

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



\$ million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	TTM Dec 2023
Net income	29.3	59.9	42.8	10.2	142.2
Interest expense, net	39.4	38.4	38.5	38.1	154.4
Income taxes	1.8	25.1	26.4	7.5	60.8
Depreciation and amortization	27.6	29.1	28.4	28.2	113.3
<b>EBITDA</b>	<b>98.1</b>	<b>152.5</b>	<b>136.1</b>	<b>84.0</b>	<b>470.7</b>
Interest income	2.4	2.7	3.2	3.2	11.5
<b>EBITDA, including interest income</b>	<b>100.5</b>	<b>155.2</b>	<b>139.3</b>	<b>87.2</b>	<b>482.2</b>
Amortization of SaaS implementation costs	-	-	2.9	3.1	6.0
Gain on extinguishment of debt <sup>1</sup>	-	-	(1.0)	-	(1.0)
Inventory write-downs	11.5	5.4	5.0	6.6	28.5
Share-based compensation expenses	10.8	11.2	13.7	12.3	48.0
Expenses related to Transformation Program	27.3	10.1	4.6	12.2	54.2
Digital technology program costs	3.5	7.0	12.1	9.5	32.1
Korea tax settlement	-	-	8.6	-	8.6
Other expenses <sup>2</sup>	4.7	(1.2)	(3.8)	11.8	11.5
<b>Credit Agreement Adjusted EBITDA</b>	<b>158.3</b>	<b>187.7</b>	<b>181.4</b>	<b>142.7</b>	<b>670.1</b>
<b>Gross Debt</b>	<b>2,581.1</b>				
<b>Gross Leverage Ratio</b>	<b>3.9x</b>				

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 extinguishment of a portion of the 2024 Convertible 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