

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-32381

HERBALIFE LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands

*(State or other jurisdiction of
incorporation or organization)*

**P.O. Box 309
Ugland House
Grand Cayman
Cayman Islands**

(Address of principal executive offices)

98-0377871

*(I.R.S. Employer
Identification No.)*

KY1-1104

(Zip code)

(213) 745-0500

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of registrant's common shares outstanding as of April 24, 2024 was 99,967,569.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HERBALIFE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2024	December 31, 2023
<i>(in millions, except share and par value amounts)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 398.3	\$ 575.2
Receivables, net of allowance for doubtful accounts	87.9	81.2
Inventories	501.9	505.2
Prepaid expenses and other current assets	238.1	237.7
Total current assets	1,226.2	1,399.3
Property, plant, and equipment, at cost, net of accumulated depreciation and amortization	510.9	506.5
Operating lease right-of-use assets	179.1	185.8
Marketing-related intangibles and other intangible assets, net	313.6	314.0
Goodwill	93.9	95.4
Other assets	323.3	308.4
Total assets	<u>\$ 2,647.0</u>	<u>\$ 2,809.4</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 89.9	\$ 84.0
Royalty overrides	313.3	343.4
Current portion of long-term debt	2.9	309.5
Other current liabilities	538.6	540.7
Total current liabilities	944.7	1,277.6
Long-term debt, net of current portion	2,405.0	2,252.9
Non-current operating lease liabilities	163.9	167.6
Other non-current liabilities	170.0	171.6
Total liabilities	3,683.6	3,869.7
Commitments and contingencies		
Shareholders' deficit:		
Common shares, \$0.0005 par value; 2.0 billion shares authorized; 99.8 million (2024) and 99.2 million (2023) shares outstanding	0.1	0.1
Paid-in capital in excess of par value	244.2	233.9
Accumulated other comprehensive loss	(242.9)	(232.0)
Accumulated deficit	(1,038.0)	(1,062.3)
Total shareholders' deficit	(1,036.6)	(1,060.3)
Total liabilities and shareholders' deficit	<u>\$ 2,647.0</u>	<u>\$ 2,809.4</u>

See the accompanying notes to unaudited condensed consolidated financial statements.

HERBALIFE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions, except per share amounts)</i>	
Net sales	\$ 1,264.3	\$ 1,252.1
Cost of sales	285.0	298.6
Gross profit	979.3	953.5
Royalty overrides	415.2	416.0
Selling, general, and administrative expenses	492.2	475.9
Other operating income	—	(8.9)
Operating income	71.9	70.5
Interest expense, net	37.9	39.4
Income before income taxes	34.0	31.1
Income taxes	9.7	1.8
Net income	<u>\$ 24.3</u>	<u>\$ 29.3</u>
Earnings per share:		
Basic	\$ 0.24	\$ 0.30
Diluted	\$ 0.24	\$ 0.29
Weighted-average shares outstanding:		
Basic	99.7	98.5
Diluted	100.7	100.2

See the accompanying notes to unaudited condensed consolidated financial statements.

HERBALIFE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions)</i>	
Net income	\$ 24.3	\$ 29.3
Other comprehensive (loss) income:		
Foreign currency translation adjustment, net of income taxes of \$(0.1) and \$— for the three months ended March 31, 2024 and 2023, respectively	(9.9)	13.2
Unrealized loss on derivatives, net of income taxes of \$(0.1) and \$— for the three months ended March 31, 2024 and 2023, respectively	(1.0)	(2.0)
Total other comprehensive (loss) income	(10.9)	11.2
Total comprehensive income	\$ <u>13.4</u>	\$ <u>40.5</u>

See the accompanying notes to unaudited condensed consolidated financial statements.

HERBALIFE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions)</i>	
Cash flows from operating activities:		
Net income	\$ 24.3	\$ 29.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29.2	27.6
Share-based compensation expenses	11.9	10.8
Non-cash interest expense	2.1	1.7
Deferred income taxes	(12.1)	8.8
Inventory write-downs	4.7	11.5
Foreign exchange transaction (gain) loss	(1.4)	3.2
Other	1.3	2.4
Changes in operating assets and liabilities:		
Receivables	(7.7)	(13.8)
Inventories	(6.7)	35.8
Prepaid expenses and other current assets	(7.6)	(35.7)
Accounts payable	1.3	(24.1)
Royalty overrides	(27.7)	(31.7)
Other current liabilities	8.9	28.9
Other	(6.7)	(8.5)
Net cash provided by operating activities	13.8	46.2
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(32.9)	(30.3)
Other	0.1	0.1
Net cash used in investing activities	(32.8)	(30.2)
Cash flows from financing activities:		
Borrowings from senior secured credit facility and other debt	161.2	71.0
Principal payments on senior secured credit facility and other debt	(120.7)	(138.4)
Repayment of convertible senior notes	(197.0)	—
Debt issuance costs	—	(0.3)
Share repurchases	(2.3)	(8.7)
Other	0.6	0.4
Net cash used in financing activities	(158.2)	(76.0)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(5.8)	5.5
Net change in cash, cash equivalents, and restricted cash	(183.0)	(54.5)
Cash, cash equivalents, and restricted cash, beginning of period	595.5	516.3
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 412.5</u>	<u>\$ 461.8</u>

See the accompanying notes to unaudited condensed consolidated financial statements.

HERBALIFE LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization

Herbalife Ltd., a Cayman Islands exempted company with limited liability, was incorporated on April 4, 2002. Herbalife Ltd. (and together with its subsidiaries, the “Company” or “Herbalife”) is a global nutrition company that sells weight management; targeted nutrition; energy, sports, and fitness; and outer nutrition products to and through a network of independent members, or Members. In China, the Company sells its products to and through independent service providers and sales representatives to customers and preferred customers, as well as through Company-operated retail platforms when necessary. The Company sells its products in five geographic regions: North America; Latin America, which consists of Mexico and South and Central America; EMEA, which consists of Europe, the Middle East, and Africa; Asia Pacific (excluding China); and China. See Note 6, *Segment Information*, for further information regarding geographic regions.

2. Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated interim financial information of the Company has been prepared in accordance with Article 10 of the Securities and Exchange Commission’s, or SEC, Regulation S-X. Accordingly, as permitted by Article 10 of the SEC’s Regulation S-X, it does not include all of the information required by generally accepted accounting principles in the U.S., or U.S. GAAP, for complete financial statements. The condensed consolidated balance sheet as of December 31, 2023 was derived from the audited financial statements at that date and does not include all the disclosures required by U.S. GAAP, as permitted by Article 10 of the SEC’s Regulation S-X. The Company’s unaudited condensed consolidated financial statements as of March 31, 2024 and for the three months ended March 31, 2024 and 2023 include Herbalife Ltd. and all of its direct and indirect subsidiaries. In the opinion of management, the accompanying financial information contains all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company’s unaudited condensed consolidated financial statements as of March 31, 2024 and for the three months ended March 31, 2024 and 2023. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, or the 2023 10-K. Operating results for the three months ended March 31, 2024 and 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

Recently Adopted Pronouncements

In March 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-01, *Leases (Topic 842) - Common Control Arrangements*. This ASU addresses issues related to accounting for leases under common control arrangements. The standard includes an amendment to Topic 842 for all entities with leasehold improvements in common control arrangements to amortize leasehold improvements that it owns over the improvements’ useful life to the common control group if certain criteria are met. The amendments in this update were effective for reporting periods beginning after December 15, 2023, with early adoption permitted. The adoption of this guidance during the first quarter of 2024 did not have a material impact on the Company’s condensed consolidated financial statements.

New Accounting Pronouncements

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*. This ASU addresses the accounting for contributions made to a joint venture, upon formation, in a joint venture’s separate financial statements. The objectives of the amendments are to (1) provide decision-useful information to investors and other allocators of capital in a joint venture’s financial statements and (2) reduce diversity in practice. The standard will require that a joint venture apply a new basis of accounting upon formation. By applying a new basis of accounting, a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). In addition, the update on the standard requires certain disclosures enabling financial statement users to understand the nature and financial effect of the joint venture formation in the period in which the formation date occurs. The amendments in this update do not amend the definition of a joint venture (or a corporate joint venture), the accounting by an equity method investor for its investment in a joint venture, or the accounting by a joint venture for contributions received after its formation. The amendments in this update are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. The adoption of this guidance is not expected to have a material impact on the Company’s condensed consolidated financial statements.

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*, which amends the disclosure or presentation requirements of a variety of topics in the accounting standards codification (the "ASC") in order to conform with certain SEC amendments in Release No. 33-10532, *Disclosure Update and Simplification*. The effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the ASC and not become effective. The Company is evaluating the potential impact of this guidance on its condensed consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which amended disclosure requirements for segment reporting. The amendments in this ASU improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, amendments to enhance interim disclosure requirements and introduce additional details about the chief operating decision maker. These changes address certain investor concerns that disclosures over reportable segment expenses were limited. The amendments in this update are effective for annual reporting periods beginning after December 15, 2023 and interim periods within fiscal year beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this guidance on its condensed consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Tax (Topic 740): Improvements to Income Tax Disclosures*, which amended disclosure requirements for income taxes. The primary changes from this update relate to improvements over income tax disclosures related to the rate reconciliation, income taxes paid and other disclosures. These changes help investors better 1) understand an entity's exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities, 2) assess income tax information that affects cash flow forecasts and capital allocation decisions, and 3) identify potential opportunities to increase future cash flows. The amendments in this update are effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this guidance on its condensed consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements – Amendments to Remove References to the Concepts Statements*. This ASU removes various references to concepts statements from the ASC. The goal of the amendments is to simplify the ASC and distinguish between non-authoritative and authoritative guidance (since, unlike the ASC, the concepts statements are non-authoritative). The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this guidance on its condensed consolidated financial statements.

Revenue Recognition

The Company's net sales consist of product sales. In general, the Company's performance obligation is to transfer its products to its Members. The Company generally recognizes revenue when product is delivered to its Members. For the majority of China independent service providers and for third-party importers utilized in certain other countries where sales historically have not been material, the Company recognizes revenue based on the Company's estimate of when the service provider or third-party importer sells the products because the Company is deemed to be the principal party of these product sales due to the additional selling and operating requirements relating to pricing of products, conducting business with physical locations, and other selling and marketing activities required of the service providers and third-party importers. The Company recognizes revenue for certain China independent service providers upon delivery as such Members have pricing discretion and increased fulfillment responsibilities and accordingly were determined to be the Company's customers for accounting purposes.

The Company's Members, excluding its China independent service providers, may receive distributor allowances, which are comprised of discounts, rebates, and wholesale commission payments from the Company. Distributor allowances resulting from the Company's sales of its products to its Members are recorded against net sales because the distributor allowances represent discounts from the suggested retail price.

The Company compensates its sales leader Members with royalty overrides for services rendered relating to the development, retention, and management of their sales organizations. Royalty overrides are payable based on achieved sales volume. Royalty overrides are classified as an operating expense reflecting the services provided to the Company. The Company compensates its China independent service providers and third-party importers utilized in certain other countries for providing marketing, selling, and customer support services. For China and third-party importer sales transactions, as the Company is the principal party for the majority of these product sales as described above, the majority of service fees payable to China independent service providers and the compensation received by third-party importers for the services they provide, which represents the discount provided to them, are recorded in selling, general, and administrative expenses within the Company's condensed consolidated statements of income. In addition, for those certain China independent service providers who are deemed to be the Company's customers for accounting purposes as described above, a portion of the service fees payable to these Members will be classified as a reduction of net sales as opposed to the entire service fee being recognized within selling, general, and administrative expenses.

The Company recognizes revenue when it delivers products to its United States Members; distributor allowances, inclusive of discounts and wholesale commissions, are recorded as a reduction to net sales; and royalty overrides are classified as an operating expense.

Shipping and handling services relating to product sales are recognized as fulfillment activities on the Company's performance obligation to transfer products and are therefore recorded within net sales as part of product sales and are not considered as separate revenues. Shipping and handling costs paid by the Company are included in cost of sales.

The Company presents sales taxes collected from customers on a net basis.

The Company generally receives the net sales price in cash or through credit card payments at the point of sale. Accounts receivable consist principally of credit card receivables arising from the sale of products to the Company's Members, and its collection risk is reduced due to geographic dispersion. Credit card receivables were \$65.4 million and \$61.5 million as of March 31, 2024 and December 31, 2023, respectively. Substantially all credit card receivables were current as of March 31, 2024 and December 31, 2023. The Company recorded bad-debt expense related to allowances for the Company's receivables of \$0.3 million and zero during the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, the Company's allowance for doubtful accounts was \$1.9 million and \$1.7 million, respectively. As of March 31, 2024 and December 31, 2023, the majority of the Company's total outstanding accounts receivable were current.

The Company records advance sales deposits when payment is received but revenue has not yet been recognized. In the majority of the Company's markets, advance sales deposits are generally recorded to income when the product is delivered to its Members. Additionally, advance sales deposits also include deferred revenues due to the timing of revenue recognition for products sold through China independent service providers. The estimated deferral period for advance sales deposits is generally within one week. During the three months ended March 31, 2024, the Company recognized substantially all of the revenues that were included within advance sales deposits as of December 31, 2023 and any remaining such balance was not material as of March 31, 2024. Advance sales deposits are included in other current liabilities on the Company's condensed consolidated balance sheets. See Note 14, *Detail of Certain Balance Sheet Accounts*, for further information.

In general, if a Member returns product to the Company on a timely basis, they may obtain replacement product from the Company for such returned products. In addition, in general the Company maintains a buyback program pursuant to which it will repurchase products sold to a Member who has decided to leave the business. Allowances for product returns, primarily in connection with the Company's buyback program, are provided at the time the sale is recorded. This accrual is based upon historical return rates for each country and the relevant return pattern, which reflects anticipated returns to be received over a period of up to 12 months following the original sale. Allowances for product returns were \$2.0 million and \$1.9 million as of March 31, 2024 and December 31, 2023, respectively.

The Company's products are grouped in five product categories: weight management; targeted nutrition; energy, sports, and fitness; outer nutrition; and literature and promotional items. However, the effect of economic factors on the nature, amount, timing, and uncertainty of revenue recognition and cash flows are similar among all five product categories. The Company defines its operating segments through five geographic regions. The effect of economic factors on the nature, amount, timing, and uncertainty of revenue recognition and cash flows are similar among the geographic regions within the Company's Primary Reporting Segment. See Note 6, *Segment Information*, for further information on the Company's reportable segments and the Company's presentation of disaggregated revenue by reportable segment.

Distributor Compensation – U.S.

In the U.S., distributor compensation, including Royalty overrides, is capped if the Company does not meet an annual requirement as described in the consent order discussed in more detail in Note 5, *Contingencies*. On a periodic basis, the Company evaluates if this requirement will be achieved by year end to determine if a cap on distributor compensation will be required, and then determines the appropriate amount of distributor compensation expense, which may vary in each reporting period. As of March 31, 2024, the Company believes that the cap to distributor compensation will not be applicable for the current year.

Other Operating Income

To encourage local investment and operations, governments in various China provinces conduct grant programs. The Company applied for and received several such grants in China. Government grants are recorded into income when a legal right to the grant exists, there is a reasonable assurance that the grant proceeds will be received, and the substantive conditions under which the grants were provided have been met. Generally, these substantive conditions are the Company maintaining operations and paying certain taxes in the relevant province and obtaining government approval by completing an annual application process. The Company believes the continuing obligation with respect to the funds is a general requirement that they are used only for its business in China. The Company did not recognize any government grant income related to its regional headquarters and distribution centers within China during the three months ended March 31, 2024. The Company recognized government grant income related to its regional headquarters and distribution centers within China of approximately \$8.9 million during the three months ended March 31, 2023 in other operating income within its condensed consolidated statements of income. The Company intends to continue applying for government grants in China when programs are available; however, there is no assurance that the Company will receive grants in future periods.

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Company's condensed consolidated balance sheets that sum to the total of the same such amounts shown in the Company's condensed consolidated statements of cash flows:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Cash and cash equivalents	\$ 398.3	\$ 575.2
Restricted cash included in Prepaid expenses and other current assets	9.3	15.3
Restricted cash included in Other assets	4.9	5.0
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 412.5</u>	<u>\$ 595.5</u>

The majority of the Company's consolidated restricted cash held by certain of its foreign entities consists of cash deposits that are required due to the business operating requirements in those jurisdictions.

Use of Estimates

The Company continues to operate in an uncertain macroeconomic and geopolitical environment caused by high inflation, foreign exchange rate fluctuations, the wars in Ukraine and the Middle East, and other factors. The Company is closely monitoring the evolving macroeconomic and geopolitical conditions to assess potential impacts on its business. Due to the significant uncertainty created by these circumstances, actual results could differ from Management's estimates and judgments. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current macroeconomic environment, which estimates and assumptions the Company believes to be reasonable under the circumstances. Changes in estimates resulting from continuing changes in the macroeconomic environment will be reflected in the financial statements in future periods.

3. Inventories

Inventories consist primarily of finished goods available for resale. Inventories are stated at lower of cost (primarily on the first-in, first-out basis) and net realizable value.

The following are the major classes of inventory:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Raw materials	\$ 75.6	\$ 80.3
Work in process	10.6	10.0
Finished goods	415.7	414.9
Total	<u>\$ 501.9</u>	<u>\$ 505.2</u>

4. Long-Term Debt

Long-term debt consists of the following:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Borrowings under senior secured credit facility, carrying value (1)	\$ 941.0	\$ 883.7
2.625% convertible senior notes due 2024, carrying value	—	196.8
4.250% convertible senior notes due 2028, carrying value	270.8	270.5
7.875% senior notes due 2025, carrying value	597.5	597.1
4.875% senior notes due 2029, carrying value	594.7	594.5
Other	3.9	19.8
Total	2,407.9	2,562.4
Less: current portion	2.9	309.5
Long-term portion	<u>\$ 2,405.0</u>	<u>\$ 2,252.9</u>

(1) During April 2024, the Company amended its 2018 Credit Facility and also issued senior secured notes that mature in 2029, and concurrently repaid all amounts outstanding under its 2018 Credit Facility, and a portion of the 2025 Notes (as defined below), as described further in Note 15, *Subsequent Events*. As a result, as of March 31, 2024, in accordance with ASC Topic 470, *Debt*, or ASC 470, the Company classified its 2018 Credit Facility and 2025 Notes as a long-term liability since the Company had refinanced this outstanding debt with new long-term debt as described further in Note 15, *Subsequent Events*.

Senior Secured Credit Facility

On August 16, 2018, the Company entered into a \$1.25 billion senior secured credit facility, or the 2018 Credit Facility, consisting of a \$250.0 million term loan A, or the 2018 Term Loan A, a \$750.0 million term loan B, or the 2018 Term Loan B, and a \$250.0 million revolving credit facility, or the 2018 Revolving Credit Facility, with a syndicate of financial institutions as lenders. The 2018 Term Loan B matures upon the earlier of: (i) August 18, 2025, or (ii) December 15, 2023 if the outstanding principal on the 2024 Convertible Notes, as defined below, exceeded \$350.0 million and the Company exceeds certain leverage ratios as of that date. As described further below, the 2024 Convertible Notes matured and the Company repaid the remaining outstanding principal and any accrued interest on March 15, 2024. All obligations under the 2018 Credit Facility are unconditionally guaranteed by certain direct and indirect wholly-owned subsidiaries of Herbalife Ltd. and secured by the equity interests of certain of Herbalife Ltd.'s subsidiaries and substantially all of the assets of the domestic loan parties. Also on August 16, 2018, the Company issued \$400.0 million aggregate principal amount of senior unsecured notes, or the 2026 Notes, and used the proceeds from the 2018 Credit Facility and the 2026 Notes to repay in full the \$1,178.1 million outstanding under the Company's prior senior secured credit facility. See Note 5, *Long-Term Debt*, to the Consolidated Financial Statements included in the 2023 10-K for a further description of the Company's 2026 Notes.

The 2018 Term Loan B was issued to the lenders at a 0.25% discount, or \$1.9 million. The Company incurred approximately \$11.7 million of debt issuance costs in connection with the 2018 Credit Facility. The discount and debt issuance costs are recorded on the Company's condensed consolidated balance sheet and are being amortized over the life of the 2018 Credit Facility using the effective-interest method.

On December 12, 2019, the Company amended the 2018 Credit Facility which, among other things, reduced the interest rate for borrowings under the 2018 Term Loan B from either the eurocurrency rate plus a margin of 3.25% or the base rate plus a margin of 2.25% to either the eurocurrency rate plus a margin of 2.75% or the base rate plus a margin of 1.75%. The Company incurred approximately \$1.2 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. The debt issuance costs were recognized in interest expense, net within the Company's condensed consolidated statement of income during the fourth quarter of 2019.

On March 19, 2020, the Company amended the 2018 Credit Facility which, among other things, extended the maturity of both the 2018 Term Loan A and 2018 Revolving Credit Facility to the earlier of: (i) March 19, 2025, or (ii) September 15, 2023 if the outstanding principal on the 2024 Convertible Notes, as defined below, exceeded \$350.0 million and the Company exceeds certain leverage ratios as of that date (as described further below, the 2024 Convertible Notes matured and the Company repaid the remaining outstanding principal and any accrued interest on March 15, 2024); increased borrowings under the 2018 Term Loan A from \$234.4 million to a total of \$264.8 million; increased the total available borrowing capacity under 2018 Revolving Credit Facility from \$250.0 million to \$282.5 million; and reduced the interest rate for borrowings under both the 2018 Term Loan A and 2018 Revolving Credit Facility from either the eurocurrency rate plus a margin of 3.00% or the base rate plus a margin of 2.00% to either the eurocurrency rate plus a margin of 2.50% or the base rate plus a margin of 1.50%. The Company incurred approximately \$1.6 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. Of the \$1.6 million of debt issuance costs, approximately \$1.1 million was recorded on the Company's condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.5 million was recognized in interest expense, net within the Company's condensed consolidated statement of income during the first quarter of 2020.

On February 10, 2021, the Company amended the 2018 Credit Facility which, among other things, reduced the interest rate for borrowings under the 2018 Term Loan B from either the eurocurrency rate plus a margin of 2.75% or the base rate plus a margin of 1.75% to either the eurocurrency rate plus a margin of 2.50% or the base rate plus a margin of 1.50%. The Company incurred approximately \$1.1 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. The debt issuance costs were recognized in interest expense, net within the Company's condensed consolidated statement of income during the first quarter of 2021.

On July 30, 2021, the Company amended the 2018 Credit Facility which, among other things, increased borrowings under the 2018 Term Loan A from \$245.0 million to a total of \$286.2 million; increased the total available borrowing capacity under the 2018 Revolving Credit Facility from \$282.5 million to \$330.0 million; reduced the interest rate for borrowings under the 2018 Term Loan A and 2018 Revolving Credit Facility from either the eurocurrency rate plus a margin of 2.50% or the base rate plus a margin of 1.50% to, depending on the Company's total leverage ratio, either the eurocurrency rate plus a margin of between 1.75% and 2.25% or the base rate plus a margin of between 0.75% and 1.25%; and amended the commitment fee on the undrawn portion of the 2018 Revolving Credit Facility from 0.35% per annum to, depending on the Company's total leverage ratio, between 0.25% to 0.35% per annum. As a result of the amendment, the applicable margin for the 2018 Term Loan A and 2018 Revolving Credit Facility is currently subject to certain premiums or discounts tied to criteria determined by certain sustainability targets where the applicable margin may increase or decrease up to three basis points. The Company incurred approximately \$1.4 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. Of the \$1.4 million of debt issuance costs, approximately \$0.8 million was recorded on the Company's condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.6 million was recognized in interest expense, net within the Company's condensed consolidated statement of income during the third quarter of 2021.

During the second quarter of 2023, the Company amended the 2018 Credit Facility which, among other things, increased the leverage ratio covenant under both the 2018 Term Loan A and 2018 Revolving Credit Facility. In addition, the 2018 Credit Facility was also amended to transition from LIBOR to the Secured Overnight Financing Rate, or SOFR, in connection with the discontinuation of LIBOR as of June 30, 2023. Following the transition, borrowings utilizing SOFR under the 2018 Credit Facility began using the "Adjusted Term SOFR", which is the rate per annum equal to Term SOFR plus a rate adjustment based on interest periods of one month, three months, six months and twelve months tenors equaling to approximately 0.11%, 0.26%, 0.43% and 0.72%, respectively. The Company incurred approximately \$1.1 million of debt issuance costs in connection with these amendments. For accounting purposes, pursuant to ASC 470, these transactions were accounted for as modifications of the 2018 Credit Facility. Of the \$1.1 million of debt issuance costs, approximately \$1.0 million was recorded on the Company's condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.1 million was recognized in interest expense, net within the Company's condensed consolidated statement of income during the second quarter of 2023.

Through June 30, 2023, under the 2018 Credit Facility, borrowings under both the 2018 Term Loan A and 2018 Revolving Credit Facility bore interest at, depending on the Company's total leverage ratio, either the eurocurrency rate plus a margin of between 1.75% and 2.25% or the base rate plus a margin of between 0.75% and 1.25%. Additionally, borrowings under the 2018 Term Loan B bore interest at either the eurocurrency rate plus a margin of 2.50% or the base rate plus a margin of 1.50%. The eurocurrency rate was based on adjusted LIBOR and was subject to a floor of 0.00%. The base rate represented the highest of the Federal Funds Rate plus 0.50%, one-month adjusted LIBOR plus 1.00%, and the prime rate quoted by The Wall Street Journal, and was subject to a floor of 1.00%.

Beginning July 1, 2023, the borrowings utilizing SOFR under both the 2018 Term Loan A and 2018 Revolving Credit Facility, began bearing interest at, depending on the Company's total leverage ratio, either the Adjusted Term SOFR plus a margin of between 1.75% and 2.25%, or the base rate plus a margin of between 0.75% and 1.25%. The applicable margin may also be subject to certain premiums or discounts tied to criteria determined by certain sustainability targets, as described above. Borrowings utilizing SOFR under the 2018 Term Loan B began bearing interest at either, the Adjusted Term SOFR plus a margin of 2.50%, or the base rate plus a margin of 1.50%. The Adjusted Term SOFR is also subject to a floor of 0.00%. The base rate represents the highest of the Federal Funds Rate plus 0.50%, one-month Adjusted Term SOFR plus 1.00%, and the prime rate quoted by The Wall Street Journal and continues to be subject to a floor of 1.00%. The transition to Adjusted Term SOFR did not affect the margins previously applied to LIBOR or the base rate, as described further above. The Company will continue to be required to pay a commitment fee on the 2018 Revolving Credit Facility of, depending on the Company's total leverage ratio, between 0.25% to 0.35% per annum on the undrawn portion of the 2018 Revolving Credit Facility. Interest continues to be due at least quarterly on amounts outstanding under the 2018 Credit Facility.

The 2018 Credit Facility requires the Company to comply with a leverage ratio. The 2018 Credit Facility also contains affirmative and negative covenants customary for financings of this type, including, among other things, limitations or prohibitions on repurchasing common shares, declaring and paying dividends and other distributions, redeeming and repurchasing certain other indebtedness, loans and investments, additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the 2018 Credit Facility contains customary events of default. As of March 31, 2024 and December 31, 2023, the Company was in compliance with its debt covenants under the 2018 Credit Facility.

The 2018 Term Loan A and 2018 Term Loan B are payable in consecutive quarterly installments which began on December 31, 2018. In addition, beginning in 2020, the Company may be required to make mandatory prepayments towards the 2018 Term Loan B based on the Company's consolidated leverage ratio and annual excess cash flows as defined under the terms of the 2018 Credit Facility. The Company is also permitted to make voluntary prepayments. Amounts outstanding under the 2018 Term Loan A and 2018 Term Loan B may be voluntarily prepaid without premium or penalty, subject to customary breakage fees in connection with the prepayment of a eurocurrency loan. These prepayments, if any, will be applied against remaining quarterly installments owed under the 2018 Term Loan A and 2018 Term Loan B in order of maturity with the remaining principal due upon maturity, unless directed otherwise by the Company. Pursuant to the terms of the excess cash flow clause, and based on the 2023 excess cash flow calculation and consolidated leverage ratio as of December 31, 2023, as described and defined under the terms of the 2018 Credit Facility, the Company made a \$66.3 million mandatory prepayment towards the 2018 Term Loan B during the first quarter of 2024.

As of March 31, 2024 and December 31, 2023, the weighted-average interest rate for borrowings under the 2018 Credit Facility was 7.92% and 7.62%, respectively.

During the three months ended March 31, 2024, the Company borrowed an aggregate amount of \$160.0 million under the 2018 Credit Facility, all of which was under the 2018 Revolving Credit Facility, and repaid a total amount of \$103.5 million on amounts outstanding under the 2018 Credit Facility, which included \$30.0 million of repayments on amounts outstanding under the 2018 Revolving Credit Facility and a \$66.3 million mandatory prepayment on amounts outstanding under the 2018 Term Loan B. During the three months ended March 31, 2023, the Company borrowed an aggregate amount of \$71.0 million under the 2018 Credit Facility, all of which was under the 2018 Revolving Credit Facility, and repaid a total amount of \$138.2 million on amounts outstanding under the 2018 Credit Facility, which included \$131.0 million of repayments on amounts outstanding under the 2018 Revolving Credit Facility. As of March 31, 2024 and December 31, 2023, the U.S. dollar amount outstanding under the 2018 Credit Facility was \$943.2 million and \$886.7 million, respectively. Of the \$943.2 million outstanding under the 2018 Credit Facility as of March 31, 2024, \$228.9 million was outstanding under the 2018 Term Loan A, \$584.3 million was outstanding under the 2018 Term Loan B and \$130.0 million outstanding under the 2018 Revolving Credit Facility. Of the \$886.7 million outstanding under the 2018 Credit Facility as of December 31, 2023, \$236.1 million was outstanding under the 2018 Term Loan A and \$650.6 million was outstanding under the 2018 Term Loan B. There were no borrowings outstanding under the 2018 Revolving Credit Facility as of December 31, 2023. There were no outstanding foreign currency borrowings under the 2018 Credit Facility as of March 31, 2024 and December 31, 2023.

During the three months ended March 31, 2024 and 2023, the Company recognized \$18.9 million and \$17.1 million, respectively, of interest expense relating to the 2018 Credit Facility, which included \$0.1 million and \$0.1 million, respectively, relating to non-cash interest expense relating to the debt discount and \$0.8 million and \$0.5 million, respectively, relating to amortization of debt issuance costs.

The fair value of the outstanding borrowings on the 2018 Term Loan A are determined by utilizing over-the-counter market quotes for similar instruments, which are considered Level 2 inputs as described in Note 12, *Fair Value Measurements*. As of March 31, 2024 and December 31, 2023, the carrying value of the 2018 Term Loan A was \$228.5 million and \$235.5 million, respectively, and the fair value was approximately \$228.3 million and \$236.1 million, respectively. The fair value of the outstanding borrowings under the 2018 Term Loan B are determined by utilizing over-the-counter market quotes, which are considered Level 2 inputs as described in Note 12, *Fair Value Measurements*. As of March 31, 2024 and December 31, 2023, the carrying amount of the 2018 Term Loan B was \$582.5 million and \$648.2 million, respectively, and the fair value was approximately \$582.8 million and \$650.6 million, respectively. The fair value of the outstanding borrowings on the 2018 Revolving Credit Facility approximated its carrying value of \$130.0 million as of March 31, 2024 due to its variable interest rate which reprices frequently and represents floating market rates.

Convertible Senior Notes due 2024

In March 2018, the Company issued \$550.0 million aggregate principal amount of convertible senior notes, or the 2024 Convertible Notes, in a private offering to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2024 Convertible Notes were senior unsecured obligations which ranked effectively subordinate to any of the Company's existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2024 Convertible Notes paid interest at a rate of 2.625% per annum payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018. Unless redeemed, repurchased or converted in accordance with their terms prior to such date, the 2024 Convertible Notes matured on March 15, 2024. On and after December 15, 2023, holders could convert their 2024 Convertible Notes at any time, regardless of the circumstances. In December 2021, the Company made an irrevocable election under the indenture governing the 2024 Convertible Notes to require the principal portion of the 2024 Convertible Notes to be settled in cash and any excess in shares or cash. Upon conversion, the 2024 Convertible Notes would have been settled in cash and, if applicable, the Company's common shares, based on the applicable conversion rate at such time. The 2024 Convertible Notes had an initial conversion rate of 16.0056 common shares per \$1,000 principal amount of the 2024 Convertible Notes, or an initial conversion price of approximately \$62.48 per common share. The conversion rate was subject to adjustment upon the occurrence of certain events and was 16.0467 common shares per \$1,000 principal amount of the 2024 Convertible Notes, or a conversion price of approximately \$62.32 per common share, as of March 15, 2024, prior to its maturity.

In March 2018, prior to the adoption of ASU 2020-06 as described further below, the \$550.0 million aggregate principal amount of the 2024 Convertible Notes were initially allocated between long-term debt, or liability component, and additional paid-in capital, or equity component, within the Company's condensed consolidated balance sheet at \$410.1 million and \$139.9 million, respectively. The liability component was measured using the nonconvertible debt interest rate. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the face value of the 2024 Convertible Notes as a whole. Since the Company must still settle these 2024 Convertible Notes at face value at or prior to maturity, this liability component was being accreted up to its face value prior to the adoption of ASU 2020-06, resulting in additional non-cash interest expense being recognized within the Company's condensed consolidated statements of income while the 2024 Convertible Notes remain outstanding. Prior to the adoption of ASU 2020-06, the effective-interest rate on the 2024 Convertible Notes was approximately 8.4% per annum. The equity component was not to be remeasured as long as it continued to meet the conditions for equity classification.

The Company incurred approximately \$12.9 million of issuance costs during the first quarter of 2018 relating to the issuance of the 2024 Convertible Notes. Of the \$12.9 million issuance costs incurred, \$9.6 million and \$3.3 million were recorded as debt issuance costs and additional paid-in capital, respectively, in proportion to the allocation of the proceeds of the 2024 Convertible Notes prior to the adoption of ASU 2020-06. The \$9.6 million of debt issuance costs, which was recorded as an additional debt discount on the Company's condensed consolidated balance sheet, was amortized over the contractual term of the 2024 Convertible Notes using the effective-interest method.

The Company adopted ASU 2020-06 during the first quarter of 2022 using the modified retrospective method and recognized a cumulative-effect adjustment to the opening balance of accumulated deficit in the period of adoption. As a result of adopting ASU 2020-06, on January 1, 2022, the Company increased long-term debt by approximately \$59.1 million, reduced paid-in capital in excess of par value by approximately \$136.7 million, and decreased accumulated deficit by approximately \$77.6 million within its condensed consolidated balance sheet. In addition, the effective-interest on the 2024 Convertible Notes is approximately 3.1% per annum.

In December 2022, the Company issued \$277.5 million aggregate principal amount of new convertible senior notes due 2028, or the 2028 Convertible Notes as described below, and subsequently used the proceeds, to repurchase \$287.5 million of its existing 2024 Convertible Notes from a limited number of holders in privately negotiated transactions for an aggregate purchase price of \$274.9 million, which included \$1.7 million of accrued interest. For accounting purposes, pursuant to ASC 470, *Debt*, these transactions were accounted for as an extinguishment of 2024 Convertible Notes and an issuance of new 2028 Convertible Notes. As a result, the Company recognized \$286.0 million as a reduction to long-term debt representing the carrying value of the repurchased 2024 Convertible Notes. The \$12.8 million difference between the cash paid and carrying value of the repurchased 2024 Convertible Notes was recognized as a gain on the extinguishment of debt and is recorded in other (income) expense, net within the Company's consolidated statement of income during the fourth quarter of 2022. The accounting impact of the new 2028 Convertible Notes is described in further detail below.

In August 2023, the Company repurchased \$65.5 million of its existing 2024 Convertible Notes through open market purchases for an aggregate purchase price of \$65.1 million, which included \$0.8 million of accrued interest. For accounting purposes, pursuant to ASC 470, *Debt*, these transactions were accounted for as an extinguishment of the 2024 Convertible Notes. As a result, the Company recognized \$65.3 million as a reduction to current portion of long-term debt representing the carrying value of the repurchased 2024 Convertible Notes. The \$1.0 million difference between the cash paid and carrying value of the repurchased 2024 Convertible Notes was recognized as a gain on the extinguishment of debt and is recorded in other income, net within the Company's condensed consolidated statement of income during the third quarter of 2023.

On March 15, 2024, the 2024 Convertible Notes matured and the Company repaid the remaining \$197.0 million outstanding principal in cash, as well as \$2.6 million of accrued interest. As a result, the Company recognized \$197.0 million as a reduction to current portion of long-term debt representing the carrying value of the repurchased 2024 Convertible Notes. As of December 31, 2023, the remaining outstanding principal on the 2024 Convertible Notes was \$197.0 million, the unamortized debt issuance costs were \$0.2 million, and the carrying amount was \$196.8 million, which was recorded to current portion of long-term debt within the Company's consolidated balance sheet. The fair value of the 2024 Convertible Notes was approximately \$196.2 million as of December 31, 2023, and was determined by utilizing over-the-counter market quotes, which are considered Level 2 inputs as defined in Note 12, *Fair Value Measurements*.

During the three months ended March 31, 2024 and 2023, the Company recognized \$1.2 million and \$1.8 million, respectively, of interest expense relating to the 2024 Convertible Notes, which included \$0.2 million and \$0.3 million, respectively, relating to amortization of debt issuance costs.

Convertible Senior Notes due 2028

In December 2022, the Company issued \$250.0 million aggregate principal amount of convertible senior notes in a private offering to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933, as amended. The Company granted an option to the initial purchasers to purchase up to an additional \$37.5 million aggregate principal amount of 2028 Convertible Notes, of which \$27.5 million was exercised during December 2022, resulting in a total issuance of \$277.5 million aggregate principal amount of 2028 Convertible Notes. The 2028 Convertible Notes are senior unsecured obligations which rank effectively subordinate to any of the Company's existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2028 Convertible Notes pay interest at a rate of 4.25% per annum payable semiannually in arrears on June 15 and December 15 of each year, beginning on June 15, 2023. Unless redeemed, repurchased or converted in accordance with their terms prior to such date, the 2028 Convertible Notes mature on June 15, 2028. Holders of the 2028 Convertible Notes may convert their notes at their option under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending March 31, 2023, if the last reported sale price of the Company's common shares for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price for the 2028 Convertible Notes on each applicable trading day; (ii) during the five business-day period immediately after any five consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of 2028 Convertible Notes for each trading day of that measurement period was less than 98% of the product of the last reported sale price of the Company's common shares and the conversion rate for the 2028 Convertible Notes for each such day; (iii) if the Company calls the 2028 Convertible Notes for redemption; or (iv) upon the occurrence of specified corporate events. On and after March 15, 2028, holders may convert their 2028 Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the principal portion of the 2028 Convertible Notes will be settled in cash and to the extent the conversion value exceeds the principal amount, the Company may elect to settle in cash, or a combination of cash and common shares, based on the applicable conversion rate at such time. The 2028 Convertible Notes had an initial conversion rate of 58.8998 common shares per \$1,000 principal amount of the 2028 Convertible Notes, or an initial conversion price of approximately \$16.98 per common share. The conversion rate is subject to adjustment upon the occurrence of certain events.

The Company incurred approximately \$8.5 million of issuance costs during the fourth quarter of 2022 relating to the issuance of the 2028 Convertible Notes. These were recorded as a debt discount on the Company's consolidated balance sheet and are being amortized over the contractual term of the 2028 Convertible Notes using the effective-interest method. The effective-interest rate on the 2028 Convertible Notes is approximately 4.9% per annum.

As of March 31, 2024, the outstanding principal on the 2028 Convertible Notes was \$277.5 million, the unamortized debt issuance costs were \$6.7 million, and the carrying amount was \$270.8 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. As of December 31, 2023, the outstanding principal on the 2028 Convertible Notes was \$277.5 million, the unamortized debt issuance costs were \$7.0 million, and the carrying amount was \$270.5 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. The fair value of the 2028 Convertible Notes was approximately \$242.5 million and \$320.9 million as of March 31, 2024 and December 31, 2023, respectively, and was determined by utilizing over-the-counter market quotes, which are considered Level 2 inputs as defined in Note 12, *Fair Value Measurements*.

During the three months ended March 31, 2024 and 2023, the Company recognized \$3.3 million and \$3.3 million, respectively, of interest expense relating to the 2028 Convertible Notes, which included \$0.3 million and \$0.3 million, respectively, relating to non-cash interest expense relating to amortization of debt issuance costs.

Senior Notes due 2025

In May 2020, the Company issued \$600.0 million aggregate principal amount of senior notes, or the 2025 Notes, in a private offering in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, and outside the United States pursuant to Regulation S under the Securities Act of 1933, as amended. The 2025 Notes are senior unsecured obligations which rank effectively subordinate to any of the Company's existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2025 Notes pay interest at a rate of 7.875% per annum payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2021. The 2025 Notes mature on September 1, 2025.

The Company may redeem all or part of the 2025 Notes at the following redemption prices, expressed as percentages of principal amount, plus accrued and unpaid interest thereon to the redemption date, if redeemed during the twelve-month period beginning on September 1 of the years indicated below:

	Percentage
2023	101.969 %
2024 and thereafter	100.000 %

The 2025 Notes contain customary negative covenants, including, among other things, limitations or prohibitions on restricted payments, incurrence of additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the 2025 Notes contain customary events of default.

The Company incurred approximately \$7.9 million of issuance costs during the second quarter of 2020 relating to the issuance of the 2025 Notes. The \$7.9 million of debt issuance costs, which was recorded as a debt discount on the Company's condensed consolidated balance sheet, are being amortized over the contractual term of the 2025 Notes using the effective-interest method.

As of March 31, 2024, the outstanding principal on the 2025 Notes was \$600.0 million, the unamortized debt issuance costs were \$2.5 million, and the carrying amount was \$597.5 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. As of December 31, 2023, the outstanding principal on the 2025 Notes was \$600.0 million, the unamortized debt issuance costs were \$2.9 million, and the carrying amount was \$597.1 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. The fair value of the 2025 Notes was approximately \$601.0 million and \$596.8 million as of March 31, 2024 and December 31, 2023, respectively, and was determined by utilizing over-the-counter market quotes and yield curves, which are considered Level 2 inputs as defined in Note 12, *Fair Value Measurements*.

During the three months ended March 31, 2024 and 2023, the Company recognized \$12.2 million and \$12.2 million, respectively, of interest expense relating to the 2025 Notes, which included \$0.4 million and \$0.4 million, respectively, relating to amortization of debt issuance costs.

Senior Notes due 2029

In May 2021, the Company issued \$600.0 million aggregate principal amount of senior notes, or the 2029 Notes, in a private offering in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, and outside the United States pursuant to Regulation S under the Securities Act of 1933, as amended. The 2029 Notes are senior unsecured obligations which rank effectively subordinate to any of the Company's existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2029 Notes pay interest at a rate of 4.875% per annum payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2021. The 2029 Notes mature on June 1, 2029.

At any time prior to June 1, 2024, the Company may redeem all or part of the 2029 Notes at a redemption price equal to 100% of their principal amount, plus a "make whole" premium as of the redemption date, and accrued and unpaid interest to the redemption date. In addition, at any time prior to June 1, 2024, the Company may redeem up to 40% of the aggregate principal amount of the 2029 Notes with the proceeds of one or more equity offerings, at a redemption price equal to 104.875%, plus accrued and unpaid interest. Furthermore, at any time on or after June 1, 2024, the Company may redeem all or part of the 2029 Notes at the following redemption prices, expressed as percentages of principal amount, plus accrued and unpaid interest thereon to the redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

	Percentage
2024	102.438 %
2025	101.219 %
2026 and thereafter	100.000 %

The 2029 Notes contain customary negative covenants, including, among other things, limitations or prohibitions on restricted payments, incurrence of additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the 2029 Notes contain customary events of default.

The Company incurred approximately \$7.7 million of issuance costs during the second quarter of 2021 relating to the issuance of the 2029 Notes. The \$7.7 million of debt issuance costs, which was recorded as a debt discount on the Company's condensed consolidated balance sheet, are being amortized over the contractual term of the 2029 Notes using the effective-interest method.

As of March 31, 2024, the outstanding principal on the 2029 Notes was \$600.0 million, the unamortized debt issuance costs were \$5.3 million, and the carrying amount was \$594.7 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. As of December 31, 2023, the outstanding principal on the 2029 Notes was \$600.0 million, the unamortized debt issuance costs were \$5.5 million, and the carrying amount was \$594.5 million, which was recorded to long-term debt within the Company's condensed consolidated balance sheet. The fair value of the 2029 Notes was approximately \$423.2 million and \$471.6 million as of March 31, 2024 and December 31, 2023, respectively, and was determined by utilizing over-the-counter market quotes and yield curves, which are considered Level 2 inputs as defined in Note 12, *Fair Value Measurements*.

During the three months ended March 31, 2024 and 2023, the Company recognized \$7.5 million and \$7.5 million, respectively, of interest expense relating to the 2029 Notes, which included \$0.2 million and \$0.2 million, respectively, relating to amortization of debt issuance costs.

Total Debt

The Company's total interest expense was \$41.6 million and \$41.8 million for the three months ended March 31, 2024 and 2023, respectively, which was recognized within its condensed consolidated statements of income.

As of March 31, 2024, annual scheduled principal payments of debt were as follows, which excludes the impact of the April 2024 refinancing transactions, as described further in Note 15, *Subsequent Events*:

	Principal Payments <i>(in millions)</i>
2024	\$ 23.4
2025	1,523.2
2026	0.3
2027	0.2
2028	277.6
Thereafter	600.0
Total	\$ 2,424.7

Certain vendors and government agencies may require letters of credit or similar guaranteeing arrangements to be issued or executed. As of March 31, 2024, the Company had \$128.5 million of issued but undrawn letters of credit or similar arrangements, which includes undrawn letters of credit and surety bonds related to the Company's tax assessments in Brazil as described further in Note 5, *Contingencies*.

5. Contingencies

The Company is from time to time engaged in routine litigation. The Company regularly reviews all pending litigation matters in which it is involved and establishes reserves deemed appropriate by management for these litigation matters when a probable loss estimate can be made.

The matters described in this Note may take several years to resolve. While the Company believes it has meritorious defenses, it cannot be sure of their ultimate resolution. Although the Company may reserve amounts for certain matters that the Company believes represent the most likely outcome of the resolution of these related disputes, if the Company is incorrect in its assessment, the Company may have to record additional expenses, when it becomes probable that an increased potential liability is warranted.

Tax Matters

The Mexican Tax Administration Service has delayed processing value-added tax, or VAT, refunds for companies operating in Mexico and the Company believes that the process for its Mexico subsidiary to receive VAT refunds may be delayed. As of March 31, 2024, the Company had \$23.1 million of Mexico VAT-related assets, of which \$11.5 million was recognized in prepaid expenses and other current assets and \$11.6 million was recognized in other assets within its condensed consolidated balance sheet. This amount relates to VAT payments made over various periods and the Company believes these amounts are recoverable by refund or they may be applied against certain future tax liabilities. Effective January 1, 2019, a tax reform law changed the rules concerning possible use of VAT assets, specifically providing that, for VAT balances generated after December 31, 2018, those balances could not be offset against taxes other than VAT obligations currently due. The Company has not recognized any losses related to these VAT-related assets as the Company does not believe a loss is probable.

In addition, the Mexican Tax Administration Service is auditing the Company's various tax filings for the 2019 year and after completing its initial examination, the Tax Administration Service is now discussing its preliminary findings with the Company. Those findings primarily concern which VAT rate is applicable to certain of the Company's products. It is possible that the Company could receive an assessment from the Tax Administration Service after these discussions are completed. The Company believes that it has meritorious defenses if an assessment is issued by the Tax Administration Service and does not believe a loss is currently probable. The Company is currently unable to reasonably estimate the amount of loss that may result from an unfavorable outcome if a formal assessment is issued by the Tax Administration Service.

The Company has received tax assessments for multiple years from the Federal Revenue Office of Brazil related to withholding/contributions based on payments to the Company's Members. In February 2022, the Company received a mixed verdict related to the 2004 tax assessment which reduced the exposure to the Company. The aggregate combined amount of all these assessments is equivalent to approximately \$11.3 million, translated at the March 31, 2024 spot rate. The Company is currently litigating these assessments and has provided a surety bond for certain of these amounts. The Company has not accrued a loss for the majority of the assessments because the Company does not believe a loss is probable. The Company is currently unable to reasonably estimate the amount of the loss that may result from an unfavorable outcome if additional assessments for other periods were to be issued.

The Company is under examination in several Brazilian states related to ICMS and ICMS-ST taxation. Some of these examinations have resulted in assessments for underpaid tax that the Company has appealed. The State of São Paulo has audited the Company for the 2013 and 2014 tax years. During July 2016 and August 2017, for the State of São Paulo, the Company received assessments in the aggregate amount of approximately \$32.1 million and approximately \$11.9 million, respectively, translated at the March 31, 2024 spot rate, relating to various ICMS issues for its 2013 and 2014 tax years, respectively. The Company appealed both of these assessments. The Company recently received an unfavorable decision at the Third Level Administrative Court on the 2013 tax year case and in November 2023, the Company provided a surety bond to the Court and an undrawn letter of credit to the surety bond issuer, each for approximately \$45 million, in order to litigate the case at the Judicial level. The 2014 tax year case is still at the Third Level Administrative Court. The Company is continuing to litigate both of these assessments. Separately, the State of São Paulo is auditing the Company for the 2017 to 2023 tax years, and during December 2023 and March 2024, the Company received assessments in the aggregate amount of approximately \$46.9 million and approximately \$29.1 million, respectively, translated at the March 31, 2024 spot rate, relating to various ICMS issues for its 2018 and 2019 tax years, respectively. The 2018 and the 2019 tax year cases are at the First Administrative Court and the Company is appealing both of these assessments. Litigation in all these cases is currently ongoing. The Company has not recognized a loss relating to any of these cases, assessments, and matters as the Company does not believe a loss is probable.

During September 2018, for the State of Rio de Janeiro in Brazil, the Company received an assessment in the aggregate amount of approximately \$7.0 million, translated at the March 31, 2024 spot rate, relating to various ICMS-ST issues for its 2016 and 2017 tax years. The Company is appealing this assessment and the case is at the First Level Judicial Court. The Company has also received other ICMS tax assessments in Brazil. During the fourth quarter of 2015, the Company filed appeals with state judicial courts against three of the assessments. The Company had provided surety bonds in the aggregate amount of \$12.6 million, translated at the March 31, 2024 spot rate, to guarantee payment of some of the tax assessments as required while the Company pursues the appeals. In addition, the Company has received several ICMS tax assessments in the aggregate amount of \$3.2 million, translated at the March 31, 2024 spot rate, from several other Brazilian states where surety bonds have not been issued. Litigation in all these cases is currently ongoing. The Company has not recognized a loss relating to any of these cases, assessments, and matters as the Company does not believe a loss is probable.

The Company has received various tax assessments in multiple jurisdictions in India for multiple years from the Indian VAT and Service Tax authorities in an amount equivalent to approximately \$12.3 million, translated at the March 31, 2024 spot rate. These assessments are for underpaid VAT and the ability to claim input Service Tax credits. The Company is litigating these cases at the tax administrative level and the tax tribunal levels as it believes it has meritorious defenses. The Company has not recognized a loss as it does not believe a loss is probable. In addition, the Indian income tax authorities audited the Company's fiscal years ended March 31, 2017, 2018, 2020 and 2021 and the Company has received assessments for tax and interest of approximately \$17.4 million, \$16.9 million, \$14.6 million and \$16.5 million for those respective years, translated at the March 31, 2024 spot rate. These assessments are subject to interest and penalty adjustments. For the assessments related to fiscal years March 31, 2017 and March 31, 2018, the Company received a favorable verdict at the Tax Tribunal level; however, the Company anticipates the Government to appeal the verdict to the High Court. The Company intends to litigate these cases for fiscal years ended March 31, 2017, 2018, 2020 and 2021. The Company currently believes that it is more likely than not that it will be successful in supporting its positions relating to these assessments. Accordingly, the Company has not accrued any amounts relating to these matters. In addition, the Indian income tax authorities are auditing multiple years and it is uncertain whether additional assessments will be received.

During the course of 2016, the Company received various questions from the Greek Social Security Agency and on December 29, 2016, the Greek Social Security Agency issued assessments with respect to Social Security Contributions on Member earnings for the 2006 year. For Social Security issues, the statute of limitations is open for 2014 and later years in Greece. Despite the assessment amount being immaterial, the Company could receive similar assessments covering other years. The Company continues to litigate the assessment. The Company has not recognized a loss as it does not believe a loss is probable. The Company is currently unable to reasonably estimate the amount of the loss that may result from an unfavorable outcome if additional assessments for other periods were to be issued.

U.S. Federal Trade Commission Consent Order

On July 15, 2016, the Company and the Federal Trade Commission, or the FTC, entered into a proposed Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, or the Consent Order. The Consent Order was lodged with the U.S. District Court for the Central District of California on July 15, 2016 and became effective on July 25, 2016, or the Effective Date. The Consent Order resolved the FTC's multi-year investigation of the Company.

Pursuant to the Consent Order, under which the Company neither admitted nor denied the FTC's allegations (except as to the Court having jurisdiction over the matter), the Company made, through its wholly-owned subsidiary Herbalife International of America, Inc., a \$200 million payment to the FTC. Additionally, the Company implemented and continues to enhance certain existing procedures in the U.S. Among other requirements, the Consent Order requires the Company to categorize all existing and future Members in the U.S. as either "preferred members" – who are simply consumers who only wish to purchase products for their own household use, or "distributors" – who are Members who wish to resell some products or build a sales organization. The Company also agreed to compensate distributors on eligible U.S. sales within their downline organization, which include purchases by preferred members, purchases by a distributor for his or her personal consumption within allowable limits and sales of product by a distributor to his or her customers. The Consent Order also imposes restrictions on a distributor's ability to open Nutrition Clubs in the United States. The Consent Order subjects the Company to certain audits by an independent compliance auditor for a period of seven years; imposes requirements on the Company regarding compliance certification and record creation and maintenance; and prohibits the Company, its affiliates and its distributors from making misrepresentations and misleading claims regarding, among other things, income and lavish lifestyles. The FTC and the independent compliance auditor have the right to inspect Company records and request additional compliance reports for purposes of conducting audits pursuant to the Consent Order. In September 2016, the Company and the FTC mutually selected Affiliated Monitors, Inc. to serve as the independent compliance auditor. The Company continues to monitor the impact of the Consent Order and, while the Company currently does not expect the settlement to have a long-term and materially adverse impact on its business and its Member base, the Company's business and its Member base, particularly in the United States, may be negatively impacted. If the Company is unable to comply with the Consent Order then this could result in a material and adverse impact to the Company's results of operations and financial condition.

Other Matters

As a marketer of foods, dietary and nutritional supplements, and other products that are ingested by consumers or applied to their bodies, the Company has been and is currently subjected to various product liability claims. The effects of these claims to date have not been material to the Company. The Company currently maintains product liability insurance with an annual deductible of \$12.5 million.

As previously disclosed, the SEC and the Department of Justice, or DOJ, conducted investigations into the Company's compliance with the Foreign Corrupt Practices Act, or FCPA, in China. Also, as previously disclosed, the Company conducted its own review and implemented remedial and improvement measures based upon this review, including replacement of certain employees and enhancements of Company policies and procedures in China. The Company cooperated with the SEC and the DOJ and reached separate resolutions with each of them.

On August 28, 2020, the SEC accepted the Offer of Settlement and issued an administrative order finding that the Company violated the books and records and internal controls provisions of the FCPA. In addition, on August 28, 2020, the Company and the DOJ separately entered into a court-approved deferred prosecution agreement, or DPA, under which the DOJ deferred criminal prosecution of the Company for a period of three years related to a conspiracy to violate the books and records provisions of the FCPA. The Company paid the SEC and the DOJ aggregate penalties, disgorgement and prejudgment interest of approximately \$123 million in September 2020, of which \$83 million and \$40 million were recognized in selling, general, and administrative expenses within the Company's consolidated statements of income for the years ended December 31, 2020 and 2019, respectively, related to this matter. Among other things, the Company was required to undertake compliance self-reporting obligations for the three-year terms of the agreements with the SEC and the DOJ. The DPA's three-year term expired on August 28, 2023. On February 28, 2024, the DOJ determined that the Company has complied with its obligations under the DPA and filed a motion to dismiss the action. The Court subsequently dismissed the deferred charge with prejudice on February 29, 2024.

On January 17, 2022, the Company filed a lawsuit, titled *Herbalife International of America, Inc. vs. Eastern Computer Exchange, Inc.*, against a former technology services vendor in the U.S. District Court for the Central District of California. The Company alleges claims of breach of contract, breach of fiduciary duty, fraudulent concealment, conversion, and declaratory relief related to the defendant's request for payment for technology services and products that the company never authorized. The defendant asserted numerous counterclaims against the Company. On December 28, 2022, the Court partially granted a motion to dismiss counterclaims, leaving only breach of contract, promissory estoppel, and declaratory relief counterclaims. Summary judgment motions were filed, and the Court denied the defendant's motion for summary judgment and partially granted the Company's motion for summary judgment on March 18, 2024. The Company believes the defendant's remaining counterclaims are without merit and will vigorously defend itself while pursuing relief for its own claims. The current trial date for the action is July 23, 2024. The Company is currently unable to reasonably estimate the amount of the loss that may result from an unfavorable outcome and does not believe a loss is probable.

6. Segment Information

The Company is a nutrition company that sells a wide range of weight management; targeted nutrition; energy, sports, and fitness; and outer nutrition products. The Company's products are manufactured by the Company in its Changsha, Hunan, China extraction facility; Suzhou, China facility; Nanjing, China facility; Lake Forest, California facility; and Winston-Salem, North Carolina facility, as well as by third-party providers, and then are sold to Members who consume and sell Herbalife products to retail consumers or other Members. Revenues reflect sales of products by the Company to its Members and are categorized based on geographic location.

As of March 31, 2024, the Company sold products in 95 markets throughout the world and was organized and managed by five geographic regions: North America, Latin America, EMEA, Asia Pacific, and China. The Company defines its operating segments as those geographical operations. The Company aggregates its operating segments, excluding China, into a reporting segment, or the Primary Reporting Segment, as management believes that the Company's operating segments have similar operating characteristics and similar long-term operating performance. In making this determination, management believes that the operating segments are similar in the nature of the products sold, the product acquisition process, the types of customers to whom products are sold, the methods used to distribute the products, the nature of the regulatory environment, and their economic characteristics. China has been identified as a separate reporting segment as it does not meet the criteria for aggregation. The Company reviews its net sales and contribution margin by operating segment, and reviews its assets and capital expenditures on a consolidated basis and not by operating segment. Therefore, net sales and contribution margin are presented by reportable segment and assets and capital expenditures by segment are not presented.

Operating information for the two reportable segments is as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions)</i>	
Net sales:		
Primary Reporting Segment	\$ 1,189.1	\$ 1,184.4
China	75.2	67.7
Total net sales	<u>\$ 1,264.3</u>	<u>\$ 1,252.1</u>
Contribution margin(1):		
Primary Reporting Segment	\$ 501.2	\$ 482.5
China	62.9	55.0
Total contribution margin	\$ 564.1	\$ 537.5
Selling, general, and administrative expenses(1)	492.2	475.9
Other operating income	—	(8.9)
Interest expense, net	37.9	39.4
Income before income taxes	34.0	31.1
Income taxes	9.7	1.8
Net income	<u>\$ 24.3</u>	<u>\$ 29.3</u>

(1)Contribution margin consists of net sales less cost of sales and Royalty overrides. For the China segment, contribution margin does not include the portion of service fees to China independent service providers included in selling, general, and administrative expenses, which totaled \$36.8 million and \$33.7 million for the three months ended March 31, 2024 and 2023, respectively.

The following table sets forth net sales by geographic area:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions)</i>	
Net sales:		
United States	\$ 258.7	\$ 289.2
India	203.5	178.6
Mexico	140.9	127.8
China	75.2	67.7
Others	586.0	588.8
Total net sales	<u>\$ 1,264.3</u>	<u>\$ 1,252.1</u>

7. Share-Based Compensation

The Company has share-based compensation plans, which are more fully described in Note 9, *Share-Based Compensation*, to the Consolidated Financial Statements included in the 2023 10-K. During the three months ended March 31, 2024, the Company granted restricted stock units subject to service conditions and stock appreciation rights, or SARs, subject to service conditions and service and performance conditions.

Share-based compensation expense amounted to \$11.9 million and \$10.8 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the total unrecognized compensation cost related to all non-vested stock awards was \$64.1 million and the related weighted-average period over which it is expected to be recognized is approximately 1.7 years.

During the three months ended March 31, 2024, the Company granted SARs with service conditions to certain executives which generally vest over a two-year period. During the three months ended March 31, 2024, the Company granted SARs with performance conditions to a consultant where tranches could vest during the first quarter of 2025, 2026, or 2027 subject to certain North America and Global volume points performance targets being achieved by the Company. The fair value of all these SARs was determined on the date of grant using the Black-Scholes-Merton option pricing model. These grants are included in the table below.

The following table summarizes the activity for all SARs under the Company's share-based compensation plans for the three months ended March 31, 2024:

	Number of Awards <i>(in thousands)</i>	Weighted- Average Exercise Price Per Award	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value(1) <i>(in millions)</i>
Outstanding as of December 31, 2023(2)	4,340	\$ 19.85	6.4 years	\$ 2.4
Granted(3)	6,083	\$ 8.39		
Exercised	—	\$ —		
Forfeited	(11)	\$ 29.63		
Outstanding as of March 31, 2024(2)	<u>10,412</u>	\$ 13.14	7.4 years	\$ 10.1
Exercisable as of March 31, 2024(4)	<u>1,804</u>	\$ 26.11	2.2 years	\$ —
Vested and expected to vest as of March 31, 2024(5)	<u>7,035</u>	\$ 15.19	7.4 years	\$ 3.8

(1)The intrinsic value is the amount by which the current market value of the underlying stock exceeds the exercise price of the stock awards.

(2)Includes 4.0 million and 0.6 million performance condition SARs as of March 31, 2024 and December 31, 2023, respectively.

(3)Includes 3.4 million performance condition SARs to a consultant

(4)Includes 0.6 million performance condition SARs

(5)Includes 0.9 million performance condition SARs

The weighted-average grant date fair value of SARs granted during the three months ended March 31, 2024 was \$4.43. The weighted-average grant date fair value of SARs granted during the three months ended March 31, 2023 was \$9.20. The total intrinsic value of SARs exercised during the three months ended March 31, 2024 and 2023 was zero and less than \$0.1 million, respectively.

The following table summarizes the activities for all restricted stock units under the Company's share-based compensation plans for the three months ended March 31, 2024:

	Number of Shares <i>(in thousands)</i>	Weighted- Average Grant Date Fair Value Per Share
Outstanding and nonvested as of December 31, 2023 ⁽¹⁾	6,118	\$ 20.76
Granted	617	\$ 8.07
Vested	(783)	\$ 39.04
Forfeited	(108)	\$ 17.89
Outstanding and nonvested as of March 31, 2024 ⁽¹⁾	<u>5,844</u>	\$ 17.03
Expected to vest as of March 31, 2024	<u>4,713</u>	\$ 15.48

(1)Includes 307,116 performance-based restricted stock units as of both March 31, 2024 and December 31, 2023, which represents the maximum amount that can vest.

The total vesting date fair value of restricted stock units which vested during the three months ended March 31, 2024 and 2023 was \$6.5 million and \$20.0 million, respectively.

8. Income Taxes

Income taxes were \$9.7 million and \$1.8 million for the three months ended March 31, 2024 and 2023, respectively. The effective income tax rate was 28.5% and 5.8% for the three months ended March 31, 2024 and 2023, respectively. The increase in the effective tax rate for the three months ended March 31, 2024 as compared to the same period in 2023 was primarily due to changes in the geographic mix of the Company's income and a decrease in tax benefits from discrete events.

As of March 31, 2024, the total amount of unrecognized tax benefits, including related interest and penalties, was \$61.8 million. If the total amount of unrecognized tax benefits was recognized, \$43.5 million of unrecognized tax benefits, \$12.9 million of interest, and \$1.8 million of penalties would impact the effective tax rate.

The Company believes that it is reasonably possible that the amount of unrecognized tax benefits could decrease by up to approximately \$8.7 million within the next twelve months. Of this possible decrease, \$7.8 million would be due to the expiration of statute of limitations in various jurisdictions. The remaining possible decrease of \$0.9 million would be due to the settlement of audits or resolution of administrative or judicial proceedings.

9. Derivative Instruments and Hedging Activities

Foreign Currency Instruments

The Company designates certain foreign currency derivatives, primarily comprised of foreign currency forward contracts and option contracts, as freestanding derivatives for which hedge accounting does not apply. The changes in the fair market value of these freestanding derivatives are included in selling, general, and administrative expenses within the Company's condensed consolidated statements of income. The Company primarily uses freestanding foreign currency derivatives to hedge foreign currency-denominated intercompany transactions and to partially mitigate the impact of foreign currency fluctuations. The fair value of the freestanding foreign currency derivatives is based on third-party quotes. The Company's foreign currency derivative contracts are generally executed on a monthly basis.

The Company designates as cash flow hedges those foreign currency forward contracts it enters into to hedge forecasted inventory purchases and intercompany management fees that are subject to foreign currency exposures. Forward contracts are used to hedge forecasted inventory purchases over specific months. Changes in the fair value of these forward contracts designated as cash flow hedges, excluding forward points, are recorded as a component of accumulated other comprehensive loss within shareholders' deficit, and are recognized in cost of sales within the Company's condensed consolidated statement of income during the period which approximates the time the hedged inventory is sold. The Company also hedges forecasted intercompany management fees over specific months. These contracts allow the Company to sell Euros in exchange for U.S. dollars at specified contract rates. Changes in the fair value of these forward contracts designated as cash flow hedges, excluding forward points, are recorded as a component of accumulated other comprehensive loss within shareholders' deficit, and are recognized in selling, general, and administrative expenses within the Company's condensed consolidated statement of income during the period when the hedged item and underlying transaction affect earnings. The Company has elected to record changes in the fair value of amounts excluded from the assessment of effectiveness currently in earnings.

As of March 31, 2024 and December 31, 2023, the aggregate notional amounts of all foreign currency contracts outstanding designated as cash flow hedges were approximately \$54.6 million and \$76.3 million, respectively. As of March 31, 2024, these outstanding contracts were expected to mature over the next fourteen months. The Company's derivative financial instruments are recorded on the condensed consolidated balance sheets at fair value based on third-party quotes. As of March 31, 2024, the Company recorded assets at fair value of \$0.3 million and liabilities at fair value of \$4.3 million relating to all outstanding foreign currency contracts designated as cash flow hedges. As of December 31, 2023, the Company recorded assets at fair value of zero and liabilities at fair value of \$3.3 million relating to all outstanding foreign currency contracts designated as cash flow hedges. The Company assesses hedge effectiveness at least quarterly and the hedges remained effective as of March 31, 2024 and December 31, 2023.

As of both March 31, 2024 and December 31, 2023, the majority of the Company's outstanding foreign currency forward contracts had maturity dates of less than twelve months with the majority of freestanding derivatives expiring within one month. As of March 31, 2024, the Company had aggregate notional amounts of approximately \$480.9 million of foreign currency contracts, inclusive of freestanding contracts and contracts designated as cash flow hedges.

The following tables summarize the derivative activity during the three months ended March 31, 2024 and 2023 relating to all the Company's derivatives.

Gains and Losses on Derivative Instruments

The following table summarizes gains (losses) relating to derivative instruments recorded in other comprehensive income (loss) during the three months ended March 31, 2024 and 2023:

	Amount of Loss Recognized in Other Comprehensive (Loss) Income	
	Three Months Ended	
	March 31, 2024	March 31, 2023
	<i>(in millions)</i>	
Derivatives designated as hedging instruments:		
Foreign exchange currency contracts relating to inventory and intercompany management fee hedges	\$ (1.8)	\$ (4.6)

As of March 31, 2024, the estimated amount of existing net losses related to cash flow hedges recorded in accumulated other comprehensive loss that are expected to be reclassified into earnings over the next twelve months was \$3.2 million.

The effect of cash flow hedging relationships on the Company's condensed consolidated statements of income for the three months ended March 31, 2024 and 2023 was as follows:

	Location and Amount of (Loss) Gain Recognized in Income on Cash Flow Hedging Relationships					
	March 31, 2024		Three Months Ended		March 31, 2023	
	Cost of sales	Selling, general, and administrative expenses	Interest expense, net	Cost of sales	Selling, general, and administrative expenses	Interest expense, net
	<i>(in millions)</i>					
Total amounts presented in the condensed consolidated statements of income	\$ 285.0	\$ 492.2	\$ 37.9	\$ 298.6	\$ 475.9	\$ 39.4
Foreign exchange currency contracts relating to inventory hedges:						
Amount of loss reclassified from accumulated other comprehensive loss to income	(0.7)	—	—	(2.9)	—	—
Amount of loss excluded from assessment of effectiveness recognized in income	(1.0)	—	—	(1.4)	—	—
Foreign exchange currency contracts relating to intercompany management fee hedges:						
Amount of loss reclassified from accumulated other comprehensive loss to income	—	(0.1)	—	—	(0.1)	—
Amount of gain excluded from assessment of effectiveness recognized in income	—	0.1	—	—	0.1	—
Interest rate swaps:						
Amount of gain reclassified from accumulated other comprehensive loss to income	—	—	—	—	—	0.3
Amount of gain excluded from assessment of effectiveness recognized in income	—	—	—	—	—	—

The following table summarizes gains (losses) recorded to income relating to derivative instruments not designated as hedging instruments during the three months ended March 31, 2024 and 2023:

	Amount of Loss Recognized in Income		Location of Loss Recognized in Income
	March 31, 2024	March 31, 2023	
	<i>(in millions)</i>		
Derivatives not designated as hedging instruments:			
Foreign exchange currency contracts	\$ (0.7)	\$ (3.5)	Selling, general, and administrative expenses

The Company reports its derivatives at fair value as either assets or liabilities within its condensed consolidated balance sheets. See Note 12, *Fair Value Measurements*, for information on derivative fair values and their condensed consolidated balance sheets location as of March 31, 2024 and December 31, 2023.

10. Shareholders' Deficit

Changes in shareholders' deficit for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31, 2024				
	Common Shares	Paid-in Capital in Excess of Par Value	Accumulated Other Comprehensive Loss (in millions)	Accumulated Deficit	Total Shareholders' Deficit
Balance as of December 31, 2023	\$ 0.1	\$ 233.9	\$ (232.0)	\$ (1,062.3)	\$ (1,060.3)
Issuance of 0.9 common shares from exercise of SARs, restricted stock units, employee stock purchase plan, and other	—	0.7			0.7
Additional capital from share-based compensation		11.9			11.9
Repurchases of 0.3 common shares	—	(2.3)		—	(2.3)
Net income				24.3	24.3
Foreign currency translation adjustment, net of income taxes of \$(0.1)			(9.9)		(9.9)
Unrealized loss on derivatives, net of income taxes of \$(0.1)			(1.0)		(1.0)
Balance as of March 31, 2024	<u>\$ 0.1</u>	<u>\$ 244.2</u>	<u>\$ (242.9)</u>	<u>\$ (1,038.0)</u>	<u>\$ (1,036.6)</u>
	Three Months Ended March 31, 2023				
	Common Shares	Paid-in Capital in Excess of Par Value	Accumulated Other Comprehensive Loss (in millions)	Accumulated Deficit	Total Shareholders' Deficit
Balance as of December 31, 2022	\$ 0.1	\$ 188.7	\$ (250.2)	\$ (1,204.5)	\$ (1,265.9)
Issuance of 1.3 common shares from exercise of SARs, restricted stock units, employee stock purchase plan, and other	—	0.5			0.5
Additional capital from share-based compensation		10.8			10.8
Repurchases of 0.5 common shares	—	(8.7)		—	(8.7)
Net income				29.3	29.3
Foreign currency translation adjustment, net of income taxes of \$—			13.2		13.2
Unrealized loss on derivatives, net of income taxes of \$—			(2.0)		(2.0)
Balance as of March 31, 2023	<u>\$ 0.1</u>	<u>\$ 191.3</u>	<u>\$ (239.0)</u>	<u>\$ (1,175.2)</u>	<u>\$ (1,222.8)</u>

Dividends

The Company has not declared or paid cash dividends since 2014. The declaration of future dividends is subject to the discretion of the Company's board of directors and will depend upon various factors, including its earnings, financial condition, Herbalife Ltd.'s available distributable reserves under Cayman Islands law, restrictions imposed by the 2018 Credit Facility and the terms of any other indebtedness that may be outstanding, cash requirements, future prospects and other factors deemed relevant by its board of directors.

Share Repurchases

On February 9, 2021, the Company's board of directors authorized a three-year \$1.5 billion share repurchase program which had approximately \$985.5 million of remaining authorized capacity prior to the share repurchase program expiring on February 9, 2024. This share repurchase program allowed the Company, which included an indirect wholly-owned subsidiary of Herbalife Ltd., to repurchase the Company's common shares at such times and prices as determined by management, as market conditions warranted, and to the extent Herbalife Ltd.'s distributable reserves were available under Cayman Islands law. The 2018 Credit Facility permits the Company to repurchase its common shares as long as no default or event of default exists and other conditions, such as specified consolidated leverage ratios, are met.

During the three months ended March 31, 2024 and 2023, the Company did not repurchase any of its common shares through open-market purchases.

The number of shares issued upon vesting or exercise for certain restricted stock units and SARs granted pursuant to the Company's share-based compensation plans is net of the statutory withholding requirements that the Company pays on behalf of its employees. Although shares withheld are not issued, they are treated as common share repurchases in the Company's condensed consolidated financial statements, as they reduce the number of shares that would have been issued upon vesting. These shares do not count against the authorized capacity under the Company's share repurchase program described above. During the three months ended March 31, 2024 and 2023, the Company withheld shares on its vested restricted stock units and exercised SARs relating to its share-based compensation plans.

The Company reflects the aggregate purchase price of its common shares repurchased as an increase to shareholders' deficit. The Company generally allocates the purchase price of the repurchased shares to accumulated deficit, common shares and additional paid-in capital.

For both the three months ended March 31, 2024 and 2023, the Company's share repurchases, inclusive of transaction costs, were zero, under the Company's share repurchase programs, and \$2.3 million and \$8.7 million, respectively, due to shares withheld for tax purposes related to the Company's share-based compensation plans and have been recorded as an increase to shareholders' deficit within the Company's condensed consolidated balance sheets.

Accumulated Other Comprehensive Loss

The following table summarizes changes in accumulated other comprehensive loss by component during the three months ended March 31, 2024 and 2023:

	Changes in Accumulated Other Comprehensive Loss by Component					
	March 31, 2024			March 31, 2023		
	Foreign Currency Translation Adjustments	Unrealized Loss on Derivatives	Total	Foreign Currency Translation Adjustments	Unrealized Loss on Derivatives	Total
			<i>(in millions)</i>			
Beginning balance	\$ (230.6)	\$ (1.4)	\$ (232.0)	\$ (248.2)	\$ (2.0)	\$ (250.2)
Other comprehensive (loss) income before reclassifications, net of tax	(9.9)	(1.8)	(11.7)	13.2	(4.7)	8.5
Amounts reclassified from accumulated other comprehensive loss to income, net of tax(1)	—	0.8	0.8	—	2.7	2.7
Total other comprehensive (loss) income, net of reclassifications	(9.9)	(1.0)	(10.9)	13.2	(2.0)	11.2
Ending balance	<u>\$ (240.5)</u>	<u>\$ (2.4)</u>	<u>\$ (242.9)</u>	<u>\$ (235.0)</u>	<u>\$ (4.0)</u>	<u>\$ (239.0)</u>

(1) See Note 9, *Derivative Instruments and Hedging Activities*, for information regarding the location within the condensed consolidated statements of income of gains (losses) reclassified from accumulated other comprehensive loss to income during the three months ended March 31, 2024 and 2023.

Other comprehensive income (loss) before reclassifications was net of tax benefit of \$0.1 million for foreign currency translation adjustments for the three months ended March 31, 2024. Amounts reclassified from accumulated other comprehensive loss to income was net of tax benefit of \$0.1 million for unrealized gain (loss) on derivatives for the three months ended March 31, 2024.

11. Earnings Per Share

Basic earnings per share represents net income divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share represents net income divided by the weighted-average number of common shares outstanding, inclusive of the effect of dilutive securities, such as outstanding SARs, restricted stock units, and convertible notes.

The following are the common share amounts used to compute the basic and diluted earnings per share for each period:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in millions)	
Weighted-average shares used in basic computations	99.7	98.5
Dilutive effect of exercise of equity grants outstanding	1.0	1.1
Dilutive effect of 2028 Convertible Notes	—	0.6
Weighted-average shares used in diluted computations	100.7	100.2

There were an aggregate of 10.9 million and 4.9 million of equity grants, consisting of SARs and restricted stock units, that were outstanding during the three months ended March 31, 2024 and 2023, respectively, but were not included in the computation of diluted earnings per share because their effect would be anti-dilutive or the performance condition of the award had not been satisfied.

For the 2024 Convertible Notes, prior to maturing, the Company was required to settle the principal amount in cash and had the option to settle the conversion feature for the amount above the conversion price, or the conversion spread, in common shares or cash. The Company used the if-converted stock method for calculating any potential dilutive effect of the conversion spread on diluted earnings per share, if applicable. The conversion spread would have had a dilutive impact on diluted earnings per share when the average market price of the Company's common shares for a given period exceeded the conversion price of the 2024 Convertible Notes. For the three months ended March 31, 2024 and 2023, the 2024 Convertible Notes were excluded from the computation of diluted earnings per share, as the effect would have been anti-dilutive since the conversion price of the 2024 Convertible Notes exceeded the average market price of the Company's common shares for the three months ended March 31, 2023. The initial conversion rate and conversion price for the 2024 Convertible Notes are described further in Note 4, *Long-Term Debt*.

For the 2028 Convertible Notes, the Company is required to settle the principal amount in cash and has the option to settle the conversion feature for the amount above the conversion price, or the conversion spread, in cash or common shares and cash. The Company uses the if-converted method for calculating any potential dilutive effect of the conversion spread on diluted earnings per share, if applicable. The conversion spread will have a dilutive impact on diluted earnings per share when the average market price of the Company's common shares for a given period exceeds the conversion price of the 2028 Convertible Notes. For the three months ended March 31, 2024, the 2028 Convertible Notes have been excluded from the computation of diluted earnings per share, as the effect would be anti-dilutive since the conversion price of the 2028 Convertible Notes exceeded the average market price of the Company's common shares for the three months ended March 31, 2024. The dilutive impact for the three months ended March 31, 2023 was 0.6 million common shares. The initial conversion rate and conversion price for the 2028 Convertible Notes are described further in Note 4, *Long-Term Debt*.

12. Fair Value Measurements

The Company applies the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, or ASC 820, for its financial and non-financial assets and liabilities. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability.

The Company measures certain assets and liabilities at fair value as discussed throughout the notes to its condensed consolidated financial statements. Foreign exchange currency contracts are valued using standard calculations and models. Foreign exchange currency contracts are valued primarily based on inputs such as observable forward rates, spot rates, and foreign currency exchange rates at the reporting period ended date. The Company's derivative assets and liabilities are measured at fair value and consisted of Level 2 inputs and their amounts are shown below at their gross values as of March 31, 2024 and December 31, 2023:

	Significant Other Observable Inputs (Level 2) Fair Value as of March 31, 2024	Significant Other Observable Inputs (Level 2) Fair Value as of December 31, 2023	Balance Sheet Location
<i>(in millions)</i>			
ASSETS:			
Derivatives designated as hedging instruments:			
Foreign exchange currency contracts relating to inventory and intercompany management fee hedges	\$ 0.3	\$ —	Prepaid expenses and other current assets
Derivatives not designated as hedging instruments:			
Foreign exchange currency contracts	2.0	0.7	Prepaid expenses and other current assets
	<u>\$ 2.3</u>	<u>\$ 0.7</u>	
LIABILITIES:			
Derivatives designated as hedging instruments:			
Foreign exchange currency contracts relating to inventory and intercompany management fee hedges	\$ 4.3	\$ 3.3	Other current liabilities
Derivatives not designated as hedging instruments:			
Foreign exchange currency contracts	2.6	1.3	Other current liabilities
	<u>\$ 6.9</u>	<u>\$ 4.6</u>	

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised of money market funds and foreign and domestic bank accounts. These cash and cash equivalents are valued based on Level 1 inputs which consist of quoted prices in active markets. To reduce its credit risk, the Company monitors the credit standing of the financial institutions that hold the Company's cash and cash equivalents.

The Company's deferred compensation plan assets consist of Company-owned life insurance policies. As these policies are recorded at their cash surrender value, they are not required to be included in the fair value table above. See Note 6, *Employee Compensation Plans*, to the Consolidated Financial Statements included in the 2023 10-K for a further description of the Company's deferred compensation plan assets.

The following tables summarize the offsetting of the fair values of the Company's derivative assets and derivative liabilities for presentation in the Company's condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023:

	Offsetting of Derivative Assets		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet <i>(in millions)</i>	Net Amounts of Assets Presented in the Balance Sheet
March 31, 2024			
Foreign exchange currency contracts	\$ 2.3	\$ (1.7)	\$ 0.6
Total	<u>\$ 2.3</u>	<u>\$ (1.7)</u>	<u>\$ 0.6</u>
December 31, 2023			
Foreign exchange currency contracts	\$ 0.7	\$ (0.7)	\$ —
Total	<u>\$ 0.7</u>	<u>\$ (0.7)</u>	<u>\$ —</u>

	Offsetting of Derivative Liabilities		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet <i>(in millions)</i>	Net Amounts of Liabilities Presented in the Balance Sheet
March 31, 2024			
Foreign exchange currency contracts	\$ 6.9	\$ (1.7)	\$ 5.2
Total	<u>\$ 6.9</u>	<u>\$ (1.7)</u>	<u>\$ 5.2</u>
December 31, 2023			
Foreign exchange currency contracts	\$ 4.6	\$ (0.7)	\$ 3.9
Total	<u>\$ 4.6</u>	<u>\$ (0.7)</u>	<u>\$ 3.9</u>

The Company offsets all of its derivative assets and derivative liabilities in its condensed consolidated balance sheets to the extent it maintains master netting arrangements with related financial institutions. As of March 31, 2024 and December 31, 2023, all of the Company's derivatives were subject to master netting arrangements and no collateralization was required for the Company's derivative assets and derivative liabilities.

13. Restructuring Activities

In 2021, the Company initiated a global transformation program to optimize global processes for future growth, or the Transformation Program. The Transformation Program involves the investment in certain new technologies and the realignment of infrastructure and the locations of certain functions to better support distributors and customers. The Company has incurred total pre-tax expenses of approximately \$85.1 million through March 31, 2024, of which \$5.9 million and \$27.3 million for the three months ended March 31, 2024 and 2023, respectively, were recognized in selling, general, and administrative expenses within its condensed consolidated statements of income. The Company expects to incur total pre-tax expenses of at least \$95.0 million relating to the Transformation Program based on actual expenses incurred to date and expected future expenses. Since the Transformation Program is still ongoing and is expected to be completed in 2024, these estimated amounts are preliminary and based on management's estimates and actual results could differ from such estimates.

Costs related to the Transformation Program were as follows:

	Three Months Ended		Cumulative costs incurred to date as of March 31, 2024
	March 31, 2024	March 31, 2023	
		<i>(in millions)</i>	
Professional fees	\$ 0.9	\$ 2.1	\$ 25.8
Retention and separation	4.9	25.2	58.4
Other	0.1	—	0.9
Total	<u>\$ 5.9</u>	<u>\$ 27.3</u>	<u>\$ 85.1</u>

Changes in the liabilities related to the Transformation Program, which were recognized in other current liabilities within the Company's condensed consolidated balance sheets, were as follows:

	Professional Fees	Retention and Separation	Other	Total
	<i>(in millions)</i>			
Balance as of December 31, 2023	\$ 1.0	\$ 8.2	\$ —	\$ 9.2
Expenses	0.9	4.9	0.1	5.9
Cash payments	(1.5)	(3.8)	(0.1)	(5.4)
Non-cash items and other	—	(0.1)	—	(0.1)
Balance as of March 31, 2024	<u>\$ 0.4</u>	<u>\$ 9.2</u>	<u>\$ —</u>	<u>\$ 9.6</u>

During the first quarter of 2024, the Company initiated an organizational redesign project, or the Restructuring Program, to streamline its organizational structure to make it more efficient and effective and to allow the Company's management team to work more closely with the markets, its distributors, and its customers. The Company expects to incur total pre-tax expenses of at least \$60 million relating to the Restructuring Program through 2024, of which \$16.7 million was recognized in selling, general, and administrative expenses within its condensed consolidated statement of income during the quarter ended March 31, 2024. The Company expects to complete the Restructuring Program by the end of 2024. Since the Restructuring Program is still ongoing, these estimated amounts are preliminary and based on management's estimates and actual results could differ from such estimates.

Costs related to the Restructuring Program were as follows:

	Three Months Ended March 31, 2024	Cumulative costs incurred to date as of March 31, 2024
	<i>(in millions)</i>	
Professional fees	\$ 2.8	\$ 2.8
Retention and separation	13.9	13.9
Other	—	—
Total	<u>\$ 16.7</u>	<u>\$ 16.7</u>

Changes in the liabilities related to the Restructuring Program, which were recognized in other current liabilities within the Company's condensed consolidated balance sheets, were as follows:

	Professional Fees	Retention and Separation	Other	Total
	<i>(in millions)</i>			
Expenses	\$ 2.8	\$ 13.9	\$ —	\$ 16.7
Cash payments	(1.9)	(0.3)	—	(2.2)
Non-cash items and other	—	—	—	—
Balance as of March 31, 2024	<u>\$ 0.9</u>	<u>\$ 13.6</u>	<u>\$ —</u>	<u>\$ 14.5</u>

14. Detail of Certain Balance Sheet Accounts

Other Assets

The Other assets on the Company's accompanying condensed consolidated balance sheets included deferred compensation plan assets of \$45.8 million and \$43.9 million and deferred tax assets of \$190.2 million and \$179.3 million as of March 31, 2024 and December 31, 2023, respectively.

Other Current Liabilities

Other current liabilities consisted of the following:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Accrued compensation	\$ 131.4	\$ 126.3
Accrued service fees to China independent service providers	30.1	31.2
Accrued advertising, events, and promotion expenses	62.9	60.7
Current operating lease liabilities	36.2	39.5
Advance sales deposits	59.6	64.0
Income taxes payable	12.3	12.2
Other accrued liabilities	206.1	206.8
Total	<u>\$ 538.6</u>	<u>\$ 540.7</u>

Other Non-Current Liabilities

The Other non-current liabilities on the Company's accompanying condensed consolidated balance sheets included deferred compensation plan liabilities of \$69.2 million and \$65.2 million and deferred income tax liabilities of \$21.1 million and \$21.1 million as of March 31, 2024 and December 31, 2023, respectively. See Note 6, *Employee Compensation Plans*, to the Consolidated Financial Statements included in the 2023 10-K for a further description of the Company's deferred compensation plan assets and liabilities.

15. Subsequent Events

During April 2024, the Company issued \$800 million aggregate principal amount of senior secured notes, or the 2029 Secured Notes, in a private offering in the United States to persons reasonably believed to be qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933, as amended, and outside the United States to non-US persons pursuant to Regulation S under the Securities Act of 1933, as amended. The 2029 Secured Notes are guaranteed on a senior secured basis by each of the Company and the Company's existing and future subsidiaries that is a guarantor of the obligations of any domestic borrower under the Company's senior secured credit facility. The 2029 Secured Notes pay interest at a rate of 12.250% per annum payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2024. The 2029 Secured Notes mature on April 15, 2029. The 2029 Secured Notes were sold at a 2.702% discount to par, or \$21.6 million, and the Company estimates its debt issuance cost in connection with the 2029 Secured Notes to be approximately \$14.2 million. The Company expects to recognize an initial carrying value of approximately \$764.2 million in debt related to the 2029 Secured Notes.

The Company may redeem all or part of the 2029 Secured Notes at the following redemption prices, expressed as percentages of principal amount, plus accrued and unpaid interest thereon to the redemption date, if redeemed during the twelve-month period beginning on April 15 of the years indicated below:

	Percentage
2026	106.125 %
2027	103.063 %
2028 and thereafter	100.000 %

Concurrently with the issuance of the 2029 Secured Notes, the Company entered into certain amendments to the 2018 Credit Facility. The amendments to the 2018 Credit Facility, which, among other things, refinanced and replaced in full the 2018 Credit Facility with, (i) a Term Loan B Facility, or 2024 Term Loan B, with an aggregate principal amount of \$400 million and (ii) a revolving credit facility, or 2024 Revolving Credit Facility, with an aggregate principal amount of \$400 million. The 2024 Term Loan B Facility was issued to the lenders at a 7.00% discount, or \$28.0 million, and the Company estimates its debt issuance cost in connection with the amended 2024 Credit Facility to be approximately \$8.1 million. The Company may redeem the 2024 Term Loan B at a 102% premium at any time before the first anniversary, 101% premium following the first anniversary and on or prior to the second anniversary, and, solely in connection with a repricing event, at a 101% premium after the second anniversary but on or prior to the third anniversary, and generally at no premium thereafter. The 2024 Term Loan B requires quarterly payments equal to 5.0% of the aggregate principal amount of the 2024 Term Loan B per annum, commencing in September 2024. The Company expects to recognize an initial carrying value of approximately \$363.9 million in debt related to its new 2024 Credit Facility during the second quarter of 2024.

Proceeds from the 2024 Term Loan B together with the proceeds from the 2029 Secured Notes were used to repay indebtedness, including all borrowings outstanding under the 2018 Credit Facility, effectively terminating its \$228.9 million outstanding principal balance on its 2018 Term Loan A (as disclosed in Note 4, Long Term debt), and repaying \$584.3 million on the 2018 Term Loan B, \$170.0 million on the 2018 Revolving Credit Facility, and a portion of its 2025 Notes described further below. For accounting purposes, pursuant to ASC 470, *Debt*, these transactions are expected to be accounted for as an extinguishment of the 2018 Credit Facility. As a result, the Company expects to recognize \$981.0 million as a reduction to long-term debt representing the carrying value of the 2018 Credit Facility repaid in full in the second quarter of 2024. The Company also expects to recognize a loss on extinguishment of approximately \$2.5 million, as a result, which will be recorded in other expense, net within the Company's condensed consolidated statement of income during the second quarter of 2024.

In addition, in April 2024, the Company also redeemed \$300.0 million of the 2025 Notes for an aggregate purchase price of \$309.1 million, which included \$3.2 million of accrued interest. For accounting purposes, pursuant to ASC 470, *Debt*, this transaction is expected to be accounted for as an extinguishment of the portion of the 2025 Notes redeemed. As a result, the Company expects to recognize \$298.8 million as a reduction to long-term debt representing the carrying value of the redeemed 2025 Notes. The \$7.1 million difference between the cash paid and carrying value of the redeemed 2025 Notes will be recognized as a loss on the extinguishment of debt and will be recorded in other expense, net within the Company's condensed consolidated statement of income during the second quarter of 2024. Separately, in April 2024, the Company also repurchased \$37.7 million of the 2025 Notes in a private transaction for an aggregate purchase price of \$38.9 million, which included \$0.5 million of accrued interest and, for accounting purposes, pursuant to ASC 470, *Debt*, this repurchase transaction is expected to be accounted for as an extinguishment of the portion of the 2025 Notes repurchased. As a result, the Company expects to recognize \$37.5 million as a reduction to long-term debt representing the carrying value of the repurchased 2025 Notes. The \$0.9 million difference between the cash paid and carrying value of the repurchased 2025 Notes will be recognized as a loss on the extinguishment of debt and will be recorded in other expense, net within the Company's condensed consolidated statement of income during the second quarter of 2024. The Company borrowed approximately \$170 million under its 2024 Revolving Credit Facility in connection with these transactions, and following the completion thereof, the outstanding aggregate principal amount of the 2025 Notes was \$262.3 million.

After April 12, 2024, the applicable interest rates on the Company's borrowings under the 2024 Term Loan B, as amended, will bear interest at either, the Adjusted Term SOFR plus a margin of 6.75%, or the base rate plus a margin of 5.75%. The 2024 Term Loan B Facility matures upon the earlier of (i) April 12, 2029, or (ii) March 16, 2028 if the outstanding principal on the 2028 Convertible Notes, as defined above, exceeds \$100.0 million and the Company exceeds certain leverage ratios as of that date, or (iii) June 2, 2025 if the outstanding principal on the 2025 Notes, as defined above, exceeds \$200.0 million on such date.

Effective after April 12, 2024, depending on Herbalife's total leverage ratio, borrowings under the 2024 Revolving Credit Facility will bear interest at either the Adjusted Term SOFR plus a margin of between 5.50% and 6.50%, or the base rate plus a margin of between 4.50% and 5.50%. The base rate represents the highest of the Federal Funds Rate plus 0.50%, one-month Adjusted Term SOFR plus 1.00%, and the prime rate quoted by The Wall Street Journal and continues to be subject to a floor of 1.00%. The Company will pay a commitment fee on the Revolving Facility of, depending on the Company's total leverage ratio, between 0.35% to 0.45% per annum on the undrawn portion of the 2024 Revolving Credit Facility. The 2024 Revolving Credit Facility matures upon the earlier of (i) April 12, 2028, (ii) December 16, 2027 if the outstanding principal on the 2028 Convertible Notes, as defined above, exceeds \$100.0 million and the Company exceeds certain leverage ratios as of that date, or (iii) March 3, 2025 if the outstanding principal on the 2025 Notes, as defined above, exceeds \$200.0 million on such date.

The 2024 Credit Facility contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations or prohibitions on declaring and paying dividends and other distributions, redeeming and repurchasing certain other indebtedness, loans and investments, additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the 2024 Credit Facility contains customary events of default. The 2024 Revolving Credit Facility requires the Company to maintain a maximum total leverage ratio of 4.50:1.00 through December 31, 2024, stepping down to 4.25:1.00 on March 31, 2025 and 4.00:1.00 at September 30, 2025 and thereafter. The financial covenants also include a maximum first lien net leverage ratio of 2.50:1.00, a minimum fixed charge coverage ratio of 2.00:1.00, and a minimum liquidity of \$200 million of revolver availability and accessible cash.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with other information, including our condensed consolidated financial statements and related notes included in Part I, Item 1, Financial Statements, of this Quarterly Report on Form 10-Q, and Part I, Item 1A, Risk Factors, and our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2023, or the 2023 10-K. Unless the context otherwise requires, all references herein to the "Company," "we," "us" or "our," or similar terms, refer to Herbalife Ltd., a Cayman Islands exempted company with limited liability, and its consolidated subsidiaries.

Overview

We are a global nutrition company that sells weight management; targeted nutrition; energy, sports, and fitness; and outer nutrition products to and through independent members, or Members. In China, we sell our products to and through independent service providers and sales representatives to customers and preferred customers, as well as through Company-operated retail platforms when necessary. We refer to Members that distribute our products and achieve certain qualification requirements as "sales leaders."

We provide high-quality, science-backed products to Members and their customers who seek a healthy lifestyle and we also offer a business opportunity to those Members who seek additional income. We believe enhanced consumer awareness and demand for our products due to global trends such as the obesity epidemic, increasing interest in a fit and active lifestyle, living healthier, and the rise of entrepreneurship, coupled with the effectiveness of personalized selling through a direct sales channel, have been the primary reasons for our continued success.

Our products are grouped in four principal categories: weight management; targeted nutrition; energy, sports, and fitness; and outer nutrition, along with literature, promotional, and other items. Our products are often sold through a series of related products and literature designed to simplify weight management and nutrition for consumers and maximize our Members' cross-selling opportunities.

While we continue to monitor the current global financial environment, including the impacts of the inflation, foreign exchange rate fluctuations, and the wars in Ukraine and the Middle East, we remain focused on the opportunities and challenges in retailing our products and enhancing the customer experience, sponsoring and retaining Members, improving Member productivity, further penetrating existing markets, globalizing successful Daily Methods of Operation, or DMOs, such as Nutrition Clubs, Fit Clubs, and Weight Loss Challenges, introducing new products and globalizing existing products, developing niche market segments and further investing in our infrastructure.

We sell our products in five geographic regions:

- North America;
- Latin America, which consists of Mexico and South and Central America;
- EMEA, which consists of Europe, the Middle East, and Africa;
- Asia Pacific (excluding China); and
- China.

On July 15, 2016, we reached a settlement with the U.S. Federal Trade Commission, or FTC, and entered into the Consent Order, which resolved the FTC's multi-year investigation of the Company. We continue to monitor the impact of the Consent Order and our Audit Committee assists our board of directors in overseeing continued compliance with the Consent Order. While we currently do not expect the settlement to have a long-term and materially adverse impact on our business and our Member base, our business and our Member base, particularly in the U.S., may be negatively impacted. The terms of the Consent Order do not change our going to market through direct selling by independent distributors, and compensating those distributors based upon the product they and their sales organization sell. See Part I, Item 1A, *Risk Factors*, of the 2023 10-K for a discussion of risks related to the settlement with the FTC.

Certain Factors Impacting Results

Global inflationary pressures and other macroeconomic factors such as foreign exchange rate fluctuations and geopolitical conflicts can impact our financial condition, results of operations and liquidity. For example, inflationary pressure impacts both our cost structures and our pricing. During the first quarter of 2024, we instituted price increases in certain markets to address region or market-specific conditions. We also instituted more localized price increases in 2023. We continue to examine our cost structure and assess additional potential incremental pricing actions in response to ongoing inflationary pressures.

The war in Ukraine has also impacted our results there as well as in Russia and certain neighboring markets; we do not have any manufacturing operations in Russia and Ukraine and our combined total assets in Russia and Ukraine, which primarily consists of short-term assets, was less than 1% of our consolidated total assets as of March 31, 2024.

Given the unpredictable and fluid nature of these factors, we are unable to predict the extent to which they will adversely impact our business, financial condition, and results of operations, including the impact they may have on our geographic regions and individual markets. See “Summary Financial Results” and “Sales by Geographic Region” for more specific discussion of these and other factors. See Part I, Item 1A, *Risk Factors*, of the 2023 10-K for a further discussion of risks related to these matters.

Volume Points by Geographic Region

A key non-financial measure we focus on is Volume Points on a Royalty Basis, or Volume Points, which is essentially our weighted-average measure of product sales volume. Volume Points, which are unaffected by exchange rates or price changes, are used by management as a proxy for sales trends because in general, excluding the impact of price changes, an increase in Volume Points in a particular geographic region or country indicates an increase in our local currency net sales while a decrease in Volume Points in a particular geographic region or country indicates a decrease in our local currency net sales. The criteria we use to determine how and when we recognize Volume Points are not identical to our revenue recognition policies under U.S. GAAP. Unlike net sales, which are generally recognized when the product is delivered and when control passes to the Member, as discussed in greater detail in Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, we recognize Volume Points when a Member pays for the order, which is generally prior to the product being delivered. Further, the periods in which Volume Points are tracked can vary slightly from the fiscal periods for which we report our results under U.S. GAAP. Therefore, there can be timing differences between the product orders for which net sales are recognized and for which Volume Points are recognized within a given period. However, historically these timing differences generally have been immaterial in the context of using changes in Volume Points as a proxy to explain volume-driven changes in net sales.

The specific number of Volume Points assigned to a product, which is generally consistent across all markets, is based on a Volume Point to suggested retail price ratio for similar products. If a product is available in different quantities, the various sizes will have different Volume Point values. In general, once assigned, a Volume Point value is consistent in each region and country and does not change from year to year. We use Volume Points for Member qualification and recognition purposes, as well as a proxy for sales trends, and therefore we generally keep Volume Points for a similar or like product consistent on a global basis. However, because Volume Points are a function of value rather than product type or size, they are not a reliable measure for product mix. As an example, an increase in Volume Points in a specific country or region could mean a significant increase in sales of less expensive products or a marginal increase in sales of more expensive products.

	March 31, 2024	Three Months Ended March 31, 2023	% Change
		(Volume Points in millions)	
North America	264.2	314.5	(16.0)%
Latin America	255.3	271.4	(5.9)%
EMEA	298.7	314.3	(5.0)%
Asia Pacific	528.4	505.2	4.6%
China	54.8	48.6	12.8%
Worldwide	<u>1,401.4</u>	<u>1,454.0</u>	(3.6)%

Volume Points decreased 3.6% for the three months ended March 31, 2024, after having decreased 14.5% for the same period in 2023. As presented in the table above, the North America, Latin America and EMEA volume point percentage declines were lesser in the first quarter 2024 than in 2023; and for Asia-Pacific and China, we experienced a volume increase in the first quarter 2024 as opposed to a volume decline in 2023.

In North America volume points decreased year over year and its total new members also decreased year over year. We continue to enhance our educational and motivational programs and promotions, and we have seen improvements in our new distributors during the first quarter of 2024 compared to 2023. Latin America continues to have difficult economic conditions including inflationary impacts on Members' operations, and political and social instability in certain markets. EMEA's Volume Point lesser decrease for the 2024 first quarter compared to 2023 reflects mixed performance across the markets in EMEA. EMEA results were also negatively impacted by inflationary pressure and other ongoing macroeconomic conditions on customer demand, as well as political and economic uncertainty across certain markets in the region. The Asia Pacific region saw Volume Point increases for the 2024 first quarter versus the 2023 period, led by continued growth in the India market, the largest in the region, and Vietnam. Such growth was partially offset by declines in other markets in Asia Pacific, particularly Indonesia. Such decline can be attributable in part, we believe, to weak economic climate and inflationary pressure that have led to a decline in customer demand. China saw Volume Point increases for the 2024 first quarter versus the 2023 period. This trend reflects, we believe, our Members continue to adjust their business approaches to a confluence of factors, including changes and enhancements we have made for our business and external conditions. Also, a surge of COVID cases late in 2022 and COVID related lock-downs had an adverse effect on our results and business recovery during the first quarter of 2023 which also drove the improvements in the first quarter of 2024 compared to the first quarter of 2023.

Presentation

"Net sales" represent product sales to our Members, net of "*distributor allowances*," and inclusive of any shipping and handling revenues, as described further below.

Our Members purchase product from us at a suggested retail price, less discounts referred to as "*distributor allowance*." Each Member's level of discount is determined by qualification based on their volume of purchases. In cases where a Member has qualified for less than the maximum discount, the remaining discount, which we also refer to as a wholesale commission, is received by their sponsoring Members. Distributor allowances may also vary by country depending upon regulatory restrictions that limit or otherwise restrict distributor allowances. We also offer reduced distributor allowances with respect to certain products worldwide.

For U.S. GAAP purposes, shipping and handling services relating to product sales are recognized as fulfillment activities on our performance obligation to transfer products and are therefore recorded within net sales as part of product sales and are not considered as separate revenues.

In certain geographic markets, we have introduced segmentation of our Member base into two categories: "preferred members" – who are simply consumers who wish to purchase product for their own household use, and "distributors" – who are Members who also wish to resell products or build a sales organization. Additionally, in certain markets we are simplifying our pricing by eliminating certain shipping and handling charges and recovering those costs within suggested retail price.

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 U.S. GAAP financial measure. 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 measures 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.

Our "*gross profit*" consists of net sales less "*cost of sales*," which represents our manufacturing costs, the price we pay to our raw material suppliers and manufacturers of our products as well as shipping and handling costs, including duties, tariffs, and similar expenses.

While certain Members may profit from their activities by reselling our products for amounts greater than the prices they pay us, Members that develop, retain, and manage other Members may earn additional compensation for those activities, which we refer to as "*Royalty overrides*." Royalty overrides are a significant operating expense and consist of:

- royalty overrides and production bonuses;

- the Mark Hughes bonus payable to some of our most senior Members; and
- other discretionary incentive bonuses to qualifying Members.

Royalty overrides are compensation to Members for the development, retention and improved productivity of their sales organizations and are paid to several levels of Members on each sale. Royalty overrides are compensation for services rendered to us and, as such, are recorded as an operating expense.

In China, our independent service providers are compensated for marketing, sales support, and other services instead of the distributor allowances and royalty overrides utilized in our global Marketing Plan. The majority of service fees to China independent service providers are included in selling, general, and administrative expenses.

Because of local country regulatory constraints, we may be required to modify our Member incentive plans as described above. We also pay reduced royalty overrides with respect to certain products worldwide. Consequently, the total Royalty override percentage may vary over time.

Our “*contribution margins*” consist of net sales less cost of sales and Royalty overrides.

“*Selling, general, and administrative expenses*” represent our operating expenses, which include labor and benefits, service fees to China independent service providers, sales events, professional fees, travel and entertainment, Member promotions, occupancy costs, communication costs, bank fees, depreciation and amortization, foreign exchange gains and losses, and other miscellaneous operating expenses.

Our “*other operating income*” consists of government grant income related to China.

Most of our sales to Members outside the United States are made in the respective local currencies. In preparing our financial statements, we translate revenues into U.S. dollars using average exchange rates. Additionally, the majority of our purchases from our suppliers generally are made in U.S. dollars. Consequently, a strengthening of the U.S. dollar versus a foreign currency can have a negative impact on our reported sales and contribution margins and can generate foreign currency losses on intercompany transactions. Foreign currency exchange rates can fluctuate significantly. From time to time, we enter into foreign currency derivatives to partially mitigate our foreign currency exchange risk as discussed in further detail in Part I, Item 3, *Quantitative and Qualitative Disclosures about Market Risk*, of this Quarterly Report on Form 10-Q.

Summary Financial Results

Net sales were \$1,264.3 million for the three months ended March 31, 2024. Net sales increased \$12.2 million, or 1.0%, for the three months ended March 31, 2024 as compared to the same period in 2023. In local currency, net sales increased 2.4% for the three months ended March 31, 2024, as compared to the same period in 2023. The 1.0% increase in net sales for the three months ended March 31, 2024 was primarily driven by a 6.6% favorable impact of price increases, partially offset by a decrease in sales volume, as indicated by a 3.6% decrease in Volume Points, a 1.4% unfavorable impact of fluctuations in foreign currency exchange rates, and a 0.8% unfavorable impact of sales mix.

Net income was \$24.3 million, or \$0.24 per diluted share, for the three months ended March 31, 2024, as compared to \$29.3 million, or \$0.29 per diluted share, in the three months ended March 31, 2023. The decrease in net income for the three months ended March 31, 2024 was mainly due to \$16.3 million higher selling, general, and administrative expenses, \$8.9 million of other operating income in 2023 relating to government grant income for China versus none in 2024, and \$7.9 million higher income taxes; partially offset by \$26.6 million higher contribution margin primarily driven by price increases and lower inventory write-downs, partially offset by unfavorable cost changes related to self-manufacturing and sourcing.

Net income for the three months ended March 31, 2024 included a \$16.7 million pre-tax unfavorable impact (\$12.2 million post-tax) of Restructuring Program expenses, primarily relating to employee retention and separation costs; \$11.0 million pre-tax unfavorable impact (\$8.9 million post-tax) of expenses relating to our new Digital Technology Program focused on enhancing and rebuilding our Member facing technology platform and web-based Member tools, and a \$5.9 million pre-tax unfavorable impact (\$3.9 million post-tax) of Transformation Program expenses, primarily relating to employee retention and separation costs.

The income tax impact of the expenses discussed above is based on forecasted items affecting our 2024 full year effective tax rate. Adjustments to forecasted items unrelated to these expenses, as well as impacts related to interim reporting, will have an effect on the income tax impact of these items in subsequent periods.

Net income for the three months ended March 31, 2023 included a \$27.3 million pre-tax unfavorable impact (\$21.3 million post-tax) of Transformation Program expenses, primarily relating to employee retention and separation costs; and a \$3.5 million pre-tax unfavorable impact (\$3.3 million post-tax) of expenses relating to our new Digital Technology Program focused on enhancing and rebuilding our Member facing technology platform and web-based Member tools.

Results of Operations

Our results of operations for the periods below are not necessarily indicative of results of operations for future periods, which depend upon numerous factors, including our ability to sponsor Members and retain sales leaders, further penetrate existing markets, introduce new products and programs that will help our Members increase their retail efforts and develop niche market segments.

The following table sets forth selected results of our operations expressed as a percentage of net sales for the periods indicated:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Operations:		
Net sales	100.0 %	100.0 %
Cost of sales	22.5	23.8
Gross profit	77.5	76.2
Royalty overrides(1)	32.9	33.2
Selling, general, and administrative expenses(1)	38.9	38.1
Other operating income	—	(0.7)
Operating income	5.7	5.6
Interest expense, net	3.0	3.1
Income before income taxes	2.7	2.5
Income taxes	0.8	0.2
Net income	1.9 %	2.3 %

(1)The majority of service fees to our independent service providers in China are included in selling, general, and administrative expenses while Member compensation for all other countries is included in Royalty overrides.

Reporting Segment Results

We aggregate our operating segments, excluding China, into a reporting segment, or the Primary Reporting Segment. The Primary Reporting Segment includes the North America, Latin America, EMEA, and Asia Pacific regions. China has been identified as a separate reporting segment as it does not meet the criteria for aggregation. See Note 6, *Segment Information*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for further discussion of our reporting segments. See below for discussions of net sales and contribution margin by our reporting segments.

Net Sales by Reporting Segment

The Primary Reporting Segment reported net sales of \$1,189.1 million for the three months ended March 31, 2024 representing an increase of \$4.7 million, or 0.4%, as compared to the same period in 2023. In local currency, net sales increased 1.6% for the three months ended March 31, 2024, as compared to the same period in 2023. The 0.4% increase in net sales for the three months ended March 31, 2024 was primarily due to a 7.0% favorable impact of prices increases, partially offset by a decrease in sales volume, as indicated by a 4.2% decrease in Volume Points, a 1.2% unfavorable impact of fluctuations in foreign currency exchange rates and a 1.3% unfavorable impact of sales mix.

For a discussion of China's net sales for the three months ended March 31, 2024, see the China section of *Sales by Geographic Region* below.

Contribution Margin by Reporting Segment

As discussed above under "Presentation," contribution margin consists of net sales less cost of sales and Royalty overrides.

The Primary Reporting Segment reported contribution margin of \$501.2 million, or 42.1% of net sales, for the three months ended March 31, 2024, representing an increase of \$18.7 million, or 3.9%, as compared to the same period in 2023. The 3.9% increase in contribution margin for the three months ended March 31, 2024 was primarily the result of an 11.7% favorable impact of price increases and a 1.4% favorable impact of lower inventory write-downs, partially offset by a 4.2% unfavorable impact of volume decreases, a 2.7% unfavorable impact of cost changes related to self-manufacturing and sourcing primarily related to increased raw material costs, and a 1.9% unfavorable impact of sales mix.

China reported contribution margin of \$62.9 million for the three months ended March 31, 2024, representing an increase of \$7.9 million, or 14.4%, for the three months ended March 31, 2024, as compared to the same period in 2023. The 14.4% increase in contribution margin for the three months ended March 31, 2024 was primarily the result of a 12.8% favorable impact of volume increases as indicated by an increase in Volume Points. As described in the China section of the *Sales by Geographic Region* below, if Volume Points were recognized consistent with the timing of when net sales are recognized in accordance with U.S. GAAP, the favorable impact of volume increases would have been 19.3%. In addition, the increase in contribution margin was driven by a 1.7% favorable impact of lower inventory write-downs, partially offset by a 6.1% unfavorable impact of foreign currency fluctuations and a 3.2% unfavorable impact of sales mix.

Sales by Geographic Region

Net sales by geographic region were as follows:

	March 31, 2024	Three Months Ended March 31, 2023	% Change
		<i>(Dollars in millions)</i>	
North America	\$ 265.8	\$ 297.2	(10.6) %
Latin America	214.2	205.5	4.2 %
EMEA	277.9	268.1	3.7 %
Asia Pacific	431.2	413.6	4.3 %
China	75.2	67.7	11.1 %
Worldwide	<u>\$ 1,264.3</u>	<u>\$ 1,252.1</u>	1.0 %

Changes in net sales are directly associated with the retailing of our products, recruitment of new Members, and retention of sales leaders. Our strategies involve providing quality products, improved DMOs, including daily consumption approaches such as Nutrition Clubs, easier access to product, systemized training and education of Members on our products and methods, leveraging technology to make it easier for our Members to do business, and continued promotion and branding of Herbalife products.

Management's role, in-country and at the region and corporate level, is to provide Members with a competitive, broad, and innovative product line, offer leading-edge business tools and technology services, and encourage strong teamwork and Member leadership to make doing business with Herbalife simple. We continue to provide our Members with enhanced technology tools for ordering, business performance, and customer retailing to make it easier for them to do business with us and to optimize their customers' experiences. Management uses the Marketing Plan, which reflects the rules for our global network marketing organization that specify the qualification requirements and general compensation structure for Members, coupled with educational and motivational programs and promotions to encourage Members to increase retailing, retention, and recruiting, which in turn affect net sales. Such programs include sales events such as Extravaganzas, Leadership Development Weekends and World Team Schools where large groups of Members network with other Members, learn retailing, retention, and recruiting techniques from our leading Members, and become more familiar with how to market and sell our products and business opportunities. Accordingly, management believes that these development and motivation programs increase the productivity of the sales leader network. The expenses for such programs are included in selling, general, and administrative expenses. We also use event and non-event product promotions to motivate Members to increase retailing, retention, and recruiting activities. These promotions have prizes ranging from qualifying for events to product prizes and vacations. In a number of markets, we have segmented our Member base into "preferred members" and "distributors" for more targeted and efficient communication and promotions for these two differently motivated types of Members. In certain other markets that have not been segmented, we use Member data to similarly categorize Members for communication and promotion efforts.

DMOs are being generated in many of our markets and are globalized where applicable through the combined efforts of Members and country, regional and corporate management. While we support a number of different DMOs, one of the most popular DMOs is the daily consumption DMO. Under our traditional DMO, a Member typically sells to its customers on an infrequent basis (e.g., monthly) which provides fewer opportunities for interaction with their customers. Under a daily consumption DMO, a Member interacts with its customers on a more frequent basis, including such activities as weekly weigh-ins, which enables the Member to better educate and advise customers about nutrition and the proper use of the products and helps promote daily usage as well, thereby helping the Member grow his or her business. Specific examples of globalized DMOs include the Nutrition Club concept in Mexico and the Weight Loss Challenge in the United States. Management's strategy is to review the applicability of expanding successful country initiatives throughout a region, and where appropriate, support the globalization of these initiatives.

The factors described above help Members increase their business, which in turn helps drive Volume Point growth in our business, and thus, net sales growth. The discussion below of net sales details some of the specific drivers of changes in our business and causes of sales fluctuations during the three months ended March 31, 2024 as compared to the same period in 2023, as well as the unique growth or contraction factors specific to certain geographic regions or significant markets within a region during these periods. Net sales fluctuations, both Company-wide and within a particular geographic region or market, are primarily the result of changes in volume, changes in prices, or changes in foreign currency translation rates. The discussion of changes in net sales quantifies the impact of those drivers that are quantifiable such as changes in foreign currency translation rates, and cites the estimated impact of any significant price changes. The remaining drivers, which management believes are the primary drivers of changes in volume, are typically qualitative factors whose impact cannot be quantified. We use Volume Points as an indication for changes in sales volume.

Global inflationary pressures, supply chain challenges and other macroeconomic factors such as geopolitical conflict may impact both our cost structures and our pricing, with potential sales volume impact. However, given the unpredictable, unprecedented, and fluid nature of these factors, we are unable to predict the extent to which they will adversely impact our business, financial condition, and results of operations, including the impact it may have on our regions and individual markets. We continue to examine our cost structure and assess potential incremental pricing actions in response to ongoing inflationary pressures which could impact our net sales and sales volumes. See below for a more detailed discussion of each geographic region and individual market.

North America

The North America region reported net sales of \$265.8 million for the three months ended March 31, 2024. Net sales decreased \$31.4 million, or 10.6%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales decreased 10.6% for the three months ended March 31, 2024, as compared to the same period in 2023. The 10.6% decrease in net sales for the three months ended March 31, 2024 was primarily due to a decrease in sales volume, as indicated by a 16.0% decrease in Volume Points, partially offset by a 5.4% favorable impact of price increases.

Net sales in the U.S. were \$258.7 million for the three months ended March 31, 2024. Net sales decreased \$30.5 million, or 10.5%, for the three months ended March 31, 2024, as compared to the same period in 2023.

Sales volumes declined for the three months ended March 31, 2024 compared to the 2023 prior year period. Emerging from pandemic conditions, we continue to have fewer new Members in the region. We are supporting Members with increased numbers of in-person events, new product launches, targeted communications and sales incentives, as well as modernizing our technological tools in order to enhance our Members' ability to market and sell our products and promote business opportunities. Despite the total number of new Members decreasing, we have seen increases in our new distributors during the first quarter of 2024 compared to the first quarter of 2023. The region implemented 3.0% price increases during March 2024. During 2023, the region implemented 3.5% price increases during March 2023 and September 2023.

Latin America

The Latin America region reported net sales of \$214.2 million for the three months ended March 31, 2024. Net sales increased \$8.7 million, or 4.2%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 2.0% for the three months ended March 31, 2024, as compared to the same period in 2023. The 4.2% increase in net sales for the three months ended March 31, 2024 was due to a 2.2% favorable impact of fluctuations in foreign currency exchange rates and a 8.4% favorable impact of price increases, partially offset by a decrease in sales volume, as indicated by a 5.9% decrease in Volume Points and a 0.5% unfavorable impact of sales mix.

Net sales in Mexico were \$140.9 million for the three months ended March 31, 2024. Net sales increased \$13.1 million, or 10.3%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 0.2% for the three months ended March 31, 2024, as compared to the same period in 2023. The fluctuation of foreign currency exchange rates had a favorable impact of \$12.8 million on net sales for the three months ended March 31, 2024. To a lesser extent, a volume decline was seen for the 2024 first quarter versus the prior year, attributable we believe to the cumulative impact of several years of declines in new Members and Sales Leaders. Macroeconomic conditions such as a slowdown in the economy and prolonged high interest rates have also created challenges for Members' Nutrition Club operations, which continue to be an important DMO in the market. We are supporting Members with promotions that encourage volume, even at lower levels, for newer Members. During the second half of 2023 and in the first quarter of 2024, we have continued to experience importation delays in Mexico as a result of the government delaying timely approval of importation permits which has impacted certain of our inventory supply, which we believe adversely affected our net sales. To minimize the risk of disruption to our Mexico market, we continue to work closely with the Mexican government and have seen some improvements as additional importation permits were received. The market saw a 5.25% price increase during March 2024. During 2023, the Mexico market implemented 2% and 5% price increases during June 2023 and January 2023, respectively.

Other markets across the region also saw volume declines for the three months ended March 31, 2024 versus the 2023 period. The region has seen difficult economic conditions as well as market-specific factors including political and social instability. Inflationary pressures, improving but remained elevated, and foreign exchange rate fluctuations in certain markets in the region have challenged our Members' operations and customer demand. The sales volume declines in markets other than Mexico was greatest for Peru, Colombia, and Brazil. Promotional efforts within the region include increasing in-person activities, supporting on a market-by-market basis the Nutrition Club DMO, utilizing segmented promotions and sales incentives, and launching new products. The majority of the markets in the region instituted price increases to address market-specific conditions during the 2024 first quarter. We are also currently exploring additional measures to enhance the competitiveness of our product pricing, aiming to stimulate incremental growth in volume and to increase our Members' ability to promote business opportunities.

EMEA

The EMEA region reported net sales of \$277.9 million for the three months ended March 31, 2024. Net sales increased \$9.8 million, or 3.7%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 6.5% for the three months ended March 31, 2024, as compared to the same period in 2023. The 3.7% increase in net sales for the three months ended March 31, 2024 was primarily due to a 12.7% favorable impact of price increases, partially offset by 2.8% unfavorable impact of fluctuations in foreign currency exchange rates, a decrease in sales volume, as indicated by a 5.0% decrease in Volume Points, and a 0.4% unfavorable impact of sales mix. The EMEA region has no single market that accounts for a significant portion of our consolidated net sales.

Volumes declined, to a lesser extent, across most EMEA markets during the three months ended March 31, 2024 versus the 2023 period. Economic conditions across the region, including inflation in certain markets, weakened consumer confidence, and foreign exchange rate fluctuations, as well as political uncertainty in certain markets appear to be further hindering business recovery. The volume declines across the EMEA markets during the three months ended March 31, 2024 versus the 2023 period were led by Russia and Spain, partially offset by increases in Kazakhstan. Our Russia entity had no sales during the 2024 first quarter due to the suspension of product shipments to our Russia entity where its inventory had been fully depleted as of September 30, 2023; therefore our Russia entity will not have any product sales in future periods while its inventory remains fully depleted. As a result, Russian Members purchasing products in Kazakhstan, among other neighboring markets, has led to an increase in volume in Kazakhstan.

Focus areas for Herbalife and our Members in the region include branding and promotions, supporting increased numbers of in-person events, launching new products, strengthening the Nutrition Club DMO in certain markets, and other promotional initiatives to incentivize sales. The majority of the markets in the region instituted price increases to address market-specific conditions during the three months ended March 31, 2024.

Asia Pacific

The Asia Pacific region, which excludes China, reported net sales of \$431.2 million for the three months ended March 31, 2024. Net sales increased \$17.6 million, or 4.3%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 6.9% for the three months ended March 31, 2024, as compared to the same period in 2023. The 4.3% increase in net sales for the three months ended March 31, 2024 was primarily due to an increase in sales volume, as indicated by a 4.6% increase in Volume Points, and a 3.7% favorable impact of price increases, partially offset by a 2.6% unfavorable impact of fluctuations in foreign currency exchange rates and a 2.2% unfavorable impact of sales mix.

Net sales in India were \$203.5 million for the three months ended March 31, 2024. Net sales increased \$24.9 million, or 13.9%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 15.1% for the three months ended March 31, 2024, as compared to the same period in 2023. The fluctuation of foreign currency exchange rates had an unfavorable impact of \$2.0 million on net sales for the three months ended March 31, 2024. Sales volumes have increased in India in recent years as we continue to promote our brand, such as through sports sponsorships, in-person events, strengthening the Preferred Customer program and making it easier for our Preferred Customers to convert to Distributors in India. The India market had no price increase during the three months ended March 31, 2024. During 2023, the India market implemented a 4.5% price increase during November 2023.

Net sales in Vietnam were \$75.6 million for the three months ended March 31, 2024. Net sales increased \$4.5 million, or 6.3%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 10.9% for the three months ended March 31, 2024, as compared to the same period in 2023. The fluctuation of foreign currency exchange rates had an unfavorable impact of \$3.2 million on net sales for the three months ended March 31, 2024. The sales volume increase for the three months ended March 31, 2024 versus the 2023 period was partially driven by, we believe, the comparison to a 2023 first quarter that included lower level of sales as a result of a January 2023 increase in the local value added tax rate which may have had an adverse impact to our net sales during the first quarter of 2023. Members' Nutrition Club operations continue to be an important DMO in the market which management continues to support and monitor, and we believe, macroeconomic conditions in the market continue to create challenges. The market implemented a 3.5% price increase in March 2024. During 2023, the Vietnam market implemented a 3% price increase during March 2023. Further, changes to direct-selling regulations in the market were approved by local government in April 2023; we continue to work closely with Vietnam government and monitor these regulations and any impact they may have on our business in Vietnam.

Across most of the region's other markets sales volume was down for the three months ended March 31, 2024 as compared to the 2023 period, most significantly for Indonesia. We continued to see lower levels of member retention and new Members for some markets as Members' Nutrition Club operations recover from macroeconomic conditions including inflationary pressure and high interest rates in certain markets that have also challenged some areas of customer demand. Our efforts in the region include promotional initiatives to incentivize sales, launching new products, and expanding successful country initiatives throughout the region. Some markets in the region instituted price increases to address market-specific conditions during the three months ended March 31, 2024.

China

The China region reported net sales of \$75.2 million for the three months ended March 31, 2024. Net sales increased \$7.5 million, or 11.1%, for the three months ended March 31, 2024, as compared to the same period in 2023. In local currency, net sales increased 16.7% for the three months ended March 31, 2024, as compared to the same period in 2023. The 11.1% increase in net sales for the three months ended March 31, 2024 was primarily due to an increase in sales volume, as indicated by a 12.8% increase in Volume Points. As described further above, Volume Points are generally recognized when a Member pays for an order, while net sales are generally recognized when product is delivered and when control passes to the Member or customer. If Volume Points were recognized consistent with the timing of when net sales are recognized in accordance with U.S. GAAP, the increase in sales volume would have been 19.3% as there was a more favorable timing difference between net sales and volume point recognition during the three months ended March 31, 2024 as compared to the same period in 2023. The 19.3% increase in sales volume was partially offset by a 5.6% unfavorable impact of fluctuations in foreign currency exchange rates, and a 2.6% unfavorable impact of sales mix. The China region had no price increase during the three months ended March 31, 2024 and during the twelve months ended December 31, 2023.

The sales volume increase for the three months ended March 31, 2024 versus the 2023 period was partially driven by the comparison to a 2023 first quarter that includes lower level of sales as a result of pandemic related conditions. Sales volume increases were also attributable to, we believe, our continued enhancement to our qualification requirements and promotion programs in the China market, as well as Members' ability to adjust their business approaches to these changes. The frequency and attendance of our and our Members' in-person training and sales meetings, which are important to the business as they are a central channel for attracting and retaining customers, providing personal and professional development for our Members, and promoting our products, are stabilizing, but continue to be below pre-pandemic levels.

Other focus areas for China include enhancing our digital capabilities and offerings, such as improving the integration of our technological tools to make it easier for our Members to do business, encouraging a customer-based approach through DMOs such as weight management challenges, and supporting Members' establishment of daily consumption-oriented Nutrition Clubs. We have expanded our product line for the China market and continue to conduct sales promotions in the region.

Sales by Product Category

Net sales by product category were as follows:

	March 31, 2024	Three Months Ended March 31, 2023 <i>(Dollars in millions)</i>	% Change
Weight Management	\$ 704.7	\$ 706.3	(0.2)%
Targeted Nutrition	377.8	365.9	3.3 %
Energy, Sports, and Fitness	139.8	135.7	3.0 %
Outer Nutrition	20.4	20.8	(1.9)%
Literature, Promotional, and Other(1)	21.6	23.4	(7.7)%
Total	<u>\$ 1,264.3</u>	<u>\$ 1,252.1</u>	1.0 %

(1)Product buybacks and returns in all product categories are included in the Literature, Promotional, and Other category.

Net sales for the significant product categories remained relatively flat and had slight increases for the three months ended March 31, 2024 as compared to the same period in 2023. The trends and business factors described in the above discussions of the individual geographic regions apply generally to all product categories.

Gross Profit

Gross profit was \$979.3 million and \$953.5 million for the three months ended March 31, 2024 and 2023, respectively. Gross profit as a percentage of net sales was 77.5% and 76.2% for the three months ended March 31, 2024 and 2023, respectively, or a favorable net increase of 131 basis points.

The increase in gross profit as a percentage of net sales for the three months ended March 31, 2024 as compared to the same period in 2023 included the favorable impact of price increases of 154 basis points; the favorable impact of lower inventory write-downs of 59 basis points; the favorable impact of foreign currency fluctuations of 13 basis points; favorable changes in sales mix of 7 basis points; and favorable other cost changes of 5 basis points; partially offset by unfavorable cost changes related to self-manufacturing and sourcing of 107 basis points primarily related to increased raw material costs.

Generally, gross profit as a percentage of net sales may vary from period to period due to the impact of foreign currency fluctuations, changes in sales mix, price increases, cost changes related to inflation, self-manufacturing and sourcing, and inventory write-downs.

Royalty Overrides

Royalty overrides were \$415.2 million and \$416.0 million for the three months ended March 31, 2024 and 2023, respectively. Royalty overrides as a percentage of net sales were 32.9% and 33.2% for the three months ended March 31, 2024 and 2023, respectively.

The decrease in royalty overrides as a percentage of net sales for the three months ended March 31, 2024 as compared to the same period in 2023 was primarily due to higher net sales in China as a proportion of our total worldwide net sales. The majority of service fees to our independent service providers in China are included in selling, general, and administrative expenses while Member compensation for all other countries is included in Royalty overrides.

Generally, Royalty overrides as a percentage of net sales may vary from period to period due to changes in the mix of products and countries because full royalty overrides are not paid on certain products and in certain countries.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were \$492.2 million and \$475.9 million for the three months ended March 31, 2024 and 2023, respectively. Selling, general, and administrative expenses as a percentage of net sales were 38.9% and 38.1% for the three months ended March 31, 2024 and 2023, respectively.

The \$16.3 million increase in selling, general, and administrative expenses for the three months ended March 31, 2024 as compared to the same period in 2023 was driven by \$14.4 million in higher professional fees primarily from expenses related to the Digital Technology Program, \$9.4 million in higher labor and benefits costs, partially offset by \$3.9 million in lower foreign exchange losses and \$3.8 million in lower Member event and promotion costs. The increase in labor and benefit costs includes higher employee bonus accruals and expenses related to the Restructuring Program which were partially offset by lower expenses related to the Transformation Program.

See Note 13, *Restructuring Activities*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for further discussion.

Other Operating Income

We did not recognize any government grant income related to our regional headquarters and distribution centers within China during the three months ended March 31, 2024.

The \$8.9 million of other operating income for the three months ended March 31, 2023 consisted of \$8.9 million of government grant income for China (See Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q).

Interest Expense, Net

Interest expense, net was as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in millions)	
Interest expense	\$ 41.6	\$ 41.8
Interest income	(3.7)	(2.4)
Interest expense, net	<u>\$ 37.9</u>	<u>\$ 39.4</u>

The decrease in interest expense, net for the three months ended March 31, 2024 as compared to the same period in 2023 was primarily due to a decrease in our overall borrowings, an increase in capitalized interest, and an increase in interest income earned, partially offset by an increase in our weighted-average interest rate. As a result of the \$1.6 billion debt refinancing transactions described further in Note 15, *Subsequent Events*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, we expect our weighted-average interest rate to increase in future periods and therefore we expect our interest expense and total interest expense, net to increase in fiscal year 2024 compared to fiscal year 2023.

Income Taxes

Income taxes were \$9.7 million and \$1.8 million for the three months ended March 31, 2024 and 2023, respectively. The effective income tax rate was 28.5% and 5.8% for the three months ended March 31, 2024 and 2023, respectively. The increase in the effective tax rate for the three months ended March 31, 2024 as compared to the same period in 2023 was primarily due to changes in the geographic mix of the Company's income and a decrease in tax benefit from discrete events.

Liquidity and Capital Resources

We have historically met our short- and long-term working capital and capital expenditure requirements, including funding for expansion of operations, through net cash flows provided by operating activities. Variations in sales of our products directly affect the availability of funds. There are no material contractual restrictions on our ability to transfer and remit funds among our international affiliated companies. However, there are foreign currency restrictions in certain countries which could reduce our ability to timely obtain U.S. dollars. Even with these restrictions and the current inflationary environment, which is improving but remains elevated in 2023 and the first quarter of 2024, we believe we will have sufficient resources, including cash flow from operating activities and longer-term access to capital markets, to meet debt service obligations in a timely manner and be able to continue to meet our objectives.

Historically, our debt has not resulted from the need to fund our normal operations, but instead has resulted primarily from our share repurchase programs. Since inception in 2007, total share repurchases amounted to approximately \$6.5 billion. While a significant net sales decline could potentially affect the availability of funds, many of our largest expenses are variable in nature, which we believe protects our funding in all but a dramatic net sales downturn. Our \$398.3 million cash and cash equivalents as of March 31, 2024 and our senior secured credit facility, in addition to cash flow from operations, can be used to support general corporate purposes, including any future strategic investment opportunities, share repurchases, and dividends.

For the three months ended March 31, 2024, we generated \$13.8 million of operating cash flow as compared to \$46.2 million for the same period in 2023. The decrease in our operating cash flow was the result of \$35.3 million of lower net income excluding non-cash and reconciling items disclosed within our condensed consolidated statement of cash flows, and \$2.9 million of favorable changes in operating assets and liabilities. The \$35.3 million of lower net income excluding non-cash and reconciling items was primarily driven by higher selling, general and administrative expenses, a government grant income for China in 2023, and higher income taxes; partially offset by higher contribution margin (See *Summary Financial Results* above for further discussion). The \$2.9 million of favorable changes in operating assets and liabilities was primarily the result of unfavorable changes in inventories, and other current liabilities primarily from unfavorable changes in advance sales deposit; partially offset by favorable changes in prepaid expenses and other current assets and accounts payable.

Capital expenditures, including accrued capital expenditures, were \$33.6 million and \$28.0 million for the three months ended March 31, 2024 and 2023, respectively. The majority of these expenditures during the three months ended March 31, 2024 represented investments in management information systems, including initiatives to develop enhanced Member tools which includes our \$400 million multi-year Digital Technology Program that is focused on enhancing and rebuilding our Member facing technology platform and web-based Member tools to provide enhanced digital capabilities and experiences to our Members, which we also refer to as Herbalife One. We expect to continue our investments in these areas and expect to incur total capital expenditures of approximately \$120 million to \$150 million for the full year 2024, which includes Herbalife One. Based on our estimates, we expect our total future capital expenditures to remain elevated during 2024 and 2025 as a result of Herbalife One, where we have incurred approximately more than half of the expected implementation costs relating to Herbalife One as of March 31, 2024. In addition, based on the Herbalife One implementation costs incurred thus far, we began to recognize non-cash amortization expenses during the first quarter of 2024 and continue to expect to recognize approximately \$30 to \$35 million of these non-cash amortization expenses within our full-year 2024 consolidated statement of income; thereafter, we expect to recognize similar amounts of non-cash amortization expenses which could vary depending on the total actual future Herbalife One related expenditures and the associated timing of future technology being available for deployment. The capital expenditures relating to Herbalife One, are separate to the Transformation Program described further below.

In March 2024, we hosted our annual global honors event where sales leaders from around the world met, shared best practices, and conducted leadership training, and our management awarded Members \$74.9 million of Mark Hughes bonus payments related to their 2023 performance. In March 2023, our management awarded Members \$77.9 million of Mark Hughes bonus payments related to their 2022 performance.

In 2021, we initiated a global transformation program to optimize global processes for future growth, or the Transformation Program. The Transformation Program involves the investment in certain new technologies and the realignment of infrastructure and the locations of certain functions to better support distributors and customers. The Transformation Program is expected to deliver annual savings of at least \$115 million with approximately \$70 million of savings realized in 2023 and approximately \$115 million of annual savings expected to be realized in 2024 and thereafter. We also expect to incur total pre-tax expenses of at least \$95 million to realize these annual run-rate savings. We have already incurred total pre-tax expenses of approximately \$85.1 million through March 31, 2024, of which \$5.9 million and \$27.3 million were incurred in the three months ended March 31, 2024 and 2023, respectively, and recognized in selling, general, and administrative expenses within our condensed consolidated statements of income. In addition, we expect a total of \$20 million to \$25 million, inclusive of the \$16.4 million incurred from inception to date of related capital expenditures through 2024, primarily relating to technology, to support the Transformation Program. Since the Transformation Program is still ongoing and expected to be completed in 2024, these estimated amounts are preliminary and based on management's estimates and actual results could differ from such estimates.

During the first quarter of 2024, we initiated a Restructuring Program to streamline our organizational structure to make it more efficient and effective and to allow our management team to work more closely to the markets, our distributors, and our customers. The Restructuring Program is expected to deliver annual savings of at least \$80 million beginning in 2025 with approximately \$40 million of savings expected to be realized in 2024. We also expect to incur total pre-tax expenses of at least \$60 million relating to the Restructuring Program through 2024, of which \$16.7 million was recognized in selling, general, and administrative expenses within the condensed consolidated statement of income during the quarter ended March 31, 2024. We expect to complete the Restructuring Program by the end of 2024. Since the Restructuring Program is still ongoing, these estimated amounts are preliminary and based on management's estimates and actual results could differ from such estimates.

Senior Secured Credit Facility

On August 16, 2018, we entered into a \$1.25 billion senior secured credit facility, or the 2018 Credit Facility, consisting of a \$250.0 million term loan A, or the 2018 Term Loan A, a \$750.0 million term loan B, or the 2018 Term Loan B, and a \$250.0 million revolving credit facility, or the 2018 Revolving Credit Facility, with a syndicate of financial institutions as lenders. The 2018 Term Loan B matures upon the earlier of: (i) August 18, 2025, or (ii) December 15, 2023 if the outstanding principal on the 2024 Convertible Notes, as defined below, exceeded \$350.0 million and we exceed certain leverage ratios as of that date. As described further below, the 2024 Convertible Notes matured and we repaid the remaining outstanding principal and any accrued interest on March 15, 2024. All obligations under the 2018 Credit Facility are unconditionally guaranteed by certain direct and indirect wholly-owned subsidiaries of Herbalife Ltd. and secured by the equity interests of certain of Herbalife Ltd.'s subsidiaries and substantially all of the assets of the domestic loan parties. Also on August 16, 2018, we issued \$400.0 million aggregate principal amount of senior unsecured notes, or the 2026 Notes, and used the proceeds from the 2018 Credit Facility and the 2026 Notes to repay in full the \$1,178.1 million outstanding under our prior senior secured credit facility.

On December 12, 2019, we amended the 2018 Credit Facility which, among other things, reduced the interest rate for borrowings under the 2018 Term Loan B. We incurred approximately \$1.2 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 470, *Debt*, or ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. The debt issuance costs were recognized in interest expense, net within our condensed consolidated statement of income during the fourth quarter of 2019.

On March 19, 2020, we amended the 2018 Credit Facility which, among other things, extended the maturity of both the 2018 Term Loan A and 2018 Revolving Credit Facility to the earlier of: (i) March 19, 2025 or (ii) September 15, 2023 if the outstanding principal on the 2024 Convertible Notes, exceeded \$350.0 million and we exceed certain leverage ratios as of that date (as described further below, the 2024 Convertible Notes matured and we repaid the remaining outstanding principal and any accrued interest on March 15, 2024; increased borrowings under the 2018 Term Loan A from \$234.4 million to a total of \$264.8 million; increased the total available borrowing capacity under 2018 Revolving Credit Facility from \$250.0 million to \$282.5 million; and reduced the interest rate for borrowings under both the 2018 Term Loan A and 2018 Revolving Credit Facility. We incurred approximately \$1.6 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. Of the \$1.6 million of debt issuance costs, approximately \$1.1 million was recorded on our condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.5 million was recognized in interest expense, net within our condensed consolidated statement of income during the first quarter of 2020.

On February 10, 2021, we amended the 2018 Credit Facility which, among other things, reduced the interest rate for borrowings under the 2018 Term Loan B. We incurred approximately \$1.1 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. The debt issuance costs were recognized in interest expense, net within our condensed consolidated statement of income during the first quarter of 2021.

On July 30, 2021, we amended the 2018 Credit Facility which, among other things, increased borrowings under the 2018 Term Loan A from \$245.0 million to a total of \$286.2 million; increased the total available borrowing capacity under the 2018 Revolving Credit Facility from \$282.5 million to \$330.0 million; reduced the interest rate for borrowings under the 2018 Term Loan A and 2018 Revolving Credit Facility; and amended the commitment fee on the undrawn portion of the 2018 Revolving Credit Facility. As a result of the amendment, the applicable margin for the 2018 Term Loan A and 2018 Revolving Credit Facility is currently subject to certain premiums or discounts tied to criteria determined by certain sustainability targets. We incurred approximately \$1.4 million of debt issuance costs in connection with the amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the 2018 Credit Facility. Of the \$1.4 million of debt issuance costs, approximately \$0.8 million was recorded on our condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.6 million was recognized in interest expense, net within our condensed consolidated statement of income during the third quarter of 2021.

During the second quarter of 2023, we amended the 2018 Credit Facility which, among other things, increased the leverage ratio covenant under both the 2018 Term Loan A and 2018 Revolving Credit Facility. In addition, the 2018 Credit Facility was also amended to transition from LIBOR to the Secured Overnight Financing Rate, or SOFR, in connection with the discontinuation of LIBOR as of June 30, 2023. Following the transition, borrowings utilizing SOFR under the 2018 Credit Facility began using the "Adjusted Term SOFR", which is the rate per annum equal to Term SOFR plus a rate adjustment based on interest periods of one month, three months, six months and twelve months tenors equaling to approximately 0.11%, 0.26%, 0.43% and 0.72%, respectively. We incurred approximately \$1.1 million of debt issuance costs in connection with these amendments. For accounting purposes, pursuant to ASC 470, these transactions were accounted for as modifications of the 2018 Credit Facility. Of the \$1.1 million of debt issuance costs, approximately \$1.0 million was recorded on our condensed consolidated balance sheet and is being amortized over the life of the 2018 Credit Facility using the effective-interest method, and approximately \$0.1 million was recognized in interest expense, net within our condensed consolidated statement of income during the second quarter of 2023.

The 2018 Credit Facility requires us to comply with a leverage ratio. The 2018 Credit Facility also contains affirmative and negative covenants customary for financings of this type, including, among other things, limitations or prohibitions on repurchasing common shares, declaring and paying dividends and other distributions, redeeming and repurchasing certain other indebtedness, loans and investments, additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the 2018 Credit Facility contains customary events of default. As of March 31, 2024 and December 31, 2023, we were in compliance with our debt covenants under the 2018 Credit Facility.

The 2018 Term Loan A and 2018 Term Loan B are payable in consecutive quarterly installments which began on December 31, 2018. Interest is due at least quarterly on amounts outstanding under the 2018 Credit Facility. In addition, beginning in 2020, we may be required to make mandatory prepayments towards the 2018 Term Loan B based on our consolidated leverage ratio and annual excess cash flows as defined under the terms of the 2018 Credit Facility. We are also permitted to make voluntary prepayments. Amounts outstanding under the 2018 Term Loan A and 2018 Term Loan B may be voluntarily prepaid without premium or penalty, subject to customary breakage fees in connection with the prepayment of a eurocurrency loan. These prepayments, if any, will be applied against remaining quarterly installments owed under the 2018 Term Loan A and 2018 Term Loan B in order of maturity with the remaining principal due upon maturity, unless directed otherwise by us. Pursuant to the terms of the excess cash flow clause, and based on the 2023 excess cash flow calculation and consolidated leverage ratio as of December 31, 2023, as described and defined under the terms of the 2018 Credit Facility, we made a \$66.3 million mandatory prepayment towards the 2018 Term Loan B during the first quarter of 2024.

During the three months ended March 31, 2024, we borrowed an aggregate amount of \$160.0 million under the 2018 Credit Facility, all of which was under the 2018 Revolving Credit Facility, and repaid a total amount of \$103.5 million on amounts outstanding under the 2018 Credit Facility, which included \$30.0 million of repayments on amounts outstanding under the 2018 Revolving Credit Facility and a \$66.3 million mandatory prepayment on amounts outstanding under the 2018 Term Loan B. During the three months ended March 31, 2023, the Company borrowed an aggregate amount of \$71.0 million under the 2018 Credit Facility, all of which was under the 2018 Revolving Credit Facility, and repaid a total amount of \$138.2 million on amounts outstanding under the 2018 Credit Facility, which included \$131.0 million of repayments on amounts outstanding under the 2018 Revolving Credit Facility. As of March 31, 2024 and December 31, 2023, the U.S. dollar amount outstanding under the 2018 Credit Facility was \$943.2 million and \$886.7 million, respectively. Of the \$943.2 million outstanding under the 2018 Credit Facility as of March 31, 2024, \$228.9 million was outstanding under the 2018 Term Loan A, \$584.3 million was outstanding under the 2018 Term Loan B and \$130.0 million was outstanding under the 2018 Revolving Credit Facility. Of the \$886.7 million outstanding under the 2018 Credit Facility as of December 31, 2023, \$236.1 million was outstanding under the 2018 Term Loan A and \$650.6 million was outstanding under the 2018 Term Loan B. There were no borrowings outstanding under the 2018 Revolving Credit Facility as of December 31, 2023. There were no outstanding foreign currency borrowings under the 2018 Credit Facility as of March 31, 2024 and December 31, 2023. As of March 31, 2024 and December 31, 2023, the weighted-average interest rate for borrowings under the 2018 Credit Facility was 7.92% and 7.62%, respectively.

See Note 4, *Long-Term Debt*, and Note 15, *Subsequent Events*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on the 2018 Credit Facility and the refinancing thereof.

Convertible Senior Notes due 2024

In March 2018, we issued \$550.0 million aggregate principal amount of convertible senior notes due 2024, or the 2024 Convertible Notes. The 2024 Convertible Notes were senior unsecured obligations which ranked effectively subordinate to any of our existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2024 Convertible Notes paid interest at a rate of 2.625% per annum payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018. The 2024 Convertible Notes matured on March 15, 2024.

In December 2021, we made an irrevocable election under the indenture governing the 2024 Convertible Notes to require the principal portion of the 2024 Convertible Notes to be settled in cash and any excess in shares or cash. In December 2022, we issued \$277.5 million aggregate principal of new convertible senior notes due 2028 as described below, and subsequently used the proceeds, to repurchase \$287.5 million of our existing 2024 Convertible Notes from a limited number of holders in privately negotiated transactions for an aggregate purchase price of \$274.9 million, which included \$1.7 million of accrued interest. In August 2023, we repurchased \$65.5 million of our existing 2024 Convertible Notes through open market purchases for an aggregate purchase price of \$65.1 million, which included \$0.8 million of accrued interest. During March 2024, we repaid a total amount of \$197.0 million to repay in full amounts outstanding on the 2024 Convertible Notes upon maturity, as well as \$2.6 million of accrued interest.

See Note 4, *Long-Term Debt*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on our 2024 Convertible Notes.

Convertible Senior Notes due 2028

In December 2022, we issued \$277.5 million aggregate principal amount of convertible senior notes due 2028, or the 2028 Convertible Notes. The 2028 Convertible Notes are senior unsecured obligations which rank effectively subordinate to any of our existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2028 Convertible Notes pay interest at a rate of 4.25% per annum payable semiannually in arrears on June 15 and December 15 of each year, beginning on June 15, 2023. Unless redeemed, repurchased or converted in accordance with their terms prior to such date, the 2028 Convertible Notes mature on June 15, 2028. The primary purpose of the issuance of the 2028 Convertible Notes was to repurchase a portion of the 2024 Convertible Notes. See Note 4, *Long-Term Debt*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on our 2028 Convertible Notes.

Senior Notes due 2025

In May 2020, we issued \$600.0 million aggregate principal amount of senior notes due 2025, or the 2025 Notes. The 2025 Notes are senior unsecured obligations which rank effectively subordinate to any of our existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2025 Notes pay interest at a rate of 7.875% per annum payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2021. The 2025 Notes mature on September 1, 2025, unless redeemed or repurchased in accordance with their terms prior to such date. The primary purpose of the issuance of the 2025 Notes was for general corporate purposes, including share repurchases and other capital investment projects. See Note 4, *Long-Term Debt*, and Note 15, *Subsequent Events*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on our 2025 Notes and the partial redemption and repurchase of a portion thereof.

Senior Notes due 2029

In May 2021, we issued \$600.0 million aggregate principal amount of senior notes due 2029, or the 2029 Notes. The 2029 Notes are senior unsecured obligations which rank effectively subordinate to any of our existing and future secured indebtedness, including amounts outstanding under the 2018 Credit Facility, to the extent of the value of the assets securing such indebtedness. The 2029 Notes pay interest at a rate of 4.875% per annum payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2021. The 2029 Notes mature on June 1, 2029, unless redeemed or repurchased in accordance with their terms prior to such date. The primary purpose of the issuance of the 2029 Notes was to repurchase the 2026 Notes as well as for general corporate purposes, which may include shares repurchases and other capital investment projects. See Note 4, *Long-Term Debt*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on our 2029 Notes.

Cash and Cash Equivalents

The majority of our foreign subsidiaries designate their local currencies as their functional currencies. As of March 31, 2024, the total amount of our foreign subsidiary cash and cash equivalents was \$379.8 million, of which \$46.5 million was held in U.S. dollars. As of March 31, 2024, the total amount of cash and cash equivalents held by Herbalife Ltd. and its U.S. entities, inclusive of U.S. territories, was \$18.5 million.

For earnings not considered to be indefinitely reinvested deferred taxes have been provided. For earnings considered to be indefinitely reinvested, deferred taxes have not been provided. Should we make a determination to remit the cash and cash equivalents from our foreign subsidiaries that are considered indefinitely reinvested to Herbalife Ltd. for the purpose of repatriation of undistributed earnings, we would need to accrue and pay taxes. As of December 31, 2023, Herbalife Ltd. had approximately \$2.9 billion of permanently reinvested unremitted earnings relating to its operating subsidiaries. As of December 31, 2023, we do not have any plans to repatriate these unremitted earnings to Herbalife Ltd.; therefore, we do not have any liquidity concerns relating to these unremitted earnings and related cash and cash equivalents. See Note 12, *Income Taxes*, to the Consolidated Financial Statements included in our 2023 10-K for additional discussion on our unremitted earnings.

Off-Balance Sheet Arrangements

As of March 31, 2024 and December 31, 2023, we had no material off-balance sheet arrangements except for those described in Note 4, *Long-Term Debt*, and Note 5, *Contingencies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q.

Dividends

We have not declared or paid cash dividends since 2014. The declaration of future dividends is subject to the discretion of our board of directors and will depend upon various factors, including our earnings, financial condition, Herbalife Ltd.'s available distributable reserves under Cayman Islands law, restrictions imposed by the 2018 Credit Facility and the terms of any other indebtedness that may be outstanding, cash requirements, future prospects, and other factors deemed relevant by our board of directors.

Share Repurchases

On February 9, 2021, our board of directors authorized a three-year \$1.5 billion share repurchase program which had approximately \$985.5 million of remaining authorized capacity prior to the share repurchase program expiring on February 9, 2024. This share repurchase program allowed us, which included an indirect wholly-owned subsidiary of Herbalife Ltd., to repurchase our common shares at such times and prices as determined by management, as market conditions warranted, and to the extent Herbalife Ltd.'s distributable reserves were available under Cayman Islands law. The 2018 Credit Facility permits us to repurchase our common shares as long as no default or event of default exists and other conditions, such as specified consolidated leverage ratios, are met.

During the three months ended March 31, 2024 and 2023, we did not repurchase any of our common shares through open-market purchases.

See Note 10, *Shareholders' Deficit*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, for a further discussion on our share repurchases.

Working Capital and Operating Activities

As of March 31, 2024 and December 31, 2023, we had working capital of \$281.5 million and \$121.7 million, respectively, or an increase of \$159.8 million. The increase was primarily due to decreases in royalty overrides, and the current portion of long-term debt primarily from the repayment of the remaining \$197.0 million balance of the 2024 Convertible Notes which matured on March 15, 2024 and a \$66.3 million mandatory prepayment on the 2018 Term Loan B; partially offset by \$176.9 million decrease in cash and cash equivalents.

We expect that cash and funds provided from operations, available borrowings under the 2018 Credit Facility, and longer-term access to capital markets will provide sufficient working capital to operate our business, to make expected capital expenditures, and to meet foreseeable liquidity requirements for the next twelve months and thereafter.

The majority of our purchases from suppliers are generally made in U.S. dollars, while sales to our Members generally are made in local currencies. Consequently, strengthening of the U.S. dollar versus a foreign currency can have a negative impact on net sales and contribution margins and can generate transaction gains or losses on intercompany transactions. For discussion of our foreign exchange contracts and other hedging arrangements, see Part I, Item 3, *Quantitative and Qualitative Disclosures about Market Risk*, of this Quarterly Report on Form 10-Q.

Contingencies

See Note 5, *Contingencies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, for information on our contingencies as of March 31, 2024.

Subsequent Events

See Note 15, *Subsequent Events*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, for information relating to our \$1.6 billion debt refinancing transactions and other related transactions that occurred during April 2024.

Critical Accounting Policies and Estimates

U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. We regularly evaluate our estimates and assumptions related to revenue recognition, allowance for product returns, inventory, goodwill and purchased intangible asset valuations, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, and other loss contingencies. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses. Actual results could differ from those estimates. We consider the following policies to be most critical in understanding the judgments that are involved in preparing the financial statements and the uncertainties that could impact our operating results, financial condition and cash flows.

We are a nutrition company that sells a wide range of weight management; targeted nutrition; energy, sports, and fitness; and outer nutrition products. Our products are manufactured by us in our Changsha, Hunan, China extraction facility; Suzhou, China facility; Nanjing, China facility; Lake Forest, California facility; and Winston-Salem, North Carolina facility; and by third-party providers, and then are sold to Members who consume and sell Herbalife products to retail consumers or other Members. As of March 31, 2024, we sold products in 95 markets throughout the world and we are organized and managed by geographic region. We aggregate our operating segments into one reporting segment, except China, as management believes that our operating segments have similar operating characteristics and similar long-term operating performance. In making this determination, management believes that the operating segments are similar in the nature of the products sold, the product acquisition process, the types of customers to whom products are sold, the methods used to distribute the products, the nature of the regulatory environment, and their economic characteristics.

We generally recognize revenue upon delivery when control passes to the Member. Product sales are recognized net of product returns, and discounts referred to as “distributor allowances.” We generally receive the net sales price in cash or through credit card payments at the point of sale. Royalty overrides are generally recorded when revenue is recognized. See Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, for a further discussion of distributor compensation in the U.S.

Allowances for product returns, primarily in connection with our buyback program, are provided at the time the sale is recorded. This accrual is based upon historical return rates for each country and the relevant return pattern, which reflects anticipated returns to be received over a period of up to 12 months following the original sale. Historically, product returns and buybacks have not been significant. Product returns and buybacks were approximately 0.1% of net sales for each of the three months ended March 31, 2024 and 2023.

We adjust our inventories to lower of cost and net realizable value. Additionally we adjust the carrying value of our inventory based on assumptions regarding future demand for our products and market conditions. If future demand and market conditions are less favorable than management’s assumptions, additional inventory write-downs could be required. Likewise, favorable future demand and market conditions could positively impact future operating results if previously written down inventories are sold. We have obsolete and slow moving inventories which have been adjusted downward \$22.2 million and \$24.2 million to present them at their lower of cost and net realizable value in our condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, respectively.

Goodwill and marketing-related intangible assets not subject to amortization are tested annually for impairment, and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired.

Under the quantitative method for impairment testing of goodwill, which is done at the reporting unit level, we primarily use an income approach in order to determine the fair value of a reporting unit and compare it to its carrying amount. The determination of the fair value of the reporting units requires us to make significant estimates and assumptions. These estimates and assumptions include estimates of future revenues and expense growth rates, capital expenditures and the depreciation and amortization related to these capital expenditures, discount rates, and other inputs. Due to the inherent uncertainty involved in making these estimates, actual future results could differ. Changes in assumptions regarding future results or other underlying assumptions could have a significant impact on the fair value of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit over its fair value. During fiscal year 2023, we performed a quantitative assessment and determined that the fair value of each reporting unit was significantly greater than its respective carrying value.

Under the quantitative method for impairment testing of our marketing-related intangible assets, we use a discounted cash flow model, or the income approach, under the relief-from-royalty method to determine the fair value of our marketing-related intangible assets in order to confirm there is no impairment required. An impairment loss is recognized to the extent that the carrying amount of the assets exceeds their fair value. During fiscal year 2023, we performed a quantitative assessment of our marketing-related intangible assets and determined that the fair value of the assets was significantly greater than their carrying value.

As of March 31, 2024 and December 31, 2023, we had goodwill of approximately \$93.9 million and \$95.4 million, respectively. The decrease in goodwill during the three months ended March 31, 2024 was due to foreign currency translation adjustments. As of both March 31, 2024 and December 31, 2023, we had marketing-related intangible assets of approximately \$310.0 million. No goodwill or marketing-related intangibles impairment was recorded during the three months ended March 31, 2024 and 2023.

Contingencies are accounted for in accordance with FASB ASC Topic 450, *Contingencies*, or ASC 450. ASC 450 requires that we record an estimated loss from a loss contingency when information available prior to issuance of our financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible as required by ASC 450. Accounting for contingencies such as legal and non-income tax matters requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Many of these legal and tax contingencies can take years to be resolved. Generally, as the time period increases over which the uncertainties are resolved, the likelihood of changes to the estimate of the ultimate outcome increases.

As part of the process of preparing our condensed consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate prior to the completion and filing of tax returns for such periods. These estimates involve complex issues and require us to make judgments about the likely application of the tax law to our situation, as well as with respect to other matters, such as anticipating the positions that we will take on tax returns prior to us actually preparing the returns and the outcomes of disputes with tax authorities. The ultimate resolution of these issues may take extended periods of time due to examinations by tax authorities and statutes of limitations. In addition, changes in our business, including acquisitions, changes in our international corporate structure, changes in the geographic location of business functions or assets, changes in the geographic mix and amount of income, as well as changes in our agreements with tax authorities, valuation allowances, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in the estimated and actual level of annual pre-tax income can affect the overall effective income tax rate.

We evaluate the realizability of our deferred tax assets by assessing the valuation allowance and by adjusting the amount of such allowance, if necessary. Although realization is not assured, we believe it is more likely than not that the net carrying value will be realized. The amount of the carryforwards that is considered realizable, however, could change if estimates of future taxable income are adjusted. The ability to forecast income over multiple years at a jurisdictional level is subject to uncertainty especially when our assessment of valuation allowances factor in longer term income forecasts. The impact of increasing or decreasing the valuation allowance could be material to our condensed consolidated financial statements. See Note 12, *Income Taxes*, to the Consolidated Financial Statements included in Part IV, Item 15, *Exhibits, Financial Statement Schedules*, of the 2023 10-K for additional information on our net deferred tax assets and valuation allowances.

We account for uncertain tax positions in accordance with FASB ASC Topic 740, *Income Taxes*, or ASC 740, which provides guidance on the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, we must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

Our policy is to account for global intangible low-taxed income as a period cost if and when incurred.

We account for foreign currency transactions in accordance with FASB ASC Topic 830, *Foreign Currency Matters*. In a majority of the countries where we operate, the functional currency is the local currency. Our foreign subsidiaries' asset and liability accounts are translated for condensed consolidated financial reporting purposes into U.S. dollar amounts at period-end exchange rates. Revenue and expense accounts are translated at the average rates during the year. Our foreign currency translation adjustments are included in accumulated other comprehensive loss on our accompanying condensed consolidated balance sheets. Foreign currency transaction gains and losses and foreign currency remeasurements are generally included in selling, general, and administrative expenses in the accompanying condensed consolidated statements of income.

New Accounting Pronouncements

See discussion under Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, for information on new accounting pronouncements.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to market risks, which arise during the normal course of business from changes in interest rates and foreign currency exchange rates. On a selected basis, we use derivative financial instruments to manage or hedge certain of these risks. All hedging transactions are authorized and executed pursuant to written guidelines and procedures.

We apply FASB ASC Topic 815, *Derivatives and Hedging*, or ASC 815, which established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair-value hedge, the changes in the fair value of the derivative and the underlying hedged item are recognized concurrently in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income (loss) and are recognized in the condensed consolidated statements of income when the hedged item affects earnings. ASC 815 defines the requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. For a derivative that does not qualify as a hedge, changes in fair value are recognized concurrently in earnings.

A discussion of our primary market risk exposures and derivatives is presented below.

Foreign Exchange Risk

We transact business globally and are subject to risks associated with changes in foreign exchange rates. Our objective is to minimize the impact to earnings and cash flow associated with foreign exchange rate fluctuations. We enter into foreign exchange derivatives in the ordinary course of business primarily to reduce exposure to currency fluctuations attributable to intercompany transactions, translation of local currency earnings, inventory purchases subject to foreign currency exposure, and to partially mitigate the impact of foreign currency rate fluctuations. Due to volatility in foreign exchange markets, our current strategy, in general, is to hedge some of the significant exposures on a short-term basis. We will continue to monitor the foreign exchange markets and evaluate our hedging strategy accordingly. With the exception of our foreign currency forward contracts relating to forecasted inventory purchases and intercompany management fees discussed below, all of our foreign exchange contracts are designated as freestanding derivatives for which hedge accounting does not apply. The changes in the fair value of the derivatives not qualifying as cash flow hedges are included in selling, general, and administrative expenses within our condensed consolidated statements of income.

The foreign currency forward contracts and option contracts designated as freestanding derivatives are primarily used to hedge foreign currency-denominated intercompany transactions and to partially mitigate the impact of foreign currency fluctuations. The fair value of foreign exchange derivative contracts is based on third-party quotes. Our foreign currency derivative contracts are generally executed on a monthly basis.

We also purchase foreign currency forward contracts in order to hedge forecasted inventory transactions and intercompany management fees that are designated as cash flow hedges and are subject to foreign currency exposures. We applied the hedge accounting rules as required by ASC 815 for these hedges. These contracts allow us to buy and sell certain currencies at specified contract rates. As of March 31, 2024 and December 31, 2023, the aggregate notional amounts of these contracts outstanding were approximately \$54.6 million and \$76.3 million, respectively. As of March 31, 2024, the outstanding contracts were expected to mature over the next fourteen months. Our derivative financial instruments are recorded on the condensed consolidated balance sheets at fair value based on quoted market rates. For the forecasted inventory transactions, the forward contracts are used to hedge forecasted inventory transactions over specific months. Changes in the fair value of these forward contracts designated as cash flow hedges, excluding forward points, are recorded as a component of accumulated other comprehensive loss within shareholders' deficit, and are recognized in cost of sales within our condensed consolidated statement of income during the period which approximates the time the hedged inventory is sold. We also hedge forecasted intercompany management fees over specific months. Changes in the fair value of these forward contracts designated as cash flow hedges, excluding forward points, are recorded as a component of accumulated other comprehensive loss within shareholders' deficit, and are recognized in selling, general, and administrative expenses within our condensed consolidated statement of income during the period when the hedged item and underlying transaction affect earnings. As of March 31, 2024, we recorded assets at fair value of \$0.3 million and liabilities at fair value of \$4.3 million relating to all outstanding foreign currency contracts designated as cash flow hedges. As of December 31, 2023, we recorded assets at fair value of zero and liabilities at fair value of \$3.3 million relating to all outstanding foreign currency contracts designated as cash flow hedges. These hedges remained effective as of March 31, 2024 and December 31, 2023.

As of both March 31, 2024 and December 31, 2023, the majority of our outstanding foreign currency forward contracts had maturity dates of less than twelve months with the majority of freestanding derivatives expiring within one month.

The following table provides information about the details of all foreign currency forward contracts that were outstanding as of March 31, 2024:

	Weighted- Average Contract Rate	Notional Amount	Fair Value Gain (Loss)
<i>(in millions, except weighted-average contract rate)</i>			
As of March 31, 2024			
Buy Chinese yuan sell U.S. dollar	7.18	\$ 28.6	\$ (0.3)
Buy Danish krone sell U.S. dollar	6.82	2.7	—
Buy Euro sell British pound	0.86	6.3	—
Buy Euro sell Chilean peso	1,030.80	1.0	—
Buy Euro sell Hong Kong dollar	8.50	9.0	—
Buy Euro sell Indonesian rupiah	17,160.10	2.5	—
Buy Euro sell Korean won	1,454.02	2.0	—
Buy Euro sell Mexican peso	19.32	74.9	(5.0)
Buy Euro sell Philippine peso	60.62	2.0	—
Buy Euro sell South African rand	20.74	1.6	—
Buy Euro sell Taiwan dollar	34.50	2.3	—
Buy Euro sell U.S. dollar	1.09	9.6	—
Buy Kazakhstani tenge sell U.S. dollar	452.17	8.8	0.1
Buy Korean won sell U.S. dollar	1,327.29	24.8	(0.4)
Buy Malaysian ringgit sell U.S. dollar	4.69	11.6	(0.1)
Buy Mexican peso sell Euro	18.18	5.9	0.1
Buy Mexican peso sell U.S. dollar	16.80	35.0	0.4
Buy Norwegian krone sell U.S. dollar	10.51	5.2	(0.2)
Buy Polish zloty sell U.S. dollar	3.95	4.0	—
Buy Singapore dollar sell U.S. dollar	1.34	3.0	—
Buy Swedish krona sell U.S. dollar	10.29	4.2	(0.2)
Buy Swiss Franc sell U.S. dollar	0.89	5.6	—
Buy Taiwan dollar sell U.S. dollar	31.60	13.3	(0.1)
Buy U.S. dollar sell Brazilian real	5.01	7.3	—
Buy U.S. dollar sell British pound	1.27	21.6	0.1
Buy U.S. dollar sell Colombian peso	3,905.65	2.5	—
Buy U.S. dollar sell Euro	1.09	149.1	1.3
Buy U.S. dollar sell Indian rupee	83.01	9.0	—
Buy U.S. dollar sell Mexican peso	16.89	19.6	(0.3)
Buy U.S. dollar sell Norwegian krone	10.73	1.1	—
Buy U.S. dollar sell Philippine peso	55.56	3.6	—
Buy U.S. dollar sell Polish zloty	3.98	1.4	—
Buy U.S. dollar sell Taiwan dollar	31.50	1.8	—
Total forward contracts		\$ 480.9	\$ (4.6)

The majority of our foreign subsidiaries designate their local currencies as their functional currencies. See *Liquidity and Capital Resources — Cash and Cash Equivalents* in Part I, Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of this Quarterly Report on Form 10-Q for further discussion of our foreign subsidiary cash and cash equivalents.

Interest Rate Risk

As of March 31, 2024, the aggregate annual maturities of the 2018 Credit Facility were expected to be \$21.4 million for the remainder of 2024, and \$921.8 million for 2025. As of March 31, 2024, the fair values of the 2018 Term Loan A, 2018 Term Loan B, and 2018 Revolving Credit Facility were approximately \$228.3 million, \$582.8 million, and \$130.0 million, respectively, and the carrying values were \$228.5 million, \$582.5 million, and \$130.0 million, respectively. As of December 31, 2023, the fair values of the 2018 Term Loan A and 2018 Term Loan B were approximately \$236.1 million and \$650.6 million, respectively, and the carrying values were \$235.5 million and \$648.2 million, respectively. There were no outstanding borrowings on the 2018 Revolving Credit Facility as of December 31, 2023. The 2018 Credit Facility bears variable interest rates, and as of March 31, 2024 and December 31, 2023, the weighted-average interest rate for borrowings under the 2018 Credit Facility was 7.92% and 7.62%, respectively.

Since our 2018 Credit Facility is based on variable interest rates, if interest rates were to increase or decrease by 1% for the year and our borrowing amounts on our 2018 Credit Facility remained constant, our annual interest expense could increase or decrease by approximately \$9.4 million, respectively. The variable interest rates payable under our 2018 Credit Facility were linked to LIBOR as the benchmark for establishing such rates until June 30, 2023, when LIBOR was discontinued as a benchmark rate. As a result, our 2018 Credit Facility was amended during the second quarter of 2023, to transition from LIBOR to the alternative benchmark rate, which was set as SOFR starting July 1, 2023. This transition from LIBOR to SOFR may result in interest rates that are higher or lower than those that would have resulted had LIBOR remained in effect. See Note 4, *Long-Term Debt*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on the 2018 Credit Facility.

On March 15, 2024, the 2024 Convertible Notes matured and were repaid in full. As of December 31, 2023, the fair value of the 2024 Convertible Notes was approximately \$196.2 million and the carrying value was \$196.8 million. The 2024 Convertible Notes paid interest at a fixed rate of 2.625% per annum payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018.

As of March 31, 2024, the fair value of the 2028 Convertible Notes was approximately \$242.5 million and the carrying value was \$270.8 million. As of December 31, 2023, the fair value of the 2028 Convertible Notes was approximately \$320.9 million, and the carrying value was \$270.5 million. The 2028 Convertible Notes pay interest at a fixed rate of 4.25% per annum payable semiannually in arrears on June 15 and December 15 of each year, beginning on June 15, 2023. Unless redeemed, repurchased or converted in accordance with their terms prior to such date, the 2028 Convertible Notes mature on June 15, 2028.

As of March 31, 2024, the fair value of the 2025 Notes was approximately \$601.0 million and the carrying value was \$597.5 million. As of December 31, 2023, the fair value of the 2025 Notes was approximately \$596.8 million and the carrying value was \$597.1 million. The 2025 Notes pay interest at a fixed rate of 7.875% per annum payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2021. The 2025 Notes mature on September 1, 2025, unless redeemed or repurchased in accordance with their terms prior to such date. The 2025 Notes are recorded at their carrying value and their fair value is used only for disclosure purposes, so an increase or decrease in interest rates would not have any impact to our condensed consolidated financial statements; however, if interest rates were to increase or decrease by 1%, their fair value could decrease by approximately \$7.4 million or increase by approximately \$7.8 million, respectively.

As of March 31, 2024, the fair value of the 2029 Notes was approximately \$423.2 million and the carrying value was \$594.7 million. As of December 31, 2023, the fair value of the 2029 Notes was approximately \$471.6 million and the carrying value was \$594.5 million. The 2029 Notes pay interest at a fixed rate of 4.875% per annum payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2021. The 2029 Notes mature on June 1, 2029, unless redeemed or repurchased in accordance with their terms prior to such date. The 2029 Notes are recorded at their carrying value and their fair value is used only for disclosure purposes, so an increase or decrease in interest rates would not have any impact to our condensed consolidated financial statements; however, if interest rates were to increase or decrease by 1%, their fair value could decrease by approximately \$16.7 million or increase by approximately \$17.5 million, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management, including for future operations, capital expenditures, or share repurchases; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; any statements of belief or expectation; and any statements of assumptions underlying any of the foregoing or other future events. Forward-looking statements may include, among others, the words “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” “anticipate” or any other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results or outcomes could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include the following:

- the potential impacts of current global economic conditions, including inflation, on us; our Members, customers, and supply chain; and the world economy;
- our ability to attract and retain Members;
- our relationship with, and our ability to influence the actions of, our Members;
- our noncompliance with, or improper action by our employees or Members in violation of, applicable U.S. and foreign laws, rules, and regulations;
- adverse publicity associated with our Company or the direct-selling industry, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws;
- changing consumer preferences and demands and evolving industry standards, including with respect to climate change, sustainability, and other environmental, social, and governance, or ESG, matters;
- the competitive nature of our business and industry;
- legal and regulatory matters, including regulatory actions concerning, or legal challenges to, our products or network marketing program and product liability claims;
- the Consent Order entered into with the FTC, the effects thereof and any failure to comply therewith;
- risks associated with operating internationally and in China;
- our ability to execute our growth and other strategic initiatives, including implementation of our restructuring initiatives, and increased penetration of our existing markets;
- any material disruption to our business caused by natural disasters, other catastrophic events, acts of war or terrorism, including the war in Ukraine, cybersecurity incidents, pandemics, and/or other acts by third parties;
- our ability to adequately source ingredients, packaging materials, and other raw materials and manufacture and distribute our products;
- our reliance on our information technology infrastructure;
- noncompliance by us or our Members with any privacy laws, rules, or regulations or any security breach involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information;
- contractual limitations on our ability to expand or change our direct-selling business model;
- the sufficiency of our trademarks and other intellectual property;
- product concentration;
- our reliance upon, or the loss or departure of any member of, our senior management team;
- restrictions imposed by covenants in the agreements governing our indebtedness;

- risks related to our convertible notes;
- changes in, and uncertainties relating to, the application of transfer pricing, income tax, customs duties, value added taxes, and other tax laws, treaties, and regulations, or their interpretation;
- our incorporation under the laws of the Cayman Islands; and
- share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

Additional factors and uncertainties that could cause actual results or outcomes to differ materially from our forward-looking statements are set forth in this Quarterly Report on Form 10-Q, 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 2023 10-K. 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 in this Quarterly Report on Form 10-Q 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.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

See discussion under Note 5, *Contingencies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. *Risk Factors*

Our business, reputation, prospects, financial condition, operating results, cash flows, liquidity, and share price can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A, *Risk Factors*, of the 2023 10-K. When any one or more of these risks materialize from time to time, our business, reputation, prospects, financial condition, operating results, cash flows, liquidity, and share price can be materially and adversely affected. There have been no material changes to our risk factors disclosed in the 2023 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

(a) None.

(b) None.

(c) On February 9, 2021, our board of directors authorized a three-year \$1.5 billion share repurchase program which had approximately \$985.5 million of remaining authorized capacity prior to the share repurchase program expiring on February 9, 2024. This share repurchase program allowed us, which included an indirect wholly-owned subsidiary of Herbalife Ltd., to repurchase our common shares at such times and prices as determined by management, as market conditions warranted, and to the extent Herbalife Ltd.'s distributable reserves were available under Cayman Islands law. The 2018 Credit Facility permits us to repurchase our common shares as long as no default or event of default exists and other conditions, such as specified consolidated leverage ratios, are met. We did not repurchase any of our common shares during the three months ended March 31, 2024.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

(a) None.

(b) None.

(c) None.

Item 6. *Exhibits*

(a) Exhibit Index:

EXHIBIT INDEX

Exhibit Number	Description	Reference
3.1	Amended and Restated Memorandum and Articles of Association of Herbalife Ltd.	(a)
4.12	Indenture, dated as of April 12, 2024, among HLF Financing SaRL, LLC and Herbalife International, Inc., the guarantors party thereto and Citibank, N.A., as trustee and notes collateral agent	(c)
4.13	Form of Global Note for 12.250% Senior Secured Notes due 2029 (included as Exhibit A to Exhibit 4.12 hereto)	(c)
10.47#	Employment Agreement, dated as of January 3, 2024, by and among Michael O. Johnson, Herbalife International of America, Inc. and Herbalife Ltd.	(b)
10.48#	Employment Agreement, dated as of March 27, 2024, by and among John DeSimone, Herbalife International of America, Inc. and Herbalife Ltd.	*
10.49#	Stock Appreciation Right Agreement, dated as of February 16, 2024, by and between Michael O. Johnson and Herbalife Ltd.	*
10.50#	Stock Unit Award Agreement, dated as of February 16, 2024, by and between Michael O. Johnson and Herbalife Ltd.	*
10.51#	Stock Appreciation Right Agreement, dated as of March 25, 2024, by and between John DeSimone and Herbalife Ltd.	*
10.52	Eighth Amendment to Credit Agreement, dated as of April 12, 2024, by and among HLF Financing SaRL, LLC, Herbalife Ltd., Herbalife International Luxembourg S.à R.L., HBL IHB Operations S.à R.L., Herbalife International, Inc., certain of Herbalife Ltd.'s subsidiaries party thereto as subsidiary guarantors, the several banks and other financial institutions or entities party thereto as lenders and Jefferies Finance LLC, as administrative agent for the Term Loan B Lenders and as collateral agent and Coöperatieve Rabobank U.A., New York Branch, as administrative agent for the Revolving Credit Lenders	(c)
10.53#	Amended and Restated Herbalife Ltd. 2023 Stock Incentive Plan	*
31.1	Rule 13a-14(a) Certification of Chief Executive Officer	*
31.2	Rule 13a-14(a) Certification of Chief Financial Officer	*
32.1	Section 1350 Certification of Chief Executive Officer	**
32.2	Section 1350 Certification of Chief Financial Officer	**
101.INS	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	*
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents	*
104	Cover Page Interactive Data File – The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 is formatted in Inline XBRL (included as Exhibit 101)	*

*Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

(a) Previously filed on May 2, 2023 as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and is incorporated herein by reference.

(b) Previously filed on February 14, 2024 as an Exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and is incorporated herein by reference.

(c) Previously filed on April 18, 2024 as an Exhibit to the Company's Current Report on Form 8-K and is incorporated herein by reference.

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, thereunto duly authorized.

HERBALIFE LTD.

By: /s/ JOHN G. DESIMONE
John G. DeSimone
Chief Financial Officer

Dated: May 1, 2024

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”), effective as of March 17, 2024, is made and entered into by JOHN DESIMONE (“Executive”), HERBALIFE INTERNATIONAL OF AMERICA, INC., a California corporation (“Company”) and HERBALIFE LTD., an entity organized under the laws of the Cayman Islands (“Parent”). The parties to this Agreement agree as follows:

1. **Term; Employment At-Will.** Unless terminated earlier as set forth herein, Executive’s employment hereunder shall be for a term ending on March 26, 2026. Notwithstanding the foregoing, the Company and Executive acknowledge and agree that each can terminate the employment relationship at any time upon written notice to the other, with or without prior notice, for any reason or for no reason. Executive has received no promise of continued employment or employment for any specific period of time, and no employee of the Company, including without limitation the Company’s officers, has the authority to alter the at-will nature of the employment relationship except in a written employment contract signed by an authorized Company executive and by Executive.

2. **Duties.** Pursuant to this Agreement, Executive shall serve as the Chief Financial Officer of the Company and Parent, with all of the authority, duties and responsibilities commensurate with such position and such other duties commensurate with his position as are assigned to Executive from time to time by Chief Executive Officer. As Chief Financial Officer, Executive shall report only to the Chief Executive Officer of the Company.

3. **Compensation and Related Matters.**

(a) **Salary/Cash Compensation.** Executive agrees to forego any cash compensation during the term of Agreement, except to the extent required by the Company for Executive to participate in the benefits set forth in Section 3(c).

(b) **Long-Term Incentives.** As soon as practicable following the date hereof, Executive shall be entitled to receive time-based stock appreciation rights (the “CFO Stock Appreciation Rights” or “CFO SARs”), under Parent’s 2023 Stock Incentive Plan, as amended from time to time (the “Plan”) with an aggregate grant date fair value equal to \$7,250,000, of which awards and subject to Section 4 below (i) 50% will vest on the first anniversary of the grant date of the award, subject to continuous service as an employee; and (ii) the remainder 50% will vest on the second anniversary of the grant date of the award, subject to continuous service as an employee through such date (each such one year period a “Vesting Period”). The CFO Stock Appreciation Rights shall provide that settlement upon exercise will either be in cash or shares of Company stock (or a combination thereof), at the discretion of the compensation committee of the Board of Directors of Parent. The CFO Stock Appreciation Rights shall have a term of ten (10) years and any CFO Stock Appreciation Rights that become vested shall remain outstanding and exercisable for the full ten (10) year term, even following Executive’s termination of continuous service. The CFO Stock Appreciation Rights shall be subject in all cases to the terms and conditions of the Plan and the applicable award agreement.

(c) **Employee Benefits.** Executive and Executive’s qualified dependents shall be entitled to participate in or receive healthcare benefits under benefit plans and arrangements made available by the Company generally to employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and subject to the Company’s right to modify, amend or terminate any such plan or arrangement with or without prior notice. Executive shall be entitled to vacation benefits in accordance with Company policy.

4. **Separation.** Although nothing in this Section 4 shall be construed to alter the at-will nature of employment as set forth in Section 1 above, the following terms shall apply upon certain terminations of service:

(a) In the event of a termination of Executive’s service as Chief Financial Officer without Cause (as defined in the applicable award agreement evidencing the CFO Stock Appreciation Rights), a pro-rata portion of the unvested CFO SARs shall accelerate based on the number of full months Executive was providing continuous service as an employee during the applicable Vesting Period, contingent upon Executive executing a general release

of claims in favor of the Company and Parent and such release becoming effective and irrevocable in accordance with its terms.

(b) In the event of a termination of Executive's service as Chief Financial Officer for Cause or the Executive voluntarily resigns as Chief Financial Officer prior to the second anniversary of the grant date of the CFO SARs award, all unvested CFO SARs shall be forfeited.

(c) In accordance with and subject to Section 15 of the Plan, in the event Executive is involuntarily terminated within twenty-four (24) months following a Change in Control (as defined in the Plan), the CFO SARs shall be subject to acceleration as provided in Section 15(c) of the Plan.

(d) For the avoidance of doubt, Executive shall not be eligible to participate in the Company's Executive Officer Severance Plan.

5. Excise Tax. If any payment or benefit due under this Agreement, together with all other payments and benefits (including, without limitation, the acceleration of vesting of stock options and/or other equity-based compensation awards) to which Executive is entitled from the Company, or any affiliate thereof, would (if paid or provided) constitute an "excess parachute payment" (as defined in Section 280G(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision), the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state or local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in Executive's receipt, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the excise tax imposed under Section 4999 of the Code. In the event that the payments and/or benefits are to be reduced pursuant to this Section 5, such payments and benefits shall be reduced such that the reduction of compensation to be provided to Executive as a result of this Section 5 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

6. Confidential and Proprietary Information.

(a) The parties agree and acknowledge that during the course of Executive's employment, Executive will be given and will have access to and be exposed to trade secrets and confidential information in written, oral, electronic and other forms regarding the Company and its affiliates (which includes but is not limited to all of its business units, divisions and affiliates) and their business, equipment, products and employees, including, without limitation: the identities of the Company's and its affiliates' distributors and customers and potential distributors and customers, product types, pricing, sales calls, timing, sales terms, rental terms, lease terms, service plans, and other marketing terms and techniques; the Company's and its affiliates' business methods, practices, strategies, forecasts, pricing, and marketing techniques; the identities of the Company's and its affiliates' licensors, vendors and other suppliers and the identities of the Company's and its affiliates' contact persons at such licensors, vendors and other suppliers; the identities of the Company's and its affiliates' key sales representatives and personnel and other employees; advertising and sales materials; research, computer software and related materials; and other facts and financial and other business information concerning or relating to the Company or any of its affiliates and their business, operations, financial condition, results of operations and prospects. Executive expressly agrees to use such trade secrets and confidential information only for purposes of carrying out his duties for the Company and its affiliates as he deems appropriate in his good faith judgment, and not for any other purpose, including, without limitation, not in any way or for any purpose that could reasonably be foreseen to be detrimental to the Company or any of its affiliates; provided, Executive shall be permitted to disclose such trade secrets and confidential information to third parties in the course of performing his duties for the Company and its affiliates as he deems appropriate in his good faith judgment provided that prior to such disclosure Executive causes the intended recipient of such information to sign a confidentiality agreement. Executive shall not at any time, either during the course of his employment or other service with the Company or at any time thereafter, use for himself or others, directly or indirectly, any such trade secrets or confidential information, and, except as required by law or as permitted hereunder, Executive shall not disclose such trade secrets or confidential information, directly or indirectly, to any

other person or entity. Trade secret and confidential information hereunder shall not include any information which (i) is already in or subsequently enters the public domain, other than as a result of any unauthorized direct or indirect disclosure by Executive, (ii) becomes available to Executive on a non-confidential basis from a source other than the Company or any of its affiliates, provided that Executive has no knowledge that such source is subject to a confidentiality agreement or other obligation of secrecy or confidentiality (whether pursuant to a contract, legal or fiduciary obligation or duty or otherwise) to the Company or any of its affiliates or any other person or entity or (iii) is approved for release by the board of directors of the Company or any of its affiliates or which the board of directors of the Company or any of its affiliates makes available or authorizes Executive to make available to third parties without an obligation of confidentiality. Nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. For avoidance of doubt, if Executive makes a confidential disclosure of a trade secret or other confidential information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, Executive shall not be held liable under this Agreement or under any federal or state trade secret law for such a disclosure. Notwithstanding the foregoing, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel.

(b) All physical property and all notes, memoranda, files, records, writings, documents and other materials of any and every nature, written or electronic, which Executive shall prepare or receive in the course of his employment with the Company and which relate to or are useful in any manner to the business now or hereafter conducted by the Company or any of its affiliates are and shall remain the sole and exclusive property of the Company and its affiliates, as applicable. Executive shall not remove from the Company's premises any such physical property, the original or any reproduction of any such materials nor the information contained therein except for the purposes of carrying out his duties to the Company or any of its affiliates and all such property (except for any items of personal property not owned by the Company or any of its affiliates), materials and information in his possession or under his custody or control upon the termination of his employment (other than such materials received by Executive solely in his capacity as a shareholder) or at any other time upon request by the Company shall be immediately turned over to the Company and its affiliates, as applicable.

(c) All inventions, improvements, trade secrets, reports, manuals, computer programs, tapes and other ideas and materials developed or invented by Executive during the period of his employment, either solely or in collaboration with others, which relate to the actual or anticipated business or research of the Company or any of its affiliates which result from or are suggested by any work Executive may do for the Company or any of its affiliates or which result from use of the Company's or any of its affiliates' premises or property (collectively, the "Developments") shall be the sole and exclusive property of the Company and its affiliates, as applicable. Executive assigns and transfers to the Company his entire right and interest in any such Development, and Executive shall execute and deliver any and all documents and shall do and perform any and all other acts and things necessary or desirable in connection therewith that the Company or any of its affiliates may reasonably request, it being agreed that the preparation of any such documents shall be at the Company's expense. Nothing in this paragraph applies to an invention which qualifies fully under the provisions of California Labor Code Section 2870.

(d) Following the termination of Executive's employment or other service, Executive will reasonably cooperate with the Company (at the Company's expense, if Executive reasonably incurs any out-of-pocket costs with respect thereto, including, but not limited to, lost salary or the value of vacation benefits used in connection therewith) in any defense of any legal, administrative or other action in which the Company or any of its affiliates or any of their distributors or other business relations are a party or are otherwise involved, so long as any such matter was related to Executive's duties and activities conducted on behalf of the Company or its affiliates.

(e) The provisions of this Section 6 and Section 7 below shall survive any termination of this Agreement and termination of Executive's employment or other service with the Company.

7. Non-Disparagement. During Executive's employment and thereafter, Executive agrees not to make any derogatory, negative or disparaging public statement about the Company, the Parent, their officers, employees, or members of their boards, or to make any public statement (or any statement likely to become public) that could

reasonably be expected to adversely affect or disparage the reputation, or, to the extent applicable, business or goodwill of the Company, it being agreed and understood that nothing herein shall prohibit Executive (a) from disclosing that Executive is no longer employed by the Company, (b) from responding truthfully to any governmental investigation or inquiry related thereto, whether by the Securities and Exchange Commission or other governmental entity or any other law, subpoena, court order or other compulsory legal process or any disclosure requirement of the Securities and Exchange Commission, or (c) from making traditional competitive statements in the course of promoting a competing business, so long as any statements made by Executive described in this clause (c) are not based on confidential information obtained during the course of Executive's employment with the Company. The Company agrees that it will not make any derogatory, negative or disparaging public statements about Executive that are untruthful in any authorized Company statement (whether written or oral), including, but not limited to, any press release or public announcement. Nothing herein shall prevent either party from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the party has reason to believe is unlawful.

8. Injunctive Relief. Executive and the Company (a) intend that the provisions of Sections 6 and 7 be and become valid and enforceable, (b) acknowledge and agree that the provisions of Sections 6 and 7 are reasonable and necessary to protect the legitimate interests of the business of the Company and its affiliates and (c) agree that any violation of Section 6 or 7 might result in irreparable injury to the Company and its affiliates, the exact amount of which would be difficult to ascertain and the remedies at law for which may not be reasonable or adequate compensation to the Company and its affiliates for such a violation. Accordingly, Executive agrees that if Executive violates or threatens to violate the provisions of Section 6 and 7, in addition to any other remedy which may be available at law or in equity, the Company shall be entitled to seek specific performance and injunctive relief, and without the necessity of proving actual damages.

9. Indemnification. The Company shall indemnify Executive to the fullest extent permitted by applicable law as more fully described in the Indemnification Agreement between the Company and Executive.

10. Company Policies. Executive agrees to be bound by and comply with the terms of all Company policies applicable to employees and/or executive officers of the Company and to compensation and benefits paid or made available to employees and/or executive officers of the Company. Consistent with the foregoing, Executive agrees that Executive is bound by and will comply with the terms of any clawback or compensation recovery adopted by the boards of the Company or the Parent, and applicable by its terms to Executive.

11. Assignment: Successors and Assigns. Executive agrees that he shall not assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, any rights or obligations under this Agreement, nor shall Executive's rights hereunder be subject to encumbrance of the claims of creditors. This Agreement may be assigned by the Company without the consent of Executive to (a) any entity succeeding to all or substantially all of the assets or business of the Company, whether by merger, consolidation, acquisition or otherwise (upon which entity the Agreement shall be binding), or (b) any affiliate; provided, however, that in neither case shall the Company be released from its obligations hereunder, nor shall any assignment to an affiliate lessen Executive's rights with respect to his position, duties, responsibilities or authority with respect to the Company.

12. Governing Law: Jurisdiction and Venue. This Agreement shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the State of California without regard to the conflicts of law principles thereof. Suit to enforce this Agreement or any provision or portion thereof may be brought in the federal or state courts located in Los Angeles, California.

13. Severability of Provisions. In the event that any provision of this Agreement should ever be adjudicated by a court of competent jurisdiction to be unenforceable, then such provision shall be deemed reformed to the maximum extent permitted by applicable law, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provision of this Agreement.

14. Warranty. As an inducement to the other party to enter into this Agreement, each party represents and warrants to the other that it/he has the power and authority to enter into this Agreement and is not a party to any other agreement or obligation, and that there exists no impediment or restraint, contractual or otherwise, on its/his power, right or ability to enter into this Agreement and to perform its/his duties and obligations hereunder.

15. Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic or digital transmission method upon receipt of telephonic or electronic confirmation; the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice will be sent to:

(a) If to the Company:
Herbalife International of America, Inc.
800 West Olympic Blvd., Suite 406
Los Angeles, California 90015
Attention: General Counsel

(b) if to Executive, to the address on file in the Company's records

or to such other place and with other copies as either party may designate as to itself or himself by written notice to the others.

16. Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original, but all of which together shall constitute one and the same Agreement.

17. Entire Agreement. The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the subject matter hereof and this Agreement supersedes (and may not be contradicted by, modified or supplemented by) any prior or contemporaneous agreement, written or oral, with respect thereto. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

18. Amendments: Waivers. This Agreement may not be modified or amended except by an instrument in writing, signed by Executive and a duly authorized representative of the Company. No waiver of any of the provisions of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be construed as a further, continuing, or subsequent waiver of any such provision or as a waiver of any other provision of this Agreement. No failure to exercise and no delay in exercising any right, remedy or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

19. Representation of Counsel: Mutual Negotiation. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction and construction of the parties, at arm's-length, and shall be interpreted in accordance with its terms without favor to any party.

20. Surviving Terms. The provisions of Sections 5, 6, 7, 8, 9, 10 and 21 shall survive the termination or expiration of this Agreement.

21. Compliance with Section 409A.

(a) The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company (with reasonable specificity as to the reason therefor) that Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause Executive to incur any additional tax or interest under Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the Company shall, after consulting with Executive, reform such provision to attempt to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. To the extent that any provision hereof is modified in order to comply with Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic

benefit/burden to Executive and the Company of the applicable provision without violating the provisions of Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment or the provision of any benefit hereunder that is considered deferred compensation under Section 409A payable on account of a "separation from service," and that is not exempt from Section 409A as involuntary separation pay or a short-term deferral (or otherwise), such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive, and (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 21(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum without interest, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Executive's right to receive any of the foregoing payments hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that the foregoing clause (ii) shall not be violated without regard to expenses reimbursed under any arrangement covered by Internal Revenue Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect and (iii) such payments shall be made on or before the last day of Executive's taxable year following the taxable year in which the expense occurred.

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

EXECUTIVE

By: /s/ JOHN DESIMONE
John DeSimone

HERBALIFE INTERNATIONAL OF AMERICA, INC.

By: /s/ MICHAEL O. JOHNSON
Chief Executive Officer

Solely with respect to Section 2 hereof:

HERBALIFE LTD.

By: /s/ MICHAEL O. JOHNSON
Chief Executive Officer

**HERBALIFE LTD.
2023 STOCK INCENTIVE PLAN**

STOCK APPRECIATION RIGHT AWARD AGREEMENT

This Stock Appreciation Right Agreement (this “Agreement”) is dated as of February 16, 2024 (the “Grant Date”), and is between Herbalife Ltd. (the “Company”) and Michael O. Johnson (“Participant”).

WHEREAS, the Company, by action of the Board and approval of its shareholders, established the Herbalife Ltd. 2023 Stock Incentive Plan (as may be amended from time to time, the “Plan”);

WHEREAS, Participant is employed by the Company or one or more of its Subsidiaries pursuant to the Employment Agreement, dated as of January 3, 2024, by and among Participant, Herbalife International of America, Inc. and Herbalife Ltd. (as may be amended from time to time, the “2024 Employment Agreement”), and the Company desires to encourage Participant to own Common Stock for the purposes stated in Section 1 of the Plan; and

WHEREAS, Participant and the Company have entered into this Agreement to govern the terms of the Stock Appreciation Right Award (as defined below) granted to Participant by the Company.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Grant.

(a) The Company hereby grants to the Participant an Award of 982,800 Stock Appreciation Rights (the “Award”) in accordance with Section 9 of the Plan and subject to the terms and conditions set forth herein and in the Plan. Each Stock Appreciation Right represents the right to receive, upon exercise of the Stock Appreciation Right pursuant to this Agreement, from the Company, a payment, paid in shares of Common Stock, equal to (i) the excess of the Fair Market Value, on the date of exercise, of one share of Common Stock (as adjusted from time to time pursuant to Section 15 of the Plan) over the Base Price (as defined below) of the Stock Appreciation Right, divided by (ii) the Fair Market Value, on the date of exercise, of one share of Common Stock, subject to terms and conditions set forth herein and in the Plan.

(b) The “Base Price” for the Stock Appreciation Right shall be \$8.07 per share (subject to adjustment as set forth in Section 15 of the Plan).

(c) Except as otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Plan.

2. Time for Exercise. Subject to Paragraph 3 below, the Award shall become vested in accordance with the following schedule: (i) 50% of the Award shall become vested and exercisable on the first anniversary of the Grant Date, subject to Participant’s continuous service as an

employee and/or member of the Board through such date; and (ii) 50% of the Award shall become vested and exercisable on the earlier of either (a) January 3, 2026, subject to Participant's continuous service as an employee and/or member of the Board through such employment date or (b) the start of employment of a new non-interim Chief Executive Officer, but in no instance shall any vesting of the Award occur prior to one year anniversary of Grant Date (each of (i) and (ii), a "Vesting Date" and, the Vesting Dates together, the "Vesting Period").

3. Expiration. The Award shall expire on the tenth (10th) anniversary of the date hereof (the "Expiration Date"); provided, however, that the Award may earlier terminate as provided in this Paragraph 3 and/or in Section 15 of the Plan.

(a) If Participant is terminated as Chief Executive Officer and as a member of the Board without Cause other than as described in Paragraph 3(c), including non-renomination or non-reelection Participant's Board position or due to Participant's death or disability (as such term is defined in Section 22(e) of the Code), then a pro-rated portion of the Award shall vest and become exercisable based on the number of full months Participant was providing continuous service as an employee and/or member of the Board during the Vesting Period, contingent upon Participant executing a general release of claims in favor of the Company and its Subsidiaries and such release becoming effective and irrevocable in accordance with its terms.

(b) If Participant voluntarily resigns as Chief Executive Officer prior to December 31, 2024 without a new non-interim Chief Executive Officer having been appointed by the Board, then the Award, to the extent unvested, will be forfeited, whether or not Participant remains on the Board.

(c) In accordance with and subject to Section 15 of the Plan, in the event Participant is involuntarily terminated within twenty-four (24) months following a Change in Control (as defined in the Plan), the Award shall be subject to acceleration as provided in Section 15(c) of the Plan.

(d) Upon termination of Participant's continuous service with the Company and/or its Subsidiaries for any reason, that portion of the Award that is not vested and exercisable (after giving effect to any acceleration of vesting pursuant to this Agreement or otherwise) will terminate on the date of such termination of continuous service. In addition, if Participant's continuous service with the Company and/or its Subsidiaries is terminated for Cause, the vested and exercisable portion of the Award will terminate on the date of such termination.

(e) For purposes of this Agreement, the term "Cause" shall mean the occurrence of any of the following acts or circumstances: (i) Participant's conviction of a felony, a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company or any of its Subsidiaries; (ii) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement; (iii) performance of Participant's duties in a manner that is detrimental to the Company or any of its Subsidiaries, including, but not limited to that which results in, the severe deterioration of the financial performance of the Company or any of its Subsidiaries; (iv) failure to adhere to the reasonable/lawful directions of the Board, to adhere to the Company's or any Subsidiary's policies or practices or to devote substantially all of Participant's business time and efforts to the business of the Company; (v) breach of any provision

of any agreement, including the 2024 Employment Agreement, between Participant and the Company or any of its Subsidiaries, which covers confidentiality or proprietary information or contains non-solicitation or non-competition provisions; or (vi) breach in any material respect of the terms and provisions of the 2024 Employment Agreement or any agreement between Participant and the Company or any of its Subsidiaries.

4. Method of Exercise. The Award may be exercised by delivery to the Company (attention: Corporate Secretary) of a notice of exercise in the form specified by the Company specifying the number of shares with respect to which the Award is being exercised or in such other manner permitted by the Company.

5. Fractional Shares. No fractional shares may be purchased upon any exercise.

6. Compliance With Legal Requirements.

(a) The Award shall not be exercisable and no Common Stock shall be issued or transferred pursuant to this Agreement or the Plan unless and until the Tax Withholding Obligation (as defined below), and all legal requirements applicable to such issuance or transfer have, in the opinion of counsel to the Company, been satisfied. Such legal requirements may include, but are not limited to, (i) registering or qualifying such Common Stock under any state or federal law or under the rules of any stock exchange or trading system, (ii) satisfying any applicable law or rule relating to the transfer of unregistered securities or demonstrating the availability of an exemption from applicable laws, (iii) placing a restricted legend on the Common Stock issued pursuant to the exercise of the Award, or (iv) obtaining the consent or approval of any governmental regulatory body.

(b) Participant understands that the Company is under no obligation to register for resale the Common Stock issued upon exercise of the Award. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any exercise of the Award and/or any resales by Participant or other subsequent transfers by Participant of any Common Stock issued as a result of the exercise of the Award, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Common Stock underlying the Award and (iii) restrictions as to the use of a specified brokerage firm or other agents for exercising the Award and/or for such resales or other transfers. The sale of the shares underlying the Award must also comply with other applicable laws and regulations governing the sale of such shares.

7. Shareholder Rights. Participant shall not be deemed a shareholder of the Company with respect to any of the Common Stock subject to the Award, except to the extent that such shares shall have been purchased by and transferred to Participant.

8. Withholding Taxes.

(a) Participant is liable and responsible for all taxes owed in connection with the Award, regardless of any action the Company may take with respect to any tax withholding

obligations that arise in connection with the Award, and Participant acknowledges and agrees that all taxes owed in connection with the Award may exceed the amount actually withheld by the Company, if any. The Company does not make any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award or the subsequent sale of Common Stock issuable pursuant to the Award or the receipt of any dividends or dividend equivalent rights. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate Participant's tax liability or achieve a particular tax result.

(b) Prior to any event in connection with the Award (e.g., vesting or settlement in respect of the Award) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any social tax obligation (the "Tax Withholding Obligation"), Participant is required to arrange for the satisfaction of the amount of such Tax Withholding Obligation in a manner acceptable to the Company. Notwithstanding the foregoing, any Tax Withholding Obligations will be satisfied by the Company withholding a number of shares of Common Stock that would otherwise be issued under the Award that the Company determines has a Fair Market Value sufficient to meet the Tax Withholding Obligations, unless Participant otherwise satisfies such Tax Withholding Obligations in a manner satisfactory to the Company.

9. Assignment or Transfer Prohibited. The Award may not be assigned or transferred otherwise than by will or by the laws of descent and distribution, and may be exercised during the life of Participant only by Participant or Participant's guardian or legal representative. Neither the Award nor any right hereunder shall be subject to attachment, execution or other similar processes. In the event of any attempt by Participant to alienate, assign, pledge, hypothecate or otherwise dispose of the Award or any right hereunder, except as provided for herein, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Award by notice to Participant, and the Award shall thereupon become null and void.

10. Committee Authority. Any question concerning the interpretation of this Agreement or the Plan, any adjustments required to be made under this Agreement or the Plan, and any controversy that may arise under this Agreement or the Plan shall be determined by the Committee (including any subcommittee or other person(s) to whom the Committee has delegated its authority) in its sole and absolute discretion. All decisions by the Committee shall be final and binding.

11. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the Grant Date and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein. Except as expressly otherwise provided herein, the term "Section" generally refers to provisions within the Plan, and the term "Paragraph" refers to provisions of this Agreement.

12. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Agreement or other

document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

13. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon Participant any right to continued employment or other service with the Company or any of its subsidiaries or affiliates.

14. Data Privacy. Participant understands that the Company and one or more of its Subsidiaries or affiliates may collect, maintain, process and disclose certain personal information about Participant for the exclusive purpose of implementing, administering and, managing the Plan. Such information may include, but is not limited to: Participant's name, home address, email address, telephone number, date of birth, social insurance number, compensation, job title, any shares of Common Stock or directorships held in the Company, details of all equity awards or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor. Participant further understands that such personal information will be transferred to one or more third parties selected by the Company to assist the Company with the implementation, administration and management of the Plan. Participant understands that such data will be held only as long as is necessary to implement, administer and manage his participation in the Plan, including to maintain records regarding participation.

15. Undertaking. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company reasonably may request in order to carry out the intent or accomplish the purposes of this Agreement and the Plan.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award made under the Plan by electronic means or to request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company, and such consent shall remain in effect throughout Participant's term of service with the Company and thereafter until withdrawn by Participant. If the attempted electronic delivery of such documents fails, Participant will be provided with a paper copy of the documents. Participant acknowledges that he or she may receive from the Company a paper copy of any documents that were delivered electronically at no cost to him by contacting the Company by telephone or in writing. Participant may revoke his consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Participant agrees that the foregoing online or electronic participation in the Plan shall have the same force and effect as documentation executed in hardcopy written form. Finally, Participant understands that he or she is not required to consent to electronic delivery of documents.

17. Entire Agreement. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature.

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Insider Trading Restrictions. Participant acknowledges that Participant is subject to insider trading laws and regulations which may affect his ability to accept, acquire, sell or otherwise dispose of Common Stock or rights to Common Stock (e.g., Stock Units or Stock Appreciation Rights) during such times Participant is considered to have “material nonpublic information” regarding the Company as defined in U.S. federal and state securities laws and regulations. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company’s Insider Trading Compliance Policy. Participant acknowledges that it is his responsibility to comply with all applicable insider trading laws and regulations and to review the Company’s Insider Trading Compliance Policy and comply with the restrictions therein. Participant is advised to review the Company’s Insider Trading Policy and speak to his personal advisor on this matter.

20. No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

21. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant’s legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HERBALIFE LTD.

/s/ Michael O. Johnson

Michael O. Johnson

/s/ Henry Wang

Henry Wang
Corporate Secretary

**HERBALIFE LTD.
2023 STOCK INCENTIVE PLAN
STOCK UNIT AWARD AGREEMENT
U.S. PARTICIPANTS**

(Time-Vesting)

This Stock Unit Award Agreement (this "Agreement") is dated as of February 16, 2024 (the "Grant Date"), and is between Herbalife Ltd. (the "Company") and Michael O. Johnson ("Participant").

WHEREAS, the Company, by action of the Board and approval of its shareholders, established the Herbalife Ltd. 2023 Stock Incentive Plan (as may be amended from time to time, the "Plan");

WHEREAS, Participant is employed by the Company or one or more of its Subsidiaries pursuant to the Employment Agreement, dated as of January 3, 2024, by and among Participant, Herbalife International of America, Inc. and Herbalife Ltd. (as may be amended from time to time, the "2024 Employment Agreement"), and the Company desires to encourage Participant to own Common Stock for the purposes stated in Section 1 of the Plan; and

WHEREAS, Participant and the Company have entered into this Agreement to govern the terms of the Stock Unit Award (as defined below) granted to Participant by the Company.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Grant.

(a)The Company hereby grants to Participant an Award of 495,662 time-vesting Stock Units (the “Award”) in accordance with Section 10 of the Plan and subject to the conditions set forth in this Agreement and the Plan. Each Stock Unit represents the right to receive one share of Common Stock (as adjusted from time to time pursuant to Section 15 of the Plan) subject to the fulfillment of the vesting and other conditions set forth in this Agreement and the Plan. By accepting the Award, Participant irrevocably agrees on behalf of Participant and Participant’s successors and permitted assigns to all of the terms and conditions of the Award as set forth in or pursuant to this Agreement and the Plan.

(b)Except as otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Plan.

2. Vesting. Stock Units awarded hereunder that have vested and are no longer subject to forfeiture are referred to herein as “Vested Units.” Stock Units awarded hereunder that are not vested and remain subject to forfeiture are referred to herein as “Unvested Units.”

(a)Participant’s Stock Units and rights in and to the Common Stock subject to the Stock Units shall not be vested as of the Grant Date and shall be forfeitable unless and until otherwise vested pursuant to the terms of this Agreement. The Award shall become vested in accordance with the following schedule: (i) 50% of the Award shall vest on the first anniversary of the Grant Date, subject to Participant’s continuous service as an employee and/or member of the Board through such date; and (ii) 50% of the Award shall vest on the earlier of either (a) January 3, 2026, subject to Participant’s continuous service as an employee and/or member of the Board through such employment date or (b) the start of employment of a new non-interim Chief Executive Officer, but in no instance shall any vesting of the Award occur prior to the one year anniversary of Grant Date, (each of (i) and (ii), a “Vesting Date” and, the Vesting Dates together, the “Vesting Period”).

(b)If Participant is terminated as Chief Executive Officer and as a member of the Board without Cause other than as described in Paragraph 2(d), including non-renomination or non-reelection of Participant’s Board position or due to Participant’s death or disability (as such term is defined in Section 22(e) of the Code), then the Award shall become immediately vested, contingent upon Participant executing a general release of claims in favor of the Company and its Subsidiaries and such release becoming effective and irrevocable in accordance with its terms.

(c) If Participant voluntarily resigns as Chief Executive Officer prior to December 31, 2024 without a new non-interim Chief Executive Officer having been appointed by the Board, the Award, to the extent unvested, will be forfeited, whether or not Participant remains on the Board.

(d) In accordance with and subject to Section 15 of the Plan, in the event Participant is involuntarily terminated within twenty-four (24) months following a Change in Control (as defined in the Plan), the Award shall be subject to acceleration as provided in Section 15(c) of the Plan.

(e) For purposes of this Agreement, the term "Cause" shall mean the occurrence of any of the following acts or circumstances: (i) Participant's conviction of a felony, a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company or any of its Subsidiaries; (ii) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement; (iii) performance of Participant's duties in a manner that is detrimental to the Company or any of its Subsidiaries, including, but not limited to that which results in, the severe deterioration of the financial performance of the Company or any of its Subsidiaries; (iv) failure to adhere to the reasonable/lawful directions of the Board, to adhere to the Company's or any Subsidiary's policies or practices or to devote substantially all of Participant's business time and efforts to the business of the Company; (v) breach of any provision of any agreement, including the 2024 Employment Agreement, between Participant and the Company or any of its Subsidiaries, which covers confidentiality or proprietary information or contains non-solicitation or non-competition provisions; or (vi) breach in any material respect of the terms and provisions of the 2024 Employment Agreement or any agreement between Participant and the Company or any of its Subsidiaries.

3. Settlement of Vested Units.

(a) Each Vested Unit will be settled by the delivery of one share of Common Stock (subject to adjustment under Section 15 of the Plan) to Participant or, in the event of Participant's death, to Participant's estate, heir or beneficiary, following the applicable Vesting Date; provided that Participant has satisfied all of the Tax Withholding Obligations (as defined in Paragraph 7), and that Participant has completed, signed and returned any documents and taken any additional action that the Company deems appropriate to enable it to accomplish the delivery of the Common Stock.

(b) The issuance of the Common Stock hereunder may be effected by the issuance of a stock certificate, recording shares on the stock records of the Company or by crediting shares in an account established on Participant's behalf with a brokerage firm or other custodian, in each case as determined by the Company. Fractional shares will not be issued pursuant to the Award.

(c) Notwithstanding the above, (i) for administrative or other reasons, the Company may from time to time temporarily suspend the issuance of Common Stock in respect of Vested Units, (ii) the Company shall not be obligated to deliver any Common Stock during any period when the Company determines that the delivery of Common Stock hereunder would violate any federal, state or other applicable laws, (iii) the Company may issue Common Stock hereunder subject to any restrictive legends that, as determined by the Company's counsel, are necessary to comply with securities or other regulatory requirements and (iv) the date on which Common Stock are issued hereunder may include a delay in order to provide the Company such time as it determines appropriate to address tax withholding and other administrative matters.

4. Shareholder Rights. Prior to any issuance of Common Stock in settlement of the Award, no Common Stock will be reserved or earmarked for Participant or Participant's account nor shall Participant have any of the rights of a shareholder (including, without limitation, any voting rights), except as set forth in Paragraph 5, with respect to either the Stock Units granted hereunder or the Common Stock underlying the Stock Units, unless and until such Common Stock are actually delivered to Participant hereunder.

5. Dividend Equivalent Rights. From and after the Grant Date and unless and until the Award is forfeited or otherwise transferred back to the Company, Participant will be credited with additional Stock Units having a value equal to dividends declared by the Company, if any, with record dates that occur prior to the settlement of the Award as if the Common Stock underlying the Award had been issued and outstanding, based on the Fair Market Value of a share of Common Stock on the applicable dividend payment date. Any such additional Stock Units shall be considered part of the Award and shall also be credited with additional Stock Units as dividends, if any, are declared, and shall be subject to the same restrictions and conditions as the Stock Units subject to the Award with respect to which they were credited (including, but not limited to, the forfeiture provisions set forth in Paragraph 6). Any fractional Stock Units credited with respect to any dividend declared by the Company will be paid to the Participant in cash without interest at the settlement following each applicable Vesting Date. Notwithstanding the foregoing, no such additional Stock Units will be credited with respect to any dividend declared by the Company in connection with which the Award is adjusted pursuant to Section 15 of the Plan.

6. Effect of Termination of Service. Except as provided in the Plan or Paragraph 2, upon a termination of Participant's continuous service with the Company and/or its Subsidiaries for any reason on or prior to any Vesting Date, the Unvested Units shall be forfeited by Participant and canceled and surrendered to the Company without payment of any consideration to Participant. For purposes hereof, Participant shall be deemed to have provided continuous service for so long as Participant continues to serve as an employee of the Company and/or a member of the Board.

7. Withholding Taxes.

(a) Participant is liable and responsible for all taxes owed in connection with the Award, regardless of any action the Company may take with respect to any tax withholding obligations that arise in connection with the Award, and Participant acknowledges and agrees that all taxes owed in connection with the Award may exceed the amount actually withheld by the Company, if any. The Company does not make any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award or the subsequent sale of Common Stock issuable pursuant to the Award or the receipt of any dividends or dividend equivalent rights. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate Participant's tax liability or achieve a particular tax result.

(b) Prior to any event in connection with the Award (e.g., vesting or settlement in respect of the Award) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any social tax obligation (the "Tax Withholding Obligation"), Participant is required to arrange for the satisfaction of the amount of such Tax Withholding Obligation in a manner acceptable to the Company. Notwithstanding the foregoing, any Tax Withholding Obligations will be satisfied by the Company withholding a number of shares of Common Stock that would otherwise be issued under the Award that the Company determines has a Fair Market Value sufficient to meet the Tax Withholding Obligations, unless Participant otherwise satisfies such Tax Withholding Obligations in a manner satisfactory to the Company.

8. Securities Law Compliance. Participant understands that the Company is under no obligation to register for resale the Common Stock issued upon settlement of the Award. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by Participant or other subsequent transfers by

Participant of any Common Stock issued as a result of or under the Award, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Common Stock underlying the Award and (iii) restrictions as to the use of a specified brokerage firm or other agents for such resales or other transfers. Any sale of the Common Stock must also comply with other applicable laws and regulations governing the sale of such shares.

9. Transfer Restrictions. The Award (whether or not vested) may not be assigned or transferred otherwise than by will or by the laws of descent and distribution. Neither the Award nor any right hereunder shall be subject to attachment, execution or other similar processes. In the event of any attempt by Participant to alienate, assign, pledge, hypothecate or otherwise dispose of the Award or any right hereunder, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Award by notice to Participant, and the Award shall thereupon become null and void.

10. Committee Authority. Any question concerning the interpretation of this Agreement or the Plan, any adjustments required to be made under this Agreement or the Plan, and any controversy that may arise under this Agreement or the Plan shall be determined by the Committee (including any subcommittee or other person(s) to whom the Committee has delegated its authority) in its sole and absolute discretion. All decisions by the Committee shall be final and binding.

11. Plan Controls. The terms of this Agreement are governed by the terms of the Plan, as it exists on the Grant Date and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein. Except as expressly otherwise provided herein, the term “Section” generally refers to provisions within the Plan, and the term “Paragraph” refers to provisions of this Agreement.

12. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

13. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon Participant any right to continued employment or other service with the Company or any of its Subsidiaries.

14. Data Privacy. Participant understands that the Company and one or more of its Subsidiaries or affiliates may collect, maintain, process and disclose certain personal information about Participant for the exclusive purpose of implementing, administering and managing the Plan. Such information may include, but is not limited to: Participant's name, home address, email address, telephone number, date of birth, social insurance number, compensation, job title, any shares of Common Stock or directorships held in the Company, details of all equity awards or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor. Participant further understands that such personal information will be transferred to one or more third parties selected by the Company to assist the Company with the implementation, administration and management of the Plan. Participant understands that such data will be held only as long as is necessary to implement, administer and manage his participation in the Plan, including to maintain records regarding participation.

15. Undertaking. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company reasonably may request in order to carry out the intent or accomplish the purposes of this Agreement and the Plan.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award made under the Plan by electronic means or to request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company, and such consent shall remain in effect throughout Participant's term of service with the Company and thereafter until withdrawn by Participant. If the attempted electronic delivery of such documents fails, Participant will be provided with a paper copy of the documents. Participant acknowledges that he or she may receive from the Company a paper copy of any documents that were delivered electronically at no cost to him by contacting the Company by telephone or in writing. Participant may revoke his consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Participant agrees that the foregoing online or electronic participation in the Plan shall have the same force and effect as documentation

executed in hardcopy written form. Finally, Participant understands that he or she is not required to consent to electronic delivery of documents.

17. Entire Agreement. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature.

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Insider Trading Restrictions. Participant acknowledges that Participant is subject to insider trading laws and regulations which may affect his ability to accept, acquire, sell or otherwise dispose of Common Stock or rights to Common Stock (e.g., Stock Units) during such times Participant is considered to have “material nonpublic information” regarding the Company as defined in U.S. federal and state securities laws and regulations. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company’s Insider Trading Compliance Policy. Participant acknowledges that it is his responsibility to comply with all applicable insider trading laws and regulations and to review the Company’s Insider Trading Compliance Policy and comply with the restrictions therein. Participant is advised to review the Company’s Insider Trading Policy and speak to his personal advisor on this matter.

20. No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

21. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant’s legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HERBALIFE LTD.

/s/ Michael O. Johnson

Michael O. Johnson

/s/ Henry Wang

Henry Wang
Corporate Secretary

**HERBALIFE LTD.
2023 STOCK INCENTIVE PLAN**

STOCK APPRECIATION RIGHT AWARD AGREEMENT

This Stock Appreciation Right Agreement (this “Agreement”) is dated as of March 25, 2024 (the “Grant Date”) and is between Herbalife Ltd. (referred to herein as the “Company”) and John DeSimone (“Participant”).

WHEREAS, the Company, by action of the Board and approval of its shareholders, established the Herbalife Ltd. 2023 Stock Incentive Plan (as may be amended from time to time, the “Plan”);

WHEREAS, Participant is employed by the Company or one or more of its Subsidiaries pursuant to the Employment Agreement, effective as of March 17, 2024, by and among Participant, Herbalife International of America, Inc. and Herbalife Ltd. (as may be amended from time to time, the “2024 Employment Agreement”), and the Company desires to encourage Participant to own Common Stock for the purposes stated in Section 1 of the Plan; and

WHEREAS, Participant and the Company have entered into this Agreement to govern the terms of the Stock Appreciation Right Award (as defined below) granted to Participant by the Company.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Grant.

(a) The Company hereby grants to the Participant an Award of 1,532,769 Stock Appreciation Rights (the “Award”) in accordance with Section 9 of the Plan and subject to the terms and conditions set forth herein and in the Plan. Each Stock Appreciation Right represents the right to receive, upon exercise of the Stock Appreciation Right pursuant to this Agreement, from the Company, a payment, paid, in the sole discretion of the Committee, in either cash or shares of Common Stock, equal to (i) the excess of the Fair Market Value, on the date of exercise, of one share of Common Stock (as adjusted from time to time pursuant to Section 15 of the Plan) over the Base Price (as defined below) of the Stock Appreciation Right, divided by (ii) the Fair Market Value, on the date of exercise, of one share of Common Stock, subject to terms and conditions set forth herein and in the Plan.

(b) The “Base Price” for the Stock Appreciation Right shall be \$9.33 per share (subject to adjustment as set forth in Section 15 of the Plan).

(c) Except as otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Plan.

2. Time for Exercise. Subject to Paragraph 3 below, the Award shall become vested in accordance with the following schedule: (i) 50% of the Award shall become vested and exercisable

on the first anniversary of the Grant Date, subject to Participant's continuous service as an employee; and (ii) 50% of the Award shall become vested and exercisable on the second anniversary of the Grant Date, subject to Participant's continuous service as an employee (each of (i) and (ii), a "Vesting Date" and, the Vesting Dates together, the "Vesting Period").

3. Expiration. The Award shall expire on the tenth (10th) anniversary of the date hereof (the "Expiration Date"); provided, however, that the Award may earlier terminate as provided in this Paragraph 3 and/or in Section 15 of the Plan.

(a) If Participant is terminated as Chief Financial Officer by the Company without Cause (as defined below) other than as described in Paragraph 3(c) or due to Participant's death or disability (as such term is defined in Section 22(e) of the Code), then a pro-rated portion of the Award shall vest and become exercisable based on the number of full months Participant was providing continuous service as an employee during the Vesting Period, contingent upon Participant executing a general release of claims in favor of the Company and its Subsidiaries and such release becoming effective and irrevocable in accordance with its terms, and the remaining unvested portion of the Award will be forfeited.

(b) If Participant voluntarily resigns as Chief Financial Officer prior to the second anniversary of the Grant Date or is terminated for Cause, then the Award, to the extent unvested, will be forfeited.

(c) In accordance with and subject to Section 15 of the Plan, in the event Participant is involuntarily terminated within twenty-four (24) months following a Change in Control (as defined in the Plan), the Award shall be subject to acceleration as provided in Section 15(c) of the Plan.

(d) For purposes of this Agreement, the term "Cause" shall mean the occurrence of any of the following acts or circumstances: (i) Participant's conviction of a felony, a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company or any of its Subsidiaries; (ii) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement; (iii) performance of Participant's duties in a manner that is detrimental to the Company or any of its Subsidiaries, including, but not limited to that which results in, the severe deterioration of the financial performance of the Company or any of its Subsidiaries; (iv) failure to adhere to the reasonable/lawful directions of the Board, to adhere to the Company's or any Subsidiary's policies or practices or to devote substantially all of Participant's business time and efforts to the business of the Company; (v) breach of any provision of any agreement, including the 2024 Employment Agreement, between Participant and the Company or any of its Subsidiaries, which covers confidentiality or proprietary information or contains non-solicitation or non-competition provisions; or (vi) breach in any material respect of the terms and provisions of the 2024 Employment Agreement or any agreement between Participant and the Company or any of its Subsidiaries.

4. Method of Exercise. The Award may be exercised by delivery to the Company (attention: Corporate Secretary) of a notice of exercise in the form specified by the Company specifying the number of shares with respect to which the Award is being exercised or in such other manner permitted by the Company.

5. Fractional Shares. No fractional shares may be received upon any exercise.

6. Compliance With Legal Requirements.

(a) The Award shall not be exercisable and no cash payment or Common Stock shall be issued or transferred pursuant to this Agreement or the Plan unless and until the Tax Withholding Obligation (as defined below), and all legal requirements applicable to such issuance or transfer have, in the opinion of counsel to the Company, been satisfied. Such legal requirements may include, but are not limited to, (i) registering or qualifying such Common Stock under any state or federal law or under the rules of any stock exchange or trading system, (ii) satisfying any applicable law or rule relating to the transfer of unregistered securities or demonstrating the availability of an exemption from applicable laws, (iii) placing a restricted legend on the Common Stock issued pursuant to the exercise of the Award, or (iv) obtaining the consent or approval of any governmental regulatory body.

(b) Participant understands that the Company is under no obligation to register for resale the Common Stock issued upon exercise of the Award. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any exercise of the Award and/or any resales by Participant or other subsequent transfers by Participant of any Common Stock issued as a result of the exercise of the Award, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Common Stock underlying the Award and (iii) restrictions as to the use of a specified brokerage firm or other agents for exercising the Award and/or for such resales or other transfers. The sale of the shares underlying the Award must also comply with other applicable laws and regulations governing the sale of such shares.

7. Shareholder Rights. Participant shall not be deemed a shareholder of the Company with respect to any of the Common Stock subject to the Award, except to the extent that such shares shall have been purchased by and transferred to Participant.

8. Withholding Taxes.

(a) Participant is liable and responsible for all taxes owed in connection with the Award, regardless of any action the Company may take with respect to any tax withholding obligations that arise in connection with the Award, and Participant acknowledges and agrees that all taxes owed in connection with the Award may exceed the amount actually withheld by the Company, if any. The Company does not make any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award or the subsequent sale of Common Stock issuable pursuant to the Award or the receipt of any dividends or dividend equivalent rights. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate Participant's tax liability or achieve a particular tax result.

(b) Prior to any event in connection with the Award (e.g., vesting or settlement in respect of the Award) that the Company determines may result in any domestic or foreign tax

withholding obligation, whether national, federal, state or local, including any social tax obligation (the “Tax Withholding Obligation”), Participant is required to arrange for the satisfaction of the amount of such Tax Withholding Obligation in a manner acceptable to the Company. Notwithstanding the foregoing, (i) if the Award is settled in cash, any Tax Withholding Obligations will be satisfied by the Company withholding cash in an amount equal to such Tax Withholding Obligations, and (ii) if the Award is settled in Common stock, any Tax Withholding Obligations will be satisfied by the Company withholding a number of shares of Common Stock that would otherwise be issued under the Award that the Company determines has a Fair Market Value sufficient to meet the Tax Withholding Obligations, unless Participant otherwise satisfies such Tax Withholding Obligations in a manner satisfactory to the Company.

9. Assignment or Transfer Prohibited. The Award may not be assigned or transferred otherwise than by will or by the laws of descent and distribution, and may be exercised during the life of Participant only by Participant or Participant’s guardian or legal representative. Neither the Award nor any right hereunder shall be subject to attachment, execution or other similar processes. In the event of any attempt by Participant to alienate, assign, pledge, hypothecate or otherwise dispose of the Award or any right hereunder, except as provided for herein, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Award by notice to Participant, and the Award shall thereupon become null and void.

10. Committee Authority. Any question concerning the interpretation of this Agreement or the Plan, any adjustments required to be made under this Agreement or the Plan, and any controversy that may arise under this Agreement or the Plan shall be determined by the Committee (including any subcommittee or other person(s) to whom the Committee has delegated its authority) in its sole and absolute discretion. All decisions by the Committee shall be final and binding.

11. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the Grant Date and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein. Except as expressly otherwise provided herein, the term “Section” generally refers to provisions within the Plan, and the term “Paragraph” refers to provisions of this Agreement.

12. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

13. No Right to Continued Employment. Nothing in the Plan, in this Agreement or any other instrument executed pursuant thereto or hereto shall confer upon Participant any right to continued employment or other service with the Company or any of its subsidiaries or affiliates.

14. Data Privacy. Participant understands that the Company and one or more of its Subsidiaries or affiliates may collect, maintain, process and disclose certain personal information about Participant for the exclusive purpose of implementing, administering and, managing the Plan. Such

information may include, but is not limited to: Participant's name, home address, email address, telephone number, date of birth, social insurance number, compensation, job title, any shares of Common Stock or directorships held in the Company, details of all equity awards or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor. Participant further understands that such personal information will be transferred to one or more third parties selected by the Company to assist the Company with the implementation, administration and management of the Plan. Participant understands that such data will be held only as long as is necessary to implement, administer and manage his participation in the Plan, including to maintain records regarding participation.

15. Undertaking. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company reasonably may request in order to carry out the intent or accomplish the purposes of this Agreement and the Plan.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Award made under the Plan by electronic means or to request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company, and such consent shall remain in effect throughout Participant's term of service with the Company and thereafter until withdrawn by Participant. If the attempted electronic delivery of such documents fails, Participant will be provided with a paper copy of the documents. Participant acknowledges that he or she may receive from the Company a paper copy of any documents that were delivered electronically at no cost to him by contacting the Company by telephone or in writing. Participant may revoke his consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Participant agrees that the foregoing online or electronic participation in the Plan shall have the same force and effect as documentation executed in hardcopy written form. Finally, Participant understands that he or she is not required to consent to electronic delivery of documents.

17. Entire Agreement. This Agreement and the Plan together set forth the entire agreement and understanding between the parties as to the subject matter hereof and supersede all prior oral and written and all contemporaneous or subsequent oral discussions, agreements and understandings of any kind or nature.

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Insider Trading Restrictions. Participant acknowledges that Participant is subject to insider trading laws and regulations which may affect his ability to accept, acquire, sell or otherwise dispose of Common Stock or rights to Common Stock (e.g., Stock Units or Stock Appreciation Rights) during such times Participant is considered to have "material nonpublic information" regarding the Company as defined in U.S. federal and state securities laws and regulations. Any

restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's Insider Trading Compliance Policy. Participant acknowledges that it is his responsibility to comply with all applicable insider trading laws and regulations and to review the Company's Insider Trading Compliance Policy and comply with the restrictions therein. Participant is advised to review the Company's Insider Trading Policy and speak to his personal advisor on this matter.

20. No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

21. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HERBALIFE LTD.

/s/ John DeSimone

/s/ Michael O. Johnson

John DeSimone

Michael O. Johnson
Chairman and CEO

HERBALIFE LTD.

2023 STOCK INCENTIVE PLAN

Amended and Restated Effective April 25, 2024

HERBALIFE LTD.
2023 STOCK INCENTIVE PLAN
Amended and Restated Effective April 25, 2024

1. Purpose

The purpose of the Herbalife Ltd. 2023 Stock Incentive Plan (as amended from time to time, the "Plan") is to promote and closely align the interests of employees, directors and consultants of Herbalife Ltd. (the "Company") and its shareholders by providing stock-based compensation and other performance-based compensation. The Plan is intended to strengthen the Company's ability to drive performance which enhances long term shareholder value; to increase employee stock ownership; and to strengthen the Company's ability to attract and retain outstanding employees, directors and consultants.

The Plan supersedes the Herbalife Ltd. Amended and Restated 2014 Stock Incentive Plan with respect to future awards, and provides for the grant of Options, Stock Appreciation Rights, Stock Units and Restricted Stock, any of which may be performance-based, and for Incentive Bonuses, which may be paid in cash or stock or a combination thereof, as determined by the Committee.

2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" means any entity in which the Company has a substantial direct or indirect equity interest, as determined by the Committee from time to time.
 - (b) "Act" means the Securities Exchange Act of 1934, as amended, or any successor thereto.
 - (c) "Award" means an Option, Stock Appreciation Right, Stock Unit or Incentive Bonus granted to a Participant pursuant to the provisions of the Plan, any of which may be subject to performance conditions in accordance with Section 12 of the Plan.
 - (d) "Award Agreement" means a written or electronic agreement or other instrument as may be approved from time to time by the Committee and designated as such implementing the grant of each Award. An Award Agreement may be in the form of an agreement to be executed by both the Participant and the Company (or an authorized representative of the Company) or certificates, notices or similar instruments as approved by the Committee and designated as such.
 - (e) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Act.
 - (f) "Board" means the board of directors of the Company.
 - (g) "Change in Control" means the occurrence of any one of the following:
 - (1) an acquisition (other than directly from the Company after advance approval by a majority of the Incumbent Board) of Common Shares or other voting securities of the Company by any "person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act), other than the Company, any Subsidiary, any employee benefit plan of the Company or any Subsidiary, or any person in connection with a transaction described in clause (iii) of this Section 2(d), immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the then outstanding Common Shares or the combined voting power of the Company's then outstanding voting securities;
 - (2) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board"), cease for any reason during any 24-month period to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall, for purposes of the Plan, be considered as a member of the Incumbent Board; or
 - (3) the consummation of: (A) a merger, consolidation or reorganization with or into the Company, unless the voting securities of the Company, immediately before such merger, consolidation or reorganization, own directly or indirectly immediately following such merger, consolidation or reorganization, at least 50% of the combined voting power of the outstanding voting securities of the entity resulting from such merger or consolidation or reorganization in substantially the same proportion as their ownership of the voting securities immediately before such merger, consolidation or reorganization; (B) a complete liquidation or dissolution of the Company; or (C) the sale, lease, transfer or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary).
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- (h) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rulings and regulations issues thereunder.
- (i) "Committee" means the Compensation Committee of the Board (or any successor committee), or such other committee as designated by the Board to administer the Plan under Section 6.
- (j) "Common Stock" means the common shares of the Company, par value \$0.0005 a share, or such other class or kind of shares or other securities as may be applicable under Section 15.
- (k) "Company" means Herbalife Ltd., a Cayman Islands exempted company incorporated with limited liability, and except as utilized in the definition of Change in Control, any successor corporation.
- (l) "Dividend Equivalents" mean an amount payable in cash or Common Stock, as determined by the Committee, with respect to a Stock Unit Award equal to what would have been received if the shares underlying the Award had been owned by the Participant.
- (m) "Effective Date" means the date on which the Plan takes effect, as defined pursuant to Section 4 of the Plan.
- (n) "Eligible Person" means an employee, director or consultant of the Company or a Subsidiary, including an officer or director who is such an employee. Notwithstanding the foregoing, a person who would otherwise be an Eligible Person shall not be an Eligible Person in any jurisdiction where such person's participation in the Plan would be unlawful. Non-employee directors shall be considered Eligible Persons under the Plan.
- (o) "Fair Market Value" means as of any date, the value of the Common Stock determined as follows: (i) if on such date the Common Stock is listed on any established stock exchange, system or market, its Fair Market Value shall be the closing price for the Common Stock as quoted on such exchange, system or market as reported in the Wall Street Journal or such other source as the Committee deems reliable (or, if no such closing price is reported, the closing price on the last preceding date on which a sale of Common Stock occurred); *provided, however*, that the Committee may, in its discretion, determine the Fair Market Value of a share of Common Stock on the basis of the opening, closing, or average of the high and low sale prices of a share of Common Stock on such date, the preceding trading day, the next succeeding trading day, an average of trading days, or the actual sale price of a share of Common Stock; and (ii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Committee by the reasonable application of a reasonable valuation method, taking into account factors consistent with Treas. Reg. § 409A-1(b)(5)(iv)(B) as the Committee deems appropriate.
- (p) "Incentive Bonus" means a bonus opportunity awarded under Section 11 pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria established for a performance period of not less than one year as are specified in the Award Agreement.
- (q) "Incentive Stock Option" means a stock option that is designated as potentially eligible to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.
- (r) "Nonqualified Stock Option" means a stock option that is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.
- (s) "Option" means a right to purchase a number of shares of Common Stock at such exercise price, at such times and on such other terms and conditions as are specified in or determined pursuant to an Award Agreement. Options granted pursuant to Section 8 of the Plan may be Incentive Stock Options or Nonqualified Stock Options.
- (t) "Participant" means any individual described in Section 3 to whom Awards have been granted from time to time by the Committee and any authorized transferee of such individual.
- (u) "Performance Criteria" has the meaning set forth in Section 12(b).
- (v) "Person" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.
- (w) "Plan" means this Herbalife Ltd. 2023 Stock Incentive Plan, as amended and restated as set forth herein and as it may be amended from time to time.
- (x) "Prior Plan" means the Herbalife Ltd. Amended and Restated 2014 Stock Incentive Plan.
- (y) "Restricted Stock" means an Award or issuance of Common Stock the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions) and terms as the Committee deems appropriate.
- (aa) "Separation from Service" or "Separates from Service" means the termination of Participant's employment with the Company and all Subsidiaries that constitutes a "separation from service" within the meaning of Section 409A of the Code.
- (bb) "Stock Appreciation Right" means a right granted pursuant to Section 9 of the Plan that entitles the Participant to receive, in cash or Common Stock or a combination thereof, as determined by the Committee, value equal to the
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excess of (i) the market price of a specified number of shares of Common Stock at the time of exercise over (ii) the exercise price of the right, as established by the Committee on the date of grant.

- (cc) "Stock Unit" means an Award denominated in units of Common Stock under which the issuance of shares of Common Stock (or cash payment in lieu thereof) is subject to such conditions (including continued employment or performance conditions) and terms as the Committee deems appropriate.
- (dd) "Subsidiary" means any business association (including a corporation or a partnership, other than the Company) in an unbroken chain of such associations beginning with the Company if each of the associations other than the last association in the unbroken chain owns equity interests (including stock or partnership interests) possessing 50% or more of the total combined voting power of all classes of equity interests in one of the other associations in such chain.
- (ee) "Substitute Awards" means Awards granted or Common Stock issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

3. Eligibility

Any Eligible Person is eligible to receive an Award. Options intending to qualify as Incentive Stock Options may only be granted to employees of the Company or any Subsidiary.

4. Adoption and Termination of Plan

This Plan was originally effective on April 26, 2023 (the "Effective Date"). The Plan as amended and restated herein was approved by the Board on March 1, 2024, and shall become effective when it is approved by the Company's shareholders at the Company's 2024 Annual General Meeting of Shareholders. The Plan shall remain available for the grant of Awards until the tenth anniversary of the Effective Date; provided, however, that Incentive Stock Options may not be granted under the Plan after February 7, 2033. Notwithstanding the foregoing, the Plan may be terminated at such earlier time as the Board may determine. Termination of the Plan will not affect the rights and obligations of the Participants and the Company arising under Awards theretofore granted.

5. Shares Subject to the Plan and to Awards

(a) *Aggregate Limits.* The aggregate number of shares of Common Stock issuable under the Plan shall not exceed 24,200,000, plus any shares of Common Stock that remained available for issuance under the Prior Plan as of the Effective Date. Any shares of Common Stock issued under Options or Stock Appreciation Rights shall be counted against the number of shares issuable under the Plan on a one-for-one basis and any shares of Common Stock issued pursuant to Awards other than Options or Stock Appreciation Rights shall be counted against this limit as 1.85 shares of Common Stock for every one (1) share of Common Stock subject to such Award. Shares of Common Stock subject to outstanding awards under the Prior Plan as of the Effective Date (such awards the "Prior Plan Awards") that, after the Effective Date, are canceled, expired, forfeited or otherwise not issued under a Prior Plan Award or settled in cash shall be added to the number of shares of Common Stock issuable under the Plan as one (1) share of Common Stock if such shares were subject to options or stock appreciation rights granted under a Prior Plan, and as 1.85 shares of Common Stock if such shares were subject to awards other than options or stock appreciation rights granted under the Prior Plan. The aggregate number of shares of Common Stock available for grant under this Plan and the number of shares of Common Stock subject to Awards outstanding at the time of any event described in Section 15 shall be subject to adjustment as provided in Section 15. The shares of Common Stock issued pursuant to Awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

(b) *Issuance of Shares.* For purposes of Section 5(a), the aggregate number of shares of Common Stock issued under this Plan at any time shall equal only the number of shares of Common Stock actually issued upon exercise or settlement of an Award (taking into account the formula set forth in Section 5(a)), and shares of Common Stock subject to Awards that have been canceled, expired, forfeited or otherwise not issued under an Award and shares of Common Stock subject to Awards settled in cash shall not count as shares of Common Stock issued under this Plan. Notwithstanding the foregoing, the following shares of Common Stock will not be added back (or with respect to Prior Plan Awards, will not be added) to the aggregate number of shares of Common Stock available for issuance: (i) shares of Common Stock that were subject to a stock-settled Stock Appreciation Right (or a stock appreciation right granted under a Prior Plan) and were not issued upon the net settlement or net exercise of such Stock Appreciation Right (or stock appreciation right granted under a Prior Plan), (ii) shares of Common Stock delivered to or withheld by the Company to pay the exercise price of an Option (or an option granted under a Prior Plan), (iii) Shares of Common Stock delivered to or withheld by the Company to pay the withholding taxes related an Award (or an award granted under a Prior Plan), or (iv) Shares of Common Stock repurchased on the open market with cash proceeds from exercise of an Option (or option granted under a Prior Plan). Any shares of Common Stock that again become available for grant pursuant to this Section 5 shall be added back as one (1) share of Common Stock if such shares were subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under a Prior Plan, and as 1.85 shares of Common Stock if such shares were subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or

subject to awards other than options or stock appreciation rights granted under the Prior Plan. In addition, any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for grants under the Plan.

(c) *Tax Code Limits.* The aggregate number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options granted under this Plan shall not exceed 5,000,000, which number shall be calculated and adjusted pursuant to Section 15 only to the extent that such calculation or adjustment will not affect the status of any option intended to qualify as an Incentive Stock Option under Section 422 of the Code.

(d) *Substitute Awards.* Substitute Awards shall not reduce the shares of Common Stock authorized for issuance under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or any Subsidiary, or with which the Company or any Subsidiary combines, has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for issuance under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were employees or directors of such acquired or combined company before such acquisition or combination.

(e) *Non-Employee Director Limits.* The aggregate number of shares of Common Stock subject to Awards granted under this Plan during any calendar year to any one non-employee director shall not exceed that number of shares having a Fair Market Value on the date of grant of \$375,000; provided, however, that in the calendar year in which a non-employee director first joins the Board or is first designated as Chairman of the Board or Lead Director, the maximum number of shares subject to Awards granted to such non-employee director may be up to two hundred percent (200%) of the number of shares of Common Stock indicated by the foregoing limit.

6. Administration of the Plan

(a) *Administrator of the Plan.* The Plan shall be administered by the Committee. The Board shall fill vacancies on, and from time to time may remove or add members to, the Committee. The Committee shall act pursuant to a majority vote or unanimous written consent. Any power of the Committee may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Securities Exchange Act of 1934. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control. To the maximum extent permissible under applicable law, the Compensation Committee of the Board (or any successor) may by resolution delegate any or all of its authority to one or more subcommittees composed of one or more directors and/or officers, and any such subcommittee shall be treated as the Committee for all purposes under this Plan. Notwithstanding the foregoing, if the Board or the Compensation Committee of the Board (or any successor) delegates to a subcommittee comprised of one or more officers of the Company (who are not also directors) the authority to grant Awards, the resolution so authorizing such subcommittee shall specify the total number of shares of Common Stock such subcommittee may award pursuant to such delegated authority, and no such subcommittee shall designate any officer serving thereon or any executive officer of the Company as a recipient of any Awards granted under such delegated authority. The Committee hereby delegates to and designates the senior human resources officer of the Company (or such other officer with similar authority), and to his or her delegates or designees, the authority to assist the Committee in the day-to-day administration of the Plan and of Awards granted under the Plan, including without limitation those powers set forth in Section 6(b) (4) through (9) and to execute agreements evidencing Awards made under this Plan or other documents entered into under this Plan on behalf of the Committee or the Company. The Committee may further designate and delegate to one or more additional officers or employees of the Company or any subsidiary, and/or one or more agents, authority to assist the Committee in any or all aspects of the day-to-day administration of the Plan and/or of Awards granted under the Plan.

(b) *Powers of Committee.* Subject to the express provisions of this Plan, the Committee shall be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with the administration of this Plan, including, without limitation:

- (1) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein;
 - (2) to determine which persons are Eligible Persons, to which of such Eligible Persons, if any, Awards shall be granted hereunder and the timing of any such Awards;
 - (3) to prescribe and amend the terms of the Award Agreements, to grant Awards and determine the terms and conditions thereof;
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- (4) to establish and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, retention, vesting, exercisability or settlement of any Award;
- (5) to prescribe and amend the terms of or form of any document or notice required to be delivered to the Company by Participants under this Plan;
- (6) to determine the extent to which adjustments are required pursuant to Section 15;
- (7) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions if the Committee, in good faith, determines that it is appropriate to do so;
- (8) to approve corrections in the documentation or administration of any Award; and
- (9) to make all other determinations deemed necessary or advisable for the administration of this Plan.

Notwithstanding anything in this Plan to the contrary, with respect to any Award that is "deferred compensation" under Section 409A of the Code, the Committee shall exercise its discretion in a manner that causes such Awards to be compliant with or exempt from the requirements of such Code section. Without limiting the foregoing, unless expressly agreed to in writing by the Participant holding such Award, the Committee shall not take any action with respect to any Award which constitutes (i) a modification of a stock right within the meaning of Treas. Reg. Section 1.409A-1(b)(5)(v)(B) so as to constitute the grant of a new stock right, (ii) an extension of a stock right, including the addition of a feature for the deferral of compensation within the meaning of Treas. Reg. Section 1.409A-1(b)(5)(v)(C), or (iii) an impermissible acceleration of a payment date or a subsequent deferral of a stock right subject to Section 409A of the Code within the meaning of Treas. Reg. Section 1.409A-1(b)(5)(v)(E).

The Committee may, in its sole and absolute discretion, without amendment to the Plan but subject to the limitations otherwise set forth in Section 19, waive or amend the operation of Plan provisions respecting exercise after termination of employment or service to the Company or an Affiliate. The Committee or any member thereof may, in its sole and absolute discretion and, except as otherwise provided in Section 19, waive, settle or adjust any of the terms of any Award so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of an applicable stock exchange, disruption of communications or natural catastrophe).

Further, and notwithstanding anything in the Plan to the contrary, Awards granted under the Plan may not become exercisable, vest or be settled, in whole or in part, prior to the one-year anniversary of the date of grant, except that the Committee may provide that such Awards become exercisable, vest or settle prior to such date in the event of the Participant's death or disability or in the event of a Change in Control. Notwithstanding the foregoing, (i) up to 5% of the aggregate number of shares of Common Stock authorized for issuance under this Plan (as described in Section 5(a)) may be issued pursuant to Awards subject to any, or no, vesting conditions, as the Committee determines appropriate, and (ii) Awards to non-employee directors may vest in less than one year and not count against the 5% pool described in clause (i) so long as such Awards vest based upon service as a member of the Board from the date of the annual grant to directors through at least April 15 of the next following calendar year.

(c) *Determinations by the Committee.* All decisions, determinations and interpretations by the Committee regarding the Plan, any rules and regulations under the Plan and the terms and conditions of or operation of any Award granted hereunder, shall be final and binding on all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan or any Award. The Committee shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select. Members of the Board and members of the Committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

(d) *Subsidiary Awards.* In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by the Company issuing any subject shares of Common Stock to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the shares of Common Stock to the Participant in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

7. Plan Awards

(a) *Terms Set Forth in Award Agreement.* Awards may be granted at any time and from time to time prior to the termination of the Plan to Eligible Persons as determined by the Committee. The terms and conditions of each Award shall be set forth in an Award Agreement in a form approved by the Committee for such Award, which Award Agreement may contain such terms and conditions as specified from time to time by the Committee, provided such terms and conditions do not conflict with the Plan. The Award Agreement for any Award (other than Restricted Stock awards) shall

include the time or times at or within which and the consideration, if any, for which any shares of Common Stock may be acquired from the Company. The terms of Awards may vary among Participants, and the Plan does not impose upon the Committee any requirement to make Awards subject to uniform terms. Accordingly, the terms of individual Award Agreements may vary.

(b) *Separation from Service.* Subject to the express provisions of the Plan, the Committee shall specify before, at, or after the time of grant of an Award the provisions governing the effect(s) upon an Award of a Participant's Separation from Service.

(c) *Rights of a Shareholder.* A Participant shall have no rights as a shareholder with respect to shares of Common Stock covered by an Award (including voting rights) until the date the Participant becomes the holder of record of such shares of Common Stock. No adjustment shall be made for dividends or other rights for which the record date is prior to such date, except as provided in Section 10(b) or Section 15 of this Plan or as otherwise provided by the Committee.

8. Options

(a) *Grant, Term and Price.* The grant, issuance, retention, vesting and/or settlement of any Option shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions in accordance with Section 12 of the Plan. The term of an Option shall in no event be greater than ten years; provided, however, the term of an Option (other than an Incentive Stock Option) shall be automatically extended if, at the time of its scheduled expiration, the Participant holding such Option is prohibited by law or the Company's insider trading policy from exercising the Option, which extension shall expire on the thirtieth (30th) day following the date such prohibition no longer applies. The Committee will establish the price at which Common Stock may be purchased upon exercise of an Option, which, in no event will be less than the Fair Market Value of such shares on the date of grant; provided, however, that the exercise price per share of Common Stock with respect to an Option that is granted as a Substitute Award may be less than the Fair Market Value of the shares of Common Stock on the date such Option is granted if such exercise price is based on a formula set forth in the terms of the options held by such optionees or in the terms of the agreement providing for such merger or other acquisition that satisfies the requirements of (i) Section 409A of the Code, if such options held by such optionees are not intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code, and (ii) Section 424(a) of the Code, if such options held by such optionees are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code. The exercise price of any Option may be paid in cash or such other method as determined by the Committee, including an irrevocable commitment by a broker to pay over such amount from a sale of the Shares issuable under an Option, the delivery of previously owned shares of Common Stock or withholding of shares of Common Stock deliverable upon exercise.

(b) *No Repricing without Shareholder Approval.* Other than in connection with a change in the Company's capitalization (as described in Section 15), the Committee shall not, without shareholder approval, reduce the exercise price of such Option and, at any time when the exercise price of an Option is above the Fair Market Value of a share of Common Stock, shall not, without shareholder approval (except in the case of a Change in Control), exchange such Option for a new Award or for cash.

(c) *Incentive Stock Options.* Notwithstanding anything to the contrary in this Section 8, in the case of the grant of an Option intending to qualify as an Incentive Stock Option, if the Participant owns stock possessing more than 10 percent of the combined voting power of all classes of stock of the Company (a "10% Shareholder"), the exercise price of such Option must be at least 110 percent of the Fair Market Value of the shares of Common Stock on the date of grant and the Option must expire within a period of not more than five (5) years from the date of grant. Notwithstanding anything in this Section 8 to the contrary, options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Nonqualified Stock Options) to the extent that either (a) the aggregate Fair Market Value of shares of Common Stock (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (b) such Options otherwise remain exercisable but are not exercised within three (3) months (or such other period of time provided in Section 422 of the Code) of separation of service (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder).

(d) *No Shareholder Rights.* Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Option or any shares of Common Stock subject to an Option until the Participant has become the holder of record of such shares.

9. Stock Appreciation Rights

(a) *General Terms.* The grant, issuance, retention, vesting and/or settlement of any Stock Appreciation Right shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions in accordance with Section 12 of the Plan. Stock Appreciation Rights may be granted to Participants from time to time either in tandem with or as a component of Options granted under the Plan ("tandem SARs") or not in conjunction with other Awards ("freestanding SARs"). Upon exercise of a tandem SAR as to some or all of the shares covered by the grant, the related Option shall be canceled automatically to the extent of the number of shares covered by such exercise. Conversely, if the related Option is exercised as to some or all of the shares covered by the grant, the related tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the Option exercise. Any Stock Appreciation Right granted in tandem with an Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option, provided that the Fair Market Value of Common Stock on the date of the SAR's grant is not greater than the exercise price of the related Option. All freestanding SARs shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 8 and all tandem SARs shall have the same exercise price as the Option to which they relate. Subject to the provisions of Section 8 and the immediately preceding sentence, the Committee may impose such other conditions or restrictions on any Stock Appreciation Right as it shall deem appropriate. Stock Appreciation Rights may be settled in Common Stock, cash, Restricted Stock or a combination thereof, as determined by the Committee and set forth in the applicable Award Agreement.

(b) *No Repricing without Shareholder Approval.* Other than in connection with a change in the Company's capitalization (as described in Section 15), the Committee shall not, without shareholder approval, reduce the exercise price of such Stock Appreciation Right and, at any time when the exercise price of a Stock Appreciation Right is above the Fair Market Value of a share of Common Stock, shall not, without shareholder approval (except in the case of a Change in Control), exchange such Stock Appreciation Right for a new Award or for cash.

(c) *No Shareholder Rights.* Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Award of Stock Appreciation Rights or any shares of Common Stock subject to an Award of Stock Appreciation Rights until the Participant has become the holder of record of such shares.

10. Restricted Stock and Stock Unit Awards

(a) *Vesting and Performance Criteria.* The grant, issuance, retention, vesting and/or settlement of any Restricted Stock or Stock Unit Award shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and /or satisfaction of performance conditions in accordance with Section 12 of the Plan. In addition, the Committee shall have the right to grant Restricted Stock or Stock Unit Awards as the form of payment for grants or rights earned or due under other shareholder-approved compensation plans or arrangements of the Company.

(b) *Dividends and Distributions.* Participants in whose name Restricted Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to those shares of Common Stock, unless determined otherwise by the Committee. The Committee will determine whether any such dividends or distributions will be automatically reinvested in additional Restricted Stock and/or subject to the same restrictions on transferability as the shares of Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Unless otherwise provided in the Award Agreement, during the period prior to shares being issued in the name of a Participant under any Stock Unit, the Company shall pay or accrue Dividend Equivalents on each date dividends on Common Stock are paid, subject to such conditions as the Committee may deem appropriate. The time and form of any such payment of Dividend Equivalents shall be specified in the Award Agreement. Notwithstanding anything herein to the contrary, in no event will dividends or Dividend Equivalents be paid with respect to unvested Awards of Restricted Stock or Stock Units. Dividends or Dividend Equivalents accrued on such shares shall become payable no earlier than the date the vesting criteria have been achieved and the underlying shares or Stock Units have become vested.

11. Incentive Bonuses

(a) *Performance Criteria.* The Committee shall establish the performance criteria and level of achievement versus these criteria that shall determine the amount payable under an Incentive Bonus, which may include a target, threshold and/or maximum amount payable and any formula for determining such, and which criteria may be based on performance conditions in accordance with Section 12 of the Plan.

(b) *Timing and Form of Payment.* The Committee shall determine the timing of payment of any Incentive Bonus. Payment of the amount due under an Incentive Bonus may be made in cash or in Common Stock, as determined by the Committee.

12. Performance-Based Compensation

(a) *General.* The Committee may establish performance criteria and level of achievement versus such criteria that shall determine the number of shares of Common Stock to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to an Award, which criteria may be based on Performance Criteria or other standards of financial performance and/or personal performance evaluations.

(b) *Performance Criteria.* For purposes of this Plan, the term "Performance Criteria" shall mean any one or more of the following performance criteria, or derivations of such performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee: (i) cash flow (before or after dividends), (ii) earnings per share (including earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) total shareholder return, (vi) return on capital (including return on total capital or return on invested capital), (vii) return on assets or net assets, (viii) market capitalization, (ix) economic value added, (x) debt leverage (debt to capital), (xi) revenue (including adjusted revenue, Volume Points, net sales and analogous financial measures), (xii) income or net income, (xiii) operating income, (xiv) operating profit or net operating profit, (xv) operating margin or profit margin, (xvi) return on operating revenue, (xvii) cash from operations, (xviii) operating ratio, (xix) operating revenue, (xx) customer service, or (xxi) any other measures of performance as the Committee, in its discretion, deems appropriate. The Committee may provide, at the time an Award is granted or at any time thereafter, that any evaluation of performance under a Performance Criteria shall include or exclude any of the following events that occurs during the applicable performance period: (A) the effects of charges for restructurings or discontinued operations, (B) items of gain, loss or expense determined to be infrequently occurring or related to the disposal of a segment of a business or related to a change in accounting principle, (C) the cumulative effect of accounting change, (D) asset write-downs, (E) litigation, claims, judgments, settlements or loss contingencies, (F) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (G) accruals for reorganization and restructuring programs and (H) accruals of any amounts for payment under this Plan or any other compensation arrangement maintained by the Company.

13. Deferral of Payment

The Committee may, in an Award Agreement or otherwise, provide for the deferred delivery of Common Stock or cash upon settlement, vesting or other events with respect to Stock Units, or in payment or satisfaction of an Incentive Bonus. If a Participant has elected to defer payment or settlement of an Award, then the Award will (provided that all vesting and other conditions have been satisfied) be paid in accordance with the Participant's deferral consistent with the terms of the applicable deferred compensation plan maintained by the Company. Notwithstanding anything herein to the contrary, in no event will any election to defer the delivery of Common Stock or any other payment with respect to any Award be allowed if the Committee determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. No Award shall provide for deferral of compensation that does not comply with Section 409A of the Code. The Company, the Board and the Committee shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Board or the Committee.

14. Conditions and Restrictions Upon Securities Subject to Awards

The Committee may provide that the Common Stock issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Common Stock issued upon exercise, vesting or settlement of such Award (including the actual or constructive surrender of Common Stock already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued under an Award, including without limitation (i) restrictions under an insider trading policy or pursuant to applicable law, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and holders of other Company equity compensation arrangements, (iii) restrictions as to the use of a specified

brokerage firm for such resales or other transfers and (iv) provisions requiring Common Stock be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

15. Adjustment of and Changes in the Stock

(a) The number and kind of shares of Common Stock available for issuance under this Plan (including under any Awards then outstanding), and the number and kind of shares of Common Stock subject to the limits set forth in Section 5 of this Plan, shall be equitably adjusted by the Committee to reflect any reorganization, reclassification, combination of shares, stock split, reverse stock split, spin-off, dividend or distribution of securities, property or cash (other than regular, quarterly cash dividends), or any other event or transaction that affects the number or kind of shares of Common Stock outstanding. Such adjustment may be designed to comply with Section 424 of the Code or may be designed to treat the shares of Common Stock available under the Plan and subject to Awards as if they were all outstanding on the record date for such event or transaction or to increase the number of such shares of Common Stock to reflect a deemed reinvestment in shares of Common Stock of the amount distributed to the Company's securityholders. The terms of any outstanding Award shall also be equitably adjusted by the Committee as to price, number or kind of shares of Common Stock subject to such Award, vesting, and other terms to reflect the foregoing events, which adjustments need not be uniform as between different Awards or different types of Awards. No fractional shares of Common Stock shall be issued pursuant to such an adjustment.

(b) In the event there shall be any other change in the number or kind of outstanding shares of Common Stock, or any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, by reason of a Change in Control, other merger, consolidation or otherwise, then the Committee shall determine the appropriate and equitable adjustment to be effected, which adjustments need not be uniform between different Awards or different types of Awards. In addition, in the event of such change described in this paragraph, the Committee may accelerate the time or times at which any Award may be exercised, consistent with and as otherwise permitted under Section 409A of the Code, and may provide for cancellation of such accelerated Awards that are not exercised within a time prescribed by the Committee in its sole discretion.

(c) Unless otherwise expressly provided for in the Award Agreement or another contract, including an employment agreement, or under the terms of a transaction constituting a Change in Control, the following shall occur upon a Participant's involuntary termination of employment within twenty-four (24) months following a Change in Control, provided that such termination does not result from the Participant's termination for disability, cause or gross misconduct: (i) in the case of an Option or Stock Appreciation Right, the Participant shall have the ability to exercise such Option or Stock Appreciation Right, including any portion of the Option or Stock Appreciation Right not previously exercisable, and the Option or Stock Appreciation Right shall remain exercisable for a period of three (3) years following such termination, but in no event after the expiration of such Option or Stock Appreciation Right, (ii) in the case of an Award subject to performance conditions in accordance with Section 12 of the Plan, the Participant shall have the right to receive a payment based on performance through a date determined by the Committee prior to the Change in Control (unless such performance cannot be determined, in which case the Participant shall have the right to receive a payment equal to the

target amount payable), and (iii) in the case of outstanding Restricted Stock and/or Stock Units, all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse. Notwithstanding anything herein to the contrary, in the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards upon the Change in Control, immediately prior to the Change in Control, all Awards that are not assumed or continued shall be treated as follows effective immediately prior to the Change in Control: (A) in the case of an Option or Stock Appreciation Right, the Participant shall have the ability to exercise such Option or Stock Appreciation Right, including any portion of the Option or Stock Appreciation Right not previously exercisable (provided, that any Option or Stock Appreciation Right for which the exercise price is less than the consideration per Share payable to shareholders of the Company in such Change in Control may be cancelled upon the consummation of the Change in Control without payment of any additional consideration), (B) in the case of an Award subject to performance conditions in accordance with Section 12 of the Plan, the Participant shall have the right to receive a payment based on performance through a date determined by the Committee prior to the Change in Control (unless such performance cannot be determined, in which case the Participant shall have the right to receive a payment equal to the target amount payable), and (C) in the case of outstanding Restricted Stock and/or Stock Units, all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse. In no event shall any action be taken pursuant to this Section 15(c) that would change the payment or settlement date of an Award in a manner that would result in the imposition of any additional taxes or penalties pursuant to Section 409A of the Code.

(d) The Company shall notify Participants holding Awards subject to any adjustments pursuant to this Section 15 of such adjustment, but (whether or not notice is given) such adjustment shall be effective and binding for all purposes of the Plan.

(e) Notwithstanding anything in this Section 15 to the contrary, an adjustment to an Option or Stock Appreciation Right under this Section 15 shall be made in a manner that will not result in the grant of a new Option or Stock Appreciation Right under Section 409A of the Code.

16. Transferability

Each Award may not be sold, transferred for value, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, outstanding Options may be exercised following the Participant's death by the Participant's beneficiaries or as permitted by the Committee.

17. Compliance with Laws and Regulations

This Plan, the grant, issuance, vesting, exercise and settlement of Awards thereunder, and the obligation of the Company to sell, issue or deliver shares of Common Stock under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver Common Stock prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Company is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder, the Company and its Subsidiaries shall be relieved of any liability with respect to the failure to issue or sell such shares of Common Stock as to which such requisite authority shall not have been obtained. No Option shall be exercisable and no Common Stock shall be issued and/or transferable under any other Award unless a registration statement with respect to the Common Stock underlying such Option is effective and current or the Company has determined that such registration is unnecessary.

In the event an Award is granted to or held by a Participant who is employed or providing services outside the United States, the Committee may, in its sole discretion, modify the provisions of the Plan or of such Award as they pertain to such individual to comply with applicable foreign law or to recognize differences in local law, currency or tax policy. The Committee may also impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply with such foreign law and/or to minimize the Company's obligations with respect to tax equalization for Participants employed outside their home country.

18. Withholding

To the extent required by applicable federal, state, local or foreign law, the Committee may and/or a Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with respect to any Award, or the issuance or sale of any shares of Common Stock. The Company shall not be required to recognize any Participant rights under an Award, to issue shares of Common Stock or to recognize the disposition of such shares of Common Stock until such obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied by the Company withholding cash from any compensation otherwise payable to or for the benefit of a Participant, the Company withholding a portion of the shares of Common Stock that otherwise would be issued to a Participant under such Award or any other award held by the Participant or by the Participant tendering to the Company cash or shares of Common Stock.

19. Amendment of the Plan or Awards

The Board may amend, alter or discontinue this Plan and the Committee may amend, or alter any agreement or other document evidencing an Award made under this Plan but, except as provided pursuant to the provisions of Section 15, no such amendment shall, without the approval of the shareholders of the Company:

- (a) increase the maximum number of shares of Common Stock for which Awards may be granted under this Plan;
- (b) reduce the price at which Options may be granted below the price provided for in Section 8(a);
- (c) reprice outstanding Options or SARs as described in 8(b) and 9(b);
- (d) extend the term of this Plan;
- (e) change the class of persons eligible to be Participants; or
- (f) otherwise amend the Plan in any manner requiring shareholder approval by law or the rules of any stock exchange or market or quotation system on which the Common Stock is traded, listed or quoted.

No amendment or alteration to the Plan or an Award or Award Agreement shall be made which would impair the rights of the holder of an Award, without such holder's consent, provided that no such consent shall be required if the Committee determines in its sole discretion and prior to the date of any Change in Control that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

20. No Liability of Company

The Company, any Subsidiary or Affiliate which is in existence or hereafter comes into existence, the Board and the Committee shall not be liable to a Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted hereunder.

21. Non-Exclusivity of Plan

Neither the adoption of this Plan by the Board nor the submission of this Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of restricted stock, stock units, stock appreciation rights or stock options otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

22. Governing Law

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

23. No Right to Employment, Reelection or Continued Service

Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate any Participant's employment, service on the Board or service for the Company at any time or for any reason not prohibited by law, nor shall this Plan or an Award itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award nor

any benefits arising under this Plan shall constitute an employment contract with the Company, any Subsidiary and/or its Affiliates. Subject to Sections 4 and 19, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to any liability on the part of the Company, its Subsidiaries and/or its Affiliates.

24. Forfeiture Upon Termination of Employment

Except as otherwise provided by the Committee in the Award Agreement, Awards may be forfeited if the Participant terminates his or her employment with the Company, a Subsidiary or an Affiliate for any reason.

25. Specified Employee Delay

To the extent any payment under this Plan is considered deferred compensation subject to the restrictions contained in Section 409A of the Code, and to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, such payment may not be made to a specified employee (as determined in accordance with a uniform policy adopted by the Company with respect to all arrangements subject to Section 409A of the Code) upon Separation from Service before the date that is six months after the specified employee's Separation from Service (or, if earlier, the specified employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the sixth month plus one day following the specified employee's Separation from Service (or, if earlier, as soon as administratively practicable after the specified employee's death).

26. No Liability of Committee Members

No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

27. Severability

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

28. Unfunded Plan

The Plan is intended to be an unfunded plan. Participants are and shall at all times be general creditors of the Company with respect to their Awards. If the Committee or the Company chooses to set aside funds in a trust or otherwise for the payment of Awards under the Plan, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

29. Recoupment Policy

As applicable, all Awards, including any shares of Common Stock subject to an Award, are subject to any recovery, recoupment, clawback and/or other forfeiture policy maintained by the Company from time to time and, in accordance with such policy, may be subject to the requirement that such Awards, including any shares of Common Stock subject to such Awards, be repaid to the Company after they have been paid. To the extent any policy adopted by the New York Stock Exchange (or any other exchange on which the securities of the Company are listed) pursuant to Section 10D of the Securities Exchange Act of 1934 requires the repayment of incentive-based compensation received by a Participant, whether paid pursuant to an Award granted under this Plan or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Company, by accepting an Award under this Plan, the Participant agrees to the repayment of such amounts to the extent required by such policy and applicable law.

RULE 13a-14(a) CERTIFICATION

I, Michael O. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Herbalife Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL O. JOHNSON
Michael O. Johnson
Chairman of the Board and Chief Executive Officer

Dated: May 1, 2024

RULE 13a-14(a) CERTIFICATION

I, John G. DeSimone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Herbalife Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN G. DESIMONE
John G. DeSimone
Chief Financial Officer

Dated: May 1, 2024

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Herbalife Ltd., or the Company, on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof, or the Report, I, Michael O. Johnson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL O. JOHNSON
Michael O. Johnson
Chairman of the Board and Chief Executive Officer

Dated: May 1, 2024

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Herbalife Ltd., or the Company, on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof, or the Report, I, John G. DeSimone, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN G. DESIMONE
John G. DeSimone
Chief Financial Officer

Dated: May 1, 2024
