<b>2,424.7</b>	
<b>Credit Agreement Total Leverage Ratio</b>						<b>3.6x</b>	

# Reconciliation of Net Income to Adjusted Net Income

\$ million	Q1 2024	Q1 2023
Net income	24.3	29.3
Expenses related to Restructuring Program	16.7	—
Expenses related to Transformation Program	5.9	27.3
Digital technology program costs	11.0	3.5
Income tax adjustments for above items (details below)	(8.6)	(6.2)
<b>Adjusted Net Income</b>	<b>49.3</b>	<b>53.9</b>
Income tax adjustments:		
Expenses related to Restructuring Program	(4.5)	—
Expenses related to Transformation Program	(2.0)	(6.0)
Digital technology program costs	(2.1)	(0.2)
<b>Total income tax adjustments</b>	<b>(8.6)</b>	<b>(6.2)</b>



# Reconciliation of Diluted EPS to Adjusted Diluted EPS

\$ per share	Q1 2024	Q1 2023
Diluted earnings per share	0.24	0.29
Expenses related to Restructuring Program	0.17	—
Expenses related to Transformation Program	0.06	0.27
Digital technology program costs	0.11	0.03
Income tax adjustments for above items (details below)	(0.09)	(0.06)
<b>Adjusted Diluted Earnings Per Share<sup>1</sup></b>	<b>0.49</b>	<b>0.54</b>
Income tax adjustments:		
Expenses related to Restructuring Program	(0.05)	—
Expenses related to Transformation Program	(0.02)	(0.06)
Digital technology program costs	(0.02)	—
<b>Total income tax adjustments<sup>1</sup></b>	<b>(0.09)</b>	<b>(0.06)</b>

# FX Translation Impact

\$ million, except EPS	Net Sales	EBITDA	Net Income	Diluted EPS <sup>1</sup>
Q1 2024 as reported	1,264.3	101.1	24.3	0.24
Non-GAAP adjustments <sup>2</sup>	—	37.2	25.0	0.25
Q1 2024 adjusted	1,264.3	138.3	49.3	0.49
FX rate adjustments <sup>3</sup>	17.8	4.4	3.2	0.03
<b>Q1 2024 FX Adjusted</b>	<b>1,282.1</b>	<b>142.7</b>	<b>52.5</b>	<b>0.52</b>

