

**Herbalife 1<sup>st</sup> Quarter 2026 Earnings Conference Call**  
**May 6, 2026**

**Corporate Speakers:**

- Stephan Gratziani; Herbalife Ltd; Chief Executive Officer
- John DeSimone; Herbalife Ltd; Chief Financial Officer
- Erin Banyas; Herbalife Ltd; Vice President, Head of Investor Relations

**Participants:**

- Chasen Bender, Citi, Analyst
- Karu Martinson, Jefferies, Analyst
- Nicholas Sherwood, Maxim Group, Analyst
- John Baumgartner, Mizuho Securities, Analyst
- Doug Lane, Water Tower Research, Analyst

**PRESENTATION**

Operator^ Welcome, and thank you for joining the first quarter 2026 earnings conference call for Herbalife Ltd. During the company's opening remarks, all participants will be in a listen-only mode. Following the opening remarks, we will conduct a question-and-answer session. As a reminder, today's conference is being recorded. I would now like to turn the call over to Erin Banyas, Vice President and Head of Investor Relations, to begin today's call. Please go ahead.

Erin Banyas^ Thank you, and welcome to everyone joining us. With us today are Stephan Gratziani, our Chief Executive Officer, and John DeSimone, our Chief Financial Officer. Before we begin today's call, I would like to direct you to the cautionary statement regarding forward-looking statements on page 2 of our presentation and in our earnings release issued earlier today, which are both available under the Investor Relations section of our website.

The presentation and earnings release include a discussion of some of the more important factors that could cause results to differ from those expressed in any forward-looking statement within the meaning of the Private Securities Litigation Reform Act of 1995. As is customary, the content of today's call and presentation will be governed by this language. In addition, during today's call, we will be discussing certain non-GAAP financial measures.

These non-GAAP financial measures exclude certain unusual or non-recurring items that management believes impact the comparability of the period's reference. Please refer to our earnings release and presentation materials for additional information regarding these non-GAAP financial measures and the reconciliations to the most directly comparable GAAP measure. With that, I will now turn the call over to our CEO, Stephan Gratziani.

Stephan Gratziani^ Thank you, Erin, and thank you all for joining us today. We delivered a strong start to 2026, with first quarter net sales and adjusted EBITDA exceeding guidance as we continued to build momentum. Importantly, these results reflect the underlying stability of our business and reinforce our confidence in the strategy we are executing.

We are building a more connected, personalized approach to health and wellness by bringing together innovation, science, and the strength of our distributor network to better serve customers around the world. On April fourteenth, as part of our debt refinancing, we released preliminary net sales growth expectations that exceeded the high end of our guidance on both a reported and constant currency basis. We also indicated that reported adjusted EBITDA was expected to be at or above the high end of our previously issued guidance.

Our final reported results are in line with that release. Let's review a few of the financial highlights from the quarter. We delivered net sales of \$1.3 billion, up 7.8% year-over-year and up 5.4% on a constant currency basis, exceeding guidance on both measures. This was our third consecutive quarter of year-over-year net sales growth on both a reported and constant currency basis. India achieved record quarterly net sales for the second consecutive quarter.

Adjusted EBITDA was \$176 million and above guidance, and we generated \$114 million of cash from operations in the quarter. In addition to our first quarter results, we successfully refinanced and strengthened our capital structure in April, which we expect will result in approximately \$45 million in annual cash interest savings.

We executed this transaction in a highly volatile market and geopolitical environment. We achieved our pricing objectives, extended our maturity profile, and meaningfully reduced our borrowing costs while also enhancing our financial flexibility. This outcome reflects the financial and operational results we've delivered over the past two years. As we build on this momentum, we remain focused on executing against our vision with personalization at the center of our strategy.

Personalization has always been a foundational strength of Herbalife, with our distributors delivering tailored recommendations through direct relationships and a deep understanding of individual goals. What's evolving is the level of precision we can now bring, which is enabled by enhanced data, insights, and technology.

This evolution is especially important as consumer expectations continue to rise, driven by greater access to AI, wearables, and at-home diagnostics, which are increasing demand for guidance that is not only personalized, but also more actionable and continuous. We are evolving from personally curated recommendations to an approach that combines both personally curated and formulated solutions, extending our ability to deliver individualized outcomes at scale through better tools, better data, and expanded manufacturing capabilities, all delivered through our distributors. This builds on four core actions that have long guided our business.

What to measure, including key health metrics like weight and muscle mass. What to take, which is products from our expanding portfolio. What to do includes daily habits like hydration and exercise. Who to do it with is our distributors who provide guidance and support through a variety of DMOs, which is how they go to market.

These actions have successfully built our business over the past 45 years. Our global network includes over 2 million distributors, more than 60,000 nutrition clubs, and millions of customers across 95 markets. This reaches our differentiator and superpower. Building on that foundation, our recent acquisitions are enabling a more connected, personalized, and

data-driven approach that is enhancing these four core actions, making them more precise, scalable, and actionable.

On March 26th, we announced an agreement to acquire substantially all of the assets of Bioniq's core personalized nutrition business, which we completed at the end of April. Bioniq is an established U.K.-based business with an existing supply chain. Its patented product personalization engine uses an individual's health background and a proprietary database of biomarker data to develop personalized nutritional supplement formulas. This acquisition further accelerates our pathway into personally formulated products.

In late June, our distributors will begin offering Bioniq's personalized nutritional supplements to customers across 11 European countries. The U.S. will follow in July, with additional markets later in 2026. I'd like to take a moment to explain how our recent acquisitions fit together to support the four core actions I mentioned earlier with Pro2col as a central operating system. Each acquisition plays a distinct role, and combined, they create greater value than any one capability alone.

Let me walk you through how each contributes. Link BioSciences is a formulation and manufacturing engine. It translates insight into products by enabling us to manufacture personalized nutritional supplements in a powder format at scale, directly connecting data and recommendations to the finished product. Bioniq accelerates our speed to market with a personally formulated vitamin and mineral complex in a granule format while broadening availability through a more accessible price point.

Pruvit provides the opportunity to expand our portfolio into the ketone category with a channel-exclusive offering aligned with growing consumer interest in performance, energy, and metabolic health. It's an exciting addition to the portfolio, and we'll have more to share this summer. Pro2col brings it all together by providing the experience and intelligence layer. It digitizes and scales the four core actions I mentioned earlier: what to measure, what to take, what to do, and who to do it with, bringing greater precision to how distributors support and engage their customers through a more connected, data-informed experience.

It translates consumer inputs and health data into actionable guidance that supports a more consistent behavior change over time. At the end of March, we expanded the Pro2col beta program to include select distributor leaders across 10 EMEA markets.

That broader deployment is providing valuable feedback that is helping refine the roadmap, platform capabilities, and the digital experience. To enable integration of Bioniq into Pro2col and incorporate feedback from the broader beta group, we are extending the beta program, with the next release planned for the North America Extravaganza in July. That release will include a new user experience, enhanced features, and additional capabilities that support our broader strategy.

Part of that broader strategy is a multi-year rollout of new packaging across our global product portfolio. The rollout began in March, and we expect it to be substantially completed by the end of 2027. For context, slide 8 highlights our packaging currently in market, and slide 9 highlights our new modern packaging design. Grounded in consumer insights and analytics, the new packaging reinforces scientific credibility and trust at every touch point.

At a portfolio level, a consistent science-led visual system simplifies navigation and helps distributors and customers confidently build personalized product combinations. The new labels also reinforce product purpose and efficacy, strengthening confidence and differentiation, which are foundational in a competitive global marketplace. In April, we kicked off our first Extravaganza events of the year, which started in India, where we hosted three consecutive events across Delhi and Bengaluru with approximately 46,000 attendees.

We saw firsthand the strong energy and engagement across the market. These events are a critical part of how we operate. It's where we communicate our vision, build skills, share best practices, and reinforce strategic priorities in ways that directly shape distributor execution. They also drive momentum at the local level, leading to stronger engagement, more consistent business activity, and improved retention.

We look forward to that momentum continuing as we kick off our summer Extravaganza events in China, Eurasia, South America, Asia-Pacific, Europe, and North America. Before I turn it over to John to walk through the quarter in more detail, I wanna take a step back and reflect on what we've accomplished over the past two years. Herbalife today is a fundamentally stronger company than it was two years ago.

We have stabilized net sales and returned to growth, expanded adjusted EBITDA margins, strengthened our balance sheet by repaying nearly \$540 million of debt since the beginning of 2024, reduced our total leverage ratio from 3.9 times at the end of 2023 to 2.7 times at the end of the first quarter, completed our debt refinancing, unlocking approximately \$45 million in annual cash interest savings, and completed four strategic acquisitions.

Importantly, we have done all of this with a disciplined approach, improving operational efficiency while executing against our plan. We are about to reach a major milestone this summer with the launch of our next-generation personalized nutritional supplements. This further strengthens our confidence in the path ahead. Our continued progress reflects strong momentum and clear direction as we advance towards our vision to become the world's premier health and wellness company, community, and platform. With that, I'll hand it over to John to walk through the financials in more detail. Over to you, John.

John DeSimone^ Thank you, Stephan. Turning to our first quarter financial highlights on slide 11, we delivered another strong quarter. With net sales and adjusted EBITDA both above our guidance ranges, led by continued strength in India. First quarter net sales were \$1.3 billion, up 7.8% versus the first quarter of 2025, and above the high end of our guidance range of 3%-7%.

This was our third consecutive quarter of year-over-year growth and our strongest year-over-year growth since the second quarter of 2021, building on the momentum we saw in the fourth quarter of 2025. On a constant currency basis, net sales increased 5.4% year-over-year, also exceeding guidance. We have now delivered year-over-year constant currency growth in eight of the last 10 quarters.

Our first quarter net sales outperformance was driven primarily by India, where net sales reached a record \$275 million, up approximately 32% year-over-year, marking the second consecutive quarter of record sales. We believe demand in the market remains strong following the reduction in the GST rate on the majority of our products in late September 2025.

I'll provide more details on our regional performance later in the call. adjusted EBITDA was \$176 million, above the high end of our guidance range of \$155 million-\$175 million. adjusted EBITDA margin was 13.3%, down 20 basis points year-over-year, but up 240 basis points on a two-year stacked rate, including approximately 70 basis points of FX headwinds versus last year.

CapEx was \$11 million for the quarter, at the low end of our \$10 million-\$20 million guidance range, primarily due to timing, with some spending shifting into the second quarter. Capitalized SaaS implementation costs were \$10 million. Gross profit margin was 77.9% in the quarter, down 40 basis points year-over-year. This reflected approximately 50 basis points of input cost inflation, primarily from lower absorption rates, 30 basis points of unfavorable sales mix, 20 basis points from other unfavorable cost changes, and 50 basis points of FX headwinds.

These factors were partially offset by 70 basis points of pricing benefits and 40 basis points from lower inventory write-downs. First quarter net income attributable to Herbalife was \$62 million, with adjusted net income of \$69 million.

First quarter adjusted diluted EPS was \$0.64, including a \$0.03 FX headwind versus the first quarter of 2025. Our adjusted effective tax rate was 27.3%, compared to 21.8% in the first quarter of 2025, which resulted in an approximately \$0.04 unfavorable impact to adjusted diluted EPS. The higher rate in 2026 was primarily driven by a decrease in tax benefit from discrete events compared to the first quarter of 2025.

For full year 2026, we continue to expect our adjusted effective tax rate to be approximately 30% in line with 2025. We delivered strong cash generation in the first quarter, which is typically our lowest cash flow quarter in the past years due to timing of our annual Mark Hughes distributor bonus payments and employee performance bonus payments.

Operating cash flow was \$114 million, compared to relatively neutral cash flow in the first quarter of 2025. Consistent with last year, we paid approximately \$75 million of annual Mark Hughes distributor bonuses in the quarter. However, employee performance bonuses were paid in April this year rather than in the first quarter.

Credit Agreement EBITDA for the first quarter was \$194 million, and our total leverage ratio was 2.7 times as of March 31st. Beginning this quarter, we are introducing Net Leverage Ratio as an additional metrics to provide greater transparency into our leverage profile and delevering progress. We define Net Leverage Ratio as net debt divided by trailing twelve-month Credit Agreement EBITDA.

At the end of the first quarter, our Net Leverage Ratio was 2.1 times, and we are establishing a target to reduce net leverage to below two times by the end of this year. We believe this metric provides a more complete view of financial flexibility because it reflects debt relative to earnings while also incorporating cash on hand. For additional details regarding the adjustments between adjusted EBITDA and Credit Agreement EBITDA, as well as the calculation of net debt, Total Leverage Ratio, and Net Leverage Ratio, please refer to the presentation appendix and the earnings press release.

Lastly, as Stephan noted earlier, in April, we completed our \$1.45 billion senior secured refinancing, and I'll provide more details on that in a moment. Turning to Slide 12. Reported net sales increased nearly \$100 million in the quarter, or 7.8% year-over-year, while constant currency net sales increased 5.4%. Volume increased 4.1% worldwide, marking our third consecutive quarter of year-over-year volume growth. Pricing provided an approximately \$40 million benefit in the quarter, while country mix was an approximately \$26 million headwind to net sales. FX provided an approximately \$29 million benefit or a 240 basis point tailwind.

Turning to slide 13, we have the regional net sales results for the quarter. As we noted in our April 14 pre-release, results were mixed across the business in the quarter. Strong growth in Asia Pacific and Latin America more than offset softer performance in EMEA and North America, while China continued to be a headwind.

In Asia Pacific, reported net sales increased 17% year-over-year, while local currency net sales increased 21%, driven by approximately 22% volume growth and favorable year-over-year pricing, partially offset by unfavorable sales mix and FX movements. As I mentioned earlier, India delivered record quarterly net sales for the second consecutive quarter, with reported net sales up 32% year-over-year and local currency net sales up 39%.

Growth was driven by a 37% increase in volume and favorable sales mix. Pricing was neutral, as we have not taken a price increase since November 2024, and FX was a meaningful headwind. We continue to believe market demand remains strong following the GST rate reduction on a majority of our products. Importantly, India has long been one of our strongest growth markets.

While year-over-year reported net sales growth began to moderate in late 2024 to mid 2025, momentum began to build again, supported by distributor leadership training in the back half of 2025. We expect the GST tailwind to continue through September, with momentum extending beyond September, although at a more moderate level.

Latin America delivered its third consecutive quarter of double-digit reported net sales growth, with net sales up 17% year-over-year and local currency net sales up 7%. Results were driven primarily by favorable year-over-year pricing and sales mix, along with a significant FX tailwind, mainly from the strengthening of the Mexican peso, partially offset by a 2% decline in volume.

Within the region, Mexico delivered another quarter of growth, with reported net sales up 22% year-over-year and local currency net sales up 5%, driven primarily by favorable year-over-year pricing. In EMEA, reported net sales increased 1% year-over-year, benefiting from FX tailwinds, while constant currency net sales decreased 6%, reflecting an 11% decline in volume that more than offset favorable year-over-year pricing.

In North America, net sales declined 3% year-over-year, reflecting a 5% decline in volume, partially offset by favorable year-over-year pricing. As noted in our April 14th press release, U.S. net sales were negatively impacted by unusually severe weather in January and February, which led to temporary closures of distributor-owned nutrition clubs, disrupted distributors' daily consumption sales and, in turn, reduced distributor product purchases from the company.

Net sales were also impacted by higher levels of shipments in transit at quarter end compared to the prior year, with the related revenue deferred to the second quarter under our revenue recognition policies. Excluding these factors, North American net sales would have been slightly up year-over-year on both the reported and constant currency basis. We continue to expect full year net sales growth in North America in 2026.

In China, reported net sales declined 12% year-over-year, while local currency net sales declined 16%, reflecting a partial benefit from foreign exchange. The decline was primarily driven by an 18% decrease in volume, partially offset by favorable sales mix. Turning to slide 14, we see the key drivers of the \$11 million or 6.5% year-over-year increase in first quarter adjusted EBITDA.

Adjusted EBITDA was \$176 million for the quarter, with a margin of 13.3%. On a constant currency basis, adjusted EBITDA was \$180 million. Looking at the bridge, we first see the drivers of the year-over-year change in gross profit, including our third consecutive quarter of volume growth, along with pricing benefits, partially offset by unfavorable sales mix and import cost inflation, primarily due to lower absorption rates.

Salaries were an approximately \$2 million headwind, largely reflecting merit increases implemented in late Q1 2025. First quarter adjusted EBITDA included \$5.5 million of China government grant income. Because this grant is typically received once annually, the year-over-year variance is timing related, as the prior year grant of \$4.8 million was recognized in the second quarter of 2025.

Lastly, foreign exchange was an approximately \$5 million headwind to adjusted EBITDA and a 70 basis point headwind to adjusted EBITDA margin. Moving to slide 15, I'll provide an update on our capital structure. We ended the quarter with \$451 million of cash, up nearly \$100 million from the end of 2025. During the quarter, we made the scheduled \$5 million amortization payment on the Term Loan B, and the revolver was undrawn as of March 31st. At quarter end, our total leverage ratio was 2.7 times, and net leverage was 2.1 times.

In April, we completed our \$1.45 billion senior secured debt refinancing. We were pleased to execute this transaction in a dynamic market environment while achieving our pricing objectives, meaningfully reducing our borrowing costs, extending our maturity profile to more than seven years, and enhancing our financial flexibility. We also have no material maturities until 2028.

The refinancing included \$800 million of 7.75% senior secured notes due May 2033, a \$225 million Term Loan A, and a \$425 million revolving credit facility, with both the Term Loan A and revolver maturing in April 2031. At closing, as of April 29, \$200 million was outstanding under the 2026 revolving credit facility, with approximately \$180 million available to borrow.

As I noted, the refinancing meaningfully reduced our borrowing cost. The coupon on the senior secured notes were reduced by 450 basis points, and the spreads on the revolver and term loan were reduced by 300 basis points and 375 basis points respectively to 3%. Based on the total senior secured debt outstanding immediately before and after the refinancing and current applicable interest rates, we expect the refinancing to result in approximately \$45 million in annualized cash interest savings.

Because the refinancing was completed during 2026, those cash interest savings will only be partially reflected this year. The \$45 million represents the annualized benefit based on current conditions. That estimate may change as we pay down debt or as variable interest rates move, but it is reflective of our current expectations for the annual savings from the refinancing.

Overall, these actions further strengthen our balance sheet and support our continued focus on deleveraging and financial flexibility. Looking ahead, we are targeting net leverage to be below two times by the end of 2026 and remain on track to reduce outstanding debt to approximately \$1.4 billion by the end of 2028. Separately, let me briefly touch on Bioniq.

As Stephan noted in his opening remarks, on April 30, we completed the acquisition of substantially all of the assets of Bioniq's core personalized nutrition business, as contemplated by the agreement we announced on March 26. Base consideration was \$55 million payable over five years, including \$10 million payable subsequent to closing. The agreement also provides for up to \$95 million in contingent payments tied to certain future Bioniq product sales performance.

We also obtained a call option to acquire Bioniq LAB, a separate platform focused on small molecules and peptides. Importantly, this acquisition is consistent with our disciplined approach to selectively pursuing targeted cash-wide capabilities that complement our business and can be scaled through our global reach.

Turning to slide 16, I will review our outlook for the second quarter and full year 2026. We are continuing to provide net sales and adjusted EBITDA guidance on both a reported and constant currency basis, with reported guidance based on average daily exchange rates from the first two weeks of April 2026. Broadly speaking, since we provided our full year guidance in February, overall FX impact has moved unfavorably, reducing the tailwind benefit to net sales. For the second quarter, we expect foreign exchange to be a modest tailwind to net sales and neutral to adjusted EBITDA due to timing.

On a reported basis, we expect net sales to increase 1.5% to 5.5% year-over-year, including an approximately 50 basis point currency tailwind. On a constant currency basis, we expect net sales to increase 1% to 5% year-over-year. We expect second quarter adjusted EBITDA to be in the range of \$150 million to \$170 million on both a reported and constant currency basis.

This outlook includes an approximately \$10 million year-over-year headwind to adjusted EBITDA, or approximately 80 basis points of adjusted EBITDA margin from two items. Approximately \$5 million reflects the timing of the China government grant. We have historically received that grant once annually, and in 2026 it was recognized in the first quarter compared to the second quarter of 2025.

The other \$5 million relates to the September 2025 India GST rate change. As previously discussed, while the GST rate on most of our products we sell was reduced to 5%, the GST rate we pay on services remained at 18, which created a mismatch between the GST we collect and the GST we pay, resulting in incremental G&A expense. We have partially offset that impact through a reduction in the sales commission percentage paid to our distributors reflected in selling expenses.

The net impact of those two items is an estimated \$5 million headwind to the second quarter adjusted EBITDA. Second quarter capital expenditures are expected to be in the range of \$15 million-\$25 million, above the first quarter of 2026, primarily due to timing as some spending shifted from the first quarter into the second quarter.

For the full year, we are increasing the midpoint of our constant currency net sales guidance range, while also narrowing the reported and constant currency net sales guidance ranges. The FX tailwind to full-year net sales guidance has been reduced to a 50 basis point benefit from a 100 basis points assumed in our previous guidance.

For adjusted EBITDA, we have narrowed the ranges on both a reported and constant currency basis while increasing the constant currency midpoint. We are reaffirming our capital expenditure guidance. For the full year, we expect reported net sales to increase 1.5%-5.5% year-over-year. On a constant currency basis, we expect net sales to increase 1%-5% year-over-year.

We expect full-year adjusted EBITDA to be in the range of \$675 million to \$705 million on both a reported and constant currency basis. Based on India's first quarter sales performance and our outlook for the balance of the year, we now expect India GST-related net incremental cost to be an approximately \$20 million-\$25 million headwind to full-year adjusted EBITDA and an approximately 40 to 50 basis point headwind to adjusted EBITDA margin.

Our guidance also includes a preliminary estimate of the impact of higher oil prices. We continue to expect 2026 capital expenditures of \$50 million-\$80 million. In addition, we expect capitalized SaaS implementation costs of \$35 million-\$55 million, which are incremental to CapEx. Lastly, we continue to expect our full-year 2026 adjusted effective tax rate to be approximately 30%.

Before moving to Q&A, I want to close my opening remarks with one final comment. As Stephan said earlier, Herbalife is a fundamentally stronger company today than it was two years ago, and we remain focused on driving shareholder value. We return to net sales growth and expect year-over-year growth to continue the remainder of the year. We strengthen our distributor network through enhanced training and other targeted initiatives, including the Herbalife Premier League, which was launched in March of 2024.

At that time, we had experienced 12 consecutive quarters of year-over-year declines in new distributors. Since that launch, however, the trend has improved meaningfully, with new distributor growth up 13% on a two-year stacked basis in Q1. As we have now moved beyond the two-year anniversary of the Premier League launch, this metric becomes less relevant going forward.

We have also expanded our Q1 adjusted EBITDA margins by 240 basis points since Q1 of 2024, we have reduced our total leverage ratio from 3.9 times at the end of 2023 to 2.7 times at the end of the first quarter, driven by \$540 million of debt reduction, primarily through cash generated by the business. Lastly, as I've said, we've completed our debt refinancing in April, unlocking approximately \$45 million in annual cash interest savings. This concludes our opening remarks. Operator, please open the call for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions). Our first question will come from the line of Chasen Bender with Citi. Your line is open.

Chasen Bender^ Great. Thanks. Afternoon, guys. Stephan, I wanted to first ask about Pro2col. Now that the distributors and the customers of distributors have had some more time with Pro2col in the U.S. beta group, do you think you could discuss a little bit more the behaviors you're seeing from that group and how they're shaping up relative to your expectations?

You know, for example, are you seeing distributors able to sell more Herbalife product to their customers? You know, on the customer side, you know, kind of what are you seeing from the activity and the duration with which customers are interacting with the app and inputting their health data?

Stephan Gratziani^ Yes. Thanks for the question, Chasen. As you know, we launched beta last year, and the objective of beta is really to get the distributor feedback and make sure that it's really fitting with their business flows and how they go out and talk to customers and engage with them.

In terms of the distributors and their response, the amount of feedback that we get in terms of the different models and leaders that operate in different regions, especially now that we've expanded it to the 10 European markets, it's helping us to actually formulate features, how people are coming into it, and how distributors will work with their customers. At the same time, there has to be enough there for the distributors to actually bring in the customers. We're really in this beta phase, and we did it on purpose.

You know, we've kind of stopped, you know, beta 1, beta 2. The phasing is really because the more information that we have, the more amount of people to give the feedback, the more that we're adjusting it to make sure it goes across different DMOs with different leaders and the way that they operate. I would say that we continue this phase. For us, this was not a, you know, a company that's going direct to consumer, that's going and has this relationship directly.

Our entire business is based on distributors and their engagement with customers. We're in the phase still and, you know, enlarging the beta phase as we've gotten more countries in to make sure that we bring the functions that are necessary to allow the impact and bring the value that we need to. In the beta phase currently; you want to chime in?

John DeSimone^ Yes, let me just chime in for a second. Like Stephan said, it's beta. We're seeing performance, getting feedback, enhancing it, and we've got an enhanced version coming up with Extravaganza. What we want investors to know, this is an important part of our strategy, but we have not rolled in to our forecast any revenue, direct revenue from this. Even though we're going to launch Bioniq and we're going to launch Pro2col, it's still going to be in the beta form. Any results ends up being more opportunity to this year than it is risk to this year because we have not rolled that into the numbers yet.

Stephan Gratziani^ Yes, let me just add Pro2col overall, it's not just a digital application to engage with customers. It really is designed as an end-to-end solution, right? We believe that

the future is in the what to measure, meaning that people are going to want to measure more things like bring their wearables in to inform blood biomarkers, which are going to get launched at Extravaganza that are going to come in.

Personally formulated or the next generation of personalized nutrition through Bioniq, for example. What ends up happening is it's the overall value proposition which gives it value. That's why we talked about all of the pieces individually being valuable, but it's all the pieces together that make it incredibly valuable.

I think the most important thing, it's the core fundamental of our business, is distributors need to be able to go out into the market and have conversations. That the people that they're talking to with what they're going to be offering them, they say, "Wow, you can do all of this? Oh, I'm interested." It's a pretty basic, you know, thing. If you were to ask 10 people on the street, would you rather have supplements that are really more personalized for you, or would you rather buy supplements that are actually formulated for many? I, and I believe that most people would respond, "Well, I'd be interested in the more personalized ones." That's the opening of the conversation, but you've got to also be able to deliver the products for it.

We're really excited to get to Extravaganza and to be launching these 11 markets in EMEA in June and in North America to be able to bring this to market. The pieces are coming together. Testing is coming. We're still in beta because there's still functionalities and features that we need to build in, but we're also launching this next generation of personalized supplements. The pieces are there.

You know, we'll continue. This journey for us is really about making sure that our distributors have what they need in hand to go have conversations, bring more people into the company, keep them longer, increase LTV, increase the amount of people that are getting referred, and ultimately increase the amount of people who want to join the business and duplicate a business.

Chasen Bender^ Got it. Really appreciate all that color. My second question is on India. Obviously, very strong growth following the GST change. I'm curious, given what you've seen, how has your thinking evolved on potential price reduction programs in other markets? Just as a housekeeping related to that, what are you assuming in guidance for India constant currency in the rest of the year? I know you mentioned you're expecting continued momentum, but should we expect that or does your guidance contemplate kind of the similar, you know, 30-plus percent growth in the rest of the year? Thanks so much.

John DeSimone^ Yes, Chasen, hey, it's John. I'll take this. Let me break it into pieces. So there is a lesson in India. You know, we had that price decrease or effectively a price decrease through the GST reduction, and that created a lot of momentum. India had started building momentum just prior to that. And I think maybe there's a couple things I want investors to know.

One is that momentum has been incredibly strong, and we're going to annualize the GST in September. We don't think that means we're not going to grow after September. I think the momentum carries forward. Granted, we'll be comparing quarters that has the GST impact, so the growth rate will moderate, but that momentum we expect to continue. That's one. And that gives you a little flavor of our thinking of India.

India did beat our expectations in Q1. Going forward, if I may break this into buckets. For Qs 2 through Qs 4, so the rest of the year, we basically haven't changed our sales expectations from where we were in February. India's come up a little, but we had some softness, if you noticed, in the quarter in EMEA. We're going to run some tests and based on what we learned in India, and hopefully that can work. Actually, we had another issue with, I don't know if issue is the wrong word, but we had a price increase in Mexico, plus there was an incremental tax in Mexico that actually had a little bit of a volume impact in Mexico on a negative side.

That also supports the thesis we're working with our distributors on that price matters. I think there's a lot of opportunity for us to affect volume in the future by modifying price and modifying the commission structure. We're running tests. We have been running tests. We're now running more tests based on the results we've seen.

Chasen Bender^ Got it. That's helpful. I will take the rest of my questions offline. Thanks so much, guys.

Stephan Gratziani^ Thanks, Chasen.

Operator^ Thank you, and one moment for our next question. Our next question will come from the line of Karu Martinson with Jefferies. Your line is open. Please go ahead.

Karu Martinson^ Good afternoon. You referenced higher oil costs. I was wondering how is that flowing through to the consumer, especially here in the North American market?

John DeSimone^ We're not flowing it through. We're just absorbing it right now. At this point for the rest of this year, that's what's assumed. What we did say, it's not material to the year, so we're going to cover it ourselves. We have not raised prices because of it. That doesn't mean that it didn't have an indirect impact or it doesn't have an indirect impact on the consumer in general, but it doesn't have a direct impact on our price.

Karu Martinson^ Okay. So did you see a shift kind of in the ordering pattern when the Iran conflict started and gas prices started going up or, is that too soon to tell?

John DeSimone^ It's too soon to tell, but we did have, like I said, you know, the U.S. we can explain what happened. There was some timing differences, and there was some nutrition club closures during some really bad weather that we can quantify, and we made that available to investors. I think the U.S. is on track. EMEA, I mean, Europe had some weakness, and it's too early to tell if that was tied to the economics resulting from the geopolitical situation or not. There was definitely some weakness in Europe.

Karu Martinson^ Okay. And just lastly, you know, when we look at China, it's been a work in progress for a while now. You know, how should we think about that? Could you remind us where it stands today as a percentage of your sales?

John DeSimone^ It's -- I mean, I'll give you the % number. It's really small. It's like 4% of sales. It's under 5% of sales. It's relatively small. It's not very, doesn't really contribute to profit in any meaningful way. What I've told investors over the last few quarters is, you know, we have a lot of strategies we're going to implement in China. I would wait and see. At this point, we're not rolling in the benefits of those strategies.

We're going to wait till we see the benefits of those strategies. I'd expect China to be. I think China long term is a huge opportunity for us. We're super under-penetrated. The model does well in China for some of our competitors. The products do well in China. We haven't found our footing yet. We're working on it. I'm confident over the long term we will, but you won't see it rolled into our forecast till we see it coming through in results.

Stephan Gratziani^ Yes. Just on distributor leadership, we've spoken about it in the past. Historically, it's been really just by itself isolated, and we started at the beginning of this year to allow distributors and leaders from Greater China to come into the market. It's the first time they've ever had really that opportunity.

We see a continuing trend of more of them being interested. At this Extravaganza that's coming up this month, there's a few hundred that are actually in that are looking, 500 actually, approximately, that are looking at potential building business in China. We're seeing it as really positive from that standpoint. You said it, work in progress. We'll update you over time. Thank you.

Karu Martinson^ Thank you very much. Appreciate it.

Operator^ Thank you. One moment for our next question. Our next question is going to come from the line of Nicholas Sherwood with Maxim Group. Your line is open. Please go ahead.

Nicholas Sherwood^ Hi. Thank you for taking my questions. You know, kind of going back to the Pro2col launch, have you seen any use of the platform in nutrition clubs and any feedback of, you know, how it works in that space?

Stephan Gratziani^ Yes, Nick, super early. Thanks for the question. And, nutrition clubs, especially here in the U.S., you know, it's really a consumption-based business. And so it's one of the flows and the integrations that we're working on because it's obviously a very large and important part of our business.

There are millions of people walking in annually into a nutrition club to buy a shake or a tea, and we wanna have an easy entrance into Pro2col and getting exposure to being able to track and have physical results and move from a transactional to more of a transformational business. Yes, it's one of the areas of focus for us, and it's a major DMO integration, so early days.

Nicholas Sherwood^ Okay. Yes. I appreciate the detail. And then looking at the packaging redesign, you know, what sort of early metrics did you see coming out of, you know, testing the new design, and what have you seen from the early stages of the rollout of that new packaging?

Stephan Gratziani^ Well, the first product was just rolled out, actually in India, and it's very, very early. Overall, number one, as we went through the process, obviously, distributor feedback, and we did research, very, very positive from that standpoint. To see in the real world, you know, how it impacts, it's going to take time. Yes, the initial feedback and research, very positive, but very, very early.

Nicholas Sherwood^ Okay. My last question is, can you provide any color on the transition of preferred members to the new e-commerce platform, how do you expect preferred members to kind of interact with Pro2col or get, you know, added to that platform in the future?

Stephan Gratziani^ I think you're referring to the DS Commerce. Yes, that started to happen with a, with a pilot group, a small group, I think, at the beginning of the year, and then it was just opened up. It's very, very recent. Very early to talk about it.

John DeSimone^ Yes. If I could step back for a second, because we had a lot of questions just to make sure we're aligned on where we are with a lot of these initiatives. We've launched them. They're in beta form. We're getting the feedback. Until you get all the functionality in, you don't get including the commerce out where people can buy on the app or at least have the appearance of buying on the app if it takes them somewhere else. There's some functionality that we're launching where you'll start seeing the benefits for clubs and things like that. Just to put it in perspective, we're in beta, right?

Stephan Gratziani^ Yes, I think, yes. Correct, John. The one thing I think it's early to highlight, but we think it's quite a big deal, is that as a company, we haven't really had a subscription business, that the product purchases have been, you know, I don't want to say one-offs because some of them are continually purchasing. We really implemented recently subscription. One of the early indications on the preferred customer on the new commerce platform is that the uptake on subscriptions is very positive.

You know, it's still early, but that I would say is a very positive outcome from what we're seeing, you know, and again, early but exciting. It's also one of the things in terms of the launch of Bioniq in Europe, is that we're going to be having a subscription product for the first time really in the history of the company. We're very excited about that.

Nicholas Sherwood^ All right, great. Thank you for answering my questions. I'll return to the queue.

Stephan Gratziani^ Thanks, Nick.

Operator^ Thank you. One moment for our next question. Our next question comes from the line of John Baumgartner with Mizuho Securities. Your line is open. Please go ahead.

John Baumgartner^ Hey, good morning. Thanks for the question. Or afternoon, I should say. First off, I guess going back to personalized nutrition, there's a lot of great detail here into the beta expansion and products. I'm curious, has there been any evolution in your thinking regarding segmentation? You know, the levels of offerings, how you may tier those out, different levels of personalization. Have you heard any feedback from your distributors as to how they think that the product market fit as you're going forward with this?

Stephan Gratziani^ Yes, John, thanks for the question. Actually one of the reasons why we made the Bioniq acquisition is for that reason. As you know, when we acquired Link, there's a manufacturing process to it, right? You have the equipment and you've got the software that can actually take the inputs, create the formula, and then you manufacture the formula in powdered form. The price point for that is really more in a premium area price point. It also,

quite honestly, is more functionality. Like, because of the formatting of it, you can have some other need states.

Bioniq gives us the opportunity, not only was it a company that's existed, that had been in market, that had an existing customer base, but had also been in the business of formulating really not only, you know, a premium, but also formulating what we would just consider a personalized vitamin and mineral complex, which was at a lower price point, so a larger addressable market. That has been also one of the reasons and part of the strategy, is that we wanna hit, you know, different price points. We know our business obviously around the world. If you think about it, you know, we from India to Switzerland, different demographics.

I would say the other aspect of this, you know, besides making it more accessible to people, because this is a newer concept, is really what are the offshoots? You know, where can we go now that we have the capability of personalizing and all of the data and the customers who we've been personalizing for, where does it lead us in the future? To specific product categories that actually personalization could make a lot of sense. As an example, Bioniq, which is more personalized than one you're buying off the shelf for, you know, that's been formulated for everybody, or just for men over 50, for example.

It is giving us more range, more demographics, and I think where this leads in the future is that everything will become and everyone will want a more personalized version of whatever they're using today. That is absolutely part of the strategy.

John Baumgartner^ Thanks for that. Coming back to EMEA, just to drill down there a bit more, I'm curious the extent to which there may be, I don't know, maybe more structural change or softness in the direct selling market, given the consistent declines you're seeing in sales leaders, or is it more of a productivity issue, you think, where maybe, you know, some price adjustments can maybe kickstart growth in that region?

Stephan Gratziani^ This is where from a distributor lens of someone that worked in EMEA in specific was one of the areas that I spent really a lot of time in. I think what's happened is obviously the overall way people look at their health and their wellness and they make, you know Basically, they make their decisions on what they're going to buy and where they're going to spend money.

Things are evolving over time. You know, if you think of just historically, we started in 1980. The idea of a protein shake in 1980, and I'll just speak to myself, in 1991 when it came to France, where I started, you had to go and convince someone the idea of taking a shake instead of having breakfast was actually a thing.

I mean, they would be like, "But, you're telling me I'm going to mix this up and I'm going to drink this instead of, you know, have my coffee, croissant and that's breakfast?" Today, we don't live in a world where a protein shake is novel and innovative, right? It's more of a commodity. It's an accepted form. I think part of what's happening is as the markets are evolving, as technology is evolving, the offer also needs to evolve.

That's why I am very strong on, as a company, the superpower that we have of these 2 million distributors that are having conversations with tens of millions of people on a daily, weekly, monthly basis and interacting and helping them with their health goals, that the

conversation around personalized nutrition and this next generation, that it is absolutely where the market is going, and we wanna lead in that market.

We can say, yes, how can you optimize your current product portfolio? How can you optimize with your DMOs? How can you go, you know, and bring more people and keep them longer and have them buy more and refer more people and wanna do the business?

Fundamentally, if you've got something that you can go to market with that's novel, that's innovative, and that people are saying, "This is where things are going in the future. I wanna be a part of it. I wanna buy it. I wanna use it. I wanna tell people about it, and I wanna sell it," that's what we're building for. You know, from that standpoint, we do all the work in every area. Let's train them. Let's, you know, do everything that we need to do, but let's work on the core offer. That's what we're doing.

John Baumgartner^ Okay. This last thing, just maybe a bit of a random question. Looking at the U.S. market, I'm curious the extent to which you're seeing any benefits or traction from participation in the Diabetes Prevention Program. I know it's not spoken about a lot, but just curious if there's, you know, participation, any learnings there thus far.

Stephan Gratziani^ Yes. We had started that as a pilot, and I to be honest with you, I don't have the answer 'cause I haven't followed it that closely. My guess would be is that it hasn't had a material impact.

John Baumgartner^ Okay. Thanks, Stephan.

Stephan Gratziani^ Good follow-up. Thank you.

Operator^ Thank you. As a reminder, if you would like to ask a question, please press star 11 on your telephone. Our next question comes from the line of Doug Lane with Water Tower Research. Your line is open. Please go ahead.

Doug Lane^ Yes, hi. Good afternoon, everybody. On the Bioniq nutritional supplements being offered in Europe beginning in late June and then the U.S. in July, are they the same product offerings in both markets, and what actually are the product offerings that you're rolling out?

Stephan Gratziani^ Doug, they'll be essentially the same. There's going to be obviously different markets. There's a bit of different regulatory aspects to it. Essentially, Doug, think of this as your personalized vitamin and mineral complex stack, right?

You know, you And I don't wanna, you know, get into details, but a man versus a woman, height, weight, age, objectives, personal conditions, then you put in biometrics, you know, potentially blood biomarkers, and it would be really clear that you probably wouldn't need the same amount of vitamins and minerals and your individual complex would be different than basically everyone else. Number one, that is the core offer of Bioniq. The other thing is, and this is also something I think that's important, is everyone's using supplements.

If you ask how you actually buy supplements and even a vitamin and mineral supplement, you know, most people it's going down the aisle way at the grocery store or in the pharmacy or their doctor said something or someone recommended something to them and they buy it.

They use it, and they might use it and have been using it for one year, two years, three years, five years.

We believe that personalization, what it really means is not only should you have as close to your individual needs, not only today, but also next month when you've lost five pounds, when you've changed some things in your, in your daily habits and in your diet, all right. Over time as you age and your circumstances change, right.

The capability to flex that on a monthly basis for someone and to personalize that is something that's innovative, and that is something that makes sense in the world that we live in today. That's something, quite honestly, that no one is doing at scale around the world. This is our opportunity. We also know that if you can get people into the conversation and they look at Herbalife and they're like, "This is unique what you're doing," we've got an incredible portfolio that we're doing \$5 billion in revenue currently that is not Bioniq. It's an opportunity to have people go beyond just this vitamin and this personalized vitamin and mineral complex.

You know, for us, this is not just a door opener, it's something that people are going to want because I think it's logic that they would want it, and that we are going to be able to deliver it, and especially through 2 million distributors eventually that are having conversations with people every single day. More attraction to Herbalife, a value proposition we think that's unique, an opportunity in subscription, and an opportunity for the introduction to the entire portfolio so that we become that solution for people for their health and wellness.

Doug Lane^ Bioniq's been around for a little while, and it's been producing product. Can I get Bioniq anywhere else at this point?

Stephan Gratziani^ You cannot. As of the transaction, this is going to be sold through Herbalife distributors.

Doug Lane^ Will it be rebranded under some sort of Herbalife sub-brand like Bioniq by Herbalife, and what will that look like?

Stephan Gratziani^ Yes. Well, we'll do the reveal in Extravaganza, so I don't wanna give it away, but the brand is definitely staying.

Doug Lane^ Okay, fair enough. When can we see Link BioSciences product out in the marketplace?

Stephan Gratziani^ Yes. Link BioSciences will be Q1 of next year.

Doug Lane^ Okay. Got it. Are you going to operate these four acquisitions as independently as is, or what's the plan on, just structurally how you're going to run these four acquisitions on personalization?

John DeSimone^ I'll jump in. First of all, they all work together, right? I think you heard Stephan talk about Bioniq and Link and their different versions of personalized nutrition, and they can work together. Pro2col supports that, and actually it supports Pro2col. Then when we talk to the fourth acquisition, which is Pruvit, there's a product line. Maybe because

there's a separate product associated with that that's maybe a little distinct. Overall, those four are all connected.

Doug Lane^ Okay, fair enough. Lastly, John, now that you've completed the debt refinancing, is there any change to your capital allocation priorities?

John DeSimone^ There is not. My number one priority is to still get our gross debt down to \$1 billion, \$1.4 billion, excuse me, by the end of 2028, which would get our net debt below \$1 billion.

Doug Lane^ Okay, fair enough. Thanks.

Stephan Gratziani^ Thanks, Doug.

Operator^ Thank you. I would now like to hand the conference back over to Stephan Gratziani for closing remarks.

Stephan Gratziani^ Thank you. Thanks everyone for joining us today. We had a great quarter. We completed our debt refinancing. As Doug just mentioned, we've made four acquisitions, and we're executing on our visions. 45 years of incredible history behind us, the future is even more exciting. As a company, we're evolving.

We're advancing how we deliver what we do best, greater precision, greater scale, greater impact, and we're focused on the vision. We're well-positioned to deliver what we believe is the next generation of personalized nutrition. Thank you for joining today, and we look forward to sharing the continued progress next quarter.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.