

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): April 26, 2023**

**Herbalife Ltd.**

(Exact Name of Registrant as Specified in Charter)

**Cayman Islands  
(State or Other Jurisdiction  
of Incorporation)**

**1-32381  
(Commission  
File Number)**

**98-0377871  
(IRS Employer  
Identification No.)**

**P.O. Box 309, Ugland House  
Grand Cayman  
Cayman Islands  
(Address of Principal Executive Offices)**

**KY1-1104  
(Zip Code)**

**Registrant's telephone number, including area code: c/o (213) 745-0500**

**Herbalife Nutrition Ltd.  
(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Shares, par value \$0.0005 per share	HLF	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 1.01. Entry into a Material Definitive Agreement.**

On April 28, 2023 (the “Amendment Effective Date”), Herbalife Ltd., a Cayman Islands exempted company incorporated with limited liability (the “Company” and, together with its subsidiaries, the “Herbalife”), HLF Financing SaRL, LLC, an indirect wholly-owned subsidiary of the Company (“HLF Financing”), Herbalife International, Inc., an indirect wholly-owned subsidiary of the Company (“HII”), and Herbalife International Luxembourg S.à R.L., an indirect wholly-owned subsidiary of the Company (“HIL” and, collectively with the Company, HLF Financing and HII, the “Borrowers”), certain subsidiaries of the Borrowers party thereto as guarantors, the lenders party thereto, and Coöperatieve Rabobank U.A., New York Branch (“Rabobank”), as administrative agent for the lenders under the term loan A facility (the “Term Loan A Facility”) and revolving credit facility (the “Revolving Credit Facility” and together with the Term Loan A Facility, the “Facilities”), entered into a sixth amendment (the “Sixth Amendment”) to the Credit Agreement dated as of August 16, 2018 among the Borrowers, the lenders party thereto, Jefferies Finance LLC, as administrative agent for the Lenders under the term loan B facility (the “Term Loan B Facility”) and collateral agent, and Rabobank (as amended to date, the “Credit Agreement”).

The Sixth Amendment increased the total leverage ratio financial covenant level applicable under the Credit Agreement for the fiscal quarters ending March 31, 2023 to December 31, 2023 to 4.50 to 1.00, for the fiscal quarter ending March 31, 2024 to 4.25 to 1.00, and for the fiscal quarters ending June 30, 2024 and thereafter to 4.00 to 1.00.

**Item 2.02. Results of Operations and Financial Condition.**

On May 2, 2023, the Company issued a press release announcing its financial results for its first fiscal quarter ended March 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 and Exhibit 99.1 attached to this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

As set forth in greater detail in Item 5.07 below, at the Company’s 2023 Annual General Meeting of Shareholders held on April 26, 2023, the Company’s shareholders approved the Company’s 2023 Stock Incentive Plan (the “2023 Plan”), which provides for the issuance of up to 8,500,000 common shares of the Company pursuant to awards granted under the 2023 Plan, plus any common shares that remained available for issuance under the Company’s prior stock incentive plan or were subject to outstanding awards under the prior plan that, after the approval of 2023 Plan are canceled, expired, forfeited or otherwise not issued under the prior plan or settled in cash, in each case adjusted as described in the 2023 Plan. The terms of the 2023 Plan are summarized in Part 3, Proposals to be voted upon at the meeting under the heading “Proposal 5: Approve the Company’s 2023 Stock Incentive Plan” in the Company’s definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on March 14, 2023, which summary is incorporated herein by reference.

On April 27, 2023, the Company’s Chief Operating Officer, Mark Schissel, gave notice of his planned retirement. Effective July 1, 2023, Mr. Schissel will step down as Chief Operating Officer of the Company. On April 27, 2023, Frank Lamberti, currently the Company’s Regional President of the Americas, was appointed to succeed Mr. Schissel as the Chief Operating Officer effective July 1, 2023.

Mr. Lamberti, 50, has served as the Company’s Regional President of the Americas since July 2022. Mr. Lamberti previously served as the Company’s Executive Vice President, Distributor and Customer Experience and Chief of Staff from August 2021 to July 2022. Mr. Lamberti served as the Company’s Executive Vice President, Distributor and Customer Experience from August 2017 to August 2021. Prior to such roles, Mr. Lamberti held progressive roles and responsibilities at the Company over various finance and operations functions, having joined the Company in 2005. Mr. Lamberti has a Bachelor of Science degree in Business Management from Florida Atlantic University.

In connection with his promotion, beginning July 1, 2023, Mr. Lamberti will have an annual salary of \$625,000, and a target annual cash incentive equal to 80% of base salary, subject to actual performance. Mr. Lamberti will continue to be eligible to participate in the Company’s long-term incentive plan, with the size, form, and timing of grants, if any, subject to the approval of the Board’s Compensation Committee. In July 2023, Mr. Lamberti will be entitled to an award of stock appreciation rights (75% of equity value) and restricted stock units (25% of equity value) having a grant date fair value equal to \$1,400,000, reduced by the grant date fair value of the equity incentive awards granted to Mr. Lamberti in 2023 in the ordinary course.

Mr. Lamberti is not a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

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**Item 5.07. Submission of Matters to a Vote of Security Holders.**

On April 26, 2023, the Company held its 2023 Annual General Meeting of Shareholders. The Company's shareholders voted on the six proposals presented at the meeting, as set forth below.

**Proposal 1: Election of Directors.**

Ten board nominees for director were elected by a majority of the votes cast with respect to each nominee to serve until the 2024 annual general meeting of shareholders of the Company or until their successors are duly elected and qualified. The voting results are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-votes</u>
Michael O. Johnson	74,724,077	1,120,324	36,900	8,061,544
Richard H. Carmona	75,089,856	752,965	38,480	8,061,544
Celine Del Genes	75,377,989	459,297	44,015	8,061,544
Stephan Paulo Gratziani	75,519,872	323,286	38,143	8,061,544
Kevin M. Jones	75,179,807	656,712	44,782	8,061,544
Sophie L'Hélias	75,459,804	377,492	44,005	8,061,544
Alan W. LeFevre	75,380,982	458,533	41,786	8,061,544
Juan Miguel Mendoza	75,314,263	529,822	37,216	8,061,544
Don Mulligan	75,186,226	649,276	45,799	8,061,544
Maria Otero	74,830,492	1,007,570	43,239	8,061,544

**Proposal 2: Approve, on an advisory basis, the compensation of the Company's named executive officers.**

The advisory resolution to approve the compensation of the named executive officers was approved. The voting results are as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-votes</u>
68,148,486	7,695,289	37,526	8,061,544

**Proposal 3: Advise as to the frequency of shareholder advisory votes on compensation of the Company's named executive officers.**

Shareholders approved 1 year on the advisory vote as to the frequency of shareholder advisory votes on compensation of the Company's named executive officers. The voting results are as follows:

<u>1 year</u>	<u>2 years</u>	<u>3 years</u>	<u>Abstain</u>	<u>Broker Non-votes</u>
64,052,233	10,915,848	900,338	12,882	8,061,544

Based on these results, and consistent with the Board's recommendation and Company past practice, the Company will continue to hold a shareholder advisory vote on the compensation of the Company's named executive officers annually.

**Proposal 4: Approve, as a special resolution, the name change of the Company from “Herbalife Nutrition Ltd.” to “Herbalife Ltd.”**

The special resolution to approve the name change of the Company from “Herbalife Nutrition Ltd.” to “Herbalife Ltd.” was approved. The voting results are as follows:

For	Against	Abstain	Broker Non-votes
83,729,110	176,192	37,543	0

**Proposal 5: Approve the Company’s 2023 Stock Incentive Plan.**

The Company’s 2023 Stock Incentive Plan was approved. The voting results are as follows:

For	Against	Abstain	Broker Non-votes
56,868,314	18,972,225	40,762	8,061,544

**Proposal 6: Ratify, on an advisory basis, the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2023.**

The appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2023 was ratified. The voting results are as follows:

For	Against	Abstain	Broker Non-votes
83,688,765	223,734	30,346	0

**Item 7.01. Regulation FD Disclosure.**

*Earnings Call Investor Slides*

The Company intends to reference investor slides during the Company’s earnings conference call to discuss its financial results for its first fiscal quarter ended March 31, 2023. A copy of the presentation can be accessed in the “News and Events” section on the investor relations section of the Company’s website at <http://ir.herbalife.com> under the heading “IR Calendar”.

The information included in this Item 7.01 shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<a href="#">99.1</a>	<a href="#">Press Release issued by Herbalife Ltd. on May 2, 2023.</a>
104	Cover Page Interactive Data File – The cover page from the Company’s Current Report on Form 8-K filed on May 2, 2023 is formatted in Inline XBRL (included as Exhibit 101).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Herbalife Ltd.

*May 2, 2023*

By: /s/ HENRY C. WANG

Name: Henry C. Wang

Title: EVP, General Counsel and Corporate Secretary

## Herbalife Reports First Quarter 2023 Results

LOS ANGELES--(BUSINESS WIRE)--May 2, 2023--Herbalife Ltd. (NYSE: HLF) today reported financial results for the first quarter ended March 31, 2023:

“We have accomplished a lot this quarter and are on the right trajectory to see growth by the end of the year,” said Michael Johnson, Chairman and CEO of Herbalife.

### Highlights

- First quarter 2023 net sales of \$1.3 billion, down 6.3% compared to first quarter 2022; on a constant currency basis<sup>1</sup>, net sales declined 2.6% compared to the prior year period
- First quarter 2023 reported net income of \$29.3 million and Adjusted EBITDA<sup>2</sup> of \$128.9 million
- First quarter 2023 reported diluted EPS of \$0.29 and adjusted diluted EPS<sup>2</sup> of \$0.54
- Significant progress with the Company’s Transformation Program, actions to date result in approximately \$35 million of savings in 2023; on track to exceed \$70 million of total program run rate savings in 2024 and beyond
- One-time pre-tax expenses of approximately \$27 million recognized during first quarter related to the Company’s Transformation Program impacted reported financial results
- In April, the Company amended its Senior Secured Credit Facility to increase the gross leverage ratio covenant, which provides greater financial flexibility to make investments in key initiatives; the Company was compliant with all debt covenants as of March 31, 2023
- Given the continued dynamic macroeconomic backdrop, the Company is not providing guidance

<sup>1</sup> Growth/decline in net sales excluding the effects of foreign exchange is based on “net sales in local currency,” a non-GAAP financial measure. See Schedule A – “Reconciliation of Non-GAAP Financial Measures” for a discussion of why we believe adjusting for the effects of foreign exchange is useful.

<sup>2</sup> Adjusted diluted EPS and adjusted EBITDA are non-GAAP measures. See Schedule A – “Reconciliation of Non-GAAP Financial Measures” for a detailed reconciliation of these measures to the most directly comparable GAAP measure, and a discussion of why we believe these non-GAAP measures are useful.

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## Management Commentary

Herbalife reported first quarter 2023 net sales of \$1.3 billion, down 6.3% year-over-year, or a 2.6% decline on a constant currency basis<sup>1</sup>. First quarter net income of \$29.3 million and adjusted EBITDA<sup>2</sup> of \$128.9 million was negatively impacted by lower sales, continued input cost inflation and the timing of distributor event spending, partially offset by improved pricing. In addition, first quarter gross profit margin of 76.2% was negatively impacted by currency headwinds of approximately 150 bps year-over-year. Diluted EPS was \$0.29 for the first quarter, with adjusted diluted EPS<sup>1</sup> of \$0.54, which included a \$0.32 year-over-year currency headwind.

Engagement with distributors remained strong, as more than 700 in-person events worldwide attracted more than 400,000 attendees, year-to-date through April 30. For the first time in three years, approximately 2,700 of the Company's independent distributor leaders from around the world gathered in Los Angeles and were given a preview of the Company's modernized branding and plans for expanding product offerings. The Company's digital transformation initiative remains on track, as launch plans were solidified for modernized websites and a new e-commerce platform.

"The return of in-person events have engaged more than 400,000 attendees this year, building strong momentum and driving increased engagement in our business," said Chairman and CEO, Michael Johnson. "We expect this energy to drive continued improvement in our top line, resulting in growth by the end of the year."

The Company continues to make significant progress in productivity through its Transformation Program, which was initiated in 2021 to strategically optimize global business processes. The Company's actions to date result in approximately \$35 million of savings in 2023 and it is on track to exceed \$70 million of total program run rate savings in 2024 and beyond.

In April, the Company amended its Senior Secured Credit Facility, which among other things, increased the gross leverage ratio covenant from 3.75 to 4.50 effective through December 31, 2023, stepping down to 4.25 as of March 31, 2024 and 4.00 thereafter. This will provide greater financial flexibility to make investments in key initiatives. As of March 31, 2023, the related gross leverage ratio was approximately 3.6. The Company was compliant with all debt covenants as of March 31, 2023.

"We have taken steps to protect profitability and secure our balance sheet in order to provide flexibility to execute on our strategic plan and return to growth," said Chief Financial Officer, Alex Amezcua. "Our capital allocation priorities remain unchanged as we take steps to achieve a long-term target gross leverage ratio of 3.0x."

In a separate announcement today, the Company announced updates to its leadership succession plan. The Company is announcing the retirement of Chief Operating Officer, Mark Schissel following 16 years of dedicated service. Frank Lamberti will be appointed to Chief Operating Officer, Ibi Montesino, EVP and Chief of Staff, will have increased management authority and Rob Levy, will be appointed Regional President Americas. These changes are all effective as of July 1, 2023 and will report to Michael Johnson.

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## First Quarter 2023 Key Metrics

### Regional Net Sales and Foreign Exchange (“FX”) Impact

Region	Reported Net Sales 1Q'23 (mil)	Growth/Decline including FX vs. 1Q'22	Growth/Decline excluding FX vs. 1Q'22 <sup>1</sup>
Asia Pacific	\$ 413.6	1.4%	8.5%
North America	297.2	(8.9%)	(8.7%)
EMEA	268.1	(9.1%)	(2.8%)
Latin America <sup>(a)</sup>	205.5	2.1%	0.1%
China	67.7	(35.9%)	(30.8%)
<b>Worldwide Total</b>	<b>\$ 1,252.1</b>	<b>(6.3%)</b>	<b>(2.6%)</b>

<sup>(a)</sup> During the third quarter of 2022, the Company combined its Mexico and South and Central America regions into one geographic region now named Latin America. Historical information has been reclassified to conform with the current period geographic presentation.

### Regional Volume Point Metrics

Region	Volume Points	
	1Q'23 (mil)	YoY % Chg.
Asia Pacific	505.2	(2.6%)
North America	314.5	(22.0%)
EMEA	314.3	(19.8%)
Latin America <sup>(a)</sup>	271.4	(15.1%)
China	48.6	(27.4%)
<b>Worldwide Total</b>	<b>1,454.0</b>	<b>(14.5%)</b>

### Outlook

Given the continued dynamic macroeconomic backdrop, the Company is not providing guidance. The Company will periodically reassess its ability to provide guidance when we believe future performance can be reasonably estimated.

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## **Earnings Conference Call**

Herbalife senior management will host an investor conference call to discuss its recent financial results and provide an update on current business trends on Tuesday, May 2, 2023, at 2:30 p.m. PT (5:30 p.m. ET).

Participants will need to register to receive dial-in information to the call, and may do so by visiting the investor relations section of the Company's website at <http://ir.herbalife.com>. Additionally, live audio of the conference call will be simultaneously webcast at <https://edge.media-server.com/mmc/p/hkz6x6y6>. Senior management also plans to reference slides during the call, which will also be available on the investor relation's section of the Company's website.

An audio replay will be available following the completion of the conference call, and the webcast of the teleconference will be archived and available on the Company's investor relations site.

## **About Herbalife Ltd.**

Herbalife (NYSE: HLF) is a premier health and wellness company and community that has been changing people's lives with great nutrition products and a business opportunity for its independent distributors since 1980. The Company offers science-backed products to consumers in more than 90 markets through entrepreneurial distributors who provide one-on-one coaching and a supportive community that inspires their customers to embrace a healthier, more active lifestyle in order to live their best life.

Herbalife encourages investors to visit its investor relations website at [ir.herbalife.com](http://ir.herbalife.com) as financial and other information is posted.

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## Forward-Looking Statements

*This release 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 other, 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 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 Transformation Program 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 such as the COVID-19 pandemic, 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.*
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*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, 2023, filed with the Securities and Exchange Commission on May 2, 2023, 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, and in Part I, Item 1A, Risk Factors, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission on February 14, 2023. 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 release 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 hereof or to reflect the occurrence of unanticipated events, except as required by law.*

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**Results of Operations**

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Statements of Income  
(In millions, except per share amounts)

	Three Months Ended	
	<u>3/31/2023</u>	<u>3/31/2022</u>
	(unaudited)	
North America	\$ 297.2	\$ 326.2
EMEA	268.1	295.0
Asia Pacific	413.6	407.7
Latin America	205.5	201.3
China	67.7	105.6
Worldwide Net Sales	<u>1,252.1</u>	<u>1,335.8</u>
Cost of Sales	<u>298.6</u>	<u>307.1</u>
Gross Profit	953.5	1,028.7
Royalty Overrides	416.0	433.8
Selling, General, and Administrative Expenses	475.9	454.9
Other Operating Income <sup>(1)</sup>	<u>(8.9)</u>	<u>(13.1)</u>
Operating Income	70.5	153.1
Interest Expense, net	<u>39.4</u>	<u>29.7</u>
Income Before Income Taxes	31.1	123.4
Income Taxes	<u>1.8</u>	<u>25.2</u>
Net Income	<u>\$ 29.3</u>	<u>\$ 98.2</u>
Weighted-Average Shares Outstanding:		
Basic	98.5	99.9
Diluted	100.2	101.7
Earnings Per Share:		
Basic	<u>\$ 0.30</u>	<u>\$ 0.98</u>
Diluted	<u>\$ 0.29</u>	<u>\$ 0.96</u>

(1) Other Operating Income for the three months ended March 31, 2023 and March 31, 2022 relates to certain China government grant income.

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(In millions)

	Mar 31,	Dec 31,
	<u>2023</u>	<u>2022</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 454.2	\$ 508.0
Receivables, net	85.1	70.6
Inventories	545.1	580.7
Prepaid expenses and other current assets	237.8	196.8
Total Current Assets	1,322.2	1,356.1
Property, plant and equipment, net	479.9	486.3
Operating lease right-of-use assets	202.0	207.1
Marketing-related intangibles and other intangible assets, net	315.2	315.7
Goodwill	94.0	93.2
Other assets	274.3	273.6
Total Assets	\$ 2,687.6	\$ 2,732.0
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable	\$ 67.9	\$ 89.8
Royalty overrides	317.4	343.3
Current portion of long-term debt	293.7	29.5
Other current liabilities	548.2	514.0
Total Current Liabilities	1,227.2	976.6
Non-current liabilities:		
Long-term debt, net of current portion	2,335.4	2,662.5
Non-current operating lease liabilities	186.5	192.4
Other non-current liabilities	161.3	166.4
Total Liabilities	3,910.4	3,997.9
Commitments and Contingencies		
Shareholders' deficit:		
Common shares	0.1	0.1
Paid-in capital in excess of par value	191.3	188.7
Accumulated other comprehensive loss	(239.0)	(250.2)
Accumulated deficit	(1,175.2)	(1,204.5)
Total Shareholders' Deficit	(1,222.8)	(1,265.9)
Total Liabilities and Shareholders' Deficit	\$ 2,687.6	\$ 2,732.0

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
(In millions)

	Three Months Ended	
	3/31/2023	3/31/2022
CASH FLOWS FROM OPERATING ACTIVITIES:	(unaudited)	
Net income	\$ 29.3	\$ 98.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27.6	29.2
Share-based compensation expenses	10.8	12.4
Non-cash interest expense	1.7	1.7
Deferred income taxes	8.8	5.9
Inventory write-downs	11.5	10.9
Foreign exchange transaction loss	3.2	2.4
Other	2.4	(3.8)
Changes in operating assets and liabilities:		
Receivables	(13.8)	(16.7)
Inventories	35.8	(7.9)
Prepaid expenses and other current assets	(35.7)	(28.8)
Accounts payable	(24.1)	(2.3)
Royalty overrides	(31.7)	42.8
Other current liabilities	28.9	(22.3)
Other	(8.5)	8.8
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>46.2</u>	<u>130.5</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(30.3)	(41.3)
Other	0.1	0.1
NET CASH USED IN INVESTING ACTIVITIES	<u>(30.2)</u>	<u>(41.2)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from senior secured credit facility	71.0	82.0
Principal payments on senior secured credit facility and other debt	(138.4)	(89.3)
Debt issuance costs	(0.3)	-
Share repurchases	(8.7)	(116.2)
Other	0.4	1.1
NET CASH USED IN FINANCING ACTIVITIES	<u>(76.0)</u>	<u>(122.4)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	5.5	1.3
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(54.5)	(31.8)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD	516.3	610.4
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD	<u>\$ 461.8</u>	<u>\$ 578.6</u>

SCHEDULE A: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited and unreviewed), (All tables provide Dollars in millions, except per Share Data)

Adjusted Net Income, Adjusted Diluted EPS and Adjusted EBITDA

In addition to its reported results calculated in accordance with GAAP, the Company has included in this release adjusted net income, adjusted diluted EPS and adjusted EBITDA, performance measures that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Adjusted net income, adjusted diluted EPS and adjusted EBITDA exclude the impact of certain unusual or non-recurring items such as net expenses related to COVID-19 pandemic, expenses related to Transformation Program and expenses related to digital technology program, as further detailed in the reconciliations below.

Management believes that such non-GAAP financial measures, when read in conjunction with the Company’s reported results, calculated in accordance with 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 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 definition and calculation as set forth in the tables below of adjusted net income, adjusted diluted EPS and adjusted EBITDA 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 net income or diluted EPS calculated in accordance with GAAP.

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.

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The following is a reconciliation of net income, presented and reported in accordance with U.S. generally accepted accounting principles, to net income adjusted for certain items:

	Three Months Ended	
	3/31/2023	3/31/2022
	(in millions)	
Net income, as reported	\$ 29.3	\$ 98.2
Net expenses related to COVID-19 pandemic <sup>(1) (2)</sup>	-	1.7
Expenses related to Transformation Program <sup>(1) (2)</sup>	27.3	1.6
Digital technology program costs <sup>(1) (2)</sup>	3.5	-
Income tax adjustments for above items <sup>(1) (2)</sup>	(6.2)	(0.6)
Net income, as adjusted <sup>(3)</sup>	<u>\$ 53.9</u>	<u>\$ 101.0</u>

The following is a reconciliation of diluted earnings per share, presented and reported in accordance with U.S. generally accepted accounting principles, to diluted earnings per share adjusted for certain items.

	Three Months Ended	
	3/31/2023	3/31/2022
	(per share)	
Diluted earnings per share, as reported	\$ 0.29	\$ 0.96
Net expenses related to COVID-19 pandemic <sup>(1) (2)</sup>	-	0.02
Expenses related to Transformation Program <sup>(1) (2)</sup>	0.27	0.02
Digital technology program costs <sup>(1) (2)</sup>	0.03	-
Income tax adjustments for above items <sup>(1) (2)</sup>	(0.06)	(0.01)
Adjusted diluted earnings per share <sup>(3)</sup>	<u>\$ 0.54</u>	<u>\$ 0.99</u>

The following is a reconciliation of net income, presented and reported in accordance with U.S. generally accepted accounting principles, to EBITDA and adjusted EBITDA:

	Three Months Ended	
	3/31/2023	3/31/2022
	(in millions)	
Net income, as reported	\$ 29.3	\$ 98.2
Interest expense, net	39.4	29.7
Income taxes	1.8	25.2
Depreciation and amortization	27.6	29.2
EBITDA	<u>\$ 98.1</u>	<u>\$ 182.3</u>
Net expenses related to COVID-19 pandemic <sup>(1) (2)</sup>	-	1.7
Expenses related to Transformation Program <sup>(1) (2)</sup>	27.3	1.6
Digital technology program costs <sup>(1) (2)</sup>	3.5	-
Adjusted EBITDA	<u>\$ 128.9</u>	<u>\$ 185.6</u>



(1) Based on interim income tax reporting rules, these expenses are not considered discrete items. The tax effect of the adjustments between our GAAP and non-GAAP results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s).

(2) Excludes tax (benefit)/expense as follows:

	Three Months Ended	
	3/31/2023	3/31/2022
	(in millions)	
Net expenses related to COVID-19 pandemic	-	(0.3)
Expenses related to Transformation Program	(6.0)	(0.2)
Digital technology program costs	(0.2)	-
Total income tax adjustments <sup>(3)</sup>	<u>\$ (6.2)</u>	<u>\$ (0.6)</u>

	Three Months Ended	
	3/31/2023	3/31/2022
	(per share)	
Net expenses related to COVID-19 pandemic	-	(0.01)
Expenses related to Transformation Program	(0.06)	-
Digital technology program costs	-	-
Total income tax adjustments <sup>(3)</sup>	<u>\$ (0.06)</u>	<u>\$ (0.01)</u>

(3) Amounts may not total due to rounding.

## Contacts

### Media Contact:

Gary Kushner  
Senior Director, Media Relations  
213.745.0456

### Investor Contact:

Erin Banyas  
Vice President, Investor Relations  
213.745.0433