

WeightWatchers.

2024 ANNUAL REPORT

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

FORM 10-K

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

For the fiscal year ended December 28, 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 001-16769

WW INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of incorporation or organization)

11-6040273

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

675 Avenue of the Americas, 6th Floor, New York, New York 10010

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(212) 589-2700

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	WW	The Nasdaq Stock Market LLC

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the registrant's common stock held by non-affiliates as of June 28, 2024 (based upon the closing price of \$1.17 per share of common stock as of June 28, 2024, the last business day of the registrant's second fiscal quarter of 2024, as quoted on The Nasdaq Stock Market LLC) was \$92,644,603. For purposes of this computation, it is assumed that shares of common stock held by our directors and executive officers as of June 28, 2024 would be deemed stock held by affiliates.

The number of shares of common stock outstanding as of February 3, 2025 was 80,127,091.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2025 annual meeting of shareholders are incorporated herein by reference in Part III, Items 10-14. Such Proxy Statement will be filed with the SEC no later than 120 days after the registrant's fiscal year ended December 28, 2024.

WW International, Inc.
Annual Report on Form 10-K
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PART I

BASIS OF PRESENTATION

WW International, Inc. is a Virginia corporation with its principal executive offices in New York, New York. In this Annual Report on Form 10-K unless the context indicates otherwise: “we,” “us,” “our,” the “Company,” “Weight Watchers” and “WW” refer to WW International, Inc. and all of its operations consolidated for purposes of its financial statements. We have one reportable segment for the purpose of making operational and resource decisions and assessing financial performance. See “Item 1. Business—Business Organization” of this Annual Report on Form 10-K.

Our fiscal year ends on the Saturday closest to December 31st and consists of either 52- or 53-week periods. In this Annual Report on Form 10-K:

- “fiscal 2017” refers to our fiscal year ended December 30, 2017;
- “fiscal 2019” refers to our fiscal year ended December 28, 2019;
- “fiscal 2020” refers to our fiscal year ended January 2, 2021 (included a 53rd week);
- “fiscal 2021” refers to our fiscal year ended January 1, 2022;
- “fiscal 2022” refers to our fiscal year ended December 31, 2022;
- “fiscal 2023” refers to our fiscal year ended December 30, 2023;
- “fiscal 2024” refers to our fiscal year ended December 28, 2024;
- “fiscal 2025” refers to our fiscal year ended January 3, 2026 (includes a 53rd week);
- “fiscal 2026” refers to our fiscal year ended January 2, 2027;
- “fiscal 2027” refers to our fiscal year ended January 1, 2028;
- “fiscal 2028” refers to our fiscal year ended December 30, 2028; and
- “fiscal 2029” refers to our fiscal year ended December 29, 2029.

The following terms used in this Annual Report on Form 10-K are our trademarks: ConnectTM, Digital 360[®], Points[®], Weight Watchers[®], ZeroPoint[®], Weekend HealthTM and the WW logo.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, this Annual Report on Form 10-K includes “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 (the “Exchange Act”), including, in particular, the statements about our plans, strategies, objectives and prospects under the headings “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We have generally used the words “may,” “will,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend,” “aim” and similar expressions in this Annual Report on Form 10-K and the documents incorporated by reference herein to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. Actual results could differ materially from those projected in these forward-looking statements.

You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those identified below and discussed under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” could cause our results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, we do not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events or otherwise.

SUMMARY OF MATERIAL RISKS

A summary of the principal factors that create risk in investing in our securities and might cause actual results to differ from expectations is set forth below:

- competition from other weight management and health and wellness industry participants or the development of more effective or more favorably perceived weight management methods;
- our failure to continue to retain and grow our subscriber base;
- our ability to be a leader in the rapidly evolving and increasingly competitive clinical weight management and weight loss market;
- our ability to continue to develop new, innovative services and products and enhance our existing services and products or the failure of our services, products or brands to continue to appeal to the market, or our ability to successfully expand into new channels of distribution or respond to consumer trends or sentiment;
- regulatory, reputational and other risks associated with our new compounded GLP-1 offering;
- our ability to successfully implement strategic initiatives;
- our ability to evolve our community offerings to meet the evolving tastes and preferences of our members;
- the effectiveness and efficiency of our advertising and marketing programs, including the strength of our social media presence;
- the impact on our reputation of actions taken by our franchisees, licensees, suppliers, affiliated provider entities, PCs’ healthcare professionals, and other partners, including as a result of our acquisition of Weekend Health, Inc., doing business as Sequence (“Sequence”) (the “Acquisition”);
- the recognition of asset impairment charges;
- the loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate our workforce;
- our chief executive officer transition;

- our ability to successfully make acquisitions or enter into collaborations or joint ventures, including our ability to successfully integrate, operate or realize the anticipated benefits of such businesses, including with respect to Sequence;
- uncertainties related to a downturn in general economic conditions or consumer confidence, including as a result of the existing inflationary environment, rising interest rates, the potential impact of political and social unrest and increased volatility in the credit and capital markets;
- the seasonal nature of our business;
- our failure to maintain effective internal control over financial reporting;
- the impact of events that impede accessing resources or discourage or impede people from gathering with others;
- the early termination by us of leases;
- the inability to renew certain of our licenses, or the inability to do so on terms that are favorable to us;
- the impact of our substantial amount of debt, debt service obligations and debt covenants, and our exposure to variable rate indebtedness;
- the ability to generate sufficient cash to service our debt and satisfy our other liquidity requirements;
- uncertainties regarding the satisfactory operation of our technology or systems;
- the impact of data security breaches and other malicious acts or privacy concerns, including the costs of compliance with evolving privacy laws and regulations;
- our ability to successfully integrate and use artificial intelligence in our business;
- our ability to enforce our intellectual property rights both domestically and internationally, as well as the impact of our involvement in any claims related to intellectual property rights;
- the impact of existing and future laws and regulations, including federal and state regulations relating to compounded medications;
- risks related to our exposure to extensive and complex healthcare laws and regulations as a result of the Acquisition;
- the outcomes of litigation or regulatory actions;
- risks and uncertainties associated with our international operations, including regulatory, economic, political, social, intellectual property, and foreign currency risks, which risks may be exacerbated as a result of war and terrorism;
- risks related to the Acquisition, including risks that the Acquisition may not achieve its intended results;
- the possibility that we could fail to maintain the listing of our common stock on Nasdaq;
- risks related to the actions of activist shareholders; and
- other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the Securities and Exchange Commission (the “SEC”).

Item 1. Business

Overview

We are a global leader in weight management, combining science and community, to help our millions of members live their healthiest lives. With over six decades of weight management experience, expertise and know-how, we are the most recognized brand name in the field of weight loss. Our unique portfolio, including clinical solutions in the United States, empowers people to achieve their weight management goals and sustain their results. We are powered by our proprietary digital platform that provides members with access to our science-backed behavioral weight loss and weight management programs – our Points Program, Diabetes Program and GLP-1 Program – and our virtual and in-person community. We believe our community increases accountability and provides our members with inspiration, human connection, and support. In the United States, our digital platform also provides our members access to a network of licensed, specialized healthcare professionals who can provide clinical weight management support, including prescribing medications to those clinically eligible, through WeightWatchers Clinic-affiliated practices. As the number of people with overweight and obesity worldwide continues to grow, the need for effective, scalable, consumer-friendly and tailored weight management programs and access to weight-loss medication continues to increase. We believe the combination of our effective programs, global presence, active community and brand awareness uniquely position us to attract new and returning members and impact the weight management market.

Our primary sources of revenue are subscriptions for our digital, workshop, and clinical offerings. Our “Digital” business refers to providing subscriptions to our digital product offerings. Our “Workshops + Digital” business refers to providing subscriptions for unlimited access to our workshops combined with our digital subscription product offerings. Our “Clinical” business refers to providing subscriptions to our clinical product offerings provided by WeightWatchers Clinic (formerly referred to as Sequence) combined with our digital subscription product offerings and unlimited access to our workshops. We also refer to our Workshops + Digital business and Digital business collectively as our “Behavioral” business.

Business Organization

As previously disclosed, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of the Company’s centralized organizational structure in fiscal 2023, and management’s 2024 strategic planning process, the Company’s reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. The segment information presented in this Annual Report on Form 10-K for fiscal 2023 and fiscal 2022 has been updated to reflect this reportable segment structure. For details on our reportable segment in fiscal 2024, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II of this Annual Report on Form 10-K.

Our Offerings

Our Behavior Change Programs

Our weight loss and weight management programs are rooted in nutritional and behavior change science. They are comprised of a range of science-based nutritional, activity, behavioral and lifestyle tools and approaches that can be tailored for individual weight goals and, if needed, support the unique needs of people taking GLP-1 medications or living with diabetes. Our Points Program continues to be grounded in our scientific Points system, which uses a proprietary nutritional algorithm to assign each food a value based on its calorie, saturated fat, unsaturated fat, added sugar, protein and fiber content. After a proprietary, personal assessment takes into account a member's metabolic rate, members receive a tailored daily and weekly Points Budget to guide them towards healthy foods and appropriate portion sizes, forming the foundation of a healthy eating pattern. Members can take advantage of over 350 ZeroPoint foods (nutritious foods which do not need to be weighed, measured, or tracked). We offer tailored versions of the Points Program for individuals living with diabetes and individuals taking GLP-1s. Our Diabetes Program takes into account the dietary needs of those living with diabetes by tracking blood sugar levels and tailoring their plans towards those foods that are less likely to impact such levels, and members can connect certain continuous glucose monitor data to our app for additional insights. Our GLP-1 Program, which launched in the U.S., U.K. and Germany in December 2023, is our first nutrition and activity program to complement a weight loss journey for those who are taking GLP-1 medications, whether provided through WeightWatchers Clinic (as described below) or prescribed by another medical provider. This program supports these members by helping them to prioritize nutritious foods while appetite is significantly reduced by the medication and to maintain muscle mass while losing weight on the medication by focusing on protein dense food and promoting activity. Our behavior change programs help members adopt a healthier and more active lifestyle, a helpful mindset, and healthy habits, with a view toward long-term behavior modification — a key aspect of our approach toward achieving lasting weight loss and management.

Our app delivers our programs by providing tools, education, nutrition and wellness resources, and access to our virtual member community to help our members on their weight management journey. These include trackers for food, water, activity and weight (and, for members on our Diabetes Program, a tracker for blood sugar) as well as progress against personal goals and content regarding behavioral techniques for building healthy habits. In addition to tracking Points, members can also track macronutrient data, including calories, protein, carbohydrates, fat, fiber and sodium. Our Connect platform, a members-only social network accessed through our app, fosters meaningful relationships by helping people find communities based on shared interests including food preferences, identity cohorts, wellness journey, activity, mindset, hobbies, locations, events and workshops. Members can also access digital tools in our app, including our recently launched AI-powered photo Food Scanner and Recipe Analyzer, which instantly estimates and tracks ingredients, portions and Points based upon a photo or recipe website address, respectively, to help them on their weight management journey.

Members can supplement their app experience with group workshops, delivered virtually through the app or, where available, in-person, of 30-45 minutes in duration, conveniently scheduled throughout the day. WW-trained coaches facilitate these interactive workshops that encourage learning and inspire members to make positive changes towards their individual goals. Members provide each other inspiration and support by sharing their experiences with, and by providing encouragement and empathy to, other people on weight health journeys. In addition, through WeightWatchers Clinic, all members are able to schedule visits with registered dietitians, clinicians expert in nutrition, lifestyle and habit-building.

WeightWatchers Clinic

WeightWatchers Clinic is our clinical offering in the United States which provides members who medically qualify access to clinicians who can prescribe weight management medications when clinically appropriate, paired with our behavior change programs, such as our GLP-1 Program. WeightWatchers clinicians may prescribe to clinically eligible members U.S. Food and Drug Administration (“FDA”)-approved medications for chronic weight management, including GLP-1s, and, beginning in October 2024 compounded semaglutide. Through our telehealth platform, members are guided by a multidisciplinary care team comprised of a care coordinator to facilitate insurance coverage, if applicable, registered dietitians, fitness specialists, and a board-certified clinician. Clinical members also have access to medication management, from dosage, to refilling prescriptions, to tracking weight loss and mitigating any potential side-effects, with the assistance of their clinician.

Licensing and Consumer Product Sales

We continue to license our trademarks and other intellectual property in certain categories of food, beverages and other weight management-relevant consumer products and services. Additionally, we co-brand with or endorse carefully selected branded consumer products and services. By partnering with carefully selected companies in categories relevant and helpful to weight- and health-conscious consumers, we have a high-margin licensing business that gives us access to these consumers and also increases the awareness of our brands. In connection with our acquisition from The Kraft Heinz Company (successor to H.J. Heinz Company), or Heinz, in September 1999, Heinz received a perpetual royalty-free license to continue using our brand in certain food categories.

We previously sold a range of consumer products that complemented our programs and helped our customers in their weight management efforts. Our WW-branded products included bars, snacks, cookbooks and kitchen tools. We primarily sold consumer products online through our e-commerce platforms, at our studios, and through our trusted partners. In fiscal 2023, sales of consumer products represented approximately 6.2% of our total revenues. We made a strategic decision to close this lower-margin consumer products business, which we completed at the end of fiscal 2023.

Our Subscription Model

The payment structure for our offerings discussed above is through subscription plans and in some cases, includes a one-time initiation fee or one-time payments for add-on services, such as registered dietitian visits that are offered to all members regardless of subscription plan. Pursuant to these subscription plans, a member typically selects the behavior change program which best meets them on their personal weight health journey and may elect to participate in our WeightWatchers Clinic offering as well, commits to a minimum term and is automatically charged on a monthly basis until the member elects to cancel. With any subscription, members are granted access to one of our programs and our app with its functionality and tools. Digital members may elect to supplement their subscription with access to our group workshops. WeightWatchers Clinic members receive the benefits of our group workshops as part of their subscription. Within the three channels of membership subscription described below, members can find services and tools that best meet their preferences and needs.

Digital Business

In our Digital business, we offer a digital subscription product based on weight loss and weight management. Our app provides interactive and personalized resources that allow subscribers to follow one of our three behavior change programs - the Points Program, Diabetes Program and GLP-1 Program, including access to Connect, our member community platform. We continually innovate our Digital offerings to maximize the design, usability, features and capabilities of our app to support our weight loss and weight management programs and community. As of the end of fiscal 2024, we had approximately 2.7 million Digital subscribers.

Workshops + Digital Business

In our Workshops + Digital business, we offer a subscription for unlimited access to our workshops in addition to our digital subscription product described above. As part of this offering, we present our program in group workshops. Coaches lead these interactive workshops that encourage learning and inspire members to make positive changes towards their individual goals. Our interactive communities remain the cornerstone of our workshops. Members provide each other inspiration and support by sharing their experiences with, and by providing encouragement and empathy to, other people on weight health journeys. As of the end of fiscal 2024, we had approximately 0.5 million Workshops + Digital subscribers.

We have franchisees in a limited number of territories. In fiscal 2024, revenue from our franchisees were immaterial. Pursuant to long-standing agreements, we and our franchisees typically pay each other royalties and other fees. We have enjoyed a mutually beneficial relationship with our franchisees over many years. Most franchise agreements are perpetual and can be terminated only upon a material breach or bankruptcy of the franchisee.

Clinical Business

In our Clinical business, which we launched in 2023 following the acquisition of Sequence, we offer a subscription for clinically eligible members to access a clinician who can prescribe weight management medications when clinically appropriate, as well as to access the benefits of our Workshops + Digital subscription described above. As part of this offering, each Clinical member has a care team to assist them in their weight health journey. The care team not only offers support but also guidance on how to meet weight health challenges, including those related to insurance coordination. Clinical members have access to check-ins with their respective clinicians to assist them with their medication as needed. Clinical members are also able to access our app and attend dedicated virtual workshops to connect with other members who are also on a clinical weight health journey, in addition to any other virtual or in-person workshops. As of the end of fiscal 2024, we had approximately 0.1 million Clinical subscribers.

WeightWatchers for Business Offering

Through our WeightWatchers for Business offering, we are leveraging our organizational capability to serve employers, payers and health plans with the offerings of our Digital, Workshops + Digital and Clinical businesses. As healthcare and GLP-1 medication costs continue to be a significant concern for these stakeholders, we believe that our broad range of offerings uniquely positions us to serve the market and help them reduce their healthcare costs and improve the overall weight health of their constituents.

Our Clinical Efficacy and Reputation in the Marketplace

We are grounded in decades of proven scientific research and we have continued to evolve our science-backed programs alongside advancements in nutritional and behavior change research. With over 180 peer-reviewed scientific studies (including over 63 randomized controlled trials) published on WeightWatchers, we are one of the most extensively studied commercial weight management programs. This robust body of research underscores the scientific rigor of our approach, demonstrating its effectiveness across clinical and community settings, and in comparisons to other weight management programs or standards of care.

As one example, in 2022, a randomized controlled trial conducted by research teams at the University of North Carolina - Chapel Hill, University of British Columbia, and University of Leeds and funded by us was published in JAMA Network Open and found that study participants assigned to WW for 12 months had over two times more weight loss compared to participants who were assigned to a do-it-yourself weight loss approach. In addition, those assigned to WW were more likely to achieve clinically significant weight loss of five percent at three and twelve months.

WW also has demonstrated efficacy among individuals with diabetes. In 2023, results from a multisite, single arm trial of the WW Diabetes Program in people with type II diabetes conducted at Pennington Biomedical Research Center, University of Florida and Virginia Commonwealth University and funded by us showed statistically significant improvements in weight loss, blood sugar, and diabetes distress at six months.

The efficacy and the value of our offerings are also well-acknowledged in the marketplace. In 2025, we again were recognized by U.S. News & World Report in the “Best Diets” rankings, including ranking #1 for “Best Weight-Loss Diets” for the fifteenth consecutive year and again ranking #1 for “Best Diet Programs.”

Through our commitment to rigorous scientific research, we believe we continue to set the standard in evidence-based weight management, helping individuals achieve meaningful and lasting health improvements.

Marketing and Promotion

Our communications with consumers and other promotional efforts enhance our brand image and awareness and motivate both former and potential new customers to join WW. We utilize a data-driven approach to our media placements, promotional offers, and website and app store presence to enhance marketing efficiency, drive conversion, and maximize subscription value. Our advertising campaigns are supported across multiple platforms (e.g., television, YouTube, social media, programmatic, audio, search, affiliate, branded content, electronic customer relationship marketing (eCRM), direct mail, and public relations). We develop and maintain a high level of engagement with current and potential customers on various social media platforms including Facebook, Instagram and TikTok. Also, at times, we utilize brand ambassadors, spokespersons and social media influencers, including celebrities, as part of our advertising and marketing.

In addition to the above advertising channels, we take advantage of other channels for which we are uniquely positioned given our long history and network of WW coaches and members. The word of mouth generated by our current and former members, combined with our strong brand and reputation for effectiveness, enable us to attract new and returning members. We also carry out key public relations initiatives through the efforts of current and former WW members, social media influencers, and, from time to time, celebrity brand ambassadors.

Seasonality

Our business is seasonal due to the importance of the winter season to our overall member recruitment environment. Historically, we experience our highest level of recruitment during the first quarter of the year, which is supported with the highest concentration of advertising spending. Therefore, our number of End of Period Subscribers (as defined below) in the first quarter of the year has been typically higher than the number in other quarters of the year, historically reflecting a decline over the course of the year.

Competition

We compete in the global weight management and health and wellness market. The weight management and health and wellness industries include commercial weight management programs; online and clinical prescription services; weight management services administered in-person or virtually by doctors, nutritionists, dietitians and other clinicians; the pharmaceutical industry and prescription and over-the-counter weight management and weight loss injectables, pills and appetite suppressants as well as compounded drug formulations; weight loss and wellness apps and monitoring solutions, such as wearable trackers; surgical procedures; the genetics and biotechnology industry; self-help weight management regimens and other self-help weight management products, services and publications, such as books, magazines, websites, and social media influencers and groups; dietary supplements and meal replacement products; healthy living services, coaching, products, content and publications; government agencies and non-profit groups that offer weight management services; fitness centers; and national drug store chains. These competitive programs, products, services and publications are offered at various price points, and in some cases for free or at a low cost to consumers, such as free apps.

Competition among commercial weight management programs and online and clinical prescription services is largely based on program recognition and reputation; the effectiveness, ease of use, safety, personalization and price of the program and services; the range of offerings and services; and the related digital platform, content and user experience. We compete with many other companies in the commercial weight management industry, although we believe that in certain cases their businesses are not comparable to ours. For example, we believe our prominence as one of the most clinically-studied commercial weight management programs differentiates us from many of our competitors. In conjunction with our flexible, healthy food plan and emphasis on behavior change education, we believe that the power of our communities -- via our online social network, Connect, and workshops -- increases accountability and provides our members with inspiration, human connection, and support, which motivates them and enables them to build healthier and more fulfilling food, activity and lifestyle habits. Additionally, we believe we are differentiated by offering a continuum of solutions inclusive of our behavior change programs, community support through our workshops, and in the United States, our telehealth platform providing members who medically qualify access to clinicians who can prescribe weight management medications when clinically appropriate.

Our Clinical business is part of the emerging market at the confluence of healthcare and technology, which is increasingly competitive, subject to rapid change, and significantly affected by new product and technological introductions, the evolving regulatory landscape, and other market activities of industry participants. The increased popularity and acceptance and rapid adoption of medication as a weight loss tool has introduced new competitors in the weight management and health and wellness market and increased competition from certain of our existing competitors. We compete directly not only with telehealth providers but also traditional healthcare providers, pharmacies, pharmaceutical companies, and other technology companies entering into the weight management and health and wellness industry. Conversely, increased attention by consumers and the media to recent developments, innovations, and approvals of chronic weight management drug therapies, the increase in compounded drug formulations, and the perception of their safety, effectiveness and ease of use, may also delay or prevent consumer engagement in our Behavioral businesses.

Trademarks, Patents and Other Proprietary Rights

We own numerous domestic and international trademarks, patents, domain names and other proprietary rights that are valuable assets and are important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are used in the regular course of trade and/or their registrations are properly maintained. Patent protection extends for varying periods according to the date of patent filing or grant and the legal term of patents in the jurisdiction in which the patent is granted. The actual protection afforded by a patent may vary from country to country depending upon the type of patent, the scope of its coverage and the availability of legal remedies in the country. We believe the protection of our trademarks, copyrights, patents, domain names, trade dress and trade secrets is important to our success. We aggressively protect our intellectual property rights by relying on a combination of trademark, copyright, patent, trade dress, trade secret and other intellectual property laws, and through domain name dispute resolution systems.

History

In 1961, Jean Nidetch, our founder, attended a New York City obesity clinic and took what she learned from her personal experience at the obesity clinic and began weight-loss meetings with a group of her overweight friends in the basement of a New York apartment building. Under Ms. Nidetch's leadership, the group members supported each other in their weight-loss efforts, and word of the group's success quickly spread. Ms. Nidetch and Al and Felice Lippert, who all successfully lost weight through these efforts, formally launched our business in 1963. WW International, Inc. (formerly known as Weight Watchers International, Inc.) was incorporated as a Virginia corporation in 1974 and succeeded to the business started in New York in 1963. Heinz acquired us in 1978. Artal Luxembourg S.A. acquired us from Heinz in 1999, and fully sold its remaining shares of our common stock in 2023.

Acquisition of Clinical Business

As previously disclosed, on April 10, 2023, we completed our acquisition of the subscription telehealth platform offering of Weekend Health, Inc., doing business as Sequence, a Delaware corporation ("Sequence"), pursuant to an agreement and plan of merger, under which Sequence continued as a wholly-owned subsidiary of the Company. The acquisition of Sequence expanded our offerings for members to include clinical interventions and allowed us to build a new weight health pathway which leverages the advancements in chronic weight management medications and meets the increasing consumer demand for solutions which include GLP-1 medications. For additional information on this acquisition, see Note 6 "Acquisitions" of the notes to the audited consolidated financial statements contained in this Annual Report on Form 10-K.

Winfrey Transaction

On October 18, 2015, we entered into a Strategic Collaboration Agreement with Ms. Winfrey (as amended, the “Strategic Collaboration Agreement”), pursuant to which Ms. Winfrey granted us the right to use, subject to her approval, her name, image, likeness and endorsement for and in connection with the Company and its programs, products and services (including in advertising, promotion, materials and content), and we granted Ms. Winfrey the right to use our trademarks and service marks to collaborate with and promote the Company and its programs, products and services. The Strategic Collaboration Agreement had an initial term of five years (the “Initial Term”), with additional successive one year renewal terms. On December 15, 2019, we entered into an amendment of the Strategic Collaboration Agreement (the “Strategic Collaboration Amendment”) with Ms. Winfrey, pursuant to which, among other things, the Initial Term was extended until April 17, 2023 (with no additional successive renewal terms) after which a second term commenced and will continue through the earlier of the date of the Company’s 2025 annual meeting of shareholders or May 31, 2025 (the “Second Term” and together with the Initial Term, the “Strategic Term”). During the Initial Term, Ms. Winfrey consulted with us and participated in developing, planning, executing and enhancing the WW programs and related initiatives, and provided us with services in her discretion to promote the Company and its programs, products and services, including in advertisements and promotions, and made personal appearances on our behalf. During the Second Term, Ms. Winfrey and the Company will collaborate with each other towards the mutual objective of advancing and promoting the WW programs and the Company, and in connection therewith, Ms. Winfrey will consult with the Company and participate in developing, planning, executing and enhancing the WW programs and related initiatives. In connection therewith, Ms. Winfrey will make available to the Company her knowledge, expertise, and abilities in the areas of corporate management, consumer insights, advertising and marketing, consumer motivation, and community activation and consult and participate in the design and planning of creative strategy and the related execution of the consumer experience in connection with the WW programs. In addition, throughout the Second Term, except as otherwise prohibited by applicable law, the Company intended to cause Ms. Winfrey to be nominated as a director of the Company. However, Ms. Winfrey did not seek re-election as a director of the Company at the Company’s 2024 annual meeting of shareholders. Ms. Winfrey will not grant anyone but the Company the right to use her name, image, likeness or endorsement for or in connection with any other weight loss or weight management programs during the Strategic Term, and she will not engage in any other weight loss or weight management business, program, products, or services during the Strategic Term and for one year thereafter. The Strategic Collaboration Amendment became operative on May 6, 2020 when our shareholders approved the Winfrey Amendment Option (as defined below).

On October 18, 2015, we also entered into a Share Purchase Agreement with Ms. Winfrey (as amended, the “Winfrey Purchase Agreement”), pursuant to which we issued and sold to Ms. Winfrey an aggregate of 6,362,103 shares of our common stock for an aggregate cash purchase price of \$43,198,679. The purchased shares were previously subject to a right of first offer and right of first refusal held by the Company, as discussed further below. Under the Winfrey Purchase Agreement, Ms. Winfrey has certain demand registration rights and piggyback rights with respect to these purchased shares.

In consideration of Ms. Winfrey entering into the Strategic Collaboration Agreement and the performance of her obligations thereunder, on October 18, 2015, we granted Ms. Winfrey a fully vested option to purchase 3,513,468 shares of our common stock (the “Winfrey Option”). The term sheet for the Winfrey Option, which includes the terms and conditions appended thereto, relating to the grant of the Winfrey Option is referred to herein as the “Winfrey Option Agreement”. The Winfrey Option is exercisable at a price of \$6.97 per share, in whole or in part, at any time prior to October 18, 2025, subject to earlier termination under certain circumstances, including if a change in control (as defined in the Winfrey Option Agreement) of the Company occurs. The shares issuable upon exercise of the Winfrey Option were previously subject to a right of first offer and right of first refusal held by the Company, as discussed further below.

In consideration of Ms. Winfrey entering into the Strategic Collaboration Amendment and the performance of her obligations thereunder, on December 15, 2019, the Company and Ms. Winfrey entered into a term sheet relating to the grant of a fully vested option to purchase 3,276,484 shares of our common stock (the “Winfrey Amendment Option”). The term sheet for the Winfrey Amendment Option, which includes the terms and conditions appended thereto, is referred to herein as the “Winfrey Amendment Option Agreement”. Upon our shareholders approving the Winfrey Amendment Option on May 6, 2020, it became exercisable at a price of \$38.84 per share, in whole or in part, at any time prior to November 30, 2025, subject to earlier termination under certain circumstances, including if a change in control (as defined in the Winfrey Amendment Option Agreement) of the Company occurs. The shares issuable upon exercise of the Winfrey Amendment Option were previously subject to certain transfer restrictions and a right of first offer and right of first refusal held by the Company, as discussed further below.

In fiscal 2024, Ms. Winfrey donated all shares of common stock that she owned to the National Museum of African American History and Culture (the “Museum”). In February 2024, Ms. Winfrey announced her intention to donate the net proceeds from any subsequent exercise and sale of the Winfrey Option and the Winfrey Amendment Option, if any, to the Museum. In connection with Ms. Winfrey’s proposed and consummated charitable donations, the Company declined to exercise its rights of first offer and first refusal discussed above and waived any remaining transfer restrictions applicable to the shares donated or proposed to be donated and, to the extent the net proceeds of the sale of such shares are donated to the Museum, the shares issuable under either of the Winfrey Option or the Winfrey Amendment Option.

Regulation

A number of laws and regulations govern our advertising and marketing, services, products, operations and PCs and Affiliated Professionals (both as defined below) and relations with consumers, licensees, franchisees, health plans, strategic and other contractual partners, coaches, guides, employees and government authorities in the countries in which we operate. Certain federal, state and foreign agencies, such as the U.S. Federal Trade Commission (the “FTC”) and the FDA regulate and enforce such laws and regulations relating to advertising and marketing, promotions, packaging, labeling, privacy, consumer pricing and billing arrangements and other consumer protection matters. Additionally, the FDA and state agencies and licensing boards regulate and enforce laws and regulations relating to certain of the products offered through our Clinical business. We are subject to many distinct employment, labor, commercial, benefits and tax laws and regulations in each country in which we operate, including regulations affecting our employment and wage and hour practices and our relations with our coaches, guides and employees. Laws and regulations directly applicable to data protection and communications, operations or commerce over the Internet, such as those governing consumer protection, intellectual property, privacy and taxation, continue to evolve. Our operations are subject to these laws and regulations and we continue to monitor their development and our compliance.

From time to time, we have been in discussions with the FTC regarding advertisements of services and products. Subsequent to our 2018 acquisition of Kurbo Health, Inc., (“Kurbo”), we engaged in discussions with the FTC regarding online privacy obligations associated with that program. In February 2022, the FTC filed a complaint and proposed settlement order to resolve allegations that Kurbo violated the Children’s Online Privacy Protection Act. We entered into a consent order with the FTC in March 2022 settling all contested issues raised in the complaint filed against us, and determined in the second quarter of fiscal 2022 to exit the Kurbo business in the third quarter of fiscal 2022 as part of our strategic plan.

In addition, we, our PCs, and Affiliated Professionals are subject to other laws and regulations in the United States and internationally, as applicable. For example, the practice of medicine is subject to various federal, state, and local certification and licensing laws, regulations, and approvals, which relate to topics including the adequacy of medical care, the practice of medicine (including the provision of remote care), personnel, operating policies and procedures, and the prerequisites for the prescription of medication. Failure to comply with these or other laws and regulations or changes in laws, regulations, policies, and related interpretations and enforcement practices could give rise to civil or criminal penalties, affect our cost of doing business, alter the landscape in which we do business, and require operational changes. Our contractual relationships with our PCs and Affiliated Professionals are also subject to various state laws that prohibit fee splitting, the sharing of professional services income with nonprofessional or business interests, and the corporate practice of medicine (“CPOM”) and laws, regulations, and administrative interpretations intended to prevent unlicensed persons from interfering with or influencing the physician’s professional judgment. CPOM and fee splitting laws vary from state to state and are subject to interpretation and enforcement by state regulators, and the failure to comply could lead to adverse judicial or administrative actions against us, our PCs or Affiliated Professionals, civil or criminal penalties, cease-and-desist orders, loss of healthcare provider licenses, changes to contractual arrangements, and other materially adverse consequences. A determination of liability under, or noncompliance with, broadly applicable fraud and abuse laws and regulations, such as state healthcare fraud and abuse laws that apply to items or services reimbursed by any third-party payor, including funds paid out of pocket by patients, may also subject us, our PCs, or our Affiliated Professionals to fines, penalties, other adverse consequences, and restrictions on our business, our PCs or Affiliated Providers. The scope of these laws and interpretations of them vary by jurisdiction and are enforced by courts and governmental and regulatory authorities, each with broad discretion. See “Risk Factors—Risks Related to Laws and Regulations, Litigation, and Our International Operations—We may be subject to extensive fraud, waste, and abuse laws that may give rise to federal and state audits and investigations, including actions for false and other improper claims.”

Human Capital Management

At WeightWatchers we believe that our workforce plays a vital role in our success. As of December 31, 2024, we had approximately 3,700 employees in 11 countries, a majority of whom were part-time employees. In addition, in certain of our international markets, our coaches and guides are self-employed and are not included in this total.

Diversity and Inclusion

We believe that a diverse and inclusive workforce creates an environment where we're able to leverage the range and breadth of experience needed to achieve lasting results for our members while enabling better execution of our strategic initiatives. All of our current executive officers, including our Chief Executive Officer and our Chief Financial Officer, are women. We offer forums and formal training programs for our employees to enable them to continue their education and share best practices and experiences, which creates an ongoing evolution and community with respect to diversity and inclusion and belonging in the workplace.

Training and Development

We develop our employees by offering in-house learning and development resources. These include online and in-person training programs on a variety of topics in order to foster career growth both long term and short term. For example, we offer leadership training to help ensure our future business leaders have the necessary skill sets to manage and lead our organization.

Wellness, Health and Safety

We are focused on promoting the total wellness of our employees, and offer resources, programs and services to support our employees' physical, mental, financial and social wellness. For example, in 2024 we expanded coverage for mental health support through a robust global digital employee assistance program and expanded weight management services in the United States. We continue to strive to be an advocate for participants and a fiduciary of the plan. We believe in creating a work environment that supports our employees' wellbeing, while still maintaining our commitment to our members. Our work model is designed to enhance productivity and foster innovation by allowing our corporate employees and their leaders to work together in determining when, where and how they work to achieve the best possible results. We believe this approach strikes an appropriate balance between our purpose-driven culture of helping our members develop healthy habits while respecting the wellness, health and safety of our employees. To facilitate virtual and in-person collaboration, we offer forums and formal training programs to provide our employees with the tools and skills to be successful in a hybrid workplace.

As always, protecting the privacy and security of our data is one of our top priorities, and we continue to enhance an advanced industry standard Zero-Trust software-defined network, coupled with multi-factor authentication, to secure our environment from unauthorized access.

Total Rewards

We provide competitive compensation and benefits programs for our employees. In addition to salaries, these programs (which vary by employee level and by the country where the employees are located) include, among other items, bonuses, stock awards, retirement benefits including 401(k) (or local market equivalent), healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, paid parental leave, advocacy resources, flexible work schedules and employee assistance programs.

Available Information

Corporate information and our press releases, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments thereto, are available free of charge on our corporate website at corporate.ww.com as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also make available at that site the Section 16 reports filed electronically by our officers, directors and 10 percent shareholders.

We use our corporate website at corporate.ww.com and certain social media channels such as our Instagram account ([Instagram.com/weightwatchers](https://www.instagram.com/weightwatchers)), corporate Facebook page (www.facebook.com/weightwatchers), X account (@ww_us) and LinkedIn page (www.linkedin.com/company/weightwatchers) as channels of distribution of Company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website and social media channels shall not be deemed to be incorporated herein by reference.

Our Amended and Restated Code of Business Conduct and Ethics (the “Code of Business Conduct and Ethics”) and our Corporate Governance Guidelines as amended are also available on our corporate website at corporate.ww.com.

Item 1A. Risk Factors

You should consider carefully, in addition to the other information contained in this Annual Report on Form 10-K and the exhibits hereto, the following risk factors in evaluating our business. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The following discussion of risks is not all inclusive but is designed to highlight what we believe are the material risks that we face. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial, may also have a material adverse effect on our business, financial condition or results of operations.

Risks Related to Our Business and Operations

Competition from other weight management and health and wellness industry participants or the development of more effective or more favorably perceived weight management methods could result in decreased demand for our services and products.

The weight management and health and wellness marketplace, which includes clinical solutions, is highly competitive. We compete against a wide range of providers of weight management services and products. Our competitors include: commercial weight management programs; online and clinical prescription services; weight management services administered in-person or virtually by doctors, nutritionists, dietitians and other clinicians; the pharmaceutical industry and prescription and over the counter weight management and weight loss injectables, pills and appetite suppressants as well as compounded drug formulations; weight loss and wellness apps and monitoring solutions, such as wearable trackers; surgical procedures; the genetics and biotechnology industry; self-help weight management regimens and other self-help weight management products, services and publications, such as books, magazines, websites, and social media influencers and groups; dietary supplements and meal replacement products; healthy living services, coaching, products, content and publications; government agencies and non-profit groups that offer weight management services; fitness centers; and national drug store chains. As we or others develop new or different weight management services, products, methods or technologies, additional competitors may emerge. Furthermore, existing competitors may enter new markets or channels of distribution or expand their offerings or advertising and marketing programs, and future competitors may do the same. More effective or more favorably perceived, or easier to use, diet and weight and healthy living management methods, including pharmaceutical treatments, fat and sugar substitutes or other technological and scientific advancements in weight management methods, also may be developed. Some of our competitors are also significantly larger than we are and have substantially greater resources. This competition may reduce demand for our services and products.

Our Clinical business is part of the emerging market at the confluence of healthcare and technology, which is increasingly competitive, subject to rapid change, and significantly affected by new product and technological introductions, the evolving regulatory landscape and other market activities of industry participants. The increased popularity and acceptance and rapid adoption of medication as a weight loss tool has introduced new competitors in the weight management and health and wellness market and increased competition from certain of our existing competitors. We compete directly not only with telehealth providers but also traditional healthcare providers, pharmacies, pharmaceutical companies, and other technology companies entering into the weight management and health and wellness industry. Many of our current and potential competitors may have greater name and brand recognition in the larger healthcare market, longer operating histories, or significantly greater resources than we do, or may be able to offer products and services similar to those offered by WeightWatchers Clinic at more attractive prices than we can. Conversely, increased attention by consumers and the media to recent developments, innovations, and approvals of chronic weight management drug therapies, the increase in compounded drug formulations, and the perception of their safety, effectiveness and ease of use, may also delay or prevent consumer engagement in our Behavioral business line.

The purchasing decisions of weight management and health and wellness consumers are highly subjective and can be influenced by many factors, such as perception of the ease of use and efficacy of the service and product offerings as well as brand image or reputation, marketing programs, cost, social media presence and sentiment, consumer trends, personalization, the digital platform, content and user experience. Moreover, consumers can, and frequently do, change approaches easily. For example, fad diets and weight loss trends, such as low-carbohydrate diets, have adversely affected our revenues from time to time. Also, our revenue from our Behavioral business line has been and may continue to be adversely affected by the popularity and expanding availability of pharmacotherapy treatments (offered either in-person by medical providers or through other telehealth platforms), as well as apps, activity monitors and other free or low-cost “do-it-yourself” alternatives. Any decrease in demand for our services and products may adversely affect our business, financial condition or results of operations.

A failure to continue to retain and grow our subscriber base could adversely affect our results of operations and business.

Subscriptions to our businesses generate the predominant portion of our revenue, and our future growth depends upon our ability to retain and grow our subscriber base and audience. To do so will require us to continue to evolve our subscription model, user experience and digital platform; address changing consumer demands and developments in science and technology; and improve our services and products while continuing to provide our members with guidance, compelling content, personalization and an inspiring community to enable them to develop healthy habits. We have invested and will continue to invest significant resources in these efforts, but there is no assurance that we will be able to successfully maintain and increase our subscriber base or that we will be able to do so without taking steps such as reducing pricing or incurring subscription acquisition costs that would affect our subscription revenues, margin and/or profitability.

We may not be able to successfully execute our business plan to be a leader in the rapidly evolving and increasingly competitive clinical weight management and weight loss market, which could adversely affect our business, financial condition or results of operations.

The clinical weight management and weight loss market is rapidly evolving and increasingly competitive. The potential growth and scope of, and future investments in, this market is unknown and it may not reach the market size or generate the related revenues that we anticipate. Additionally, insurance and employer cost coverage for weight management medications may not be expanded or may contract further, and prices for weight management medications may rise or may not decline, making them unaffordable to certain consumers. Our future financial performance depends in part on growth in this market, our ability to market effectively and in a cost-efficient manner to customers who are seeking a clinical weight management solution, and our ability to adapt to emerging demands of existing and potential customers and the evolving regulatory landscape. Our virtual care Clinical offering, WeightWatchers Clinic, may be unable to achieve and sustain high levels of demand, consumer acceptance, and market adoption. Negative publicity concerning telehealth generally or weight management medications specifically, such as information regarding side effects or adverse events associated with such medications, or our Clinical offerings and related customer experiences, could limit market acceptance of our business model and services within this larger market. Similarly, negative publicity regarding customer confidentiality and privacy in the context of telehealth could limit market acceptance of our business model and services. If our Clinical offerings are unable to drive recruitment and retention, our Clinical subscriber base may not grow, or may grow more slowly than we expect. Our success will depend to a substantial extent on the willingness of our members to access our Clinical offering virtually via our telehealth platform, as well as on our ability to continue to demonstrate the value of virtual care to employers, health plans, government agencies, and other purchasers of healthcare for beneficiaries. The success and satisfaction of our Clinical members depends in part on their being able to access the weight management medications that they have been prescribed by WeightWatchers Clinic clinicians. Due to supply chain constraints and shortages for weight management medications, these members have experienced, and may continue to experience, stock issues at mail order and local pharmacies that fill prescriptions for such therapies. If we fail to successfully compete in the clinical weight management and weight loss market with our virtual care Clinical offering, our business, financial condition or results of operations could be adversely affected.

If we do not continue to develop new, innovative services and products or if our services, products or brands do not continue to appeal to the market, or if we are unable to successfully expand into new channels of distribution or respond to consumer trends or sentiment, our business may suffer.

The weight management and health and wellness marketplace is subject to changing consumer demands and sentiment based, in large part, on the efficacy, ease of use and popular appeal of weight management and wellness programs and the evolving science with respect to weight loss. The popularity of weight management and wellness programs is dependent, in part, on their ease of use, cost and channels of distribution as well as consumer trends or sentiment and medical advancements. For example, public opinion on the use of weight management medications is significantly shifting as the popularity of clinical solutions grows, more medications are approved by regulatory authorities in the U.S. and elsewhere, and the availability of weight management drugs continues to expand. Although beneficial for our Clinical business, the growing acceptance of the use of medication to manage weight could negatively impact the popular appeal of our Behavioral business line. Our businesses and the portfolio of corresponding services and products we offer are intended to address the weight health needs of all members – whether they are taking prescription weight management medications, living with diabetes or looking to otherwise lose weight – but the perception that our Company caters to, or is focused on, any of those groups to the exclusion of the others could potentially alienate current and future members, and our businesses may suffer. The successes or challenges of our Clinical business may come at the respective expense of, or advantage to, our other businesses. Additionally, developments in public opinion on the types of products and services we provide could negatively impact the popular appeal of our services and products. Our future success depends on our ability to continue to develop and market new, innovative services and products and to enhance our existing services and products, each on a timely basis, to respond to new and evolving consumer demands and sentiment, achieve market acceptance and keep pace with new medical, nutritional, weight management, healthy living, technological and other developments. We may not be successful in developing, introducing on a timely basis or marketing any new or enhanced services and products. Additionally, new or enhanced services or products may not appeal to the market or the market's perception of us. As we announce new brands, sub-brands or articulations of our brands, and we adopt new trademarks, the marketplace may not embrace or accept them and it may take time to build their reputation and goodwill, both with consumers and with our partners. Our future success also will depend, in part, on our ability to successfully distribute our services and products through appealing channels of distribution. Our failure to develop new, innovative services and products and to enhance our existing services and products, the failure of our services, products or brands to continue to appeal to the market or respond to consumer trends or sentiment, or the failure to expand into appealing new channels of distribution could have an adverse impact on our ability to attract and retain members and subscribers and thus adversely affect our business, financial condition or results of operations.

Our new compounded GLP-1 offering exposes us to a variety of risks that could result in an adverse impact on our reputation, business and ability to effectively compete.

In October 2024, we began offering to our eligible Clinical members access to compounded semaglutide, a GLP-1 prescription medication, sourced via a 503B outsourcing facility (the “Manufacturing Supplier”) and dispensed by a licensed 503A pharmacy (“Dispensing Pharmacy”). A 503B outsourcing facility must meet certain conditions under Section 503B of the Federal Food, Drug and Cosmetic Act (the “FDCA”), including registration with the U.S. Food and Drug Administration (the “FDA”). The facility must also operate in compliance with the FDA’s Current Good Manufacturing Practice (cGMP) regulations and guidance and is subject to FDA inspection relating to compliance with cGMPs. If the Manufacturing Supplier or any of its compounded products are found by the FDA not to satisfy the criteria set forth in Section 503B, it may not be able to fulfill the prescriptions prescribed by our clinicians, which could have an adverse effect on our business. Compounding pharmacies and 503B outsourcing facilities have been subject to increased scrutiny of their compounding activities by the FDA and state governmental agencies, and a governmental inquiry or action or litigation could be brought against us, the Dispensing Pharmacy or the Manufacturing Supplier relating to GLP-1 compounding activities. In such a case, we may experience negative publicity and reputational harm. Manufacturers of the branded GLP-1 medications also have brought private actions against compounders and outsourcing facilities, as well as prescribers of compounded medications, including against med-spas, medical practices and telehealth providers, and such action or litigation could be brought against us. The Manufacturing Supplier is legally permitted to produce compounded semaglutide injection while the approved branded GLP-1 drug products (i.e., Ozempic and Wegovy) (the “Drug Products”) appear on the FDA drug shortage list. The Drug Products were added to the FDA drug shortage list in 2022. In a Declaratory Order issued on February 21, 2025, the FDA determined that the semaglutide injection product shortage is resolved and removed the Drug Products from the shortage list. As part of the Declaratory Order, the FDA stated that 503A pharmacies will be permitted to compound injectible semaglutide until April 22, 2025 and that 503B outsourcing facilities will be permitted to compound injectible semaglutide until May 22, 2025. In October 2024, the FDA took similar actions with respect to injectible tirzepatide drug products, when it resolved the shortage for those products and provided a discretionary enforcement period during which 503A pharmacies and 503B outsourcing facilities were permitted to produce compounded tirzepatide. Those actions are currently subject to ongoing litigation and the FDA has stated that it will permit the compounding of tirzepatide drug products by exercising enforcement discretion while the relevant litigation is pending. The Manufacturing Supplier must operate in compliance with the FDA’s requirements and produce compounded semaglutide only during the applicable period of enforcement discretion and may not be able to fulfill the prescriptions prescribed by our clinicians after the expiration of such period. Additionally, on October 22, 2024, Novo Nordisk filed a Petition with the FDA, requesting that semaglutide products be added to the lists of drug products that present demonstrable difficulties for compounding pursuant to the FDCA Sections 503A(b)(3) and 503B(a)(6) (the “Demonstrable Difficulties for Compounding Lists”). If added to the Demonstrable Difficulties for Compounding Lists, 503A pharmacies and 503B facilities would be prohibited from producing compounded semaglutide under any circumstances, even if the FDA continues to exercise enforcement discretion with respect to the shortage or if it were added back to the drug shortage list. The regulatory landscape applicable to GLP-1s continues to rapidly evolve. Additionally, many branded GLP-1 medications are protected under intellectual property laws that limit the formulations and methods of use that other parties may use, and our promotion of compounded formulations may result in our being subject to infringement claims and other litigation, which could adversely affect our ability to effectively compete. While the FDA does not limit compounding to only during drug shortages, compounding approved drug products (like injectible semaglutide) outside of drug shortages is more limited, and we cannot guarantee that we will be able to continue this offering in the same manner, to the same extent, or at all, due to a variety of factors outside our control, including intellectual property, regulatory and resource allocation matters, which could adversely impact our business and results of operations.

Achieving and maintaining market acceptance of this new offering could be negatively impacted by perceived risks associated with compounded medications. Certain compounding pharmacies and 503B outsourcing facilities have experienced both facility and product quality issues and been the subject of negative media coverage. We or the Manufacturing Supplier or Dispensing Pharmacy may also face allegations, litigation, and regulatory investigations under federal or state laws related to the marketing, fulfillment, distribution, and/or sale of these products. Litigation and regulatory proceedings, and particularly the healthcare, pharmaceutical-related, consumer protection, data privacy and/or class action matters we could face, may be protracted and expensive, and the results are difficult to predict. Such litigation or regulatory proceedings and investigations, FDA shortage list implications, unexpected side effects or safety or efficacy concerns with our compounded semaglutide offering (or GLP-1s as a class) or related negative publicity could have an adverse effect on our reputation, business and ability to effectively compete.

We may not be able to successfully implement our strategic initiatives, which could adversely impact our business, financial conditions or results of operations.

We are continually evaluating the changing consumer environment and the competitive environment of the weight management and health and wellness marketplaces and seeking out opportunities to improve our performance through the implementation of selected strategic initiatives. The goal of these efforts is to develop and implement a comprehensive and competitive business strategy that addresses those changes. Over the past several years, we have expanded our offerings in health and wellness, including introducing our Clinical offering and more recently, offering our U.S.-based members access to registered dietitians. We may not be able to successfully implement our strategic initiatives and realize the intended business opportunities, growth prospects, including new business channels, and competitive advantages. Our efforts to capitalize on business opportunities may not bring the intended results. Assumptions underlying expected financial results or consumer demand and receptivity may not be met or economic or consumer conditions may deteriorate. We also may be unable to attract and retain highly qualified and skilled personnel, or engage with partners of choice, to implement our strategic initiatives. If these or other factors limit our ability to successfully execute our strategic initiatives, our business activities, financial condition or results of operations may be adversely affected.

We continually innovate our offerings to best serve our members. For example, in the Company's continued pursuit to evolve alongside advancements in science, in fiscal 2023, we acquired Sequence, a subscription telehealth platform, which is now known as WeightWatchers Clinic, to meet the increasing consumer demand for prescription weight management medications. Later that year, we launched a new program to provide tailored behavioral support for individuals on GLP-1 medications, and in 2024, we introduced our compounded semaglutide offering for eligible Clinical members. As we continue to innovate across multiple areas of our offerings, programs and technological capabilities, these innovations may not be successful in meeting the needs or preferences of many of our current or potential members. As a result, we may experience decreases in our recruitment and retention of members, or increased member cancellations. We may not be able to successfully launch new offerings and realize the intended business opportunities, growth prospects, including new business channels, and competitive advantages of our innovation strategy. Assumptions underlying expected financial results or consumer demand and receptivity may not be met or economic or consumer conditions may deteriorate and may adversely impact our ability to continue to successfully implement our strategies. If these or other factors limit our ability to successfully execute our strategic initiatives, our business, financial condition or results of operations may be adversely impacted. For additional information on certain of the risks associated with our strategic entry into the telehealth market, see “—We may not be able to successfully execute our business plan to be a leader in the rapidly evolving and increasingly competitive clinical weight management and weight loss market, which could adversely affect our business, financial condition or results of operations.” above. Additionally, as we continue to innovate our workshop and clinical experiences and explore new in-person formats, we may not be successful in meeting the needs of many of our current or potential members.

We may not be successful in evolving our in-person or virtual community offerings, including our workshop offering, which could adversely affect our business, brand, or financial results.

We believe that the power of our community is one of the factors that enables us to attract new and returning customers. However, we have continued to observe significant recruitment declines in our Workshops + Digital business. Our mix shift toward our Digital business in recent years negatively impacted revenue and continues to do so. Additionally, our Workshops + Digital members may choose our Clinical offering, which could further decrease the demand for our stand-alone workshop offering and negatively impact revenues for our Workshops + Digital business. These revenue declines may be accelerated by evolving consumer tastes and preferences regarding in-person or virtual communities. The evolution of our traditional in-person formats, or the introduction of new formats, may dilute the competitive advantage of our community or discourage current or potential Workshops + Digital and other members from subscribing to our offerings. New iterations of our workshop format may not develop as rapidly alongside the evolving science of weight management to provide the latest in science-backed community support initiatives, or alongside evolving consumer tastes and preferences, which could negatively impact our business, brand, or financial results.

Our business depends on the effectiveness and efficiency of our advertising and marketing programs across multiple platforms, including the strength of our social media presence, to attract and retain members and subscribers.

Our business success depends on our ability to attract and retain members and subscribers. Our ability to attract and retain members and subscribers depends significantly on the effectiveness and efficiency of our advertising and marketing practices across multiple platforms. For example, if our advertising and marketing programs are not effective and fail to attract sufficient recruitments during the first quarter of the fiscal year, our most important period for recruitments, it historically has had an outsized negative impact on our performance for the remainder of the year. Our competitors may create more compelling marketing campaigns or marketing campaigns that appeal to more diverse audiences, or may devote greater financial and other resources to marketing and advertising, which could drive our current and potential members and subscribers to our competitors. Additionally, our marketing initiatives may become increasingly expensive and generating a meaningful return on those initiatives may be difficult. In addition, from time-to-time, we use the success stories of our members and subscribers, and utilize brand ambassadors, spokespersons and social media influencers, including in some cases celebrities, in our advertising and marketing programs to communicate on a personal level with consumers. Actions taken by these individuals that harm their personal reputation or image, or include the cessation of using our services and products, could have an adverse impact on the advertising and marketing campaigns in which they are featured. We and our brand ambassadors, spokespersons and social media influencers also use social media channels as a means of communicating with consumers. Unauthorized or inappropriate use of, or content on, these channels could result in harmful publicity or negative consumer experiences, which could have an adverse impact on the effectiveness of our marketing in these channels, our reputation and our ability to attract and retain members, subscribers and strategic partners. In addition, any resulting substantial negative commentary by others, whether on traditional or social media platforms, could have an adverse impact on our reputation and ability to attract and retain members, subscribers and strategic partners. If our advertising and marketing campaigns do not generate a sufficient number of members and subscribers, or fail to develop a high level of engagement with current and potential members and subscribers on various platforms, our business, financial condition and results of operations will be adversely affected.

Our reputation could be impaired due to actions taken by our franchisees, licensees, suppliers, affiliated provider entities, PCs' healthcare professionals, and other partners.

We believe that our brands, including their widespread recognition and strong reputation and goodwill in the market, are one of our most valuable assets and they provide us with a competitive advantage. Our franchisees operate their businesses under our brands. Although we completed the closure of our consumer products business at the end of fiscal 2023, we continue to license our trademarks to third parties across a range of consumer products, including food products, and also co-brand or endorse third-party branded consumer services and products. In addition, we integrate our services and products with those of other third parties, including through bundled and joint offerings, and integrate data from trusted third-party partners into our offerings. Our third-party partnerships also extend to event sponsorships and co-promotions. Our franchisees, licensees, suppliers and other partners are independent third parties with their own financial objectives, third-party relationships and brand associations. Actions taken by them, including violations of generally accepted ethical business practices or breaches of law, regulations or contractual obligations, such as not following our program or not maintaining our quality and safety standards, could harm our reputation. Also, our products and services, or the third-party products or services with which we integrate our own services and products, may be subject to product recalls, brand confusion, litigation, regulatory action or other deficiencies, as the case may be, which could harm our brands. Any negative publicity associated with these actions or these third parties would adversely affect our reputation and may result in decreased recruitment, product subscriptions, workshop attendance and third party product sales and, as a result, lower revenues and profits.

Through our Clinical business, we are now associated with, and may in the future become associated with, managed professional corporations, professional associations or equivalent entities, which are legal entities organized under state laws that employ or contract with healthcare professionals in one or more states to provide telehealth services (collectively, “PCs”). We are dependent on our relationships with the PCs, which we do not own, and our business would be adversely affected if those relationships were disrupted. We and the PCs may suffer losses or reputational harm from medical malpractice liability, professional liability or other claims against the healthcare professionals employed by, or contracting with, us, the PCs or a clinical staffing agency engaged by the PCs (the “Affiliated Professionals”). Affiliated Professionals may provide inappropriate medical treatment, fail to follow procedures or guidelines, submit insurance claims without required and appropriate documentation, engage in services outside the scope of their practice, or engage in unprofessional conduct or other activities that could lead to claims, significant defense costs, reputational harm, negative publicity, increased scrutiny by regulators and payors, or other risks, which may adversely affect our business. We and/or the PCs may be unable to obtain or maintain adequate insurance against these claims. Healthcare professionals providing telehealth services have become subject to a number of lawsuits alleging malpractice and some of these lawsuits may involve large claims and significant defense costs. It is possible that these claims could also be asserted against us and potential litigation may include us as an additional defendant. Any suits against us, the PCs or the Affiliated Professionals, if successful, could result in substantial damage awards to the claimants that may exceed the limits of any applicable insurance coverage. Although we do not control the practice of telehealth by the PCs and the Affiliated Professionals, it could be asserted that we should be held liable for malpractice of a healthcare professional employed or contracted by a PC.

In addition, we and the PCs could incur reputational harm or negative publicity in relation to a material malpractice or care-related event involving an Affiliated Professional. Malpractice lawsuits and claims can also lead to increased scrutiny by state regulators. In addition, some plaintiffs have asserted allegations of corporate practice of medicine in connection with malpractice lawsuits. There can be no assurance that a future claim or claims will not be successful. Malpractice insurance, moreover, can be expensive and varies from state to state and there can be no assurance that malpractice insurance will be available to us or the PCs or the Affiliated Professionals at an acceptable cost or at all.

Successful malpractice claims asserted against us or the PCs or the Affiliated Professionals could have a material adverse effect on our business, financial condition and results of operations. Additionally, our inability to obtain adequate insurance may also have a material adverse effect on our business and financial results.

Additionally, a number of laws and regulations govern the business of advertising, promoting, dispensing, and marketing services and products, including compounded, generic and branded pharmaceuticals. These regulatory regimes are overseen by governmental bodies, including the FDA, the U.S. Department of Health and Human Services (“HHS”), the FTC and several state and local government agencies in the United States. Failure to comply with the laws and regulations of these governmental agencies may result in legal or other enforcement actions, including orders to cease non-compliant activities. We depend on pharmacies, laboratories and other contractors to provide certain products and services for members. These third parties may be subject to inspections and audits by federal, state or local health authorities, health insurers, and pharmacy benefit managers. If these third parties do not maintain appropriate licenses or comply with legal and regulatory requirements or are subject to enforcement actions, our business may be adversely affected.

Any inquiry into the safety, efficacy or regulatory status of the products prescribed by the Affiliated Professionals and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace. For example, the use of such products may cause adverse events or other undesirable side effects, which could cause regulatory authorities to issue warnings about the products or could lead to recalls, withdrawals of approvals for such products or other regulatory or other enforcement actions. Additionally, the FDA has received adverse event reports associated with compounded versions of the products prescribed by the Affiliated Professionals and warned consumers not to use counterfeit versions of such products, which have been marketed in the U.S. Adverse events associated with compounded or counterfeit versions could adversely affect our business. The FDA has also issued warning letters to companies alleging improper claims regarding their pharmaceutical products. If the FDA or any other regulatory authorities determine that we have made inappropriate drug claims, we could receive a warning or untitled letter, be required to modify our claims or take other actions to satisfy the FDA or any other regulatory authorities. There can be no assurance that we will not be subject to state, federal or foreign government actions or class action lawsuits, which could harm our business, financial condition and results of operations.

We have in the past and may in the future be required to recognize asset impairment charges for indefinite- and definite-lived assets.

In accordance with GAAP (as defined hereafter), we perform impairment reviews of our indefinite-lived assets, which include franchise rights acquired and goodwill, on at least an annual basis or more often if events so require. We also continually evaluate whether current factors or indicators, such as a decline in our financial performance, an increased competitive environment, the deterioration in relevant, country macroeconomic conditions, and/or other prevailing conditions in the capital markets, require the performance of an interim impairment assessment of those assets. The process of testing franchise rights acquired, goodwill and other indefinite-lived assets for impairment involves numerous judgments, assumptions and estimates made by management, which inherently reflect a high degree of uncertainty. Certain factors, including the future profitability of our businesses, the price of our common stock, the market value of our debt and macroeconomic conditions (both at the global and local levels), might have a negative impact on the fair value of these assets. For example, in fiscal 2024, we recorded \$315.0 million of impairment charges for our franchise rights acquired related to our United States, Australia, United Kingdom and New Zealand units of account. We may incur additional impairment charges in the future, which would have an adverse impact on our results of operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in Part II of this Annual Report on Form 10-K for additional information.

Additionally, we evaluate definite-lived assets, both tangible, which includes our physical plant and equipment, and intangible, which includes both internally developed and purchased software, for impairment by comparing the net realizable value of the asset to the carrying value of the capitalized cost. If the value of those assets is not deemed to be recoverable, an assessment of the fair value of those assets is performed and, to the extent the carrying value exceeds the fair value, an impairment charge is recognized. Should our investment in capitalized definite-lived assets become impaired, there would also be an adverse impact on our results of operations.

Loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate our workforce could negatively impact our sales of services and products, business, financial condition and results of operations.

We depend on senior management and other key personnel and consultants, and their loss could result in the loss of management continuity and institutional knowledge and negatively affect our operations, brand image and goodwill. We have made, and may continue to make, significant strategic and organizational changes, such as changing the composition of our leadership team and centralizing the global management of certain functions and systems. Such changes could be disruptive to our daily operations or relationships with customers, partners, suppliers, and employees, make it more difficult to hire and retain key employees, impact our public or market perception or result in a loss of institutional knowledge, any of which could have a negative impact on our business or stock price.

We also depend heavily upon our coaches, guides and members of our customer service teams to support our customers in their weight management efforts. If we fail to appropriately manage and motivate our coaches, guides and customer service team members, we may not be able to adequately service our customers which could negatively impact our sales of services and products. Changes in factors such as overall unemployment levels, local competition for qualified personnel, prevailing wage rates and employment law, as well as rising employee benefits costs, including insurance in the areas in which we operate, could increase our labor costs and interfere with our ability to adequately retain qualified individuals to provide support to customers. Additionally, our inability to attract and retain qualified coaches, guides and customer service team members could delay or hinder our successfully executing our strategic initiatives.

We are undergoing a chief executive officer transition, which could cause disruption to our business or have an adverse impact on our operations and business strategy as well as the public or market perception of our business.

In September 2024, the Company and Sima Sistani, the Company's then-President and Chief Executive Officer, mutually agreed that Ms. Sistani would cease serving as the Company's President and Chief Executive Officer, effective September 27, 2024. The Board of Directors appointed Tara Comonte, a director of the Company, as Interim President and Chief Executive Officer, effective September 27, 2024, and removed her interim status effective February 26, 2025. Any significant leadership change or executive management transition involves inherent risk and can be difficult to manage. It may involve a diversion of resources and management attention, be disruptive to our daily operations, make it more difficult to hire and retain key employees, impact public or market perception or hinder progress on key strategic initiatives, any of which could have a negative impact on our business or stock price.

We may not successfully make acquisitions or enter into collaborations or joint ventures and we may not successfully integrate, operate or realize the anticipated benefits of such businesses.

As part of our strategic initiatives, we may pursue selected acquisitions, collaborations or joint ventures, such as our 2023 acquisition of Weekend Health, Inc., doing business as Sequence (the "Acquisition"). We may not be able to effect other transactions or partnerships on commercially reasonable terms or at all. Additionally, if the market negatively perceives our business or financial condition, we may not be a partner of choice for such transactions or partnerships, which could adversely affect our ability to enter into such transactions or partnerships and the terms thereof. Any future acquisitions or joint ventures may require access to additional capital, and we may not have access to such capital on commercially reasonable terms or at all. Even if we enter into these transactions, we may not realize the benefits we anticipate or we may experience difficulties in integrating any acquired companies, technologies and products into our existing business, operating a business in a new sector, or in providing our services and products in newly acquired markets; attrition of key personnel and loss of expertise from acquired businesses and difficulties accessing necessary expertise; significant charges or expenses; higher costs of integration and compliance than we anticipated; or unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development of our services and products or the expansion of our existing operations. The market may also negatively perceive these transactions or partnerships and our allocation of financial and other resources in connection therewith.

We also may be limited by contract or otherwise with respect to, or have no control over, the resources that any third party partner may devote to the research, development and commercialization of services and products under our collaborations. Any of our collaborators may not perform their obligations as expected. Our collaborators may breach or terminate their agreements with us or otherwise fail to conduct research, development or commercialization activities successfully, in a timely manner or in compliance with legal requirements. Additionally, disputes may arise with respect to the ownership of rights to technology developed with our collaboration partners. The failure of our collaboration partners to meet their obligations, comply with legal requirements, adequately deploy resources or to satisfactorily resolve disputes with us could have an adverse effect on our business, financial condition or results of operations. The ability to achieve our strategic objectives and success in our Clinical business may depend, among other things, on the willingness of our current partners to continue their existing relationships with us, our ability to demonstrate the value of our Clinical business to potential partners, and our ability to navigate the complex healthcare regulatory requirements that may be implicated by our current and future partnerships.

Our ability to influence the control of, or distributions from, our joint ventures may be limited by contract or otherwise. If any of the other investors in one of our joint ventures fails to observe its commitments, or its interests are different than ours, the joint venture may not be able to operate according to its business plan, we may be required to increase our level of commitment, or such entities may take actions which are not in our best interest. If we are unable to maintain our relationships with our joint venture partners, we could lose our ability to operate in the geographies and/or markets in which they operate, which could have an adverse effect on our business, financial condition or results of operations.

Consummating these transactions and partnerships could also result in the incurrence of additional debt and related interest expense, as well as unforeseen contingent liabilities, all of which could have an adverse effect on our business, financial condition or results of operations. We may also issue additional equity in connection with these transactions and partnerships, which would dilute our existing shareholders.

Our business may decline as a result of, or uncertainties related to, a downturn in general economic conditions or consumer confidence, including as a result of the existing inflationary environment, rising interest rates, the potential impact of political and social unrest and increased volatility in the credit and capital markets.

Our business is highly dependent on our subscription model. A downturn in general economic conditions, including inflationary environments, or consumer confidence in any of our markets could result in people curtailing or reallocating their discretionary spending which, in turn, could reduce subscriptions. Macroeconomic factors have adversely affected, and could continue to adversely affect, the economies and financial markets of countries in which we operate, resulting in an economic downturn, including rising inflation and interest rates, that could affect consumer demand for our products and services. Our customer purchasing patterns can be influenced by economic factors. The precise impact, and extent thereof, on our business from the disruption of financial markets and the weakening of overall economic conditions cannot be predicted with certainty. Uncertainties regarding the global economic environment, political and social stability, and increased volatility in the credit and capital markets have resulted in, and are likely to continue to result in, sustained impact on the economy at the macro and local levels. Our business is particularly sensitive to reductions in discretionary consumer spending, which may be adversely impacted by a recession or fears of a recession, volatility and declines in the stock market and increasingly pessimistic consumer sentiment due to perceived or actual economic risks. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. Prolonged unfavorable economic conditions and any resulting recession or slowed economic growth may have an adverse effect on our financial condition and results of operations.

The seasonal nature of our business could cause our operating results to fluctuate.

We have experienced and expect to continue to experience fluctuations in our quarterly results of operations due to the seasonal nature of our business. Historically, the first quarter of the fiscal year, known as our winter or peak season, is the most important quarter for recruitments. Given the subscription nature of our products, failure to realize recruitments during the winter season could negatively impact our performance for the remainder of the year. Seasonality also impacts relative revenue and profitability of each quarter of the year, both on a quarter-to-quarter and year-over-year basis. This seasonality could cause our share price to fluctuate as the results of an interim financial period may not be indicative of our full year results.

If we do not maintain effective internal control over financial reporting, we could fail to report our financial results accurately.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports. In the past we have discovered, and in the future we may discover, areas of our internal control over financial reporting that need improvement. In the future, if we identify a control deficiency that rises to the level of a material weakness in our internal controls over financial reporting, this material weakness may adversely affect our ability to record, process, summarize and report financial information timely and accurately and, as a result, our financial statements may contain material misstatements or omissions. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Any event that impedes accessing resources or discourages or impedes people from gathering with others, whether at a gathering place, work or otherwise, could adversely affect our business.

Our business is subject to conditions beyond our control, including health epidemics (such as the COVID-19 pandemic), extreme weather and climate conditions (which may become more frequent and more severe with the increasing effects of climate change), war, terrorism, loss of resources such as electricity and internet connections, national disasters and other extraordinary events, that may prevent or impede access to our Digital or Clinical products or in-person or virtual workshop attendance. These conditions could also impact the ability of our suppliers and other third party partners to meet their obligations to us and negatively impact our ability to provide our products and services to customers. Additionally, these conditions could also impact the ability of our Clinical members to access the weight management medications prescribed by our clinicians. The occurrence of any event that discourages people from gathering with others or impedes their ability to access our services and products could adversely affect our business, financial condition or results of operations.

Early termination by us of leases could have an adverse impact on our financial results.

Our operations, including certain corporate offices, are located in leased office space and certain of our workshops are held in leased space in retail centers. As we decide to relocate or close studios, or relocate or close corporate offices, before the expiration of the applicable lease term, we may incur payments to landlords to terminate or “buy out” the remaining term of the lease or costs associated with subleasing certain office space, as applicable. For example, in fiscal 2023, we recorded an aggregate of \$12.7 million of charges in connection with the closure of certain studios. Any of the above events could adversely impact our financial results.

The inability to renew certain of our licenses, or the inability to do so on terms that are favorable to us, could have an adverse effect on our financial results.

We have entered into licensing, co-branding and endorsement relationships with numerous partners for the distribution and sale of certain products and services that are relevant and helpful to weight- and health-conscious consumers. These arrangements are typically for fixed terms, following which the parties decide whether to extend the term of the arrangement. There is no guarantee that we will reach mutually agreeable terms with our partners for extending an arrangement. Similarly, in those instances where a licensee enjoys the option to extend the term of a license as a result of having achieved certain conditions, there is no guarantee that the licensee will avail itself of such option. Our financial results could be adversely affected if we are unable to extend a licensing, co-branding or endorsement arrangement, if we are unable to do so on terms favorable to us, or if we cannot locate a suitable alternative to an incumbent licensee who has decided not to renew its arrangement.

Risks Related to Our Liquidity

Our substantial amount of debt and our debt service obligations, as well as our exposure to variable rate indebtedness, could adversely affect our financial condition, and the restrictions of our debt covenants could impede our operations and flexibility.

As of December 28, 2024, our total debt was \$1,445.0 million. In January 2025, we increased our outstanding debt by borrowing \$171.3 million in the aggregate under our Revolving Credit Facility. Taking into account these borrowings and outstanding letters of credit, we have no availability for future borrowings under our Revolving Credit Facility and \$1,116.3 million of our debt (pro forma for the January 2025 Revolving Credit Facility drawdowns) consists of variable-rate instruments, so we are subject to the risk of higher interest rates. At the end of fiscal 2024 we had no interest rate swaps in effect, but we may in the future seek to manage our exposure to changing interest rates through interest rate swaps.

Our high degree of debt leverage could have significant consequences, including the following:

- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including the borrowings under our credit facilities, are at variable rates of interest;
- making it more difficult for us to make payments and otherwise satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default;
- restricting our ability and flexibility to make strategic acquisitions and to take advantage of other strategic opportunities to grow our business funded by significant additional indebtedness or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and other general corporate purposes;
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who may be less leveraged or may have greater financial resources than us;
- increasing our vulnerability to general adverse economic and industry conditions; and
- limiting, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds on commercially reasonable terms, if at all.

Our credit facilities and the indenture governing our notes permit us to incur additional indebtedness in the future. If we incur additional indebtedness, the risks we face as a result of our leverage could intensify.

Our credit facilities and the indenture governing our notes contain customary covenants for a non-investment grade company, including covenants that in certain circumstances restrict our ability to incur additional indebtedness and liens, pay dividends on and redeem capital stock, make investments, sell our assets and enter into acquisitions, mergers and transfers of all or substantially all of our assets, prepay subordinated debt and enter into transactions with affiliates, in each case subject to baskets, thresholds and other exceptions. Under the terms of our credit facilities, depending on our leverage ratio, we are obligated to offer to prepay our term loan facilities in an aggregate amount determined by our excess cash flow. In addition, if the aggregate principal amount of extensions of credit (inclusive of outstanding letters of credit) under the Revolving Credit Facility as of any fiscal quarter end exceeds 35%, or \$61.3 million, of the aggregate revolving commitments, we are required to be in compliance with a consolidated first lien secured net leverage ratio of 5.25:1.00 through and including the first fiscal quarter of 2025 and 5.00:1.00 thereafter. Our consolidated first lien secured net leverage ratio as of December 28, 2024 was 8.36:1.00, and we do not expect we will be able to meet the 5.25:1.00 consolidated first lien secured net leverage ratio as of March 29, 2025. If we have more than \$61.3 million outstanding under the Revolving Credit Facility and are not in compliance with the specified leverage ratio at the required time, we would be in default under the Revolving Credit Facility.

Our failure to comply with covenants could result in an acceleration of our debt, cause cross-defaults under our other debt, lead to the foreclosure on assets collateralizing secured debt (and the lenders and holders of that secured debt would rank ahead of the holders of unsecured debt in the proceeds of those assets) and result in our lenders terminating all commitments to extend further credit. If our indebtedness is accelerated, we may not be able to repay our indebtedness, and we may not be able to borrow sufficient funds to refinance such indebtedness. Any such prepayment or refinancing could adversely affect our financial condition and liquidity. In addition, if we incur additional debt in the future, we may be subject to additional covenants, which may be more restrictive than those to which we are currently subject. We currently believe we have sufficient liquidity to meet our obligations, including compliance with the covenants under our Revolving Credit Facility and long-term debt agreements for at least the next twelve months from the issuance of the December 28, 2024 financial statements, however, thereafter if we do not enter into transaction(s) to strengthen our balance sheet and increase our financial flexibility, our liquidity, results of operations, cash flows and financial condition may be materially affected.

Additionally, borrowings under our credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness may increase even though the amount borrowed remains the same, if our then-effective swaps, if any, do not reduce our exposure. As of December 28, 2024, our variable rate indebtedness used SOFR as the benchmark for establishing the interest rate.

We may not be able to generate sufficient cash to service all of our debt and satisfy our other liquidity requirements.

Our ability to make scheduled payments on or to refinance our debt obligations and to fund our planned capital expenditures and other ongoing liquidity needs depends on our future performance, which may be affected by financial, business, economic, demographic and other factors, such as the increased popularity and acceptance of weight management medications, attitudes toward weight management and wellness programs and pressure from our competitors.

While we have and continue to execute certain cost-savings initiatives, including our previously disclosed 2024 restructuring plan, to continue to proactively manage our liquidity, if our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. We continue to actively evaluate our capital structure and intend to engage with our lenders and explore transactions that will strengthen our balance sheet by reducing leverage and interest expense and extending debt maturities. Any refinancing of our debt, if available on acceptable terms or at all, could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any deterioration in our performance may result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness or our ability to refinance our debt obligations on favorable terms or at all.

Additionally, our liquidity is impacted by our cash usage, including cash payments related to strategic initiatives and acquisitions. For example, to complete our acquisition of Sequence, we made a significant purchase price cash payment in fiscal 2023 and an additional payment in fiscal 2024, and will be required to make a final payment of \$16.0 million in fiscal 2025. These material payments may negatively impact our short- and long-term liquidity in the future, which could harm our ability to satisfy our liquidity requirements.

If we do not successfully enter into transaction(s) to strengthen our balance sheet and increase our financial flexibility, our liquidity and ability to service all of our debt and satisfy our other liquidity requirements may be materially adversely impacted.

Risks Related to Technology, Security and Intellectual Property

Any failure of our technology or systems to perform satisfactorily could result in an adverse impact on our business.

We rely on software, hardware, network systems and similar technology, including cloud-based technology, that is either developed by us or licensed from or maintained by third parties to operate our websites and platforms, subscription product offerings, and other services and products such as the recurring billing system associated with our commitment plans, and to support our business operations. As much of this technology is complex, there may be future errors, defects or performance problems, including when we update our technology or integrate new technology to expand and enhance our capabilities. Our technology may malfunction or suffer from defects that become apparent only after extended use. The integrity of our technology may also be compromised as a result of third-party cyber-attacks, such as hacking, spear phishing campaigns and denial of service (DOS) attacks, which are negatively impacting companies. Cyber threats and the techniques used in cyber-attacks are becoming more sophisticated and change, develop and evolve rapidly, including from emerging technologies, such as advanced forms of artificial intelligence (“AI”) and quantum computing. Cyber-attacks can originate from a variety of sources, including third-parties affiliated with foreign governments, organized crime or terrorist organizations, and malicious individuals both outside and inside a targeted company. In addition, our operations depend on our ability to protect our information technology systems against damage from third-party cyber-attacks, fire, power loss, water, earthquakes, telecommunications failures and similar unexpected adverse events. Disruptions in our websites, apps, services and products or network systems could result from a number of factors, including unknown technical defects, insufficient capacity, the failure of our third-party providers to provide continuous and uninterrupted service and unusual volume in traffic for our platforms. Such disruptions would be most impactful if they occurred during peak activity periods and may impact accessibility to our services and products. While we maintain disaster recovery capabilities to return to normal operation in a timely manner, and we deploy multiple parallel instances of our applications across multiple computer resources, we do not have a fully redundant system that includes an instantaneous recovery capability. In the event we experience significant disruptions, we may be unable to repair our systems in an efficient and timely manner, and such system downtime could have an adverse impact on our business.

As a result of such possible defects, failures, interruptions, system downtime or other problems, our services and products could be rendered unreliable or be perceived as unreliable by customers, which could result in harm to our reputation and brands. Any failure of our technology or systems could result in an adverse impact on our business.

Our reputation and the appeal of our services and products may be harmed by data security breaches and other malicious acts or privacy concerns.

Breaches of data security, website defacements and other malicious acts, which are negatively impacting companies, could result in unauthorized access to proprietary or customer information or data, including credit card transaction data personal data, protected health information, and consumer health information, or cause interruptions to our services and products. Such unauthorized access or interruptions could harm our reputation and brands and expose us to liability and regulatory claims, and may result in the loss of existing or potential customers. We rely upon sophisticated information technology systems to operate our business. In the ordinary course of business, we provide proprietary content and we collect, store and use confidential information (including, but not limited to, personal customer information and data) in connection with providing our products and engaging our employees and contractors, and it is critical that we do so in a secure manner to protect the confidentiality and integrity of such confidential information and maintain the trust and confidence of our members, business partners, employees, contractors and shareholders, as well as comply with applicable regulatory requirements and contractual obligations.

We also have outsourced significant elements of our information technology infrastructure and, as a result, we are managing many independent vendor relationships with third parties who may or could have access to our confidential information and website content. The size and complexity of our information technology and information security systems, and those of our third-party vendors with whom we contract, make such systems potentially vulnerable to security breaches. While we have invested, including by maintaining cybersecurity insurance coverage, and developed systems and processes designed to protect proprietary content and confidential information, these measures are costly, and there can be no assurance that our efforts will prevent service interruptions or security breaches and other malicious acts.

Existing, proposed or new data privacy legislation and regulations, including interpretations thereof, could also significantly affect our business. For example, the European General Data Protection Regulation (“GDPR”) includes increased privacy and security requirements for companies that receive or process personal data of residents of Europe. As a result, we have implemented measures to comply with these requirements, including, among other things, documenting our data processing activities and informing users about how we use their personal data. We also obtain consent and/or offer new controls to existing and new users in Europe before processing data for certain aspects of our services and products. In addition, the GDPR requires submission of personal data breach notifications to our designated European privacy regulator. The GDPR also includes significant penalties for non-compliance with any of several requirements of the regulation. Data protection and privacy laws have also been enacted by the U.S. federal and state governments, including the California Consumer Privacy Act (“CCPA”) as amended by the California Privacy Rights Act (“CPRA”), the Health Insurance Portability and Accountability Act, as amended, and implementing privacy, security, and breach regulations (collectively, “HIPAA”), state laws on sensitive health information, and other relevant statutes and regulations. The FTC also has authority to initiate enforcement actions against entities where such companies’ failure to keep personal information secure may constitute unfair and/or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act. The FTC may also impose penalties for violations of the Health Breach Notification Rule. These laws also typically include notification obligations and impose significant penalties and potential liability for non-compliance. The data privacy and security regulatory regime continues to evolve and is increasingly demanding. Recently, several states enacted broadly applicable laws to protect the privacy of personal health information. These laws generally require consent for the collection, use, or sharing of any “consumer health data”, which is defined as personal information that is linked or reasonably linkable to a consumer and that identifies a consumer’s past, present, or future physical or mental health. Many states are considering privacy and security legislation and there are ongoing discussions regarding a national privacy law. Variations in requirements across jurisdictions could result in increased compliance challenges and costs, and any failures to comply with such requirements may have an adverse effect on our business or results of operations.

Further, many jurisdictions require that customers be notified if a security breach results in the disclosure of their personal financial account or other information, and additional jurisdictions and governmental entities are considering such laws. In addition, other public disclosure laws require that material security breaches be reported timely. If we experience, or in certain cases suspect, a security breach and such notice or public disclosure is required in the future, our reputation, brands and business may be harmed. Prospective and existing customers and clients may have concerns regarding our use, or the use by third parties, of private information or data collected on our apps and websites or through our services and products, such as weight management information, health information, financial data, email addresses and home addresses. These privacy concerns could keep customers and clients from using our apps and websites or purchasing our services or products, and third parties from partnering with us.

Other companies have experienced cybersecurity incidents that implicate confidential and proprietary company data and/or the personal data of end users of AI applications integrated into their software offerings or used in their operations. If we were to experience a cybersecurity incident, whether related to the integration of AI capabilities into our product offerings or our use of AI applications in our operations, our business and results of operations could be adversely affected.

While we are not aware of any cybersecurity breach or attack to date that has had, or is reasonably likely to have, a material impact on our business strategy, results of operations, or financial condition, there can be no assurance that our efforts to maintain the security and integrity of our information technology networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. In addition, the transmission of computer viruses, or similar malware, could adversely affect our information technology systems and harm our business operations. As a result, it may become necessary to expend significant additional amounts of capital and other resources to protect against, or to alleviate, problems caused by security breaches. These expenditures, however, may not prove to be a sufficient protection or remedy.

Integration of artificial intelligence into our offerings and our use of artificial intelligence in our operations could adversely affect our business or results of operations.

We have integrated, and plan to further integrate, AI capabilities into certain components of our product offerings, and we use AI in our operations. Such integration and use of AI may become more material to our product offerings and operations over time and developing, testing, and deploying resource-intensive AI systems may require additional investment. There are significant risks involved in the development and deployment of AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. These AI-related initiatives, whether successful or not, could cause us to incur substantial costs. Our competitors or other third parties may incorporate AI into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. The development, adoption, and use for generative AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by us or third-party developers or vendors could result in unintended consequences. For example, AI algorithms that we use may be flawed or may be based on datasets that are biased or insufficient. If the AI tools integrated into our products or that we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected.

AI also presents various emerging legal, regulatory and ethical issues. For example, in October 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security, and in August 2024 the European Union AI Act entered into force with the aim of fostering responsible AI development and deployment in the EU. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. These restrictions may make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, require us to change our product offerings or business practices, or prevent or limit our use of AI. In addition, our AI-related efforts may give rise to risks related to harmful content, accuracy, bias, discrimination, toxicity, intellectual property infringement or misappropriation, defamation, data leakage, data privacy, and cybersecurity, among others. In addition, these risks include the possibility of new or enhanced governmental or regulatory scrutiny, litigation, or other legal liability, ethical concerns, negative consumer perceptions as to automation and AI, or other complications that could adversely affect our business, reputation, or financial results.

Third parties may infringe on our brands and other intellectual property rights, which may have an adverse impact on our business.

We currently rely on a combination of trademark, copyright, trade dress, trade secret, patent and other intellectual property laws and domain name dispute resolution systems to establish and protect our proprietary rights, including our brands and technology. If we fail to successfully enforce our intellectual property rights, the value of our brands, services and products could be diminished and our business may suffer. Our precautions may not prevent misappropriation of our intellectual property, including reverse engineering of technology, particularly in foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the United States. Any legal action that we may bring to protect our brands and other intellectual property could be unsuccessful and expensive and could divert management's attention from other business concerns. In addition, legal standards relating to the validity, enforceability and scope of protection of intellectual property, especially in Internet-related businesses, are uncertain and evolving. These evolving legal standards may not sufficiently protect our intellectual property rights in the future.

We may be subject to intellectual property rights claims.

Third parties may make claims against us alleging infringement of their intellectual property rights. Any intellectual property claims, regardless of merit, could be time-consuming and expensive to litigate or settle and could significantly divert management's attention from other business concerns. In addition, if we were unable to successfully defend against such claims, we may have to pay damages, stop selling the service or product or stop using the software, technology or content found to be in violation of a third party's rights, seek a license for the infringing service, product, software, technology or content or develop alternative non-infringing services, products, software, technology or content. If we cannot license on reasonable terms, develop alternatives or stop using the service, product, software, technology or content for any infringing aspects of our business, we may be forced to limit our service and product offerings. Any of these results could reduce our revenues or our ability to compete effectively, increase our costs or harm our business.

Risks Related to Laws and Regulations, Litigation, and Our International Operations

Our business is subject to legislative and regulatory restrictions.

A number of laws and regulations govern our advertising and marketing, services, products, operations and relations with consumers, licensees, franchisees, coaches, guides, employees and government authorities in the countries in which we operate.

Certain federal, state and foreign agencies, such as the FTC and FDA, regulate and enforce such laws and regulations relating to advertising and marketing, promotions, packaging, labeling, privacy, consumer pricing and billing arrangements, and other consumer protection matters. A determination by a federal, state or foreign agency, or a court in connection with a governmental enforcement action or private litigation, that any of our practices do not meet existing or new laws or regulations could result in liability, adverse publicity, and restrictions on our business operations. For example, during the mid-1990s, the FTC filed complaints against a number of commercial weight management providers alleging violations of federal law in connection with the use of advertisements that featured testimonials, claims for program success and program costs. In 1997, we entered into a consent order with the FTC settling all contested issues raised in the complaint filed against us. The consent order required us to comply with certain procedures and disclosures in connection with our advertisements of services and products and expired by its terms in 2017.

We are subject to many distinct employment, labor, commercial, benefits and tax laws and regulations in each country in which we operate, including regulations affecting our employment and wage and hour practices and our relations with our employees, coaches and guides. If we are required to comply with new laws or regulations or interpretations of existing laws and regulations that differ from our interpretations, are unable to comply with these laws, regulations or interpretations, or are subject to litigation with respect to these laws, regulations or interpretations, our business and results of operations could be adversely affected.

Laws and regulations directly applicable to communications, operations (including the use and treatment of personal data) or commerce over the Internet, such as those governing consumer protection, intellectual property, privacy and taxation, continue to evolve. Recent examples include the enactment of the GDPR, the CCPA and the CPRA. If we are required to comply with new laws or regulations or interpretations of existing laws or regulations that differ from our interpretations, or if we are unable to comply with these laws, regulations or interpretations, our business and results of operations could be adversely affected.

Future laws or regulations, including laws or regulations affecting our advertising and marketing practices, consumer pricing and billing arrangements, use and treatment of personal data, relations with consumers, employees, coaches, guides, brand ambassadors, spokespersons, social media influencers, licensees or franchisees, or our services and products, may have an adverse impact on us.

For additional information regarding the legislative and regulatory restrictions applicable to our Clinical business, see our other Risk Factors regarding our Clinical business.

We, the PCs and the Affiliated Professionals are subject to extensive and complex healthcare laws and regulations. If we, the PCs or the Affiliated Professionals fail to comply with existing or new laws or regulations that apply to us, we or they could suffer civil or criminal penalties or be subject to other enforcement actions.

The healthcare industry and services provided via telehealth are highly regulated. Following the consummation of the Acquisition, various aspects of our operations are subject to federal, state or local laws, rules and regulations, any of which may change from time to time. Regulatory oversight includes, but is not limited to, considerations of corporate practice of medicine, licensure and scope of practice limitations for physicians and other healthcare professionals, establishment of a physician-patient relationship, prohibitions on fraud, waste and abuse, including laws prohibiting the submission of false claims, anti-kickback and all-payor fraud laws, restrictions on referrals and self-referrals, advertising and promotional restrictions, privacy protections, including patient information, and complex prior authorization and other requirements. Federal and state laws permit private parties to bring “qui tam” or whistleblower lawsuits on behalf of the federal government against companies for violations of fraud and abuse laws.

Although we and the PCs strive to comply with all applicable laws and regulations, our operations and the operations of the PCs may not be in compliance with certain laws or regulations as they may be interpreted by governmental, judicial, law enforcement or regulatory authorities or their agents. Failure to comply with laws and regulations may subject us, the PCs or the Affiliated Professionals to civil or criminal penalties, licensing or other sanctions, that limit our ability to operate our business or their ability to provide telehealth services.

Changes to laws and regulations pose additional risks. The failure to comply with such changes to laws and regulations may subject us, the PCs and/or the Affiliated Professionals to civil or criminal penalties or other sanctions that will limit our ability to operate our business or the ability of the PCs and the Affiliated Professionals to provide telehealth services. Changes to laws or regulations might have the effect of imposing additional costs or rendering invalid or illegal, in whole or in part, certain aspects of the expected agreements between us, the PCs and healthcare professionals. Any or all of the issues above could adversely affect our ability to attract new members or retain existing members, or subject us to governmental or third-party lawsuits, investigations, regulatory fines or other actions or liability, resulting in a material adverse effect to our business, financial condition, cash flows and results of operation.

The healthcare laws and regulations to which we are subject are constantly evolving and may change significantly in the future.

The laws and regulations applicable to our business, to telehealth services, and to the healthcare industry generally are constantly evolving. While we believe that agreements and operations of the PCs are in material compliance with applicable healthcare laws and regulations, there can be no assurance that we will be able to successfully address changes in the current regulatory environment. Some of the healthcare laws and regulations that are applicable to us are subject to limited or evolving interpretations, and a review of our business or operations by a governmental, judicial, law enforcement or regulatory authority might result in a determination that could have a material adverse effect on us. Furthermore, the healthcare laws and regulations applicable to us may be amended or interpreted in a manner that could have a material adverse effect on our business.

Recent and frequent legislative and regulatory changes specific to telehealth may present us with additional requirements and compliance costs, with potential operational impacts in certain jurisdictions. Our business could be adversely affected by challenges to our business model or by state actions restricting the ability of the PCs and the Affiliated Professionals to provide or prescribe products and services via telehealth in certain states.

Healthcare professionals who provide professional services to a patient via telehealth must, in most instances, hold a valid license to practice or provide treatment in the state in which the patient is located. Certain states require healthcare professionals providing telehealth services to be physically located in the same state as the patient. If regulations change to restrict healthcare professionals from delivering care through telehealth modalities or such healthcare professionals fail to comply with telehealth laws, including licensure and scope of practice requirements and laws related to prescribing, claims, appropriate medical treatment, and unprofessional conduct, the PCs and the Affiliated Professionals could be subject to civil or criminal penalties, and our financial condition and results of operations may be adversely affected.

Federal and state laws and regulations specific to telehealth vary and may set forth informed consent, modality, medical records, licensing, follow-up care, and other requirements. The ability of the PCs and the Affiliated Professionals to conduct business via telehealth is dependent, in part, upon that particular state's treatment of remote healthcare and that state medical or other board's regulation of the practice of medicine and telehealth services, each of which is subject to changing political, regulatory, and other influences. Where new laws and regulations apply to telehealth services, we may incur costs to monitor, evaluate, and modify operational processes for compliance. All such activities may increase our costs and could, in certain circumstances, impact the ability of the PCs and the Affiliated Professionals to make telehealth available in a particular state. Additionally, patients may be reluctant to accept services delivered via telehealth or may not find it preferable to traditional treatment. It is possible that the laws, rules, and regulations governing the practice of telehealth in one or more states may change or be interpreted in a manner unfavorable to our business. If adverse laws or regulations are adopted, if patients prove unwilling to adopt the telehealth services offered by the PCs and the Affiliated Professionals as rapidly or in the numbers that we anticipate, or if any claims challenging the provision of services via telehealth are successful, and we were unable to adapt our business model accordingly, our operations in such states would be disrupted or negatively impacted, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We may also be subject to changes in laws, regulations, and enforcement trends governing the marketing and prescribing of pharmaceutical products. Such products are subject to regulation by the FDA, FTC, and other governmental agencies, and over time, the regulatory landscape for pharmaceutical products approved for weight management may become more complex with increasingly strict requirements. To the extent federal or other requirements regarding safety, prescribing, and claims change in the future, such changes could result in increased costs, recalls, increased cancellations of member subscriptions, decreased interest from potential members or other adverse impacts or additional risks.

We may be subject to extensive fraud, waste, and abuse laws that may give rise to federal and state audits and investigations, including actions for false and other improper claims.

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern our contractual relationships and arrangements with healthcare professionals, health plans and vendors, our marketing activities, and other aspects of our operations and the operations of PCs and vendors. Such laws include, without limitation, federal and state anti-kickback, fraud and abuse, and false claims laws, and may authorize the imposition of criminal, civil and administrative penalties for submitting false or fraudulent claims for reimbursement to federal and state healthcare programs.

The federal anti-kickback statute (the “Anti-Kickback Statute”) makes it a criminal offense to knowingly and willingly offer, pay, solicit or receive any remuneration to induce or reward referrals of items, including prescription medications, or services reimbursable by federal healthcare programs. The Anti-Kickback Statute defines “remuneration” to include the transfer of anything of value, in cash or in kind and directly or indirectly. The statute has been interpreted to cover any arrangement where at least one purpose of the arrangement is to obtain remuneration for the referral of services or to induce the purchase, lease, order, recommendation or arrangement of items or services reimbursable under a federal healthcare program. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Many states have similar anti-kickback and consumer protection laws, and in some cases these laws have expanded to apply to commercial insurers. If any governmental, judicial, law enforcement or regulatory authority determines that we are not in compliance with any such laws, any such authority could bring an action against us and/or our supported offices for violations of such laws, which could have a material adverse effect on our business.

The Federal Civil False Claims Act (the “FCA”) prohibits the knowing submission of any false or fraudulent claim for payment to the federal government or to its agents or contractors or any recipient if the federal government provides any payment for the claim. The FCA also prohibits knowingly presenting, or causing to be presented, false claims to government health care programs, including Medicare, Medicaid, TRICARE, and the Federal Employees Health Benefits Program. It also prohibits the use of any false record or statement material to a claim made in order to have a false or fraudulent claim paid in whole or in part by the federal government. It further prohibits the knowing concealment or improper avoidance of an obligation to pay money or property to the federal government. The FCA requires no proof of specific intent to defraud to create liability. In addition, a violation of the Anti-Kickback Statute can result in liability under the FCA. Actions under the FCA may be brought by the Attorney General, the United States Department of Justice (the “DOJ”), the United States Attorney Offices, or as a qui tam action by a private individual in the name of the government. These private parties, often referred to as relators, are entitled to share in any amounts recovered by the government through trial or settlement. These “qui tam” cases are sealed by the court at the time of filing. The only parties privy to the information contained in the complaint are the relator, the federal government and the presiding court. It is possible that “qui tam” lawsuits will be filed against us and that we will be unaware of such filings. Violations of the FCA can result in significant monetary penalties. The federal government continues to use the FCA, and the accompanying threat of significant liability, in its investigations and prosecutions of telehealth companies and healthcare professionals that provide telehealth services. The government has obtained multi-million and multi-billion dollar settlements under the FCA in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the federal government will continue to devote substantial resources to investigating telehealth companies and healthcare professionals that provide telehealth services for compliance with the FCA and other applicable fraud and abuse laws. Collateral consequences of a violation of the FCA include administrative penalties and the imposition of settlement, monitoring, integrity or other agreements. Many states have similar FCA laws to which we may be subject. A determination that we have violated these laws could have a material adverse effect on our business.

HIPAA also created new federal criminal statutes that prohibit among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

In addition, federal healthcare laws prohibit the offer or transfer to a federal healthcare program beneficiary, of any remuneration, including free services, and waivers of beneficiary cost sharing that the offeror knows or should know is likely to influence the beneficiary's selection of a particular provider, practitioner or supplier of federal healthcare program items or services unless there has been a good faith determination of the beneficiary's financial need. Violations may result in the imposition of civil monetary penalties. Moreover, the routine waivers of copayments and deductibles offered to patients covered by commercial payors may also implicate applicable state laws related to, among other things, unlawful schemes to defraud, insurance fraud, excessive fees for services, tortious interference with patient contracts and statutory or common law fraud. If arrangements are found to be inconsistent with applicable federal and state fraud, waste and abuse, state advertising, insurance or other applicable laws, we may be required to restructure or discontinue certain programs, or be subject to other significant penalties, enforcement actions or investigations, which could have a material adverse effect on our business.

To enforce compliance with the federal laws such as the FCA, the Office of the Inspector General of the HHS (the "OIG") and the DOJ recently have increased their scrutiny of interactions between healthcare companies and healthcare professionals, which has resulted in investigations, prosecutions, convictions and settlements in the healthcare industry. Other government regulators, such as state boards of medicine, and third-party payors may also investigate or take enforcement actions or subject certain medical and prescribing practices, claims, and medical records to increased scrutiny. Dealing with investigations can be time and resource consuming and can divert management's attention from the business. Any such future investigation or settlement could increase our costs or otherwise have an adverse effect on our business.

Additionally, federal and state government agencies, including state boards of medicine and pharmacy and departments of public health, as well as commercial payors, have increased their auditing and administrative, civil and criminal enforcement efforts as part of an effort to identify and to stem healthcare fraud and abuse and to address complaints or allegations involving PCs and Affiliated Professionals. These audits and investigations relate to a wide variety of topics, including but not limited to the following: ordering and referral practices, technical compliance with coverage and payment rules, the offering of prohibited remuneration, providing inappropriate medical treatment, submitting false insurance claims, prescribing medications outside the scope of FDA-approved labeling, engaging in unprofessional conduct or other activities, patient privacy and data security rules and financial reporting. In addition, the OIG and the DOJ have, from time to time, undertaken national enforcement initiatives that focus on specific practices or other suspected areas of abuse. For example, the OIG announced a special fraud alert informing healthcare professionals that they should exercise caution when entering into arrangements with certain telemedicine companies. Federal and state governments also are authorized to impose criminal, civil and administrative penalties on any person or entity that files a false claim for payment for items or services reimbursed under a federal or state healthcare program. While the criminal statutes are generally reserved for instances of fraudulent intent, the federal government is applying its enforcement powers in an ever-expanding range of circumstances. If we or any of the PCs or Affiliated Professionals are found to be in violation of federal or state laws or regulations, we and they could be forced to discontinue the violative practice and may be subject to actions, fines and criminal penalties, which could have a material adverse effect on our business.

Similar to federal and state governmental agencies, commercial payors have increased their auditing and recovery efforts. Claims filed with private insurers can lead to criminal and civil penalties, including, but not limited to, penalties relating to violations of federal mail and wire fraud statutes, as well as penalties under the healthcare fraud provisions of HIPAA.

Outcomes of litigation or regulatory actions could adversely impact our financial condition.

From time to time, we may be a party to lawsuits and regulatory actions relating to our business operations. Due to the inherent uncertainties of legal actions and regulatory proceedings, we cannot predict their outcomes with certainty. Therefore, it is possible that our results of operations, financial condition or cash flows could be adversely affected by the unfavorable resolution of one or more legal or regulatory actions. In December 2024, we began offering to all members in the United States access to registered dietitians for personalized nutrition counseling. As we continue to build our Clinical business and further expand our Behavioral business line into the telehealth space, consumers may misconstrue our coaches and guides as being providers of medical advice. As we clearly state in our consumer communications, most of our coaches and guides do not have extensive training or certification in nutrition, diet or health fields beyond the training they receive from us. Despite our disclaimers, as more customers come to us seeking to improve their weight health, they may misperceive that our coaches and guides are providing medical advice. We may also be subject to claims that our coaches and guides have provided inappropriate advice or have inappropriately referred or failed to refer customers to healthcare providers when needed. Member access to clinicians and other care team providers through WeightWatchers Clinic may expose us to other types of claims and litigation or regulatory actions. For additional information regarding these types of claims or actions, see our other Risk Factors regarding our Clinical business. Regardless of the outcome of any legal action or regulatory proceeding, such actions and proceedings could result in substantial costs and may require that our management devote substantial time and resources to defend us.

Our international operations expose us to regulatory, economic, political, social and intellectual property risks in the countries in which we operate, which risks may be exacerbated as a result of war and terrorism.

The international nature of our operations involves a number of risks, including changes in U.S. and foreign regulations, tariffs, taxes and exchange controls; economic downturns; inflation, rising interest rates and political and social instability in the countries in which we operate; changes in exchange rates; weakening or loss of the protection of intellectual property rights in some countries and limitations on our ability to enforce our intellectual property rights under some local laws; and our dependence on foreign personnel. For example, the ongoing war in Ukraine has had a broad range of adverse impacts on global economic conditions, including consumer confidence and sentiment in certain markets, some of which have had and are likely to continue to have adverse impacts on our business. These include reductions in consumer discretionary spending in certain markets. If the war continues to negatively impact consumer discretionary spending and sentiment towards the weight loss and wellness marketplace, it may have an adverse effect on our business, results of operations and financial condition.

A number of foreign laws and regulations govern the business of advertising, promoting, dispensing, and marketing services and products, including generic and branded pharmaceuticals. These regulatory regimes are overseen by governmental bodies. Foreign regulations may also restrict our ability to operate in some countries, including providing our Clinical offering consistent with our U.S. business model or at all, acquire new businesses, recur bill our customers or repatriate cash from foreign subsidiaries back to the United States. If we expand our operations into additional foreign countries, we may be subject to additional risks, including the ability to successfully adapt to local culture and navigate regulatory, economic, political, social and intellectual property risks. We also may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our products and services by consumers in new markets. We cannot be certain that we will be able to enter and successfully compete in additional foreign markets or that we will be able to continue to compete in the foreign markets in which we currently operate.

We are exposed to foreign currency risks from our international operations that could adversely affect our financial results.

A significant portion of our revenues and operating costs are denominated in foreign currencies. We are therefore exposed to fluctuations in the exchange rates between the U.S. dollar and the currencies in which our foreign operations receive revenues and pay expenses. We do not currently hedge, and have not historically hedged, our exposure to foreign currency fluctuations. Our consolidated financial results are presented in U.S. dollars and therefore, during times of a strengthening U.S. dollar, our reported international revenues and earnings will be reduced because the local currency will translate into fewer U.S. dollars. In addition, the assets and liabilities of our non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at the average exchange rate for the period. Translation adjustments arising from the use of differing exchange rates from period to period are recorded in shareholders' equity as accumulated other comprehensive income (loss). Translation adjustments arising from intercompany receivables and payables with our foreign subsidiaries are generally recorded as a component of other expense (income). Accordingly, changes in currency exchange rates will cause our revenues, operating costs, net income and shareholders' equity to fluctuate. For example, these changes had a positive impact on our fiscal 2024 financial results, increasing our revenues for fiscal 2024 by \$0.7 million.

Risks Related to Our Acquisition of Weekend Health, Inc. (d/b/a Sequence)

The Acquisition may not achieve its intended results.

On April 10, 2023, we completed our previously announced acquisition of Sequence (the "Acquisition"), with the expectation that the Acquisition would result in various benefits, including, among other things, revenue synergies with our existing business and operating efficiencies. Achieving the anticipated benefits of the Acquisition is subject to a number of uncertainties, including whether our business and the Sequence business are integrated in an efficient and effective manner. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues generated by the combined company and diversion of management's attention and energy away from ongoing business concerns, any of which could have a material adverse effect on our business, financial results and prospects.

Additional risks relating to integration of Sequence into our business, include, among others, the following:

- our inability to successfully integrate Sequence in a manner that permits us to achieve the full revenue and other benefits anticipated to result from the Acquisition;
- our ability to compete effectively in the telehealth industry;
- disruption to our and Sequence's business and operations and relationships with service providers, customers, employees and other partners;
- negative effects on our business from the changes and potential disruption that may follow the Acquisition;
- diversion of significant resources from our Behavioral business line;
- our inability to retain the service of key management and other personnel of Sequence;
- increased regulatory oversight of our business;
- potential limitations placed on our business by regulatory authorities;
- our inability to successfully integrate Sequence into our internal control over financial reporting, which could compromise the integrity of our financial reporting; and
- greater than anticipated costs related to the integration of Sequence's business and operations into ours.

These potential difficulties, some of which are outside of our control, could adversely affect our ability to achieve the anticipated benefits of the Acquisition. In addition, the market price of our common stock may decline if our assumptions regarding the anticipated benefits of the Acquisition are not accurate or we do not achieve the anticipated benefits of the Acquisition as rapidly or to the extent anticipated by financial or industry analysts or at all.

The Acquisition may not be accretive, and may continue to be dilutive, to our earnings per share, which may negatively affect the market price of shares of our common stock.

The Acquisition has been dilutive to our earnings per share, largely driven by the costs associated with the Acquisition itself. In the long term, the Acquisition may be less accretive than expected, or may continue to be dilutive, to our earnings per share. Estimates of our earnings per share in the future are based on assumptions that may materially change. In addition, future events and conditions could decrease or delay the accretion that is currently projected or could result in further dilution, including adverse changes in market conditions, additional transaction and integration-related costs and other factors such as the failure to realize some or all of the anticipated benefits of the Acquisition. Any dilution of, decrease in or delay of any accretion to, our earnings per share could cause the price of shares of our common stock to decline or grow at a reduced rate.

We have limited experience in the telehealth industry, which may hinder our ability to achieve the anticipated benefits of the Acquisition.

Due to the fact that the healthcare industry is highly regulated, we are required to adhere to new laws and regulations, including those related to telehealth, pharmacy, the corporate practice of medicine, health and consumer privacy, false claims, and the prescribing, distributing, and marketing of pharmaceutical products. In addition, the telehealth industry has incumbent and established competitors with substantial market share and new competitors will likely enter the market in the future. These companies may have greater financial, marketing and other resources than we have and may have existing cost and operational advantages that we lack. Our limited experience in this industry could negatively affect our ability to appeal to potential customers in the market, including our existing customers, develop expertise and new technologies, attract talent, manage risks, and compete with larger and more experienced competitors.

If we fail to successfully compete in the telehealth industry, our ability to realize the anticipated benefits of the Acquisition may be adversely affected.

Notwithstanding the due diligence investigation that we performed in connection with our entry into the Merger Agreement, Sequence may have liabilities, losses, or other exposures for which we do not have adequate insurance coverage, indemnification, or other protection.

While we performed due diligence on Sequence prior to our entry into the Merger Agreement, we are dependent on the accuracy and completeness of statements and disclosures made or actions taken by Sequence and its representatives during due diligence and during our evaluation of the results of such due diligence. We did not control Sequence and may be unaware of certain activities of Sequence before the completion of the Acquisition, including intellectual property and other litigation claims or disputes, information security vulnerabilities, violations of laws, policies, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

Following the consummation of the Acquisition, the liabilities of Sequence, including contingent liabilities, were consolidated with the Company's. If Sequence's liabilities are greater than expected, or if Sequence has obligations of which we are not aware, our business could be materially and adversely affected. We do not have indemnification rights from the prior owners of Sequence and instead rely on a limited amount of representation and warranty insurance. Such insurance is subject to exclusions, policy limits and certain other customary terms and conditions. Sequence may also have other unknown liabilities. If we are responsible for liabilities not covered by insurance, we could suffer severe consequences that could have a material adverse effect on our financial condition and results of operations.

Risks Related to Ownership of Our Common Stock

Our articles of incorporation and bylaws and Virginia corporate law contain provisions that may discourage a takeover attempt.

Provisions contained in our articles of incorporation and bylaws and the laws of Virginia, the state in which we are incorporated, could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Provisions of our articles of incorporation and bylaws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. For example, our articles of incorporation authorize our Board of Directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our shareholders. Thus, our Board of Directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. These rights may have the effect of delaying or deterring a change of control of our company. In addition, a change of control of our company may be delayed or deterred as a result of our having three classes of directors. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock.

We could fail to maintain the listing of our common stock on Nasdaq, which could seriously harm the liquidity of our stock and our ability to raise capital or complete a strategic transaction.

The Nasdaq Stock Market LLC (“Nasdaq”) has established continued listing requirements, including a requirement to maintain a minimum closing bid price of at least \$1.00 per share. The closing bid price of our common stock has been below \$1.00 since February 4, 2025. If a company trades for 30 consecutive business days below such minimum closing bid price, it will receive a deficiency notice from Nasdaq. Assuming it is in compliance with the other continued listing requirements, Nasdaq would provide such company a period of 180 calendar days in which to regain compliance by maintaining a closing bid price at least \$1.00 per share for a minimum of ten consecutive business days. There can be no assurance that we will continue to maintain compliance with the minimum bid price requirement or other listing requirements necessary for us to maintain the listing of our common stock on the Nasdaq Capital Market.

A delisting from Nasdaq and commencement of trading on the Over-the-Counter Bulletin Board would likely result in a reduction in some or all of the following, each of which could have a material adverse effect on shareholders:

- the liquidity of our common stock;
- the market price of our common stock (and the accompanying valuation of our Company);
- our ability to obtain financing or complete a strategic transaction;
- the number of institutional and other investors that will consider investing in shares of our common stock;
- the number of market makers or broker-dealers for our common stock; and
- the availability of information concerning the trading prices and volume of shares of our common stock.

Actions of activist shareholders could adversely impact our business and cause us to incur significant expenses.

We have been, and may in the future be, subject to actions or proposals initiated by activist shareholders or others in an attempt to effect changes and assert influence on our Board of Directors and senior management, and some such actions or proposals may not be aligned with our long-term strategy or the interests of our other shareholders. Engagement with activist shareholders may lead to the expenditure of significant time and energy by management and our Board of Directors and require dedication by the Company of significant resources. The Company’s response to suggested actions, proposals, director nominations and/or contests for the election of directors from activist shareholders could disrupt our business and operations, divert the attention of our Board of Directors, management and employees and be costly and time consuming. Potential actions by activist shareholders may interfere with our ability to execute our strategic plans, create perceived uncertainties as to the future direction of our business or strategy, and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant fees and expenses related to responding to shareholder activism, including for third-party advisors. Any of the foregoing could adversely impact our business, financial condition and results of operations, and the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties described above.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

In the ordinary course of business, we provide proprietary content and we collect, store and use confidential information (including, but not limited to, personal customer information and data) in connection with providing our products and engaging our employees and contractors. We have developed systems and processes designed to protect such content and information and we maintain cybersecurity insurance coverage. Our Board of Directors (the “Board”) and management recognize the critical importance of protecting the confidentiality and integrity of such information and data and maintaining the trust and confidence of our members, business partners, employees, contractors and shareholders, as well as complying with applicable regulatory requirements and contractual obligations.

The Board and its committees actively oversee the Company’s risk management program. Cybersecurity threats and related risks are an important component of the Company’s overall approach to enterprise risk management (“ERM”). We annually examine our cybersecurity program with third parties, evaluating its effectiveness in part by considering industry standards and established frameworks, such as the National Institute of Standards and Technology (NIST), as guidelines. Cybersecurity risk management is a Company-wide initiative. In general, the Company seeks to address cybersecurity risks through a comprehensive, multi-disciplinary approach that is focused on preserving the confidentiality, security, and availability of the information that the Company collects and stores by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Risk Management and Strategy

As one of the elements of the Company’s overall ERM program, the Company’s cybersecurity program includes the following key areas:

- **Governance:** As discussed in more detail under the heading “Governance,” the Board’s oversight of cybersecurity risk management is supported by the Audit Committee of the Board (the “Audit Committee”), which is regularly updated on cybersecurity matters by the Company’s Chief Information Security Officer (“CISO”), other members of management, and relevant representatives from management’s committees and the Company’s Internal Audit function.
- **Collaborative Approach:** The Company has implemented a comprehensive, multi-disciplinary approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.
- **Technical Safeguards:** The Company deploys technical safeguards that are designed to protect the Company’s information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments by internal and third-party experts, and cybersecurity threat intelligence.
- **Incident Response and Recovery Planning:** The Company has established and maintains comprehensive incident response and recovery plans pursuant to the NIST framework that fully address the Company’s response to a cybersecurity incident, and such plans are evaluated on a regular basis.
- **Third-Party Risk Management:** The Company has implemented a risk-based evaluation process to identify and oversee cybersecurity risks presented by third parties, including vendors, service providers and other external users of the Company’s systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

- **Education and Awareness:** The Company provides regular, mandatory training and education for personnel regarding cybersecurity threats as a means to equip the Company's personnel with effective tools to address cybersecurity threats, and to communicate the Company's evolving information security policies, standards, processes and practices.

The Company engages in the regular evaluations of the Company's policies, standards, processes, and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, including tabletop exercises and vulnerability testing, focused on evaluating the effectiveness of our cybersecurity measures and planning. The Company regularly engages third parties to perform assessments on certain of our cybersecurity measures, including audits and penetration testing. For example, we annually engage qualified third-party auditors to independently assess and attest to and/or provide certifications of compliance with the HIPAA Security and Privacy Rule, SOC2 Type 2, the Payment Card Industry Data Security Standard (PCI-DSS), UK CyberEssentials, and HITRUST. The results of such assessments, audits and reviews are presented to the Audit Committee and members of the Board, as appropriate, and the Company adjusts its cybersecurity policies, standards, processes, and practices as necessary based on such assessments, audits and reviews.

Governance

The Board, in coordination with the Audit Committee, oversees the Company's ERM process. The Audit Committee oversees our cybersecurity program, as well as the steps management has taken to monitor and control cybersecurity threats and related risks. This oversight includes receiving reports on the regular assessments of the Company's disclosure controls and procedures to ensure that current practices account for material cybersecurity risks facing the Company. The Audit Committee receives presentations on the cybersecurity program and related risks on at least a quarterly basis. These presentations address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and information security considerations arising with respect to the Company's peers and third parties. The Audit Committee, and the full Board as necessary, also receive prompt and timely information regarding any cybersecurity incident that meets recognized established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. The Audit Committee routinely meets with our Chief Legal and Regulatory Officer ("CLRO") and CISO as well as outside experts as appropriate to assess cybersecurity risks and to evaluate the status of the Company's cybersecurity efforts, which include a broad range of tools and training initiatives that work together to protect the data and systems used in our businesses.

Our cybersecurity management team includes our CISO, Data Privacy Officer, CLRO, Chief Financial Officer, and Head of Internal Audit. The CISO, in coordination with the team, works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. The cybersecurity management team meets regularly to review cybersecurity and data privacy strategy, receive updates, and consider the Company's current risk posture. The team meetings also build leadership consensus on cybersecurity risk management and tolerance. In the event they become aware of a cybersecurity threat or incident, employees are expected to follow established lines of communication to notify the relevant members of the cybersecurity management team and allow the relevant team members to coordinate the evaluation and response to such threats and incidents as necessary. To facilitate the Company's cybersecurity risk management program, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO and the rest of the cybersecurity management team monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and report such threats and incidents to other members of senior management and the Audit Committee when appropriate. Such plans also dictate notification responses to Company management based on the severity of the incident.

The CISO has worked in the information security field for over 15 years and holds an undergraduate degree in computer systems management and master's degrees in both cybersecurity and technology management. He has also attained multiple cybersecurity-related professional certifications and licenses, including Certified Information Systems Security Professional, and is an adjunct professor of cybersecurity at New York University and Fordham University.

While we have experienced cybersecurity incidents in the past, we are not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, financial condition, cash flows or reputation. However, cybersecurity threats and/or incidents could have a material effect on the Company. While we maintain cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured. For additional information regarding the cybersecurity risks we face, see “Item 1A. Risk Factors— Risks Related to Technology, Security and Intellectual Property” of this Annual Report on Form 10-K.

Item 2. Properties

We are currently headquartered in New York, New York in a leased office space, with additional corporate, technology and certain other operations located in leased or co-working office spaces elsewhere in the United States and Canada. Each of our foreign country operations generally also has leased or co-working office space to support its operations. Our in-person workshops are typically held in third-party locations (usually on flexible month to month arrangements) or in space leased in retail centers.

Item 3. Legal Proceedings

The information called for by this item is incorporated herein by reference to the legal proceedings disclosure under Note 16 “Commitments and Contingencies” of the notes to the audited consolidated financial statements contained in this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS AND DIRECTORS

Pursuant to General Instruction G(3) to Form 10-K, certain of the information regarding our directors and executive officers required by Items 401(a), (b) and (e) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

Set forth below are the names, ages as of December 28, 2024 and current positions of our executive officers and directors. Directors are elected at the annual meeting of shareholders. Executive officers are appointed by, and hold office at, the discretion of our Board of Directors.

Name	Age	Position
Tara Comonte	50	President and Chief Executive Officer, Director
Felicia DellaFortuna	41	Chief Financial Officer
Donna Boyer	54	Chief Product Officer
Jacqueline Cooke	46	Chief Legal and Regulatory Officer and Secretary
Thilo Semmelbauer ⁽¹⁾⁽²⁾	59	Chairman of the Board of Directors
Steven M. Altschuler, M.D. ⁽³⁾	71	Director
Julie Bornstein ⁽³⁾	54	Director
Tracey D. Brown ⁽¹⁾⁽²⁾	57	Director
Denis F. Kelly ⁽²⁾	75	Director
William H. Shrank, M.D.	53	Director

(1) Member of Nominating and Corporate Governance Committee.

(2) Member of Audit Committee.

(3) Member of Compensation and Benefits Committee.

Tara Comonte. Ms. Comonte has served as our President and Chief Executive Officer since February 2025 and has been a director since June 2023. She previously served as our Interim President and Chief Executive Officer from September 2024 to February 2025. With over two decades of executive leadership experience across corporate and digital strategy, technology, operations and finance, Ms. Comonte has navigated a broad range of industries and complex business transitions. She served as Chief Executive Officer of TMRW Life Sciences, Inc., a life sciences technology company focused on the in vitro fertilization (IVF) sector, from May 2021 to July 2023, and as a member of its board of directors from December 2018 to September 2023. She previously worked at Shake Shack Inc., a publicly-traded restaurant chain, as President and Chief Financial Officer from October 2019 to May 2021 and Chief Financial Officer from June 2017. Prior to that, Ms. Comonte was with Getty Images Holdings, Inc., a global digital media company, where she served as Chief Financial & Business Affairs Officer and Executive Vice President from October 2016 to June 2017 and Chief Financial Officer and Senior Vice President from April 2013 to October 2016. She previously served as Chief Financial Officer at McCann Worldgroup, the world’s largest marketing communications business, from October 2010 to April 2013. Earlier in her career, she was a founding member and Global Chief Financial Officer & Chief Operating Officer of Mediabrands, part of Interpublic Group, and held various roles at publicly- traded companies and Ernst & Young where she qualified as a Chartered Accountant. Ms. Comonte earned a B.A. in Accounting and Finance from Heriot-Watt University. Ms. Comonte is a director of Peloton Interactive, Inc.

Felicia DellaFortuna. Ms. DellaFortuna has served as our Chief Financial Officer since January 2025. Prior to joining us, she was Chief Financial Officer of Enthusiast Gaming Holdings Inc., a gaming media and entertainment company, from November 2023 to December 2024. Prior to that, she served as Chief Financial Officer of BuzzFeed, Inc., a digital media company, from December 2021 to November 2023. Ms. DellaFortuna previously served in several finance leadership positions at BuzzFeed’s predecessor company, including as its Chief Financial Officer from February 2020 to December 2021, Senior Vice President of Finance from May 2019 to February 2020, Vice President of Finance from June 2017 to May 2019, and Senior Director of Finance from October 2015 to June 2017. Prior to that time, Ms. DellaFortuna held corporate finance positions with Viant Technology Inc. and XIX Entertainment Limited, and provided assurance services at Ernst & Young LLP. She holds a Certified Public Accountant license in New York. Ms. DellaFortuna received a B.S. in Accounting from Lehigh University.

Donna Boyer. Ms. Boyer has served as our Chief Product Officer since May 2024. Prior to joining us, Ms. Boyer served as Chief Product Officer at Teladoc Health, Inc., a virtual healthcare services company, from May 2021 to April 2024, after serving as SVP Product Management & Design from November 2020 to May 2021. From January 2018 to November 2020, she served as Vice President of Product Management and Design at Stitch Fix, Inc., an online styling services company. Prior to that, Ms. Boyer was with Airbnb, Inc., an online lodging platform, where she served as Head of Airbnb Plus from July 2017 to January 2018 and Head of Product, Host & Homes from February 2016 to July 2017. She previously served as Chief Product Officer at Blurb, Inc., a self-publishing platform, from March 2012 to February 2016 (including also acting as Interim Chief Marketing Officer from February 2015 to February 2016). Prior to joining Blurb, Ms. Boyer held various product roles at Callaway Digital Arts, RMG Networks, Yahoo! Inc., DigitalThink Inc., Personify and Hyperion Solutions. Ms. Boyer received a B.A. in Economics from Swarthmore College.

Jacqueline Cooke. Ms. Cooke has served as our Chief Legal and Regulatory Officer and Secretary since August 2024, prior to which she served as our General Counsel and Secretary from March 2024 to July 2024. Prior to joining us, Ms. Cooke most recently served as General Counsel & Privacy Officer at 23andMe Holding Co. (“23andMe”), a genetics-led consumer healthcare and therapeutics company, from February 2022 to January 2024. She previously served as 23andMe’s Deputy General Counsel from March 2018 to February 2022 (including also acting as Privacy Officer from February 2020 on) and Associate General Counsel from April 2015 to February 2018. Prior to joining 23andMe, Ms. Cooke served as legal counsel at Genomic Health, Inc., a provider of genomic-based diagnostic tests that help optimize cancer care, from 2012 to 2015. She previously worked as an attorney at Latham & Watkins LLP from 2006 to 2012. Ms. Cooke received a B.A. in Ethnic Studies and Public Policy from the University of California, Berkeley, a M.P.P. from the John F. Kennedy School of Government at Harvard University and a J.D. from the Georgetown University Law Center.

Thilo Semmelbauer. Mr. Semmelbauer has been the Chairman of our Board of Directors since May 2023 and a director since September 2016. He served as a member of our former Interim Office of the Chief Executive Officer from September 2016 to July 2017. Since May 2019, Mr. Semmelbauer has served as Managing Director of Insight Partners, a global private equity and venture capital firm, where he previously served as a Senior Advisor from 2017 to 2019 and a Venture Partner from 2015 to 2017. From 2010 to 2015, he served as President and Chief Operating Officer of Shutterstock, Inc., a global marketplace for licensing images, videos, and music to businesses worldwide. From 2009 to 2010, he served as Executive Vice President, Consumer Business, of TheLadders.com, a career management company. Mr. Semmelbauer was also Weight Watchers International, Inc.’s Global Chief Operating Officer from 2006 to 2008 and Chief Operating Officer for North America from 2004 to 2006, after serving as President and Chief Operating Officer of WeightWatchers.com from 2000 to 2004 where he was part of the founding team. He holds an A.B. in Electrical Engineering and Computer Science from Dartmouth College and a dual M.S. in Management and Electrical Engineering from the Massachusetts Institute of Technology.

Steven M. Altschuler, M.D. Dr. Altschuler has been a director since September 2012. Dr. Altschuler has served as the Chief Executive Officer and Chair of the board of directors of Corner Therapeutics, Inc., a private immunotherapy company, since September 2020, and as Managing Director, Healthcare Ventures of Ziff Capital Partners, a private investment firm, since May 2018. He previously served as a consultant to the University of Miami Health Care System from September 2017 through December 2017, the Chief Executive Officer of the University of Miami Health Care System and Executive Vice President for Healthcare at the University of Miami from January 2016 to September 2017, and the Chief Executive Officer of The Children's Hospital of Philadelphia (CHOP) from April 2000 until June 2015. Prior to assuming the role of Chief Executive Officer, Dr. Altschuler held several positions at CHOP and the Perelman School of Medicine at the University of Pennsylvania, including Physician-in-Chief/Chair of Pediatrics and chief of the Division of Gastroenterology, Hepatology and Nutrition. Dr. Altschuler received a B.A. in mathematics and an M.D. from Case Western Reserve University. Dr. Altschuler is Chairman of the board of directors of 89bio, Inc. and Lexeo Therapeutics, Inc. He previously served as a director of Adtalem Global Education Inc. and Orchard Therapeutics plc.

Julie Bornstein. Ms. Bornstein has been a director since February 2019. Since July 2023, Ms. Bornstein has served as Chief Executive Officer of Daydream, an AI-powered search and discovery shopping platform she co-founded. Until January 2023, Ms. Bornstein served as Senior Vice President and Chief Shopping Officer of Pinterest, Inc., a digital visual inspiration platform. Ms. Bornstein joined Pinterest when it acquired The Yes Platform, Inc., an AI-powered online shopping platform she co-founded and for which she served as Chief Executive Officer from February 2018 until its acquisition in June 2022. From March 2015 to September 2017, Ms. Bornstein served as Chief Operating Officer at Stitch Fix, Inc., an online styling services company. Prior to that, Ms. Bornstein served as Chief Digital Officer at Sephora, a cosmetic retail company and subsidiary of LVMH Moët Hennessy Louis Vuitton SE, from August 2007 to March 2015. Ms. Bornstein received a B.A. in Government from Harvard College and an M.B.A. from Harvard Business School. Ms. Bornstein is a director of Redfin Corporation and Sweetgreen, Inc.

Tracey D. Brown. Ms. Brown has been a director since May 2023. Since March 2023, Ms. Brown has served as Executive Vice President and President of Walgreens Retail and U.S. Chief Customer Officer of Walgreens, a portfolio brand of Walgreens Boots Alliance, Inc., an integrated healthcare, pharmacy and retail company, after serving as President Retail Products and Chief Customer Officer of Walgreens from November 2021 to February 2023. From June 2018 to November 2021, Ms. Brown served as Chief Executive Officer of the American Diabetes Association, the largest voluntary health organization in the United States. Previously, Ms. Brown was with Sam's Club, a membership retail warehouse club and division of Walmart Inc., where she served as Senior Vice President of Operations and Chief Experience Officer from February 2017 to June 2018, Chief Member and Marketing Officer from January 2015 to February 2017, and Vice President from October 2014 to January 2015. Prior to joining Sam's Club, Ms. Brown held various roles at RAPP Dallas (a part of the Omnicom Group), Direct Impact, Advanced Micro Devices, Peppers & Rogers Group, Dell, American Express, Exxon and Procter & Gamble. Ms. Brown earned a Bachelor of Chemical Engineering from the University of Delaware and an M.B.A. from Columbia Business School. Ms. Brown was previously a director of YETI Holdings, Inc. She also previously served as a director of our Company from February 2019 to January 2022.

Denis F. Kelly. Mr. Kelly has been a director since May 2015. Mr. Kelly is affiliated with, and has served as a Managing Partner of, Scura Partners Securities LLC, a private investment banking firm which he co-founded, since 2001. In addition, Mr. Kelly is a Hearing Officer for National Arbitration and Mediation (NAM), one of the leading dispute resolution institutions in the United States. He previously served as a Senior Advisor to TM Capital Corp., a private investment banking firm, from 2022 to 2024. From 1993 to 2001, he was a Managing Director of Prudential Securities Incorporated. Prior to that, he served as the President and Chief Executive Officer of Denbrook Capital Corporation, a merchant banking firm, from 1991 to 1993. From 1980 to 1991, Mr. Kelly held various positions at Merrill Lynch, including Managing Director of Mergers and Acquisitions and Managing Director of Merchant Banking. Mr. Kelly began his investment banking career at Lehman Brothers in 1974. Mr. Kelly received a B.A. from Amherst College and an M.B.A. from the Wharton School of Business of the University of Pennsylvania. He was previously a director of MSC Industrial Direct Co., Inc.

William H. Shrank, M.D. Dr. Shrank has been a director since August 2023. Since November 2024, Dr. Shrank has served as Chief Executive Officer of a benefits enablement company that he founded. Prior to that, Dr. Shrank was a venture partner to the Bio + Health team of Andreessen Horowitz, a private venture capital firm, from January 2023 to November 2024. He previously served as Chief Medical Officer of Humana Inc. (Humana), a leading care delivery and health plan administration company, from April 2019 to August 2022. He also served as Humana's Chief Medical and Corporate Affairs Officer from July 2019 to July 2021 during which time he oversaw its government affairs function. Prior to joining Humana, Dr. Shrank served as Chief Medical Officer, Insurance Services Division, of the University of Pittsburgh Medical Center (UPMC) from April 2016 to February 2019. From 2013 to 2016, Dr. Shrank held several positions with CVS Health Corporation (CVS Health), a health solutions company, including Senior Vice President, Chief Scientific Officer, and Chief Medical Officer of Provider Innovation. Prior to joining CVS Health, Dr. Shrank served as Director, Research and Rapid-Cycle Evaluation Group, for the Center for Medicare and Medicaid Innovation, part of the Centers for Medicare and Medicaid Services (CMS). Dr. Shrank began his career as a practicing physician with Brigham and Women's Hospital in Boston, Massachusetts and as an assistant professor at Harvard Medical School. Dr. Shrank received a B.A. in Psychology from Brown University and an M.D. from Cornell University Medical College. He also holds a M.S. in Health Services from the University of California, Los Angeles. Dr. Shrank is a director of Walgreens Boots Alliance, Inc.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on Nasdaq under the symbol "WW."

On October 9, 2003, our Board of Directors authorized, and we announced, a program to repurchase up to \$250.0 million of our outstanding common stock. On each of June 13, 2005, May 25, 2006 and October 21, 2010, our Board of Directors authorized, and we announced, the addition of \$250.0 million to this program. The repurchase program allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. The repurchase program currently has no expiration date. During fiscal 2024 and fiscal 2023, we repurchased no shares of our common stock under this program. As of the end of fiscal 2024, \$208.9 million remained available to purchase shares of our common stock under the repurchase program.

Holders

The approximate number of holders of record of our common stock as of February 3, 2025 was 258. This number does not include beneficial owners of our securities held in the name of nominees.

Dividends

We do not currently pay a dividend and we have no current plans to pay dividends in the foreseeable future.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with our consolidated financial statements and related notes included in Item 15 of this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, strategies, prospects, objectives, expectations and intentions. The cautionary statements discussed in “Cautionary Notice Regarding Forward-Looking Statements” and elsewhere in this Annual Report on Form 10-K should be read as applying to all forward-looking statements wherever they appear in this Annual Report on Form 10-K. Our actual results could differ materially from those discussed here. Factors that could cause or contribute to these differences include, without limitation, those discussed in “Risk Factors” included in Item 1A of this Annual Report on Form 10-K. For the discussion of the financial condition and results of operations for the year ended December 30, 2023 compared to the year ended December 31, 2022, refer to "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 30, 2023 filed with the SEC on February 28, 2024, which discussion is incorporated herein by reference.

Overview

We are a global leader in weight management, combining science and community, to help our millions of members live their healthiest lives. With over six decades of weight management experience, expertise and know-how, we are the most recognized brand name in the field of weight loss. Our unique portfolio, including clinical solutions in the United States, empowers people to achieve their weight management goals and sustain their results. We are powered by our proprietary digital platform that provides members with access to our science-backed behavioral weight loss and weight management programs – our Points Program, Diabetes Program and GLP-1 Program – and our virtual and in-person community. We believe our community increases accountability and provides our members with inspiration, human connection, and support. In the United States, our digital platform also provides our members access to a network of licensed, specialized healthcare professionals who can provide clinical weight management support, including prescribing medications to those clinically eligible, through WeightWatchers Clinic-affiliated practices. As the number of people with overweight and obesity worldwide continues to grow, the need for effective, scalable, consumer-friendly and tailored weight management programs and access to weight-loss medication continues to increase. We believe the combination of our effective programs, global presence, active community and brand awareness uniquely position us to attract new and returning members and impact the weight management market.

Our primary sources of revenue are subscriptions for our digital, workshop, and clinical offerings. Our “Digital” business refers to providing subscriptions to our digital product offerings. Our “Workshops + Digital” business refers to providing subscriptions for unlimited access to our workshops combined with our digital subscription product offerings. Our “Clinical” business refers to providing subscriptions to our clinical product offerings provided by WeightWatchers Clinic (formerly referred to as Sequence) combined with our digital subscription product offerings and unlimited access to our workshops. We also refer to our Workshops + Digital business and Digital business collectively as our “Behavioral” business.

We provide services in numerous countries around the world. As previously disclosed, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of the Company’s centralized organizational structure in fiscal 2023, and management’s 2024 strategic planning process, the Company’s reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. The segment information presented in this Annual Report on Form 10-K for fiscal 2023 and fiscal 2022 has been updated to reflect this reportable segment structure.

Non-GAAP Financial Measures

To supplement our consolidated results presented in accordance with accounting principles generally accepted in the United States (“GAAP”), we have disclosed non-GAAP financial measures of operating results that exclude or adjust certain items. Gross profit, gross margin, operating (loss) income, operating (loss) income margin and components thereof are discussed in this Annual Report on Form 10-K both as reported (on a GAAP basis) and as adjusted (on a non-GAAP basis), as applicable, with respect to (i) fiscal 2024 to exclude (a) the impact of impairment charges for our franchise rights acquired related to our United States, Australia, United Kingdom and New Zealand units of account, (b) the net impact of (x) charges associated with our previously disclosed 2024 restructuring plan (the “2024 plan”), (y) charges associated with our previously disclosed 2023 restructuring plan (the “2023 plan”) and (z) charges associated with our previously disclosed 2022 restructuring plan (the “2022 plan”) or the reversal of certain of the charges associated with the 2022 plan, as applicable, and (c) the impact of certain non-recurring expenses in connection with the separation from the Company of our former Chief Executive Officer (“CEO”); and (ii) fiscal 2023 to exclude (a) the net impact of (w) charges associated with the 2023 plan, (x) charges associated with the 2022 plan or the reversal of certain of the charges associated with the 2022 plan, as applicable, (y) charges associated with our previously disclosed 2021 organizational restructuring plan (the “2021 plan”) or the reversal of certain of the charges associated with the 2021 plan, as applicable, and (z) the reversal of certain of the charges associated with our previously disclosed 2020 organizational restructuring plan (the “2020 plan”), (b) the impact of certain non-recurring transaction costs in connection with the acquisition of Sequence, and (c) the impact of the impairment charges for our goodwill related to our Republic of Ireland and Northern Ireland reporting units and the impairment charge for our franchise rights acquired related to our Northern Ireland unit of account. We generally refer to such non-GAAP measures as excluding or adjusting for the impact of franchise rights acquired and goodwill impairments, the net impact of restructuring charges, the impact of former CEO separation expenses, and the impact of acquisition transaction costs, as applicable. We also present within this Annual Report on Form 10-K the non-GAAP financial measures: earnings before interest, taxes, depreciation, amortization and stock-based compensation (“EBITDAS”); earnings before interest, taxes, depreciation, amortization, stock-based compensation, franchise rights acquired and goodwill impairments, net restructuring charges, former CEO separation expenses, and acquisition transaction costs (“Adjusted EBITDAS”); total debt less unamortized deferred financing costs, unamortized debt discount and cash on hand (i.e., net debt); and a net debt/Adjusted EBITDAS ratio. See “—Liquidity and Capital Resources—EBITDAS, Adjusted EBITDAS and Net Debt” for the reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measure in each case. Our management believes these non-GAAP financial measures provide useful supplemental information to investors regarding the performance of our business and are useful for period-over-period comparisons of the performance of our business. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly titled measures reported by other companies.

Use of Constant Currency

As exchange rates are an important factor in understanding period-to-period comparisons, we believe in certain cases the presentation of results on a constant currency basis in addition to reported results helps improve investors’ ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. In this Annual Report on Form 10-K, we calculate constant currency by calculating current-year results using prior-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant currency basis as excluding or adjusting for the impact of foreign currency or being on a constant currency basis. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP and are not meant to be considered in isolation. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with GAAP.

Components of our Results of Operations

Revenues

We derive our revenues principally from:

- *Subscription Revenues.* Our “Subscription Revenues” consist of the aggregate of: (a) “Digital Subscription Revenues”, the fees associated with subscriptions for our Digital offerings; (b) “Workshops + Digital Subscription Revenues”, the fees associated with subscriptions for our Workshops + Digital offerings; and (c) “Clinical Subscription Revenues”, the fees associated with subscriptions for our Clinical offerings. See “—Overview” above for additional details on these offerings.
- *Other Revenues.* We license our trademarks and other intellectual property in certain categories of food, beverages and other weight management-relevant consumer products and services. We also co-brand with or endorse carefully selected branded consumer products and services. In addition, we generate revenues from franchise fees with respect to commitment plans and royalties, and publishing. Prior to fiscal 2024, we also sold a range of consumer products, including bars, snacks, cookbooks and kitchen tools, online through our e-commerce platforms, at our studios, and through our trusted partners. Our consumer products business closed at the end of fiscal 2023.

The following table sets forth our revenues by category for the past two fiscal years.

Revenue Sources (in millions)

	Fiscal 2024	Fiscal 2023
Subscription Revenues.....	\$ 777.0	\$ 822.8
Other Revenues.....	8.9	66.8
Total.....	<u>\$ 785.9</u>	<u>\$ 889.6</u>

Note: Totals may not sum due to rounding.

Total revenues for fiscal 2024 decreased 11.6% versus fiscal 2023 driven by both a decrease in Other Revenues and a decrease in Subscription Revenues. Additional revenue details are as follows:

- *Other Revenues.* Other Revenues for fiscal 2024 decreased 86.6% versus fiscal 2023 driven primarily by the closure of our consumer products business at the end of fiscal 2023.
- *Subscription Revenues.* Subscription Revenues for fiscal 2024 decreased 5.6% versus fiscal 2023 driven primarily by a decrease in Digital Subscription Revenues and, to a lesser extent, a decrease in Workshops + Digital Subscription Revenues due to a higher mix of Digital subscribers within their initial, lower-priced commitment periods and recruitment declines. Workshops + Digital Subscription Revenues were also negatively impacted by the continued mix shift from our Workshops + Digital business to our Digital business. In addition, the lower number of Incoming Workshops + Digital Subscribers at the beginning of fiscal 2024 versus the beginning of fiscal 2023 contributed to the decrease in Workshops + Digital Subscription Revenues in the year. Subscription Revenues for fiscal 2024 benefited from Clinical Subscription Revenues following our acquisition of Sequence during the second quarter of fiscal 2023. End of Period Subscribers for fiscal 2024 decreased 12.2% versus the prior year. Recruitment and retention continue to be a key strategic focus.

Cost of Revenues

Total cost of revenues primarily consists of expenses to operate our studios and workshops, costs to develop and provide our digital and clinical products and costs to sell consumer products. Operating costs primarily consist of salary expense paid to operations management, commissions and expenses paid to our employees, coaches and guides, clinicians, studio room rent, customer service costs (both in-house and third-party), program material expenses, depreciation and amortization associated with field automation, credit card and fulfillment fees and training and other expenses. Cost to sell products includes costs of products purchased from our third-party suppliers, inventory reserves, royalties, and inbound and outbound shipping and related costs incurred in making our products available for sale or use. Costs to operate our products include salaries and related benefits, depreciation and amortization of capitalized software and website development, credit card processing fees and other costs incurred in developing our offerings, as applicable.

Marketing Expenses

Marketing expenses primarily consist of costs to produce advertising and marketing materials as well as media costs to advertise our brand and products across multiple platforms (e.g., television, YouTube, social media, programmatic, audio, search, affiliate, branded content, electronic customer relationship marketing (eCRM), direct mail and public relations), costs paid to third-party agencies who help us develop our marketing campaigns and strategy, expenses associated with brand ambassadors, expenses in support of market research, as well as costs incurred in connection with local marketing and promotions.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of compensation, benefits and other related costs, including stock-based compensation, third-party consulting, temporary help, audit, legal and litigation expenses as well as facility costs and depreciation and amortization of systems in support of the business infrastructure and offices globally. Selling, general and administrative expenses also include amortization expense of certain of our intangible assets and certain one-time transaction expenses.

Gross Margin

The following table sets forth our gross profit and gross margin for the past two fiscal years, as adjusted for fiscal 2024 and fiscal 2023 to exclude the net impact of restructuring charges. See “Non-GAAP Financial Measures” for additional information.

(in millions except percentages)	Fiscal 2024	Fiscal 2023
Gross Profit	\$ 533.1	\$ 529.3
<i>Gross Margin</i>	67.8%	59.5%
Adjustments to Reported Amounts ⁽¹⁾		
2024 plan restructuring charges	2.5	—
2023 plan restructuring charges	2.5	21.1
2022 plan restructuring charges	0.0	(0.0)
2021 plan restructuring charges	—	0.1
2020 plan restructuring charges	—	(0.0)
Gross Profit, as adjusted ⁽¹⁾	<u>\$ 538.1</u>	<u>\$ 550.5</u>
<i>Gross Margin impact from above adjustments ⁽¹⁾</i>	(0.6%)	(2.4%)
<i>Gross Margin, as adjusted ⁽¹⁾</i>	68.5%	61.9%

Note: Totals may not sum due to rounding.

- (1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for fiscal 2024 to exclude the net impact of the \$2.5 million (\$1.9 million after tax) of 2024 plan restructuring charges, the \$2.5 million (\$1.9 million after tax) of 2023 plan restructuring charges and the \$26 thousand (\$19 thousand after tax) of 2022 plan restructuring charges, and for fiscal 2023 to exclude the net impact of the \$21.1 million (\$15.8 million after tax) of 2023 plan restructuring charges, the reversal of \$4 thousand (\$3 thousand after tax) of 2022 plan restructuring charges, the \$0.1 million (\$0.1 million after tax) of 2021 plan restructuring charges and the reversal of \$21 thousand (\$16 thousand after tax) of 2020 plan restructuring charges. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Operating (Loss) Income Margin

The following table sets forth our operating (loss) income and operating (loss) income margin for the past two fiscal years, as adjusted for fiscal 2024 and fiscal 2023 to exclude the impact of franchise rights acquired and goodwill impairments, the net impact of restructuring charges, the impact of former CEO separation costs, and the impact of the acquisition transaction costs, as applicable. See “Non-GAAP Financial Measures” for additional information.

<u>(in millions except percentages)</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Operating (Loss) Income.....	\$ (236.2)	\$ 22.3
<i>Operating (Loss) Income Margin</i>	<i>(30.1%)</i>	<i>2.5%</i>
<u>Adjustments to Reported Amounts ⁽¹⁾</u>		
Franchise rights acquired and goodwill impairments	315.0	3.6
2024 plan restructuring charges	17.0	—
2023 plan restructuring charges	5.1	53.7
2022 plan restructuring charges	0.0	1.1
2021 plan restructuring charges	—	0.1
2020 plan restructuring charges	—	(0.0)
Former CEO separation expenses	3.9	—
Acquisition transaction costs.....	—	8.6
Operating Income, as adjusted ⁽¹⁾	<u>\$ 104.8</u>	<u>\$ 89.5</u>
<i>Operating Income Margin impact from above adjustments ⁽¹⁾</i>	<i>(43.4%)</i>	<i>(7.5%)</i>
<i>Operating Income Margin, as adjusted ⁽¹⁾</i>	<i>13.3%</i>	<i>10.1%</i>

Note: Totals may not sum due to rounding.

- (1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for fiscal 2024 to exclude the impact of the \$315.0 million (\$293.2 million after tax) of franchise rights acquired impairments, the net impact of the \$17.0 million (\$12.8 million after tax) of 2024 plan restructuring charges, the \$5.1 million (\$3.8 million after tax) of 2023 plan restructuring charges and the \$8 thousand (\$6 thousand after tax) of 2022 plan restructuring charges, and the impact of the \$3.9 million (\$2.9 million after tax) of former CEO separation expenses, and for fiscal 2023 to exclude the impact of the \$3.6 million (\$3.6 million after tax) of franchise rights acquired and goodwill impairments, the net impact of the \$53.7 million (\$40.3 million after tax) of 2023 plan restructuring charges, the \$1.1 million (\$0.9 million after tax) of 2022 plan restructuring charges, the \$0.1 million (\$43 thousand after tax) of 2021 plan restructuring charges and the reversal of \$21 thousand (\$16 thousand after tax) of 2020 plan restructuring charges, and the impact of the \$8.6 million (\$7.5 million after tax) of acquisition transaction costs. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Material Trends

Performance Indicators

Our management team regularly reviews and analyzes a number of financial and operating metrics, including the key performance indicators listed below, in order to manage our business, measure our performance, identify trends affecting our business, determine the allocation of resources, make decisions regarding corporate strategies and assess the quality and potential variability of our cash flows and earnings. We also believe that these key performance indicators are useful to both management and investors for forecasting purposes and to facilitate comparisons to our historical operating results. These metrics are supplemental to our GAAP results and include operational measures.

- Revenues—Our “Subscription Revenues” consist of the aggregate of: (a) “Digital Subscription Revenues”, the fees associated with subscriptions for our Digital offerings; (b) “Workshops + Digital Subscription Revenues”, the fees associated with subscriptions for our Workshops + Digital offerings; and (c) “Clinical Subscription Revenues”, the fees associated with subscriptions for our Clinical offerings. See “—Overview” above for additional details on these offerings. In addition, “Other Revenues” (formerly known as “product sales and other”) consist of revenues from licensing, franchise fees with respect to commitment plans and royalties, publishing and other revenues. Prior to fiscal 2024, “Other Revenues” included sales of consumer products.

- Paid Weeks—The “Paid Weeks” metric reports paid weeks by WW customers in Company-owned operations for a given period as follows: (i) “Digital Paid Weeks” is the total paid subscription weeks for our Digital offerings; (ii) “Workshops + Digital Paid Weeks” is the total paid subscription weeks for our Workshops + Digital offerings; (iii) “Clinical Paid Weeks” is the total paid subscription weeks for our Clinical offerings; and (iv) “Total Paid Weeks” is the sum of Digital Paid Weeks, Workshops + Digital Paid Weeks and Clinical Paid Weeks.
- Incoming Subscribers—“Subscribers” refer to Digital subscribers, Workshops + Digital subscribers and Clinical subscribers who participate in recurring bill programs in Company-owned operations. The “Incoming Subscribers” metric reports Subscribers in Company-owned operations at a given period start as follows: (i) “Incoming Digital Subscribers” is the total number of Digital subscribers; (ii) “Incoming Workshops + Digital Subscribers” is the total number of Workshops + Digital subscribers; (iii) “Incoming Clinical Subscribers” is the total number of Clinical subscribers; and (iv) “Incoming Subscribers” is the sum of Incoming Digital Subscribers, Incoming Workshops + Digital Subscribers and Incoming Clinical Subscribers, as applicable. Given we completed our acquisition of Sequence in April 2023 after the beginning of the second quarter of fiscal 2023, we have incoming subscribers with respect to our Clinical business for fiscal 2024, but not for fiscal 2023. Recruitment and retention are key drivers for this metric.
- End of Period Subscribers—The “End of Period Subscribers” metric reports Subscribers in Company-owned operations at a given period end as follows: (i) “End of Period Digital Subscribers” is the total number of Digital subscribers; (ii) “End of Period Workshops + Digital Subscribers” is the total number of Workshops + Digital subscribers; (iii) “End of Period Clinical Subscribers” is the total number of Clinical subscribers; and (iv) “End of Period Subscribers” is the sum of End of Period Digital Subscribers, End of Period Workshops + Digital Subscribers and End of Period Clinical Subscribers. Recruitment and retention are key drivers for this metric.
- Gross profit and operating expenses as a percentage of revenue.

Market Trends

Our revenues and profitability can be sensitive to major trends in the weight management and health and wellness industries. In particular, we believe that our business could be adversely impacted by:

- the development of more effective or more favorably perceived weight management methods or technologies, including by the pharmaceutical, genetics and biotechnology industries;
- the rapidly evolving and increasingly competitive clinical weight management and weight loss market and increasing consumer interest in weight management medications and the failure of our offerings to compete in such market and environment;
- the rapidly evolving regulatory landscape applicable to GLP-1s and the implications for our new compounded GLP-1 offering;
- reduced consumer interest in commercial weight loss and diet programs;
- increased competition from weight loss and wellness apps;
- a failure to develop and market new, innovative services and products, to enhance our existing services and products, or to successfully expand into new channels of distribution or respond to consumer trends or sentiment, including the failure of new services or products to appeal to evolving consumer sentiment;
- a failure to successfully implement new strategic initiatives;
- a decrease in the effectiveness of our marketing, advertising, and social media programs or an increase in the effectiveness of our competitors’ similar programs;
- an impairment of our brands and other intellectual property;
- a failure of our technology or systems to perform as designed;

- any event or condition that impedes people from accessing resources or discourages or impedes people from gathering with others; and
- a downturn in general economic conditions or consumer confidence.

Critical Accounting Estimates

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to the impairment analysis for goodwill and other indefinite-lived intangible assets. We base our estimates on historical experience and on various other factors and assumptions 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 that are not readily apparent from other sources. Actual results may differ from these estimates.

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. Based on this criteria, we believe the following accounting policies are most important to the portrayal of our financial condition and results of operations and require our most significant judgments and estimates. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Franchise Rights Acquired

Finite-lived franchise rights acquired are amortized over the remaining contractual period, which is generally less than one year. Indefinite-lived franchise rights acquired are tested for potential impairment on at least an annual basis or more often if events so require.

In performing the impairment analysis for indefinite-lived franchise rights acquired, the fair value for franchise rights acquired is estimated using a discounted cash flow approach referred to as the hypothetical start-up approach for franchise rights related to our Workshops + Digital business and a relief from royalty methodology for franchise rights related to our Digital business. The aggregate estimated fair value for these franchise rights is then compared to the carrying value of the unit of account for these rights. We have determined the appropriate unit of account for purposes of assessing impairment to be the combination of the rights in both the Workshops + Digital business and the Digital business in the country in which the applicable acquisition occurred. The net book value of franchise rights acquired for the United States unit of account as of the December 28, 2024 balance sheet date was \$68.6 million, which represented 100.0% of total franchise rights acquired as of December 28, 2024.

In our hypothetical start-up approach analyses for fiscal 2024, we assumed that the year of maturity was reached after 7 years. Subsequent to the year of maturity, we estimated future cash flows for the Workshops + Digital business in each country based on assumptions regarding revenue growth and operating income margins. In our relief from royalty approach analyses for fiscal 2024, the cash flows associated with the Digital business in each country were based on the expected Digital revenue for such country and the application of a royalty rate based on current market terms. The cash flows for the Workshops + Digital and the Digital businesses were discounted utilizing rates which were calculated using the weighted average cost of capital, which included the cost of equity and the cost of debt.

Goodwill

In performing the impairment analysis for goodwill, the fair value for our reporting units is estimated using a discounted cash flow approach. This approach involves projecting future cash flows attributable to the reporting unit and discounting those estimated cash flows using an appropriate discount rate. The estimated fair value is then compared to the carrying value of the reporting unit. We have determined the appropriate reporting units for purposes of assessing goodwill impairment to be the Behavioral and Clinical business lines. Our “Behavioral” business line consists of our Workshops + Digital business and Digital business. The net book values of goodwill for the Behavioral and Clinical reporting units as of the December 28, 2024 balance sheet date were \$149.8 million and \$89.7 million, respectively, which represented 62.5% and 37.5%, respectively, of total goodwill as of December 28, 2024.

In performing the impairment analysis for goodwill, for all of our reporting units, we estimated future cash flows by utilizing the historical debt-free cash flows (cash flows provided by operations less capital expenditures) attributable to each of the Behavioral and Clinical reporting units and then applied expected future operating income growth rates for the respective reporting unit. We utilized operating income as the basis for measuring our potential growth because we believe it is the best indicator of the performance of our business. We then discounted the estimated future cash flows utilizing a discount rate which was calculated using the weighted average cost of capital, which included the cost of equity and the cost of debt.

Indefinite-Lived Franchise Rights Acquired and Goodwill Impairment Tests

We review indefinite-lived franchise rights acquired and goodwill for potential impairment on at least an annual basis or more often if events so require. We performed our annual fair value impairment testing as of May 5, 2024 and May 7, 2023, each the first day of fiscal May, on our indefinite-lived franchise rights acquired and goodwill. In addition, based on triggering events, we performed interim impairment tests as of March 30, 2024 and September 28, 2024 on our indefinite-lived franchise rights acquired and goodwill for the first and third quarters of fiscal 2024, respectively.

When determining fair value, we utilize various assumptions, including projections of future cash flows, revenue growth rates, operating income margins and discount rates. A change in these underlying assumptions could cause a change in the results of the impairment assessments and, as such, could cause fair value to be less than the carrying values and result in an impairment of those assets. In the event such a result occurred, we would be required to record a corresponding charge, which would impact earnings. We would also be required to reduce the carrying values of the related assets on our balance sheet. We continue to evaluate these assumptions and believe that these assumptions are appropriate.

In performing our impairment analyses, we also considered the trading value of both our equity and debt. If the trading values of both our equity and debt were to significantly decline from their levels at the time of testing, we may have to take an impairment charge at the appropriate time, which could be material. For additional information on risks associated with our recognizing asset impairment charges, see the risk factor titled “We have in the past and may in the future be required to recognize asset impairment charges for indefinite- and definite-lived assets” found in “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

As a result of the inherent uncertainty associated with forming the estimates within our goodwill and franchise rights acquired impairment tests, actual results could differ from those estimates. Future events and changing market conditions may impact our assumptions as to future revenue and operating margin growth, weighted average cost of capital, and other factors that may result in changes in our estimates of fair value. Although we believe the assumptions used in testing for impairment are reasonable, a lack of recovery or further deterioration in market conditions or financial performance, a lack of recovery or further decline in our share price from current levels for a sustained period, or an increase in the market-based weighted average cost of capital, among other factors, could significantly impact our impairment analysis and may result in future franchise rights acquired or goodwill impairment charges that, if incurred, could have a material adverse effect on our financial condition and results of operations.

Further information regarding the results of our franchise rights acquired and goodwill annual impairment tests and our franchise rights acquired and goodwill interim impairment tests for the first and third quarters of fiscal 2024 can be found in Note 7 “Franchise Rights Acquired, Goodwill and Other Intangible Assets” of the notes to the audited consolidated financial statements, contained in Part IV, Item 15 of this Annual Report on Form 10-K.

Critical Accounting Policies

Information concerning our critical accounting policies is set forth in Note 2 “Summary of Significant Accounting Policies” of the notes to the audited consolidated financial statements, contained in Part IV, Item 15 of this Annual Report on Form 10-K.

RESULTS OF OPERATIONS FOR FISCAL 2024 (52 weeks) COMPARED TO FISCAL 2023 (52 weeks)

The table below sets forth selected financial information for fiscal 2024 from our consolidated statements of operations for fiscal 2024 versus selected financial information for fiscal 2023 from our consolidated statements of operations for fiscal 2023.

Summary of Selected Financial Data

	(In millions, except per share amounts)				
	Fiscal 2024	Fiscal 2023	Increase/ (Decrease)	% Change	% Change Constant Currency
Revenues, net	\$ 785.9	\$ 889.6	\$ (103.6)	(11.6%)	(11.7%)
Cost of revenues	252.8	360.2	(107.4)	(29.8%)	(29.8%)
Gross profit	533.1	529.3	3.8	0.7%	0.6%
<i>Gross Margin %</i>	<i>67.8%</i>	<i>59.5%</i>			
Marketing expenses	236.5	238.4	(1.9)	(0.8%)	(0.8%)
Selling, general & administrative expenses	217.8	264.9	(47.1)	(17.8%)	(17.8%)
Franchise rights acquired and goodwill impairments	315.0	3.6	311.4	100.0% *	100.0% *
Operating (loss) income	(236.2)	22.3	(258.6)	(100.0%) *	(100.0%) *
<i>Operating (Loss) Income Margin %</i>	<i>(30.1%)</i>	<i>2.5%</i>			
Interest expense	109.0	95.9	13.1	13.6%	13.6%
Other (income) expense, net	(0.0)	0.1	(0.1)	(100.0%) *	(100.0%) *
Loss before income taxes	(345.2)	(73.6)	271.5	100.0% *	100.0% *
Provision for income taxes	0.5	38.6	(38.1)	(98.6%)	(98.9%)
Net loss	\$ (345.7)	\$ (112.3)	233.4	100.0% *	100.0% *
Weighted average diluted shares outstanding	79.6	76.7	2.9	3.8%	3.8%
Diluted net loss per share	\$ (4.34)	\$ (1.46)	\$ 2.88	100.0% *	100.0% *

Note: Totals may not sum due to rounding.

* Note: Percentage in excess of 100.0% and not meaningful.

Certain results for fiscal 2024 are adjusted to exclude the impact of franchise rights acquired impairments, the net impact of restructuring charges, and the impact of former CEO separation expenses. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the fiscal year ended December 28, 2024 which have been adjusted.

<u>(in millions except percentages)</u>	<u>Gross Profit</u>	<u>Gross Margin</u>	<u>Operating (Loss) Income</u>	<u>Operating (Loss) Income Margin</u>
Fiscal 2024	\$ 533.1	67.8%	\$ (236.2)	(30.1%)
Adjustments to reported amounts ⁽¹⁾				
Franchise rights acquired impairments	—		315.0	
2024 plan restructuring charges	2.5		17.0	
2023 plan restructuring charges	2.5		5.1	
2022 plan restructuring charges	0.0		0.0	
Former CEO separation expenses	—		3.9	
Total adjustments ⁽¹⁾	<u>5.0</u>		<u>341.1</u>	
Fiscal 2024, as adjusted ⁽¹⁾	<u>\$ 538.1</u>	68.5%	<u>\$ 104.8</u>	13.3%

Note: Totals may not sum due to rounding.

- (1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for fiscal 2024 to exclude the impact of the \$315.0 million (\$293.2 million after tax) of franchise rights acquired impairments, the net impact of the \$17.0 million (\$12.8 million after tax) of 2024 plan restructuring charges, the \$5.1 million (\$3.8 million after tax) of 2023 plan restructuring charges and the \$8 thousand (\$6 thousand after tax) of 2022 plan restructuring charges, and the impact of the \$3.9 million (\$2.9 million after tax) of former CEO separation expenses. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Certain results for fiscal 2023 are adjusted to exclude the net impact of restructuring charges, the impact of acquisition transaction costs, and the impact of franchise rights acquired and goodwill impairments. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the fiscal year ended December 30, 2023 which have been adjusted.

<u>(in millions except percentages)</u>	<u>Gross Profit</u>	<u>Gross Margin</u>	<u>Operating Income</u>	<u>Operating Income Margin</u>
Fiscal 2023	\$ 529.3	59.5%	\$ 22.3	2.5%
Adjustments to reported amounts ⁽¹⁾				
2023 plan restructuring charges	21.1		53.7	
2022 plan restructuring charges	(0.0)		1.1	
2021 plan restructuring charges	0.1		0.1	
2020 plan restructuring charges	(0.0)		(0.0)	
Acquisition transaction costs	—		8.6	
Franchise rights acquired and goodwill impairments	—		3.6	
Total adjustments ⁽¹⁾	<u>21.2</u>		<u>67.2</u>	
Fiscal 2023, as adjusted ⁽¹⁾	<u>\$ 550.5</u>	61.9%	<u>\$ 89.5</u>	10.1%

Note: Totals may not sum due to rounding.

- (1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for fiscal 2023 to exclude the net impact of the \$53.7 million (\$40.3 million after tax) of 2023 plan restructuring charges, the \$1.1 million (\$0.9 million after tax) of 2022 plan restructuring charges, the \$0.1 million (\$43 thousand after tax) of 2021 plan restructuring charges and the reversal of \$21 thousand (\$16 thousand after tax) of 2020 plan restructuring charges, the impact of the \$8.6 million (\$7.5 million after tax) of acquisition transaction costs, and the impact of \$3.6 million (\$3.6 million after tax) of franchise rights acquired and goodwill impairments. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Consolidated Results

Revenues

Revenues for fiscal 2024 were \$785.9 million, a decrease of \$103.6 million, or 11.6%, versus fiscal 2023. Excluding the impact of foreign currency, which positively impacted our revenues in fiscal 2024 by \$0.7 million, revenues for fiscal 2024 would have decreased 11.7% versus the prior year. This decrease was driven by both a decrease in Other Revenues and a decrease in Subscription Revenues. The decrease in Other Revenues for fiscal 2024 versus the prior year was driven primarily by the closure of our consumer products business at the end of fiscal 2023. The decrease in Subscription Revenues for fiscal 2024 versus the prior year was driven primarily by a higher mix of Digital subscribers within their initial, lower-priced commitment periods and Behavioral recruitment declines. Additionally, Subscription Revenues were negatively impacted by the continued mix shift from our Workshops + Digital business to our Digital business. Subscription Revenues included \$78.0 million of Clinical Subscription Revenues for fiscal 2024 versus \$30.5 million of Clinical Subscription Revenues for fiscal 2023 as a result of our acquisition of Sequence closing during the second quarter of fiscal 2023. See “—Operating Results” for additional details on revenues.

Cost of Revenues

Cost of revenues for fiscal 2024 decreased \$107.4 million, or 29.8%, versus fiscal 2023. Excluding the impact of foreign currency, which increased cost of revenues in fiscal 2024 by \$0.1 million, cost of revenues for fiscal 2024 would have decreased 29.8% versus the prior year. Excluding the net impact of the \$5.0 million of restructuring charges in fiscal 2024 and the net impact of the \$21.2 million of restructuring charges in fiscal 2023, cost of revenues for fiscal 2024 would have decreased by 26.9%, both as adjusted and as adjusted on a constant currency basis, versus the prior year as a result of the closure of the consumer products business and cost actions taken to reduce the fixed cost base of the Workshops + Digital business.

Gross Profit

Gross profit for fiscal 2024 increased \$3.8 million, or 0.7%, versus fiscal 2023. Excluding the impact of foreign currency, which positively impacted gross profit in fiscal 2024 by \$0.6 million, gross profit for fiscal 2024 would have increased 0.6% versus the prior year. Excluding the net impact of the \$5.0 million of restructuring charges in fiscal 2024 and the net impact of the \$21.2 million of restructuring charges in fiscal 2023, gross profit for fiscal 2024 would have decreased by 2.2%, or 2.3% on a constant currency basis, versus the prior year. Gross margin for fiscal 2024 increased to 67.8%, both as reported and on a constant currency basis, versus 59.5% for fiscal 2023. Excluding the net impact of restructuring charges in fiscal 2024 and the net impact of restructuring charges in fiscal 2023, gross margin for fiscal 2024 would have increased 6.6% to 68.5%, both as adjusted and as adjusted on a constant currency basis, versus the prior year. This gross margin increase was driven primarily by actions to reduce the fixed cost base within our business and the closure of our lower margin consumer products business at the end of fiscal 2023.

Marketing

Marketing expenses for fiscal 2024 decreased \$1.9 million, or 0.8%, versus fiscal 2023. Foreign currency had a de minimis impact on marketing expenses for fiscal 2024. This decrease in marketing expenses was primarily due to lower spend on agency fees and TV advertising and production fees, partially offset by higher spend on online advertising. Marketing expenses as a percentage of revenue for fiscal 2024 increased to 30.1% from 26.8% for fiscal 2023 as a result of a decrease in Subscription Revenues due to Behavioral recruitment declines.

Selling, General and Administrative

Selling, general and administrative expenses for fiscal 2024 decreased \$47.1 million, or 17.8%, versus fiscal 2023. Excluding the impact of foreign currency, which increased selling, general and administrative expenses in fiscal 2024 by \$0.1 million, selling, general and administrative expenses for fiscal 2024 would have decreased 17.8% versus the prior year. Excluding the net impact of the \$17.1 million of restructuring charges in fiscal 2024, the \$3.9 million of former CEO separation expenses in fiscal 2024, the net impact of the \$33.7 million of restructuring charges in fiscal 2023 and the impact of the \$8.6 million of acquisition transaction costs in fiscal 2023, selling, general and administrative expenses for fiscal 2024 would have decreased by 11.6%, both as adjusted and as adjusted on a constant currency basis, versus the prior year. This decrease in selling, general and administrative expenses was primarily due to a decline in employee compensation and related costs from continued cost discipline and execution towards our cost savings initiative plan announced in 2024, partially offset by an increase in bad debt expense. Selling, general and administrative expenses as a percentage of revenue for fiscal 2024 decreased to 27.7% from 29.8% for fiscal 2023. Excluding the net impact of restructuring charges in fiscal 2024, the impact of former CEO separation expenses in fiscal 2024, the net impact of restructuring charges in fiscal 2023 and the impact of acquisition transaction costs in fiscal 2023, there would have been no change in selling, general and administrative expenses as a percentage of revenue for fiscal 2024, both as adjusted and as adjusted on a constant currency basis, versus the prior year.

Impairments

In performing our interim impairment analysis as of September 28, 2024, we determined that the carrying values of our United States and United Kingdom franchise rights acquired with indefinite-lived units of account exceeded their respective fair values and, as a result, we recorded impairment charges for our United States and United Kingdom units of account of \$54.3 million and \$2.8 million, respectively, in the third quarter of fiscal 2024.

In performing our interim impairment analysis as of March 30, 2024, we determined that the carrying values of our United States, Australia, New Zealand and United Kingdom franchise rights acquired with indefinite-lived units of account exceeded their respective fair values and, as a result, we recorded impairment charges for our United States, Australia, New Zealand and United Kingdom units of account of \$251.4 million, \$4.1 million, \$2.3 million and \$0.2 million, respectively, in the first quarter of fiscal 2024.

During the fourth quarter of fiscal 2023, we had a shift in future strategic priorities and as a result, a triggering event occurred which required us to impair the remaining (i) goodwill balances for our Republic of Ireland and Northern Ireland reporting units, resulting in goodwill impairment charges of \$2.4 million and \$1.2 million, respectively, and (ii) franchise rights acquired balance for our Northern Ireland unit of account, resulting in a franchise rights acquired impairment charge of \$47 thousand.

Operating (Loss) Income

Operating loss for fiscal 2024 was \$236.2 million compared to operating income for fiscal 2023 of \$22.3 million. Operating loss for fiscal 2024 was positively impacted by \$0.4 million of foreign currency. Excluding the impact of the \$315.0 million of franchise rights acquired impairments in fiscal 2024, the net impact of the \$22.2 million of restructuring charges in fiscal 2024, the impact of the \$3.9 million of former CEO separation expenses in fiscal 2024, the net impact of the \$54.9 million of restructuring charges in fiscal 2023, the impact of the \$8.6 million of acquisition transaction costs in fiscal 2023, and the impact of the \$3.6 million of franchise rights acquired and goodwill impairments in fiscal 2023, operating income would have been \$104.8 million, or \$104.4 million on a constant currency basis, for fiscal 2024 versus operating income of \$89.5 million for fiscal 2023. Operating loss margin for fiscal 2024 was 30.1% compared to operating income margin for fiscal 2023 of 2.5%. Excluding the impact of franchise rights acquired impairments in fiscal 2024, the net impact of restructuring charges in fiscal 2024, the impact of former CEO separation expenses in fiscal 2024, the net impact of restructuring charges in fiscal 2023, the impact of acquisition transaction costs in fiscal 2023, and the impact of the franchise rights acquired and goodwill impairments in fiscal 2023, operating income margin would have been 13.3%, both as adjusted and as adjusted on a constant currency basis, for fiscal 2024 versus operating income margin of 10.1% for fiscal 2023. This increase in operating income margin was driven primarily by an increase in gross margin, partially offset by an increase in marketing expenses as a percentage of revenue, versus the prior year.

Interest Expense

Interest expense for fiscal 2024 increased \$13.1 million, or 13.6%, versus fiscal 2023. The increase in interest expense was driven primarily by an increase in the base rate of our Term Loan Facility (as defined below). The effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during fiscal 2024 and fiscal 2023 and excluding the impact of any applicable interest rate swaps, increased to 7.74% per annum for fiscal 2024 from 7.64% per annum for fiscal 2023. Interest expense was impacted by the termination of our interest rate swaps on March 31, 2024. Including the impact of any applicable interest rate swaps, the effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during fiscal 2024 and fiscal 2023, increased to 7.50% per annum for fiscal 2024 from 6.73% per annum for fiscal 2023. See “—Liquidity and Capital Resources—Long-Term Debt” for additional details regarding our debt, including interest rates and payments thereon. Further information regarding our use of interest rate swaps can be found in Note 19 “Derivative Instruments and Hedging” of the notes to the audited consolidated financial statements contained in this Annual Report on Form 10-K.

Other (Income) Expense, Net

Other (income) expense, net, which consists primarily of the negative impact of foreign currency on intercompany transactions, changed by \$0.1 million for fiscal 2024 to \$0.0 million of income as compared to \$0.1 million of expense for fiscal 2023.

Tax

Our effective tax rate for fiscal 2024 was (0.2%) compared to (52.5%) for fiscal 2023. The tax expense for fiscal 2024 was impacted by a tax expense due to a valuation allowance and a tax expense related to share-based awards, partially offset by a tax benefit related to state tax and a tax benefit related to foreign-derived intangible income (“FDII”).

In addition, for fiscal 2024, the effective tax rate was impacted by out-of-period income tax adjustments and tax expense from a valuation allowance established to offset certain non-U.S. deferred tax assets due to the uncertainty of realizing future tax benefits. The adoption of the Organization for Economic Cooperation and Development’s global tax reform initiative, which introduces a global minimum tax of 15% applicable to large multinational corporations, impacted our effective tax rate for fiscal 2024 by (0.04%) related to Canadian top up tax.

We continue to evaluate the realizability of our deferred tax assets and based on the weight of the available evidence, we provided a full valuation allowance against the U.S. deferred tax assets.

The tax expense for fiscal 2023 was impacted by a tax expense due to a valuation allowance and a tax expense related to income earned in foreign jurisdictions at rates higher than the U.S., partially offset by a tax benefit related to state tax and a tax benefit related to FDII.

Net Loss and Diluted Net Loss Per Share

Net loss for fiscal 2024 was \$345.7 million compared to net loss for fiscal 2023 of \$112.3 million. Net loss for fiscal 2024 was positively impacted by \$0.3 million of foreign currency. Net loss for fiscal 2024 included a \$293.2 million impact from franchise rights acquired impairments, a \$16.6 million net impact from restructuring charges, and a \$2.9 million impact from former CEO separation expenses. Net loss for fiscal 2023 included a \$41.2 million net impact from restructuring charges, a \$7.5 million impact from acquisition transaction costs, and a \$3.6 million impact from franchise rights acquired and goodwill impairments. Additionally, net loss for fiscal 2023 included a \$50.6 million tax expense from the increase in the partial valuation allowance established in fiscal 2022 to a full valuation allowance in fiscal 2023 to offset all U.S. deferred tax assets due to the uncertainty of realizing future tax benefits of the assets.

Diluted net loss per share for fiscal 2024 was \$4.34 compared to diluted net loss per share for fiscal 2023 of \$1.46. Diluted net loss per share for fiscal 2024 included a \$3.68 impact from franchise rights acquired impairments, a \$0.21 net impact from restructuring charges, and a \$0.04 impact from former CEO separation expenses. Diluted net loss per share for fiscal 2023 included a \$0.54 net impact from restructuring charges, a \$0.10 impact from acquisition transaction costs, and a \$0.05 impact from franchise rights acquired and goodwill impairments. Additionally, diluted net loss per share for fiscal 2023 included a \$0.66 tax expense from the increase in the partial valuation allowance established in fiscal 2022 to a full valuation allowance in fiscal 2023 to offset all U.S. deferred tax assets due to the uncertainty of realizing future tax benefits of the assets.

Operating Results

As previously disclosed, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of our centralized organizational structure in fiscal 2023, and management's 2024 strategic planning process, our reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance.

Metrics and Business Trends

The following tables set forth key metrics for fiscal 2024 and the percentage change in those metrics versus the prior year, as applicable:

(in millions except percentages and as noted)

Fiscal 2024								
GAAP			Constant Currency			Total Paid Weeks	Incoming Subscribers	EOP Subscribers
Subscription Revenues	Other Revenues	Total Revenues	Subscription Revenues	Other Revenues	Total Revenues			
\$ 777.0	\$ 8.9	\$ 785.9	\$ 776.4	\$ 8.9	\$ 785.3	196.6	3,797.5	3,335.7
% Change Fiscal 2024 vs. Fiscal 2023								
(5.6%)	(86.6%)	(11.6%)	(5.6%)	(86.7%)	(11.7%)	(5.1%)	7.1%	(12.2%)

(in millions except percentages and as noted)

Fiscal 2024									
Digital Subscription Revenues					Workshops + Digital Subscription Revenues				
GAAP	Constant Currency	Digital Paid Weeks	Incoming Digital Subscribers	EOP Digital Subscribers	GAAP	Constant Currency	Workshops + Digital Paid Weeks	Incoming Workshops + Digital Subscribers	EOP Workshops + Digital Subscribers
\$ 512.9	\$ 512.5	162.3	3,079.4	2,740.6	\$ 186.1	\$ 185.9	30.1	651.5	503.4
% Change Fiscal 2024 vs. Fiscal 2023									
(10.2%)	(10.3%)	(3.3%)	8.6%	(11.0%)	(15.8%)	(15.9%)	(20.3%)	(8.3%)	(22.7%)

(in millions except percentages and as noted)

Fiscal 2024				
Clinical Subscription Revenues		Clinical Paid Weeks	Incoming Clinical Subscribers	EOP Clinical Subscribers
GAAP				
\$	78.0	4.2	66.6	91.7
% Change Fiscal 2024 vs. Fiscal 2023				
	100.0% *	100.0% *	N/A **	37.8%

* Note: Percentage in excess of 100.0% and not meaningful.

** N/A - There were no Incoming Clinical Subscribers in the prior year since our acquisition of Sequence closed during the second quarter of fiscal 2023.

Operating Performance

The decrease in revenues for fiscal 2024 versus the prior year was driven by both a decrease in Other Revenues and a decrease in Subscription Revenues. The decrease in Other Revenues for fiscal 2024 versus the prior year was driven primarily by the closure of our consumer products business at the end of fiscal 2023.

The decrease in Subscription Revenues for fiscal 2024 versus the prior year was driven primarily by a decrease in Digital Subscription Revenues and, to a lesser extent, a decrease in Workshops + Digital Subscription Revenues due to a higher mix of Digital subscribers within their initial, lower-priced commitment periods and recruitment declines. Workshops + Digital Subscription Revenues were also negatively impacted by the continued mix shift from our Workshops + Digital business to our Digital business. In addition, the lower number of Incoming Workshops + Digital Subscribers at the beginning of fiscal 2024 versus the beginning of fiscal 2023 contributed to the decrease in Workshops + Digital Subscription Revenues for the year. Subscription Revenues for fiscal 2024 benefited from Clinical Subscription Revenues following our acquisition of Sequence during the second quarter of fiscal 2023.

The decrease in Total Paid Weeks for fiscal 2024 versus the prior year was driven primarily by Behavioral recruitment declines.

Liquidity and Capital Resources

We have experienced significant disruption and competitive pressures, including shifts in consumer behavior in the weight loss category, a rapid proliferation of GLP-1 and other medications available as weight-loss options, and significantly increased competition from new entrants. These factors have negatively impacted our Behavioral business. While the Clinical business is growing, it has not yet been able to offset the declines in the Behavioral business, resulting in decreased revenue overall and decreased cash flows from operations. Our management has continued to execute certain cost-savings initiatives, including the 2024 plan, to proactively manage our liquidity. If the cost-saving initiatives do not provide the expected net benefit, our liquidity, results of operations and financial position may be materially adversely impacted.

We have recurring net losses. During fiscal 2024, we recorded an operating loss of \$236.2 million and a net loss of \$345.7 million. Operating loss included \$315.0 million of franchise rights acquired impairments that were non-cash. Our annual revenues decreased from \$889.6 million for fiscal 2023 to \$785.9 million for fiscal 2024, in which the closure of the consumer products business resulted in a revenue decline of \$55.0 million versus the prior year. Cash used for operating activities for fiscal 2024 was \$16.8 million, which included \$96.8 million of interest payments and \$30.7 million of severance payments. We have a total deficit of \$1,114.4 million at December 28, 2024. In addition, we have \$1,430.6 million of long-term debt, net at December 28, 2024 and incurred \$109.0 million in interest expense for fiscal 2024.

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and proceeds from the January 2025 borrowings under our Revolving Credit Facility (as defined below). Our primary cash needs for the twelve months following the issuance date of our financial statements contained in this Annual Report on Form 10-K (“issuance date”) are funding our operations and global strategic initiatives, meeting debt service requirements and other financing commitments. We believe that future cash flows from operations, unrestricted cash on hand of \$53.0 million at December 28, 2024 (of which \$22.0 million is maintained at foreign subsidiaries), proceeds from the January 2025 borrowings under our Revolving Credit Facility and the continued impact of our cost-savings initiatives will provide us with sufficient liquidity to meet our obligations for at least the next twelve months from the issuance date. Our Revolving Credit Facility matures on April 13, 2026. This facility provides a source of liquidity for us.

On January 2, 2025 and January 31, 2025, we increased our outstanding debt by borrowing \$50.0 million and \$121.3 million, respectively, under our Revolving Credit Facility currently at an interest rate of approximately 7.3%. As a result of these drawdowns and outstanding letters of credit, we have no availability for future borrowings under our Revolving Credit Facility. All outstanding borrowings under the Revolving Credit Facility on April 13, 2025 and thereafter will be reflected as a current liability.

If the aggregate principal amount of extensions of credit outstanding under the Revolving Credit Facility, inclusive of outstanding letters of credit, as of any fiscal quarter end exceeds 35%, or \$61.3 million, of the amount of the aggregate commitments under the Revolving Credit Facility, we are required to be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 through and including the first fiscal quarter of 2025 and 5.00:1.00 thereafter. Our Consolidated First Lien Leverage Ratio as of December 28, 2024 was 8.36:1.00. Accordingly, in order to avoid an Event of Default under the Revolving Credit Facility, absent the Company and our lenders agreeing to a change in the existing terms and conditions, we will need to repay Revolving Credit Facility borrowings in excess of \$61.3 million by March 29, 2025, the end of the Company's first fiscal quarter of 2025. At December 28, 2024, the Company also had outstanding \$1,445.0 million of total debt, consisting of borrowings under the Term Loan Facility (as defined below) of \$945.0 million that mature on April 13, 2028 and \$500.0 million in aggregate principal amount of Senior Secured Notes (as defined below) that matures on April 15, 2029. The debt facilities pursuant to which such long-term debt was issued contain cross-default and/or cross-acceleration provisions that could result in an acceleration of such indebtedness in the event of an Event of Default under the Revolving Credit Facility. We have the intent and ability to remain in compliance with our obligations under our debt agreements for at least the next twelve months following the issuance date.

We continue to actively evaluate our capital structure and intend to engage with our lenders to explore transactions to strengthen our balance sheet by reducing our leverage and interest expense and extending our existing debt maturities. As of the issuance date, we believe we have sufficient liquidity to meet our obligations, including compliance with covenants under our long-term debt and Revolving Credit Facility obligations, through at least twelve months from the issuance date. However, beyond the period of twelve months from the issuance date, if we do not successfully enter into a transaction(s) to strengthen our balance sheet and increase our financial flexibility, our liquidity, results of operations, cash flows and financial condition may be materially adversely impacted.

We may, from time to time, seek to acquire our outstanding debt securities or loans, including the Senior Secured Notes and borrowings under the Credit Facilities (each as defined below). Such transactions could be privately negotiated or open market transactions, pursuant to tender offers or otherwise. Subject to any applicable limitations contained in the agreements governing, or terms of, our indebtedness, any such purchases made by us may be funded by the issuance of equity, the use of cash on our balance sheet, the incurrence of new secured or unsecured debt or the sale of assets. The amounts involved in any such transactions, individually or in the aggregate, may be material.

Balance Sheet Working Capital

The following table sets forth certain relevant measures of our balance sheet working capital deficit, excluding cash and cash equivalents at:

	<u>December 28, 2024</u>	<u>December 30, 2023</u>	<u>Increase/ (Decrease)</u>
		(in millions)	
Total current assets	\$ 102.6	\$ 179.5	\$ (76.8)
Total current liabilities	<u>173.3</u>	<u>205.5</u>	<u>(32.1)</u>
Working capital deficit	(70.7)	(26.0)	44.7
Cash and cash equivalents	<u>53.0</u>	<u>109.4</u>	<u>(56.3)</u>
Working capital deficit, excluding cash and cash equivalents	<u>\$ (123.7)</u>	<u>\$ (135.4)</u>	<u>\$ (11.6)</u>

Note: Totals may not sum due to rounding.

The following table sets forth a summary of the primary factors contributing to the \$11.6 million decrease in our working capital deficit, excluding cash and cash equivalents:

	December 28, 2024	December 30, 2023	Increase/ (Decrease)	Impact to Working Capital Deficit
	(in millions)			
Operational liabilities and other, net of assets	\$ 81.8	\$ 113.7	\$ (31.9)	\$ (31.9)
Deferred revenue	\$ 31.7	\$ 34.0	\$ (2.3)	\$ (2.3)
Portion of operating lease liabilities due within one year	\$ 8.2	\$ 9.6	\$ (1.4)	\$ (1.4)
Income taxes payable	\$ 2.3	\$ 1.6	\$ 0.7	\$ 0.7
Derivative receivable	\$ —	\$ 3.6	\$ (3.6)	\$ 3.6
Accrued interest	\$ 11.3	\$ 5.3	\$ 6.0	\$ 6.0
Prepaid income taxes	\$ 11.7	\$ 25.4	\$ (13.7)	\$ 13.7
Working capital deficit change, excluding cash and cash equivalents				<u>\$ (11.6)</u>

Note: Totals may not sum due to rounding.

The decrease in operational liabilities and other, net of assets, which includes accrued salaries and wages, was driven primarily by a decrease in accrued liabilities due to a decline in employee compensation and related costs and a decline in accrued marketing costs. The increase in accrued interest was due to the timing of payments. The decrease in prepaid income taxes was primarily due to the timing of tax payments.

Cash Flows

The following table sets forth a summary of our cash flows for the fiscal years ended:

	December 28, 2024	December 30, 2023
	(in millions)	
Net cash (used for) provided by operating activities	\$ (16.8)	\$ 6.7
Net cash used for investing activities	\$ (16.4)	\$ (74.7)
Net cash used for financing activities	\$ (17.3)	\$ (2.7)

Operating Activities

Cash flows used for operating activities of \$16.8 million for fiscal 2024 reflected a change of \$23.5 million from \$6.7 million of cash flows provided by operating activities for fiscal 2023. This change in cash flows from operating activities was primarily attributable to an increase in net loss and an increase in cash used for operating assets and liabilities, partially offset by an increase in non-cash add-back adjustments driven by the franchise rights acquired impairments in fiscal 2024 as compared to the prior year.

Investing Activities

Net cash used for investing activities totaled \$16.4 million for fiscal 2024, a decrease of \$58.3 million as compared to fiscal 2023. This decrease was primarily attributable to a decrease in cash paid for acquisitions, net of cash acquired, and a decrease in capitalized software and website development expenditures in fiscal 2024 as compared to the prior year.

Financing Activities

Net cash used for financing activities totaled \$17.3 million for fiscal 2024, an increase of \$14.6 million as compared to fiscal 2023. This increase was primarily attributable to an increase in cash paid for acquisitions due to the \$16.0 million first anniversary Sequence payment in fiscal 2024 as compared to the prior year.

Long-Term Debt

We currently plan to meet our long-term debt obligations by using cash flows provided by operating activities and opportunistically using other means to repay or refinance our obligations as we determine appropriate.

The following schedule sets forth our long-term debt obligations at December 28, 2024:

Long-Term Debt At December 28, 2024 (in millions)

	<u>December 28, 2024</u>
Term Loan Facility due April 13, 2028	\$ 945.0
Senior Secured Notes due April 15, 2029	500.0
Total	<u>1,445.0</u>
Less: Current portion.....	—
Unamortized deferred financing costs	6.9
Unamortized debt discount	7.5
Total long-term debt.....	<u>\$ 1,430.6</u>

Note: Totals may not sum due to rounding.

In the second quarter of fiscal 2021, in connection with our refinancing of our then-existing credit facilities, we incurred approximately \$1,000.0 million in an aggregate principal amount of borrowings under our new credit facilities (as amended from time to time, the “Credit Facilities”) and issued \$500.0 million in aggregate principal amount of 4.500% Senior Secured Notes due 2029 (the “Senior Secured Notes”), each as described in further detail below.

Credit Facilities

The Credit Facilities were issued under a credit agreement, dated April 13, 2021 (as amended from time to time, the “Credit Agreement”), among the Company, as borrower, the lenders party thereto, and Bank of America, N.A. (“Bank of America”), as administrative agent and an issuing bank. The Credit Facilities consist of (1) \$1,000.0 million in aggregate principal amount of senior secured tranche B term loans due in 2028 (the “Term Loan Facility”) and (2) \$175.0 million in an aggregate principal amount of commitments under a senior secured revolving credit facility (which includes borrowing capacity available for letters of credit) due in 2026 (the “Revolving Credit Facility”).

As of December 28, 2024, we had \$945.0 million in an aggregate principal amount of loans outstanding under our Credit Facilities, with \$173.8 million of availability and \$1.2 million in issued but undrawn letters of credit outstanding under the Revolving Credit Facility subject to its terms and conditions as discussed below. There were no outstanding borrowings under the Revolving Credit Facility as of December 28, 2024. In January 2025, we increased our outstanding debt by borrowing \$171.3 million in the aggregate under our Revolving Credit Facility. Taking into account these borrowings and outstanding letters of credit, we currently have no availability for future borrowings under our Revolving Credit Facility.

All obligations under the Credit Agreement are guaranteed by, subject to certain exceptions, each of our current and future wholly-owned material domestic restricted subsidiaries. All obligations under the Credit Agreement, and the guarantees of those obligations, are secured by substantially all of the assets of the Company and each guarantor, subject to customary exceptions, including:

- a pledge of 100% of the equity interests directly held by the Company and each guarantor in any wholly-owned material subsidiary of the Company or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such first-tier non-U.S. subsidiary), subject to certain exceptions; and
- a security interest in substantially all other tangible and intangible assets of the Company and each guarantor, subject to certain exceptions.

The Credit Facilities require us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% (which percentage will be reduced to 25% and 0% if we attain certain first lien secured net leverage ratios) of our annual excess cash flow;
- 100% of the net cash proceeds of certain non-ordinary course asset sales by the Company and our restricted subsidiaries (including casualty and condemnation events, subject to de minimis thresholds), and subject to the right to reinvest 100% of such proceeds, subject to certain qualifications; and
- 100% of the net proceeds of any issuance or incurrence of debt by the Company or any of our restricted subsidiaries, other than certain debt permitted under the Credit Agreement.

The foregoing mandatory prepayments will be used to reduce the installments of principal on the Term Loan Facility. We may voluntarily repay outstanding loans under the Credit Facilities at any time without penalty, except for customary “breakage” costs with respect to Term SOFR loans under the Credit Facilities.

In June 2023, in connection with the planned phase-out of LIBOR, we amended our Credit Facilities to replace LIBOR with Term SOFR as the benchmark rate under the Credit Agreement, which is calculated to include a credit spread adjustment of 0.11448%, 0.26161%, 0.42826%, or 0.71513% for 1, 3, 6, or 12 months period, respectively, in addition to the Term SOFR Screen Rate (as defined in the Credit Agreement) and the margin (which was not amended).

Borrowings under the Term Loan Facility bear interest at a rate per annum equal to, at our option, either (1) an applicable margin plus a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.50% or (2) an applicable margin plus a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided that Term SOFR is not lower than a floor of 0.50%. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin based upon a leverage-based pricing grid, plus, at our option, either (1) a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.00% or (2) a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided such rate is not lower than a floor of zero. As of December 28, 2024, the applicable margins for the Term SOFR rate borrowings under the Term Loan Facility and the Revolving Credit Facility were 3.50% and 2.75%, respectively.

On a quarterly basis, we pay a commitment fee to the lenders under the Revolving Credit Facility in respect of unutilized commitments thereunder, which commitment fee fluctuates depending upon our Consolidated First Lien Leverage Ratio (as defined in the Credit Agreement).

The Credit Agreement contains other customary terms, including (1) representations, warranties and affirmative covenants, (2) negative covenants, including limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt, amendments of material agreements governing subordinated indebtedness, changes to lines of business and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions, and (3) customary events of default. As of December 28, 2024, we were in compliance with the covenants under the Credit Agreement that were in effect on such date.

The availability of certain baskets and the ability to enter into certain transactions are also subject to compliance with certain financial ratios. In addition, if the aggregate principal amount of extensions of credit (inclusive of outstanding letters of credit) under the Revolving Credit Facility as of any fiscal quarter end exceeds 35%, or \$61.3 million, of the aggregate revolving commitments, we are required to be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 through and including the first fiscal quarter of 2025 and 5.00:1.00 thereafter. Our Consolidated First Lien Leverage Ratio as of December 28, 2024 was 8.36:1.00, and we do not expect we will be able to meet the 5.25:1.00 Consolidated First Lien Leverage Ratio as of March 29, 2025. If we have more than \$61.3 million outstanding under the Revolving Credit Facility and are not in compliance with the specified leverage ratio at the required time, we would be in default under the Revolving Credit Facility.

Senior Secured Notes

The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 13, 2021 (as amended, supplemented or modified from time to time, the “Indenture”), among the Company, the guarantors named therein and The Bank of New York Mellon, as trustee and notes collateral agent. The Indenture contains customary terms, events of default and covenants for an issuer of non-investment grade debt securities. These covenants include limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions. As of December 28, 2024, we were in compliance with the covenants under the Indenture that were in effect on such date.

The Senior Secured Notes accrue interest at a rate per annum equal to 4.500% and will mature on April 15, 2029. Interest on the Senior Secured Notes is payable semi-annually on April 15 and October 15 of each year. Commencing April 15, 2024, we may on any one or more occasions redeem some or all of the Senior Secured Notes at a purchase price equal to 102.250% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date, such optional redemption price decreasing to 101.125% on or after April 15, 2025 and to 100.000% on or after April 15, 2026. If a change of control occurs, we must offer to purchase for cash the Senior Secured Notes at a purchase price equal to 101% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date. Following the sale of certain assets and subject to certain conditions, we must offer to purchase for cash the Senior Secured Notes at a purchase price equal to 100% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date.

The Senior Secured Notes are guaranteed on a senior secured basis by our subsidiaries that guarantee the Credit Facilities. The Senior Secured Notes and the note guarantees are secured by a first-priority lien on all the collateral that secures the Credit Facilities, subject to a shared lien of equal priority with our and each guarantor’s obligations under the Credit Facilities and subject to certain thresholds, exceptions and permitted liens.

Outstanding Debt

At December 28, 2024, we had \$1,445.0 million outstanding under the Credit Facilities and the Senior Secured Notes, consisting of borrowings under the Term Loan Facility of \$945.0 million, \$0.0 drawn down on the Revolving Credit Facility and \$500.0 million in aggregate principal amount of Senior Secured Notes issued and outstanding. In January 2025, we increased our outstanding debt by borrowing \$171.3 million in the aggregate under our Revolving Credit Facility. Following this borrowing and taking into account outstanding letters of credit, we had \$1,620.0 million outstanding under the Credit Facilities and the Senior Secured Notes, consisting of borrowings under the Term Loan Facility of \$945.0 million, \$175.0 million drawn down on the Revolving Credit Facility and \$500.0 million in aggregate principal amount of Senior Secured Notes issued and outstanding.

At the end of fiscal 2024 and fiscal 2023, our debt consisted of both fixed and variable-rate instruments. We have historically entered into interest rate swaps to hedge a portion of the cash flow exposure associated with our variable-rate borrowings. At December 28, 2024, we did not have any interest rate swaps in effect. Further information regarding our use of interest rate swaps can be found in Part IV, Item 15 of this Annual Report on Form 10-K under Note 19 “Derivative Instruments and Hedging” of the notes to the audited consolidated financial statements. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on our outstanding debt, exclusive of the impact of any applicable interest rate swaps, was approximately 7.75% and 7.64% per annum at December 28, 2024 and December 30, 2023, respectively, based on interest rates on these dates. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on our outstanding debt, including the impact of any applicable interest rate swaps, was approximately 7.47% and 6.53% per annum at December 28, 2024 and December 30, 2023, respectively, based on interest rates on these dates.

Dividends

We do not currently pay a dividend and we have no current plans to pay dividends in the foreseeable future. Any future determination to declare and pay dividends will be made at the sole discretion of our Board of Directors, after taking into account our financial condition and results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, the provisions of Virginia law affecting the payment of distributions to shareholders and such other factors our Board of Directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants in our existing indebtedness, including the Credit Agreement governing the Credit Facilities and the Indenture governing the Senior Secured Notes, and may be limited by the agreements governing other indebtedness we or our subsidiaries incur in the future.

EBITDAS, Adjusted EBITDAS and Net Debt

We define EBITDAS, a non-GAAP financial measure, as earnings before interest, taxes, depreciation, amortization and stock-based compensation and Adjusted EBITDAS, a non-GAAP financial measure, as earnings before interest, taxes, depreciation, amortization, stock-based compensation, franchise rights acquired and goodwill impairments, net restructuring charges, former CEO separation expenses and acquisition transaction costs.

The table below sets forth the reconciliations for EBITDAS and Adjusted EBITDAS, each a non-GAAP financial measure, to net loss, the most comparable GAAP financial measure, for the fiscal years ended:

(in millions)

	<u>December 28, 2024</u>	<u>December 30, 2023</u>
Net loss.....	\$ (345.7)	\$ (112.3)
Interest.....	109.0	95.9
Taxes.....	0.5	38.6
Depreciation and amortization.....	37.8	45.6
Stock-based compensation.....	6.7	11.3
EBITDAS.....	<u>\$ (191.8)</u>	<u>\$ 79.2</u>
Franchise rights acquired and goodwill impairments.....	315.0	3.6
2024 plan restructuring charges.....	17.0	—
2023 plan restructuring charges.....	5.1	53.7
2022 plan restructuring charges.....	0.0	1.1
2021 plan restructuring charges.....	—	0.1
2020 plan restructuring charges.....	—	(0.0)
Former CEO separation expenses.....	3.9	—
Acquisition transaction costs ⁽¹⁾	—	8.6
Adjusted EBITDAS ⁽²⁾	<u>\$ 149.3</u>	<u>\$ 146.4</u>

Note: Totals may not sum due to rounding.

- (1) Includes stock-based compensation expense attributable to post-combination vesting of \$3.9 million.
- (2) The “Adjusted EBITDAS” measure is a non-GAAP financial measure that (i) adjusts the consolidated statements of operations for fiscal 2024 to exclude the impact of the \$315.0 million of franchise rights acquired impairments, the net impact of the \$17.0 million of 2024 plan restructuring charges, the \$5.1 million of 2023 plan restructuring charges and the \$8 thousand of 2022 plan restructuring charges, and the impact of the \$3.9 million of former CEO separation expenses; and (ii) adjusts the consolidated statements of operations for fiscal 2023 to exclude the impact of \$3.6 million of franchise rights acquired and goodwill impairments, the net impact of the \$53.7 million of 2023 plan restructuring charges, the \$1.1 million of 2022 plan restructuring charges, the \$0.1 million of 2021 plan restructuring charges and the reversal of \$21 thousand of 2020 plan restructuring charges, and the impact of \$8.6 million of acquisition transaction costs. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Reducing leverage is a capital structure priority for the Company. As of December 28, 2024, our total debt less unamortized deferred financing costs and unamortized debt discount/net loss ratio was (4.1)x. As of December 28, 2024, our net debt/Adjusted EBITDAS ratio was 9.2x.

The table below sets forth the reconciliation for net debt, a non-GAAP financial measure, to total debt, the most comparable GAAP financial measure, for the fiscal year ended:

(in millions)

	<u>December 28, 2024</u>
Total debt.....	\$ 1,445.0
Less: Unamortized deferred financing costs	6.9
Less: Unamortized debt discount	7.5
Less: Cash on hand.....	53.0
Net debt	<u>\$ 1,377.6</u>

Note: Totals may not sum due to rounding.

We present EBITDAS, Adjusted EBITDAS and net debt/Adjusted EBITDAS because we consider them to be useful supplemental measures of our performance. In addition, we believe EBITDAS, Adjusted EBITDAS and net debt/Adjusted EBITDAS are useful to investors, analysts and rating agencies in measuring the ability of a company to meet its debt service obligations. See “—Non-GAAP Financial Measures” herein for an explanation of our use of these non-GAAP financial measures.

Contractual Obligations

We are obligated under non-cancelable agreements primarily for office and rent facilities operating leases. Consolidated rent expense charged to operations under all our leases for fiscal 2024 was approximately \$15.5 million.

The following table summarizes our future contractual obligations as of the end of fiscal 2024:

	<u>Total</u>	<u>Payment Due by Period</u>			<u>More than 5 Years</u>
		<u>Less than 1 Year</u>	<u>1-3 Years (in millions)</u>	<u>3-5 Years</u>	
Long-Term Debt ⁽¹⁾					
Principal	\$ 1,445.0	\$ —	\$ 10.0	\$ 1,435.0	\$ —
Interest.....	365.3	107.8	201.6	55.9	—
Operating leases, finance leases and non-cancelable agreements	81.1	21.5	23.1	18.6	17.9
Total ⁽²⁾	<u>\$ 1,891.4</u>	<u>\$ 129.3</u>	<u>\$ 234.7</u>	<u>\$ 1,509.5</u>	<u>\$ 17.9</u>

Note: Totals may not sum due to rounding.

- (1) Due to the fact that a portion of our debt is variable rate based, we have assumed for purposes of this table that the interest rate on all of our debt as of the end of fiscal 2024 remains constant for all periods presented.
- (2) The provision for income tax contingencies included in other long-term liabilities on the consolidated balance sheet is not included in the table above due to the fact that the Company is unable to estimate the timing of payment for this liability.

Acquisition of Sequence

On April 10, 2023, we completed the Acquisition for an aggregate purchase price of \$132.0 million, which was inclusive of (i) approximately \$64.2 million in cash and approximately \$34.7 million in the form of newly issued shares, (ii) \$16.0 million in cash paid on April 10, 2024, and (iii) \$16.0 million in cash to be paid on April 10, 2025.

Factors Affecting Future Liquidity

Any future acquisitions, joint ventures or other similar transactions could require additional capital and we cannot be certain that any additional capital will be available on acceptable terms or at all. Our ability to fund our capital expenditure requirements, interest, principal and dividend payment obligations and working capital requirements depends on our future operations, performance and cash flow. These are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in arrangements that generate relationships with unconsolidated entities or financial partnerships established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes, such as entities often referred to as structured finance or special purpose entities.

Related Parties

For a discussion of related party transactions affecting us, see “Item 13. Certain Relationships and Related Transactions, and Director Independence” in Part III of this Annual Report on Form 10-K.

Seasonality

Our business is seasonal due to the importance of the winter season to our overall member recruitment environment. Historically, we experience our highest level of recruitment during the first quarter of the year, which is supported with the highest concentration of advertising spending. Therefore, our number of End of Period Subscribers in the first quarter of the year has been typically higher than the number in other quarters of the year, historically reflecting a decline over the course of the year.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks relating to interest rate changes and foreign currency fluctuations. All of our market risk sensitive instruments were entered into for purposes other than trading. The Company’s exposure to market risk as of the end of fiscal 2024 is described below.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates to interest expense of variable rate debt, in particular changes in Term SOFR or the base rates which are used to determine the applicable interest rates for borrowings under the Credit Facilities.

As of December 28, 2024, borrowings under the Credit Facilities bore interest at Term SOFR plus an applicable margin of 3.50%. For the Term Loan Facility, the minimum interest rate for Term SOFR applicable to such facility pursuant to the terms of the Credit Agreement was set at 0.50%, referred to herein as the Term SOFR Floor. Accordingly, as of December 28, 2024, based on the amount of variable rate debt outstanding and the then-current Term SOFR rate, after giving consideration to the Term SOFR Floor, a hypothetical 125 basis point increase in interest rates would have increased annual interest expense by approximately \$11.8 million and a hypothetical 125 basis point decrease in interest rates would have decreased annual interest expense by approximately \$11.8 million. This change in market risk exposure from the end of fiscal 2023 was primarily due to the termination, pursuant to their respective terms, of our then in effect interest rate swaps in the second quarter of fiscal 2024.

Foreign Currency Risk

Other than inter-company transactions between our domestic and foreign entities, we generally do not have significant transactions that are denominated in a currency other than the functional currency applicable to each entity. As a result, substantially all of our revenues and expenses in each jurisdiction in which we operate are in the same functional currency. In general, we are a net receiver of currencies other than the U.S. dollar. Accordingly, changes in exchange rates may negatively affect our revenues and gross margins as expressed in U.S. dollars. In the future, we may enter into forward and swap contracts to hedge transactions denominated in foreign currencies to reduce the currency risk associated with fluctuating exchange rates. Realized and unrealized gains and losses from any of these transactions may be included in net income for the period.

Fluctuations in currency exchange rates, particularly with respect to the euro, canadian dollar and pound sterling, may impact our shareholders’ equity. The assets and liabilities of our non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at the average exchange rate for the period. The resulting translation adjustments are recorded in shareholders’ equity as a component of accumulated other comprehensive loss. In addition, exchange rate fluctuations will cause the U.S. dollar translated amounts to change in comparison to prior periods.

Item 8. Financial Statements and Supplementary Data

This information is incorporated by reference to our consolidated financial statements on pages F-1 through F-49 and our financial statement schedule on page S-1, including the report thereon of PricewaterhouseCoopers LLP on pages F-2 to F-4.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 28, 2024, the end of fiscal 2024. Based upon that evaluation and subject to the foregoing, our principal executive officer and our principal financial officer concluded that, as of the end of fiscal 2024, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Our management assessed the effectiveness of our internal control over financial reporting as of December 28, 2024, the end of fiscal 2024. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* (2013). Based on this assessment, our management, under the supervision and with the participation of our principal executive officer and our principal financial officer, concluded that, as of December 28, 2024, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 28, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears on pages F-2 to F-4 to our consolidated financial statements.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Executive Agreements

On February 26, 2025, the Board appointed Tara Comonte as President and Chief Executive Officer of the Company, removing her interim status effective immediately. In addition, in connection with her appointment to this permanent role, the Compensation and Benefits Committee of the Board (the “Compensation Committee”) recommended, and the Board approved entry into an employment agreement (the “Employment Agreement”) with Ms. Comonte with a term through March 31, 2026, subject to extension by mutual agreement, and a restrictive covenant agreement. Pursuant to the Employment Agreement, Ms. Comonte’s base salary will remain the same and she will receive a cash award of \$4.5 million payable as soon as practicable following entry into the Employment Agreement. This award is in lieu of any annual cash bonus with respect to fiscal 2025 or any long-term incentive award in 2025. The award is subject to repayment by Ms. Comonte if prior to the earlier of (i) January 31, 2026 and (ii) 60 days following the consummation of a Change in Control, she is terminated by the Company for Cause, she resigns other than for Modified Good Reason prior to a Change in Control or she resigns other than for Good Reason following a Change in Control (as such terms are defined in the Employment Agreement). Commencing in 2026, Ms. Comonte will be eligible for an annual bonus with a target of 150% of her base salary and a long-term incentive award with a target of 400% of her base salary. The Company will reimburse Ms. Comonte’s legal fees incurred in connection with the negotiation of the Employment Agreement up to \$20,000.

If, during the term of the Employment Agreement, Ms. Comonte’s employment is terminated (i) by the Company without Cause, (ii) due to a resignation for Modified Good Reason prior to a Change in Control or (iii) due to a resignation for Good Reason following a Change in Control, subject to her execution of a release and compliance with the restrictive covenants to which she is subject she will not be subject to repayment of the award described above and she will receive: (i) any unpaid annual cash bonus in respect of any completed fiscal year prior to the date of termination; (ii) a prorated target annual cash bonus for the performance year in which the date of termination occurs; and (iii) salary continuation and supplemental health insurance coverage for six months or, if longer, through March 31, 2026.

On February 26, 2025, the Compensation Committee of the Board approved a cash award of \$1.0 million to Felicia DellaFortuna, the Company’s Chief Financial Officer, with the same terms as the award granted to Ms. Comonte. In connection with the grant of the award, Ms. DellaFortuna entered into a restrictive covenant agreement of the same form as Ms. Comonte. This award is in lieu of any annual cash bonus with respect to fiscal 2025 or any long-term incentive award in 2025 and serves as the Supplemental Plan (as defined in her offer letter from the Company, effective as of January 1, 2025).

The foregoing descriptions are qualified in their entirety by reference to the text of Ms. Comonte’s Employment Agreement and Ms. DellaFortuna’s award letter, both of which will be filed with the Company’s Quarterly Report on Form 10-Q for the period ending March 30, 2025.

Board Change

On February 25, 2025, Julie Rice notified the Company’s Secretary of her resignation as a director of the Company, effective as of 11:59 p.m. on that same date, and the size of the Board was reduced from eight members to seven effective February 26, 2025. Her decision was not the result of any disagreement with the Company or the Board.

Insider Arrangements and Policies

From time to time, our directors and officers may engage in open-market transactions with respect to their Company equity holdings for diversification or other personal reasons. All such transactions by directors and officers must comply with the Company’s Amended and Restated Securities Trading Policy, which requires that such transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in the Company’s securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information.

No contracts, instructions or written plans for the purchase or sale of Company securities were adopted or terminated by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the quarter ended December 28, 2024, that were intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). No “non-Rule 10b5-1 trading arrangements” (as defined by Item 408(c) of Regulation S-K) or other Rule 10b5-1 trading arrangements were entered into or terminated, nor were any such arrangements modified, by our directors or officers during such period.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Items 10, 11, 12, 13 and 14. Directors, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters; Certain Relationships and Related Transactions, and Director Independence; Principal Accountant Fees and Services

Information called for by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference from our definitive Proxy Statement to be filed in connection with our 2025 Annual Meeting of Shareholders pursuant to Regulation 14A, except that (i) certain of the information regarding our directors and executive officers called for by Items 401(a), (b) and (e) of Regulation S-K has been included in Part I of this Annual Report on Form 10-K; (ii) the information regarding certain Company equity compensation plans called for by Item 201(d) of Regulation S-K is set forth below; and (iii) the information regarding our Code of Business Conduct and Ethics called for by Item 406 of Regulation S-K is set forth below.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of December 28, 2024:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	8,528,012 ⁽¹⁾ \$	16.02 ⁽²⁾	376,196 ⁽³⁾
Equity compensation plans not approved by security holders	750,000 ⁽⁴⁾ \$	40.00 ⁽²⁾	—
Total	9,278,012 \$	17.96 ⁽²⁾	376,196

- (1) Consists of 596,662 shares of our common stock issuable upon the exercise of outstanding stock options awarded under our Third Amended and Restated 2014 Stock Incentive Plan (“2014 Plan”); 408,697 shares of our common stock issuable upon the exercise of the Winfrey Option granted pursuant to the Winfrey Option Agreement; 3,276,484 shares of our common stock issuable upon the exercise of the Winfrey Amendment Option granted pursuant to the Winfrey Amendment Option Agreement; 4,087,916 shares of our common stock issuable upon the vesting of restricted stock units (“RSUs”) awarded under our 2014 Plan; and 158,253 shares of our common stock issuable upon the vesting of performance-based stock units (“PSUs”) awarded under our 2014 Plan. The number of shares to be issued in respect of PSUs has been calculated based on the assumption that the maximum level of performance applicable to the PSUs has been achieved. The Winfrey Option was approved by the written consent of Artal Luxembourg S.A. which, as of the date thereof, controlled a majority of the voting power of our outstanding common stock. For additional details on the Winfrey Option, the Winfrey Amendment Option, the Winfrey Option Agreement and the Winfrey Amendment Option Agreement, see “Item 1. Business—History—Winfrey Transaction” of this Annual Report on Form 10-K.
- (2) Reflects the weighted average exercise price of outstanding stock options. This weighted average does not reflect the shares that will be issued upon the vesting of outstanding RSUs and PSUs because such equity awards have no exercise price.
- (3) Consists of shares of our common stock available for future issuance under our 2014 Plan, pursuant to various awards our Board of Directors’ Compensation and Benefits Committee may make, including non-qualified stock options, incentive stock options, stock appreciation rights, RSUs, restricted stock, performance-based awards and other equity-based awards.
- (4) Consists of 750,000 aggregate shares of our common stock issuable upon the exercise of stock options granted on March 21, 2022 to Sima Sistani, our former Chief Executive Officer, in connection with her prior appointment as our Chief Executive Officer. Ms. Sistani’s inducement stock options were granted in reliance on the employment inducement exemption provided under the Nasdaq Listing Rule 5635(c)(4). Ms. Sistani’s stock options have a seven year term and proportionately vest annually over a four year period which began with the first anniversary of her March 21, 2022 employment commencement date. When Ms. Sistani ceased serving as the Company’s President and Chief Executive Officer effective September 27, 2024, all of her then unvested stock options were immediately cancelled. While such inducement stock options were not awarded pursuant to our 2014 Plan, they are subject to the same terms and conditions of the 2014 Plan.

Code of Business Conduct and Ethics

We have adopted the Code of Business Conduct and Ethics for our officers, including our principal executive officer, principal financial officer, principal accounting officer or controller, and our employees and directors. Our Code of Business Conduct and Ethics is available on our corporate website at corporate.ww.com/govdocs.

In addition to any disclosures required under the Exchange Act, the date and nature of any substantive amendment of our Code of Business Conduct and Ethics or waiver thereof applicable to any of our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K of the Exchange Act, will be disclosed within four business days of the date of such amendment or waiver on our corporate website at corporate.ww.com/govdocs and corporate.ww.com/corporate-actions, respectively. In the case of a waiver, the name of the person to whom the waiver was granted will also be disclosed on our corporate website within four business days of the date of such waiver.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)

1. Financial Statements

The financial statements listed in the Index to Financial Statements and Financial Statement Schedule on page F-1 are filed as part of this Annual Report on Form 10-K.

2. Financial Statement Schedule

The financial statement schedule listed in the Index to Financial Statements and Financial Statement Schedule on page F-1 is filed as part of this Annual Report on Form 10-K.

3. Exhibits

The exhibits listed in the Exhibit Index are filed as part of this Annual Report on Form 10-K.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE COVERED BY
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Items 15(a) (1) & (2)

	Pages
Report of Independent Registered Public Accounting Firm (PricewaterhouseCoopers LLP, New York, NY, Auditor Firm ID: 238).....	F-2
Consolidated Balance Sheets at December 28, 2024 and December 30, 2023	F-5
Consolidated Statements of Operations for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022	F-6
Consolidated Statements of Comprehensive Loss for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022	F-7
Consolidated Statements of Changes in Total Deficit for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022	F-8
Consolidated Statements of Cash Flows for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022	F-9
Notes to Consolidated Financial Statements	F-10
Schedule II—Valuation and Qualifying Accounts and Reserves for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022	S-1

All other schedules are omitted for the reason that they are either not required, not applicable, not material or the information is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of WW International, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of WW International, Inc. and its subsidiaries (the “Company”) as of December 28, 2024 and December 30, 2023, and the related consolidated statements of operations, of comprehensive loss, of changes in total deficit and of cash flows for each of the three years in the period ended December 28, 2024, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 28, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 28, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 28, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company has recurring net losses and has a revolving credit facility that is a source of liquidity that matures on April 13, 2026. Management's evaluation and plans to mitigate these matters are also described in Note 1.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Annual and Interim Impairment Assessments – Goodwill Assessments for the Clinical Reporting Unit and Indefinite-Lived Franchise Rights Acquired (United States) Assessments

As described in Notes 2 and 7 to the consolidated financial statements, management reviews goodwill and indefinite-lived franchise rights acquired for potential impairment on at least an annual basis, in May of the second quarter, or more often if events so require. Based on triggering events, management performed interim impairment tests as of March 30, 2024, and September 28, 2024, on its goodwill and indefinite-lived franchise rights acquired for the first and third quarters of fiscal 2024, respectively. In performing the impairment analysis for goodwill, the fair value of the reporting units is estimated using a discounted cash flow approach. The estimated fair value is then compared to the carrying value of the reporting unit. In performing the impairment analysis for indefinite-lived franchise rights acquired, fair value is estimated using a discounted cash flow approach for franchise rights related to the Workshops + Digital business and a relief from royalty methodology for franchise rights related to the Digital business. The aggregate estimated fair value of the franchise rights is compared to the carrying value of the unit of account for these rights. In performing the interim indefinite-lived franchise rights acquired impairment tests as of March 30, 2024, and September 28, 2024, management determined that the carrying value of its United States franchise rights acquired exceeded the respective fair values, and management recorded impairment charges of \$251.4 million and \$54.3 million, respectively. There were no goodwill impairments in the year ended December 28, 2024. As of December 28, 2024, the goodwill associated with the Clinical reporting unit was \$89.7 million and the indefinite-lived franchise rights acquired (United States) was \$68.6 million. As disclosed by management, when determining fair value of the reporting units and indefinite-lived franchise rights acquired, management utilizes various assumptions, including projections of future cash flows, revenue growth rates, operating income margins and discount rates.

The principal considerations for our determination that performing procedures relating to the annual and interim impairment assessments for goodwill (Clinical reporting unit) and the annual and interim impairment assessments for indefinite-lived franchise rights acquired (United States) is a critical audit matter are (i) the significant judgment by management when developing the fair value estimates of the Clinical reporting unit and indefinite-lived franchise rights acquired (United States); (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to revenue growth rates, operating income margin, and discount rate for goodwill (Clinical reporting unit) and revenue growth rates and discount rate for indefinite-lived franchise rights acquired (United States); and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s impairment assessments for goodwill and indefinite-lived franchise rights acquired, including controls over the valuation of the Company’s reporting units and indefinite-lived franchise rights acquired. These procedures also included, among others, (i) testing management’s process for developing the fair value estimates of the Clinical reporting unit and indefinite-lived franchise rights acquired (United States); (ii) evaluating the appropriateness of the discounted cash flow approaches and the relief from royalty methodology; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow approaches and relief from royalty methodology; and (iv) evaluating the reasonableness of significant assumptions used by management related revenue growth rates, operating income margin, and discount rate for goodwill (Clinical reporting unit) and revenue growth rates and discount rate for indefinite-lived franchise rights acquired (United States). Evaluating management’s assumptions related to revenue growth rates and operating income margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Clinical business, as well as digital revenues associated with indefinite lived franchise rights acquired (United States) and (ii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow approaches and relief from royalty methodology and (ii) the reasonableness of the discount rate assumptions.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 28, 2025

We have served as the Company’s auditor since 1999.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT
(IN THOUSANDS)

	<u>December 28,</u> <u>2024</u>	<u>December 30,</u> <u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 53,024	\$ 109,366
Receivables (net of allowances: December 28, 2024 - \$3,166 and December 30, 2023 - \$1,041).....	14,428	14,938
Prepaid income taxes	11,676	25,370
Prepaid marketing and advertising.....	4,969	10,149
Prepaid expenses and other current assets	18,551	19,651
TOTAL CURRENT ASSETS	102,648	179,474
Property and equipment, net	15,798	19,741
Operating lease assets	42,047	52,272
Franchise rights acquired	71,131	386,526
Goodwill.....	239,583	243,441
Other intangible assets, net	44,631	63,208
Deferred income taxes	16,686	19,683
Other noncurrent assets.....	17,752	17,685
TOTAL ASSETS	\$ 550,276	\$ 982,030
LIABILITIES AND TOTAL DEFICIT		
CURRENT LIABILITIES		
Portion of operating lease liabilities due within one year.....	\$ 8,168	\$ 9,613
Accounts payable	17,803	18,507
Salaries and wages payable.....	53,143	79,096
Accrued marketing and advertising	12,805	18,215
Accrued interest	11,322	5,346
Deferred acquisition payable	15,503	16,500
Other accrued liabilities	20,593	22,610
Income taxes payable.....	2,339	1,609
Deferred revenue.....	31,655	33,966
TOTAL CURRENT LIABILITIES	173,331	205,462
Long-term debt, net.....	1,430,643	1,426,464
Long-term operating lease liabilities.....	44,322	53,461
Deferred income taxes	14,762	41,994
Other noncurrent liabilities	1,590	15,743
TOTAL LIABILITIES.....	1,664,648	1,743,124
Commitments and contingencies (Note 16)		
TOTAL DEFICIT		
Common stock, \$0 par value; 1,000,000 shares authorized; 130,048 shares issued at December 28, 2024 and 130,048 shares issued at December 30, 2023	0	0
Treasury stock, at cost, 49,997 shares at December 28, 2024 and 50,859 shares at December 30, 2023	(3,024,710)	(3,064,628)
Retained earnings.....	1,936,170	2,314,834
Accumulated other comprehensive loss.....	(25,832)	(11,300)
TOTAL DEFICIT	(1,114,372)	(761,094)
TOTAL LIABILITIES AND TOTAL DEFICIT.....	\$ 550,276	\$ 982,030

The accompanying notes are an integral part of the consolidated financial statements.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE FISCAL YEARS ENDED
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	December 28, 2024	December 30, 2023	December 31, 2022
Subscription revenues, net	\$ 776,993	\$ 822,755	\$ 919,055
Other revenues, net	8,928	66,796	120,780
Revenues, net	785,921	889,551	1,039,835
Cost of subscription revenues	250,954	301,062	321,528
Cost of other revenues	1,864	59,186	96,928
Cost of revenues.....	252,818	360,248	418,456
Gross profit	533,103	529,303	621,379
Marketing expenses	236,467	238,387	244,783
Selling, general and administrative expenses	217,825	264,950	263,840
Franchise rights acquired and goodwill impairments	315,033	3,633	396,727
Operating (loss) income.....	(236,222)	22,333	(283,971)
Interest expense.....	108,954	95,893	81,141
Other (income) expense, net	(1)	72	1,691
Loss before income taxes.....	(345,175)	(73,632)	(366,803)
Provision for (benefit from) income taxes	526	38,623	(109,935)
Net loss	<u>\$ (345,701)</u>	<u>\$ (112,255)</u>	<u>\$ (256,868)</u>
Net loss per share			
Basic.....	<u>\$ (4.34)</u>	<u>\$ (1.46)</u>	<u>\$ (3.65)</u>
Diluted	<u>\$ (4.34)</u>	<u>\$ (1.46)</u>	<u>\$ (3.65)</u>
Weighted average common shares outstanding			
Basic.....	<u>79,578</u>	<u>76,677</u>	<u>70,321</u>
Diluted	<u>79,578</u>	<u>76,677</u>	<u>70,321</u>

The accompanying notes are an integral part of the consolidated financial statements.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE FISCAL YEARS ENDED
(IN THOUSANDS)

	<u>December 28,</u> <u>2024</u>	<u>December 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Net loss	\$ (345,701)	\$ (112,255)	\$ (256,868)
Other comprehensive (loss) gain:			
Foreign currency translation (loss) gain	(9,096)	2,880	(11,222)
Income tax (expense) benefit on foreign currency translation (loss) gain.....	<u>(2,720)</u>	<u>(703)</u>	<u>2,790</u>
Foreign currency translation (loss) gain, net of taxes.....	<u>(11,816)</u>	<u>2,177</u>	<u>(8,432)</u>
(Loss) gain on derivatives.....	(3,473)	(10,673)	28,768
Income tax benefit (expense) on (loss) gain on derivatives ...	<u>757</u>	<u>2,666</u>	<u>(7,202)</u>
(Loss) gain on derivatives, net of taxes	<u>(2,716)</u>	<u>(8,007)</u>	<u>21,566</u>
Total other comprehensive (loss) gain.....	<u>(14,532)</u>	<u>(5,830)</u>	<u>13,134</u>
Comprehensive loss.....	<u>\$ (360,233)</u>	<u>\$ (118,085)</u>	<u>\$ (243,734)</u>

The accompanying notes are an integral part of the consolidated financial statements.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL DEFICIT
(IN THOUSANDS)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive	Retained	Total
	Shares	Amount	Shares	Amount	Loss	Earnings	
Balance at January 1, 2022	122,052	\$ 0	51,988	\$ (3,120,149)	\$ (18,604)	\$ 2,685,849	\$ (452,904)
Comprehensive (loss) income	—	—	—	—	13,134	(256,868)	(243,734)
Issuance of treasury stock under stock plans	—	—	(492)	22,845	—	(24,944)	(2,099)
Compensation expense on share-based awards	—	—	—	—	—	12,957	12,957
Balance at December 31, 2022	<u>122,052</u>	<u>\$ 0</u>	<u>51,496</u>	<u>\$ (3,097,304)</u>	<u>\$ (5,470)</u>	<u>\$ 2,416,994</u>	<u>\$ (685,780)</u>
Comprehensive loss	—	—	—	—	(5,830)	(112,255)	(118,085)
Issuance of treasury stock under stock plans	—	—	(637)	32,676	—	(34,151)	(1,475)
Compensation expense on share-based awards	—	—	—	—	—	11,303	11,303
Issuance of common stock	7,996	—	—	—	—	32,943	32,943
Balance at December 30, 2023	<u>130,048</u>	<u>\$ 0</u>	<u>50,859</u>	<u>\$ (3,064,628)</u>	<u>\$ (11,300)</u>	<u>\$ 2,314,834</u>	<u>\$ (761,094)</u>
Comprehensive loss	—	—	—	—	(14,532)	(345,701)	(360,233)
Issuance of treasury stock under stock plans	—	—	(862)	39,918	—	(40,727)	(809)
Compensation expense on share-based awards	—	—	—	—	—	7,764	7,764
Balance at December 28, 2024	<u>130,048</u>	<u>\$ 0</u>	<u>49,997</u>	<u>\$ (3,024,710)</u>	<u>\$ (25,832)</u>	<u>\$ 1,936,170</u>	<u>\$ (1,114,372)</u>

The accompanying notes are an integral part of the consolidated financial statements.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED
(IN THOUSANDS)

	<u>December 28,</u> <u>2024</u>	<u>December 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Operating activities:			
Net loss	\$ (345,701)	\$ (112,255)	\$ (256,868)
Adjustments to reconcile net loss to cash (used for) provided by operating activities:			
Depreciation and amortization.....	37,784	52,471	43,801
Amortization of deferred financing costs and debt discount.....	5,018	5,018	5,018
Impairment of franchise rights acquired and goodwill.....	315,033	3,633	396,727
Impairment of intangible and long-lived assets.....	481	1,112	3,455
Share-based compensation expense.....	7,764	15,185	12,957
Deferred tax (benefit) provision	(26,578)	19,821	(145,829)
Allowance for doubtful accounts.....	2,062	1,306	(460)
Reserve for inventory obsolescence	72	7,350	6,796
Foreign currency exchange rate (gain) loss.....	(2,276)	263	2,374
Changes in cash due to:			
Receivables.....	1,599	17,112	(7,558)
Inventories	91	14,018	3,733
Prepaid expenses.....	18,703	(4,133)	8,878
Accounts payable.....	(508)	(54)	(2,691)
Accrued liabilities.....	(14,998)	(11,625)	20,925
Deferred revenue	(1,780)	1,273	(11,733)
Other long term assets and liabilities, net.....	(14,624)	(3,598)	(2,291)
Income taxes	1,018	(211)	(588)
Cash (used for) provided by operating activities.....	<u>(16,840)</u>	<u>6,686</u>	<u>76,646</u>
Investing activities:			
Capital expenditures	(718)	(2,485)	(2,065)
Capitalized software and website development expenditures	(15,692)	(33,816)	(36,187)
Cash paid for acquisitions, net of cash acquired	—	(38,362)	(4,350)
Other items, net.....	(5)	(33)	(42)
Cash used for investing activities	<u>(16,415)</u>	<u>(74,696)</u>	<u>(42,644)</u>
Financing activities:			
Taxes paid related to net share settlement of equity awards	(839)	(2,241)	(2,197)
Proceeds from stock options exercised.....	—	718	—
Cash paid for acquisitions.....	(16,500)	(1,178)	(2,413)
Other items, net.....	(4)	(48)	(112)
Cash used for financing activities.....	<u>(17,343)</u>	<u>(2,749)</u>	<u>(4,722)</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(2,248)	1,799	(4,748)
Net (decrease) increase in cash and cash equivalents and restricted cash	(52,846)	(68,960)	24,532
Cash and cash equivalents and restricted cash, beginning of period.....	<u>109,366</u>	<u>178,326</u>	<u>153,794</u>
Cash and cash equivalents and restricted cash, end of period	<u>\$ 56,520</u>	<u>\$ 109,366</u>	<u>\$ 178,326</u>

The accompanying notes are an integral part of the consolidated financial statements.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

1. Basis of Presentation

The accompanying consolidated financial statements include the accounts of WW International, Inc., all of its subsidiaries and the variable interest entities of which WW International, Inc. is the primary beneficiary (as discussed below). The terms “Company” and “WW” as used throughout these notes are used to indicate WW International, Inc. and all of its operations consolidated for purposes of its financial statements. The Company’s “Digital” business refers to providing subscriptions to the Company’s digital product offerings, which formerly included Digital 360 (as applicable). The Company’s “Workshops + Digital” business refers to providing subscriptions for unlimited access to the Company’s workshops combined with the Company’s digital subscription product offerings (including to former Digital 360 members (as applicable)). The Company’s “Clinical” business refers to providing subscriptions to the Company’s clinical product offerings provided by WeightWatchers Clinic (formerly referred to as Sequence) combined with the Company’s digital subscription product offerings and unlimited access to the Company’s workshops. In the second quarter of fiscal 2022, the Company ceased offering its Digital 360 product. More than a majority of associated members were transitioned from the Company’s Digital business to its Workshops + Digital business during the second quarter of fiscal 2022, with a de minimis number transitioning during the beginning of the third quarter of fiscal 2022. The cessation of this product offering and these transitions of former Digital 360 members at the then-current pricing for such product impacted the number of End of Period Subscribers in each business as well as the associated Paid Weeks and Revenues for each business.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) and include all of the Company’s majority-owned subsidiaries. All entities acquired, and any entity of which a majority interest was acquired, are included in the consolidated financial statements from the date of acquisition. All intercompany accounts and transactions have been eliminated in consolidation.

As previously disclosed, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of the Company’s centralized organizational structure in fiscal 2023, and management’s 2024 strategic planning process, the Company’s reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. Segment data for the fiscal years ended December 30, 2023 and December 31, 2022 has been updated to reflect this reportable segment structure. See Note 17 for disclosures related to segments.

In the fourth quarter of fiscal 2024, the Company identified and recorded an out-of-period adjustment related to an income tax error. The impact of correcting this error, which was immaterial to all current and prior period financial statements and corrected in the fourth quarter of fiscal 2024, resulted in an income tax benefit of approximately \$1,963, with a corresponding increase to other comprehensive loss, for the fiscal year ended December 28, 2024.

In the second quarter of fiscal 2024, the Company identified and recorded an out-of-period adjustment related to an income tax error. The impact of correcting this error, which was immaterial to all current and prior period financial statements and corrected in the second quarter of fiscal 2024, resulted in an income tax expense of approximately \$2,748, with a corresponding decrease to net income, for the fiscal year ended December 28, 2024.

On April 10, 2023, the Company completed its previously announced acquisition of Weekend Health, Inc., doing business as Sequence (“Sequence”). The accompanying consolidated financial statements include the results of operations of Sequence (now operating as WeightWatchers Clinic) from the date of acquisition. See Note 6 for additional information on the Company’s acquisitions.

Prior period amounts have been reclassified to conform with the current period presentation.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

Liquidity

The Company has experienced significant disruption and competitive pressures, including shifts in consumer behavior in the weight loss category, a rapid proliferation of GLP-1 and other medications available as weight-loss options, and significantly increased competition from new entrants. These factors have negatively impacted the Company's Behavioral business. While the Clinical business is growing, it has not yet been able to offset the declines in the Behavioral business, resulting in decreased revenue overall and decreased cash flows from operations. The Company's management has continued to execute certain cost-savings initiatives, including the Company's previously disclosed 2024 restructuring plan, to proactively manage the Company's liquidity. If the cost-saving initiatives do not provide the expected net benefit, the Company's liquidity, results of operations and financial position may be materially adversely impacted.

The Company has recurring net losses. During the fiscal year ended December 28, 2024, the Company recorded an operating loss of \$236,222 and a net loss of \$345,701. Operating loss included \$315,033 of franchise rights acquired impairments that were non-cash. The Company's annual revenues decreased from \$889,551 for the fiscal year ended December 30, 2023 to \$785,921 for the fiscal year ended December 28, 2024, in which the closure of the consumer products business resulted in a revenue decline of \$54,968 versus the prior year. Cash used for operating activities for the fiscal year ended December 28, 2024 was \$16,840, which included \$96,844 of interest payments and \$30,716 of severance payments. The Company has a total deficit of \$1,114,372 at December 28, 2024. In addition, the Company has \$1,430,643 of long-term debt, net at December 28, 2024 and incurred \$108,954 in interest expense for the fiscal year ended December 28, 2024.

The Company's principal sources of liquidity are cash and cash equivalents, cash flows from operations and proceeds from the January 2025 borrowings under its Revolving Credit Facility (as defined below). The Company's primary cash needs for the twelve months following the issuance date of these financial statements ("issuance date") are funding its operations and global strategic initiatives, meeting debt service requirements and other financing commitments. The Company believes that future cash flows from operations, unrestricted cash on hand of \$53,024 at December 28, 2024 (of which \$22,024 is maintained at foreign subsidiaries), proceeds from the January 2025 borrowings under its Revolving Credit Facility and the continued impact of its cost-savings initiatives will provide it with sufficient liquidity to meet its obligations for at least the next twelve months from the issuance date. The Company's Revolving Credit Facility matures on April 13, 2026. This facility provides a source of liquidity for the Company.

On January 2, 2025 and January 31, 2025, the Company increased its outstanding debt by borrowing \$50,000 and \$121,341, respectively, under its Revolving Credit Facility currently at an interest rate of approximately 7.3%. As a result of these drawdowns and outstanding letters of credit, the Company has no availability for future borrowings under its Revolving Credit Facility. All outstanding borrowings under the Revolving Credit Facility on April 13, 2025 and thereafter will be reflected as a current liability.

If the aggregate principal amount of extensions of credit outstanding under the Revolving Credit Facility, inclusive of outstanding letters of credit, as of any fiscal quarter end exceeds 35%, or \$61,250, of the amount of the aggregate commitments under the Revolving Credit Facility, the Company is required to be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 through and including the first fiscal quarter of 2025 and 5.00:1.00 thereafter. The Company's Consolidated First Lien Leverage Ratio as of December 28, 2024 was 8.36:1.00. Accordingly, in order to avoid an Event of Default under the Revolving Credit Facility, absent the Company and its lenders agreeing to a change in the existing terms and conditions, the Company will need to repay Revolving Credit Facility borrowings in excess of \$61,250 by March 29, 2025, the end of the Company's first fiscal quarter of 2025. At December 28, 2024, the Company also had outstanding \$1,445,000 of total debt, consisting of borrowings under the Term Loan Facility (as defined below) of \$945,000 that mature on April 13, 2028 and \$500,000 in aggregate principal amount of Senior Secured Notes (as defined below) that matures on April 15, 2029. The debt facilities pursuant to which such long-term debt was issued contain cross-default and/or cross-acceleration provisions that could result in an acceleration of such indebtedness in the event of an Event of Default under the Revolving Credit Facility. The Company has the intent and ability to remain in compliance with its obligations under its debt agreements for at least the next twelve months following the issuance date.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

The Company continues to actively evaluate its capital structure and intends to engage with its lenders to explore transactions to strengthen its balance sheet by reducing its leverage and interest expense and extending its existing debt maturities. As of the issuance date, the Company believes it has sufficient liquidity to meet its obligations, including compliance with covenants under its long-term debt and Revolving Credit Facility obligations, through at least twelve months from the issuance date. However, beyond the period of twelve months from the issuance date, if the Company does not successfully enter into a transaction(s) to strengthen its balance sheet and increase its financial flexibility, the Company's liquidity, results of operations, cash flows and financial condition may be materially adversely impacted.

2. Summary of Significant Accounting Policies

Fiscal Year

The Company's fiscal year ends on the Saturday closest to December 31st and consists of either 52 or 53-week periods. Fiscal 2024, fiscal 2023 and fiscal 2022 each contained 52 weeks.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and judgments, including those related to the impairment analyses for goodwill and other indefinite-lived intangible assets, revenue, share-based compensation, income taxes, tax contingencies and litigation. The Company bases its estimates on historical experience and on various other factors and assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. While all available information has been considered, actual amounts could differ from these estimates. These estimates and assumptions may change as new events occur and additional information is obtained, and such future changes may have an adverse impact on the Company's results of operations, financial position and liquidity.

Variable Interest Entity

The Company evaluates its ownership, contractual and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment and the use of estimates and assumptions based on available information. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, such entity is consolidated in the Company's consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. The Company performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change.

WW INTERNATIONAL, INC. AND SUBSIDIARIES
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Through WeightWatchers Clinic, the Company operates certain clinical telehealth groups which are deemed to be Friendly-Physician Entities (“FPEs”) and due to legal requirements, the physician-owners must retain 100% of the equity interest. The Company’s agreements with FPEs generally consist of both an Administrative Services Agreement, which provides for various administrative and management services to be provided by the Company to the FPE, and Share Transfer Agreement (“STA”) with the physician-owners of the FPEs, which provides for the transition of ownership interest of the FPEs under certain conditions. The Company has the right to receive income as an ongoing management fee, which effectively absorbs all of the residual interests, and can also provide financial support through loans to the FPEs. The Company has exclusive responsibility for the provision of all nonmedical services including technology and intellectual property required for the day-to-day operation and management of each of the FPEs. In addition, the STA provides that the Company has the right to designate a person(s) to purchase the equity interest of the FPE for a nominal amount in the event of a succession event at the Company’s discretion. Based on the provisions of these agreements, the Company determined that the FPEs are VIEs due to their equity holder having insufficient capital at risk, and the Company has a variable interest in the FPEs.

The contractual arrangements described above allow the Company to direct the activities that most significantly affect the economic performance of the FPEs. Accordingly, the Company is the primary beneficiary of the FPEs and consolidates the FPEs under the VIE model. Furthermore, as a direct result of nominal initial equity contributions by the physicians, the financial support the Company can provide to the FPEs (e.g., loans) and the provisions of the contractual arrangements and nominee shareholder succession arrangements described above, the interests held by noncontrolling interest holders lack economic substance and do not provide them with the ability to participate in the residual profits or losses generated by the FPEs. Therefore, all income and expenses recognized by the FPEs are consolidated by the Company. The Company does not hold interests in any VIEs for which the Company is not deemed to be the primary beneficiary.

Translation of Foreign Currencies

For all foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated into U.S. dollars using the exchange rate in effect at the end of each reporting period. Income statement accounts are translated at the average rate of exchange prevailing during each reporting period. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive loss.

Foreign currency gains and losses arising from the translation of intercompany receivables and intercompany payables with the Company’s international subsidiaries are recorded as a component of other expense, net, unless the receivable or payable is considered long-term in nature, in which case the foreign currency gains and losses are recorded as a component of accumulated other comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less. Cash balances may, at times, exceed insurable amounts. The Company believes it mitigates this risk by investing in or through major financial institutions. Cash includes balances due from third-party credit card companies.

Receivables

Receivables include amounts that are billed and currently due from customers. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for credit losses to provide for the estimated amount of receivables that will not be collected, including balances from customers under recur bill commitment plans. The assessment of the likelihood of customer defaults is based on various factors, including length of time the receivables are past due and historical experience, all of which are subject to change. The Company’s credit write offs were \$15,080 and \$1,241 for the fiscal years ended December 28, 2024 and December 30, 2023, respectively.

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Inventories

Inventories, which consist of finished goods, are stated at the lower of cost or net realizable value on a first-in, first-out basis, net of reserves for obsolescence and shrinkage.

Property and Equipment

Property and equipment are recorded at cost. For financial reporting purposes, equipment is depreciated on the straight-line method over the estimated useful lives of the assets (3 to 10 years). Leasehold improvements are amortized on the straight-line method over the shorter of the term of the lease or the useful life of the related assets. Expenditures for new facilities and improvements that substantially extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and any related gains or losses are included in income.

Leases

A lease is defined as an arrangement that contractually specifies the right to use and control an identified asset for a specific period of time in exchange for consideration. Operating leases are included in operating lease assets, portion of operating lease liabilities due within one year, and long-term operating lease liabilities in the Company's consolidated balance sheets. Finance leases are included in property and equipment, net, other accrued liabilities, and other long-term liabilities in the Company's consolidated balance sheets. Lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, using the Company's incremental borrowing rate commensurate with the lease term, since the Company's lessors do not provide an implicit rate, nor is one readily available. The incremental borrowing rate is calculated based on the Company's credit yield curve and adjusted for collateralization, credit quality and economic environment impact, all where applicable. The lease asset includes scheduled lease payments and excludes lease incentives, such as free rent periods and tenant improvement allowances. The Company has certain leases that may include an option to renew and when it is reasonably probable to exercise such option, the Company will include the renewal option terms in determining the lease asset and lease liability. The Company does not have any renewal options that would have a material impact on the terms of the leases and that are also reasonably expected to be exercised as of December 28, 2024. A lease may contain both fixed and variable payments. Variable lease payments that are linked to an index or rate are measured based on the current index or rate at the implementation of the lease accounting standard, or lease commencement date for new leases, with the impact of future changes in the index or rate being recorded as a period expense. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components and has elected not to separate non-lease components from lease components and instead to account for each separate lease component and non-lease component as a single lease component.

The Company has elected the short-term lease exception accounting policy, whereby the recognition requirements of the updated guidance is not applied and lease expense is recorded on a straight-line basis with respect to leases with an initial term of 12 months or less.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including amortizable intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable.

In fiscal 2024, fiscal 2023 and fiscal 2022, the Company recorded impairment charges of \$142, \$900 and \$714, respectively, related to internal-use computer software and website development costs that were not expected to provide substantive service potential.

In fiscal 2024, fiscal 2023 and fiscal 2022, the Company recorded impairment charges of \$339, \$212 and \$61, respectively, related to property and equipment that were expected to be disposed of before the end of their estimated useful lives.

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In fiscal 2022, the Company recorded lease asset impairment charges of \$2,680 in the aggregate. See Note 4 for further information on the Company's leases.

Franchise Rights Acquired

Finite-lived franchise rights acquired are amortized over the remaining contractual period, which is generally less than one year. Indefinite-lived franchise rights acquired are tested for potential impairment on at least an annual basis or more often if events so require.

In performing the impairment analysis for indefinite-lived franchise rights acquired, the fair value for franchise rights acquired is estimated using a discounted cash flow approach referred to as the hypothetical start-up approach for franchise rights related to the Company's Workshops + Digital business and a relief from royalty methodology for franchise rights related to the Company's Digital business. The aggregate estimated fair value for these franchise rights is then compared to the carrying value of the unit of account for these rights. The Company has determined the appropriate unit of account for purposes of assessing impairment to be the combination of the rights in both the Workshops + Digital business and the Digital business in the country in which the applicable acquisition occurred. The net book value of franchise rights acquired for the United States unit of account as of the December 28, 2024 balance sheet date was \$68,627, which represented 100.0% of total franchise rights acquired as of December 28, 2024. The net book values of franchise rights acquired for the United States, Australia, United Kingdom and New Zealand units of account as of the December 30, 2023 balance sheet date were \$374,353, \$4,232, \$2,806 and \$2,420, respectively, which represented 97.6%, 1.1%, 0.7% and 0.6%, respectively, of total franchise rights acquired as of December 30, 2023.

In its hypothetical start-up approach analyses for fiscal 2024, the Company assumed that the year of maturity was reached after 7 years. Subsequent to the year of maturity, the Company estimated future cash flows for the Workshops + Digital business in each country based on assumptions regarding revenue growth and operating income margins. In the Company's relief from royalty approach analyses for fiscal 2024, the cash flows associated with the Digital business in each country were based on the expected Digital revenue for such country and the application of a royalty rate based on current market terms. The cash flows for the Workshops + Digital and the Digital businesses were discounted utilizing rates which were calculated using the weighted average cost of capital, which included the cost of equity and the cost of debt.

Goodwill

In performing the impairment analysis for goodwill, the fair value for the Company's reporting units is estimated using a discounted cash flow approach. This approach involves projecting future cash flows attributable to the reporting unit and discounting those estimated cash flows using an appropriate discount rate. The estimated fair value is then compared to the carrying value of the reporting unit. The Company has determined the appropriate reporting units for purposes of assessing goodwill impairment to be the Behavioral and Clinical business lines. See Note 7 for further information on the Company's change in goodwill reporting units. The net book values of goodwill for the Behavioral and Clinical reporting units as of the December 28, 2024 balance sheet date were \$149,841 and \$89,742, respectively, which represented 62.5% and 37.5%, respectively, of total goodwill as of December 28, 2024.

In performing the impairment analysis for goodwill, for all of the Company's reporting units, the Company estimated future cash flows by utilizing the historical debt-free cash flows (cash flows provided by operations less capital expenditures) attributable to each of the Behavioral and Clinical reporting units and then applied expected future operating income growth rates for the respective reporting unit. The Company utilized operating income as the basis for measuring its potential growth because it believes it is the best indicator of the performance of its business. The Company then discounted the estimated future cash flows utilizing a discount rate which was calculated using the weighted average cost of capital, which included the cost of equity and the cost of debt.

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Indefinite-Lived Franchise Rights Acquired and Goodwill Impairment Tests

The Company reviews indefinite-lived franchise rights acquired and goodwill for potential impairment on at least an annual basis or more often if events so require. The Company performed its annual fair value impairment testing as of May 5, 2024 and May 7, 2023, each the first day of fiscal May, on its indefinite-lived franchise rights acquired and goodwill. In addition, based on triggering events, the Company performed interim impairment tests as of March 30, 2024 and September 28, 2024 on its indefinite-lived franchise rights acquired and goodwill for the first and third quarters of fiscal 2024, respectively.

See Note 7 for further information regarding the results of the franchise rights acquired and goodwill annual impairment tests, and the franchise rights acquired and goodwill interim impairment tests for the first and third quarters of fiscal 2024.

Other Intangible Assets

Other finite-lived intangible assets are amortized using the straight-line method over their estimated useful lives of 3 to 20 years. The Company expenses all software costs incurred during the preliminary project stage and capitalizes all internal and external direct costs of materials and services consumed in developing software once the development has reached the application development stage. Application development stage costs generally include software configuration, coding, installation to hardware and testing. These costs are amortized over their estimated useful lives of 3 to 5 years for software and website development costs. All costs incurred for upgrades, maintenance and enhancements, including the cost of website content, which do not result in additional functionality, are expensed as incurred.

Revenue Recognition

Revenues are recognized when control of the promised services or goods is transferred to the Company's customers in an amount that reflects the consideration it expects to be entitled to in exchange for those services or goods.

The Company earns revenue from subscriptions for its Digital and Clinical products and by conducting workshops, for which it charges a fee, predominantly through commitment plans, as well as prepayment plans. The Company also earns revenue by collecting royalties related to licensing agreements, collecting royalties from franchisees, and publishing. Prior to fiscal 2024, the Company also earned revenue by selling consumer products.

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Commitment plan revenues and prepaid workshop fees are recorded to revenue on a straight-line basis as control is transferred since these performance obligations are satisfied over time. “Digital Subscription Revenues,” consisting of the fees associated with subscriptions for the Company’s Digital offerings, are recognized on a straight-line basis as control is transferred since these performance obligations are satisfied over time. One-time Digital sign-up fees are considered immaterial in the context of the contract and the related revenue is amortized into revenue over the commitment period. “Workshops + Digital Subscription Revenues”, consisting of the fees associated with subscriptions for the Company’s Workshops + Digital offerings, are recognized on a straight-line basis as control is transferred since these performance obligations are satisfied over time. In the Workshops + Digital business, the Company generally charges non-refundable registration and starter fees in exchange for access to the Company’s digital subscription products, an introductory information session and materials it provides to new members. Revenue from these registration and starter fees is considered immaterial in the context of the contract and is amortized into revenue over the commitment period. “Clinical Subscription Revenues” consist of revenues earned from initial consultations that are conducted to determine if a prospective member is eligible to be a Clinical subscriber and from fees associated with subscriptions for the Company’s Clinical offerings, predominantly through monthly commitment plans and prepayment plans. One-time initial consultation fees are recorded as revenue at the point in time control is transferred, which is when the initial consultation takes place. Commitment plan revenues and prepaid subscription fees are recognized on a straight-line basis as control is transferred since these performance obligations are satisfied over time. Revenue from royalties is recognized at the point in time control is transferred, which is when royalties are earned. Revenue from consumer product sales was recognized at the point in time control was transferred, which was when products were shipped to customers and partners and title and risk of loss passed to them. For revenue transactions that involve multiple performance obligations, the amount of revenue recognized is determined using the relative fair value approach, which is generally based on each performance obligation’s stand-alone selling price. Discounts to customers, including free registration offers, are recorded as a deduction from gross revenue in the period such revenue was recognized.

The Company grants refunds in aggregate amounts that historically have not been material. Because the period of payment of the refund generally approximates the period revenue was originally recognized, refunds are recorded as a reduction of revenue over the same period.

The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The Company expenses sales commissions when incurred (amortization period would have been one year or less) and these expenses are recorded within selling, general and administrative expenses. The Company treats shipping and handling fees as fulfillment costs and not as a separate performance obligation, and as a result, any fees received from customers are included in the transaction price allocated to the performance obligation of providing goods with a corresponding amount accrued within cost of product sales and other for amounts paid to applicable carriers. Sales tax, value-added tax and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

Advertising Costs

Advertising costs consist primarily of broadcast and digital media. All costs related to advertising are expensed in the period incurred, except for media production-related costs, which are expensed the first time the advertising takes place. Total advertising expenses for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 were \$234,316, \$235,227 and \$238,978, respectively.

Income Taxes

Deferred income tax assets and liabilities result primarily from temporary differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which differences are expected to reverse. If it is more-likely-than-not that some portion of a deferred tax asset will not be realized, a valuation allowance is recognized. The Company considers historic levels of income, estimates of future taxable income and feasible tax planning strategies in assessing the need for a tax valuation allowance.

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The Company recognizes a benefit for uncertain tax positions when a tax position taken or expected to be taken in a tax return is more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the provision for income taxes on its consolidated statements of operations.

In addition, assets and liabilities acquired in purchase business combinations are assigned their fair values and deferred taxes are provided for lower or higher tax bases.

Derivative Instruments and Hedging

The Company is exposed to certain risks related to its ongoing business operations, primarily interest rate risk and foreign currency risk. Interest rate swaps were historically entered into to hedge a portion of the cash flow exposure associated with the Company's variable-rate borrowings. At December 28, 2024, the Company did not have any interest rate swaps in effect. The Company does not use any derivative instruments for trading or speculative purposes.

The Company recognized the fair value of all derivative instruments as either assets or liabilities on the balance sheet. The Company designated and accounted for interest rate swaps as cash flow hedges of its variable-rate borrowings. For derivative instruments that were designated and qualified as cash flow hedges, the effective portion of the gain or loss on the derivative was reported as a component of accumulated other comprehensive loss and reclassified into earnings in the periods during which the hedged transactions affected earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness were recognized in current earnings.

The fair value of the Company's interest rate swaps was reported as a component of accumulated other comprehensive loss on its balance sheet. See Note 18 for a further discussion regarding the fair value of the Company's interest rate swaps. The net effect of the interest payable and receivable under the Company's effective interest rate swap was included in interest expense on its consolidated statements of operations.

Deferred Financing Costs

Deferred financing costs consist of fees paid by the Company as part of the establishment, exchange and/or modification of the Company's long-term debt. Amortization expense for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$5,018, \$5,018 and \$5,018, respectively.

3. Accounting Standards Adopted in Current Year

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*", to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, ASU 2023-07 enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment and contains other disclosure requirements. The effective date of the new guidance for public companies is for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. In the fourth quarter of fiscal 2024, the Company adopted ASU 2023-07 and applied the new guidance retrospectively to all prior periods presented in the financial statements. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

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4. Leases

At December 28, 2024 and December 30, 2023, the Company's lease assets and lease liabilities, primarily for its studios and corporate offices, were as follows:

	<u>December 28, 2024</u>	<u>December 30, 2023</u>
Assets:		
Operating leases	\$ 42,047	\$ 52,272
Finance leases	—	5
Total lease assets	<u>\$ 42,047</u>	<u>\$ 52,277</u>
Liabilities:		
Current		
Operating leases	\$ 8,168	\$ 9,613
Finance leases	—	4
Noncurrent		
Operating leases	44,322	53,461
Finance leases	—	—
Total lease liabilities	<u>\$ 52,490</u>	<u>\$ 63,078</u>

For the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, the components of the Company's lease expense were as follows:

	<u>Fiscal Year Ended</u>		
	<u>December 28, 2024</u>	<u>December 30, 2023</u>	<u>December 31, 2022</u>
Operating lease cost:			
Fixed lease cost	\$ 15,444	\$ 21,259	\$ 33,227
Lease termination cost	34	12,718	2,726
Variable lease cost	23	62	27
Total operating lease cost	<u>\$ 15,501</u>	<u>\$ 34,039</u>	<u>\$ 35,980</u>
Finance lease cost:			
Amortization of leased assets	\$ 4	\$ 48	\$ 112
Interest on lease liabilities	0	1	6
Total finance lease cost	<u>\$ 4</u>	<u>\$ 49</u>	<u>\$ 118</u>
Total lease cost	<u>\$ 15,505</u>	<u>\$ 34,088</u>	<u>\$ 36,098</u>

As previously disclosed, in conjunction with the continued rationalization of its real estate portfolio, the Company entered into subleases with commencement dates in the first quarter of fiscal 2023, which resulted in lease asset impairment charges of \$2,680 in the aggregate that were recognized in general and administrative expenses in the Company's consolidated statements of operations for the fiscal year ended December 31, 2022. The Company recorded \$4,217 and \$3,375 of sublease income for the fiscal years ended December 28, 2024 and December 30, 2023, respectively, as an offset to general and administrative expenses.

At December 28, 2024 and December 30, 2023, the Company's weighted average remaining lease term and weighted average discount rates were as follows:

	<u>December 28, 2024</u>	<u>December 30, 2023</u>
Weighted Average Remaining Lease Term (years)		
Operating leases	6.84	7.31
Finance leases	—	0.48
Weighted Average Discount Rate		
Operating leases	7.68	7.54
Finance leases	—	4.10

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The Company's leases have remaining lease terms of 0 to 8 years with a weighted average lease term of 6.84 years as of December 28, 2024.

At December 28, 2024, the maturity of the Company's operating lease liabilities in each of the next five fiscal years and thereafter are as follows:

	Operating Leases
Fiscal 2025.....	\$ 11,977
Fiscal 2026.....	10,088
Fiscal 2027.....	9,307
Fiscal 2028.....	9,073
Fiscal 2029.....	8,963
Thereafter	17,852
Total lease payments	\$ 67,260
Less imputed interest.....	14,770
Present value of lease liabilities	<u>\$ 52,490</u>

Supplemental cash flow information related to leases for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 were as follows:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 15,786	\$ 22,013	\$ 31,580
Operating cash flows from finance leases	\$ 0	\$ 1	\$ 6
Financing cash flows from finance leases	\$ 4	\$ 48	\$ 112
Lease assets obtained (modified) in exchange for new (modified) operating lease liabilities	\$ 968	\$ (7,086)	\$ 13,297
Lease assets obtained in exchange for new finance lease liabilities.....	\$ —	\$ —	\$ 49

5. Revenue

The following table presents the Company's revenues disaggregated by revenue source:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Digital Subscription Revenues	\$ 512,853	\$ 571,074	\$ 662,668
Workshops + Digital Subscription Revenues.....	186,139	221,139	256,387
Clinical Subscription Revenues	78,001	30,542	—
Subscription Revenues, net	\$ 776,993	\$ 822,755	\$ 919,055
Other Revenues, net	8,928	66,796	120,780
Revenues, net	<u>\$ 785,921</u>	<u>\$ 889,551</u>	<u>\$ 1,039,835</u>

Information about Contract Balances

For Subscription Revenues, the Company can collect payment in advance of providing services. Any amounts collected in advance of services being provided are recorded in deferred revenue. In the case where amounts are not collected, but the service has been provided and the revenue has been recognized, the amounts are recorded in accounts receivable. The opening and ending balances of the Company's deferred revenues were as follows:

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	<u>Deferred Revenue</u>	<u>Deferred Revenue-Long Term</u>
Balance as of December 31, 2022	\$ 32,156	\$ 360
Net increase (decrease) during the period	1,810	(195)
Balance as of December 30, 2023	\$ 33,966	\$ 165
Net increase (decrease) during the period	(2,311)	(72)
Balance as of December 28, 2024	<u>\$ 31,655</u>	<u>\$ 93</u>

Revenue recognized from amounts included in current deferred revenue as of December 30, 2023 was \$33,753 for the fiscal year ended December 28, 2024. Revenue recognized from amounts included in current deferred revenue as of December 31, 2022 was \$32,156 for the fiscal year ended December 30, 2023. The Company’s long-term deferred revenue, which is included in other liabilities on its consolidated balance sheets, represents revenue that will not be recognized during the next 12 months and is generally related to upfront payments received as an inducement for entering into certain sales-based royalty agreements with third-party licensees. This revenue is amortized on a straight-line basis over the term of the applicable agreement.

6. Acquisitions

Acquisition of Sequence

On April 10, 2023 (the “Closing Date”), the Company completed its previously announced acquisition of Weekend Health, Inc., doing business as Sequence, a Delaware corporation (“Sequence”), subject to the terms and conditions set forth in the Agreement and Plan of Merger, dated as of March 4, 2023, by and among the Company, Well Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company, Sequence, and Fortis Advisors LLC, a Delaware limited liability company, solely in its capacity as the Equityholders’ Representative (as defined therein) for Sequence (the “Merger Agreement”), pursuant to which Sequence continued as a wholly-owned subsidiary of the Company (the “Acquisition”). Sequence provided a technology powered care platform and mobile web application through its subscription based service, which included a comprehensive weight management program, pharmacotherapy treatment, nutrition plans, health insurance coordination services, and access to clinicians, dietitians, fitness coaches and care coordinators.

As consideration for the Acquisition, the Company agreed to pay an aggregate amount equal to \$132,000, subject to the adjustments set forth in the Merger Agreement (the “Merger Consideration”). Subject to the terms and conditions of the Merger Agreement, the Merger Consideration has been paid, or is payable, as follows: (i) approximately \$64,217 in cash (inclusive of approximately \$25,800 of cash on the balance sheet of Sequence) and approximately \$34,702 in the form of approximately 7,996 newly issued shares of Company common stock (valued at \$4.34 per share), in each case, paid on or promptly following the Closing Date, (ii) \$16,000 in cash paid on April 10, 2024, and (iii) \$16,000 in cash to be paid on April 10, 2025, in each case, subject to the adjustments and deductions set forth in the Merger Agreement.

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The following table shows the purchase price allocation for Sequence to the acquired identifiable assets, liabilities assumed and goodwill:

Total consideration:		
Cash paid at closing.....	\$	64,217
Cash paid on April 10, 2024.....		16,000
Cash to be paid on April 10, 2025 ⁽¹⁾		<u>12,420</u>
Total cash payments	\$	92,637
Less stock-based compensation expense attributable to post combination vesting ...		(3,882)
Common shares issued		7,996
Stock price as of April 10, 2023 ⁽²⁾	\$	<u>4.12</u>
Total stock issuance purchase price ⁽²⁾		32,943
Aggregated merger consideration.....		<u>\$ 121,698</u>
Assets acquired:		
Cash	\$	25,776
Prepaid expenses and other current assets.....		2,220
Property, plant and equipment.....		34
Intangible assets.....		<u>7,222</u>
Total assets acquired.....		35,252
Liabilities assumed:		
Accounts payable.....	\$	70
Accrued liabilities.....		14
Deferred revenue		1,300
Deferred tax liability.....		<u>1,912</u>
Total liabilities assumed		<u>3,296</u>
Net assets acquired		31,956
Total goodwill		<u>\$ 89,742</u>

(1) Reflects \$16,000 of cash payable on April 10, 2025 as Merger Consideration discounted using the Company's weighted average cost of debt.

(2) Represents the fair value of the shares transferred to the sellers as Merger Consideration, based on the number of shares to be issued, 7,996, multiplied by the closing price of the Company's shares on April 10, 2023 of \$4.12 per share.

The Acquisition has been accounted for under the purchase method of accounting. The Acquisition resulted in goodwill related to, among other things, expected synergies in operations. The goodwill will not be deductible for tax purposes. The results of operations of Sequence (now operating as WeightWatchers Clinic) have been included in the consolidated operating results of the Company from the Closing Date.

The Company incurred transaction-related costs of \$8,605 for the fiscal year ended December 30, 2023. These costs were associated with legal and professional services and were recognized as operating expenses on the consolidated statements of operations.

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Acquisitions of Franchisees

On February 18, 2022, the Company acquired the entire issued share capital of its Republic of Ireland franchisee, Denross Limited, and its Northern Ireland franchisee, Checkweight Limited, as follows:

- (a) The Company acquired the entire issued share capital of Denross Limited for a purchase price of \$4,500. Payment was in the form of cash paid on December 21, 2021 (\$650), cash paid on February 18, 2022 (\$3,100) and cash in reserves (\$750), of which \$375 was paid on February 17, 2023 and \$375 was paid on February 20, 2024. The total purchase price was allocated to goodwill (\$4,645), deferred tax asset (\$496) fully offset by a tax valuation allowance (\$496), assumed liabilities (\$166), customer relationship value (\$14), cash (\$4) and other receivables (\$3). The goodwill will not be deductible for tax purposes; and
- (b) The Company acquired the entire issued share capital of Checkweight Limited for a purchase price of \$1,500. Payment was in the form of cash (\$1,250) and cash in reserves (\$250), of which \$125 was paid on February 17, 2023 and \$125 was paid on February 20, 2024. The total purchase price was allocated to goodwill (\$1,291), franchise rights acquired (\$240), assumed liabilities (\$56), customer relationship value (\$17), deferred tax asset (\$5) fully offset by a tax valuation allowance (\$5), cash (\$4) and other receivables (\$4). The goodwill will not be deductible for tax purposes.

These acquisitions have been accounted for under the purchase method of accounting and, accordingly, earnings of the acquired franchises have been included in the consolidated operating results of the Company since the date of acquisition. The goodwill and franchise rights acquired for these acquisitions, as applicable, have been subsequently impaired since the date of acquisition. See Note 7 for additional information on the Company's impairment charges.

7. Franchise Rights Acquired, Goodwill and Other Intangible Assets

Franchise rights acquired are due to acquisitions of the Company's franchised territories as well as the acquisition of franchise promotion agreements and other factors associated with the acquired franchise territories. For the fiscal year ended December 28, 2024, the change in the carrying value of franchise rights acquired was due to the impairments of the United States, Australia, United Kingdom and New Zealand units of account as discussed below and the effect of exchange rate changes.

Goodwill primarily relates to the acquisition of the Company by The Kraft Heinz Company (successor to H.J. Heinz Company) in 1978, and the Company's acquisitions of WW.com, LLC (formerly known as WW.com, Inc. and WeightWatchers.com, Inc.) in 2005, Sequence in 2023 and the Company's franchised territories. See Note 6 for additional information on the Company's acquisitions. For the fiscal year ended December 28, 2024, the change in the carrying value of goodwill was due to the effect of exchange rate changes as follows:

Balance as of December 31, 2022.....	\$	155,998
Goodwill acquired during the period		89,742
Goodwill impairment		(3,586)
Effect of exchange rate changes.....		<u>1,287</u>
Balance as of December 30, 2023.....	\$	243,441
Effect of exchange rate changes.....		<u>(3,858)</u>
Balance as of December 28, 2024.....	\$	<u><u>239,583</u></u>

Accumulated goodwill impairment loss was \$25,111 at both December 28, 2024 and December 30, 2023.

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Change in Goodwill Reporting Units

As discussed in Note 1, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of the Company's centralized organizational structure in fiscal 2023, and management's 2024 strategic planning process, the Company's reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. In connection with the Company's change to one reportable segment, the Company's operating segments also changed to one segment. As a result of this change to the Company's operating segments, the Company reassessed its reporting units for the evaluation of goodwill during the first quarter of fiscal 2024.

In accordance with the Financial Accounting Standards Board's Accounting Standards Codification 350, Intangibles—Goodwill and Other ("ASC 350"), the Company determines its reporting units based upon whether discrete financial information is available, if management regularly reviews the operating results of the component, the nature of the products offered to customers and the market characteristics of each reporting unit. A reporting unit is considered to be an operating segment or one level below an operating segment also known as a component. Prior to the change in operating segments, the Company's reporting units for the evaluation of goodwill were determined by country. Component level financial information is reviewed by management across two business lines: Behavioral and Clinical. The Company's "Behavioral" business line consists of the Company's Workshops + Digital business and Digital business. Accordingly, these were determined to be the Company's new reporting units as of the first day of fiscal 2024.

This change in reporting units qualified as a triggering event and required goodwill to be tested for impairment. As required by ASC 350, the Company tested goodwill for impairment immediately before and after the change in reporting units. As a result of these impairment analyses, it was determined that goodwill was not impaired before or after the change in reporting units.

Third Quarter Fiscal 2024 Indefinite-Lived Franchise Rights Acquired and Goodwill Interim Impairment Tests

During the quarter ended September 28, 2024, the Company identified various qualitative and quantitative factors which collectively indicated a triggering event had occurred. These factors included the continued decline in the Company's stock price and market capitalization, and actual business performance. As a result of this triggering event, the Company performed interim impairment tests for all of its franchise rights acquired units of account and goodwill reporting units in the third quarter of fiscal 2024.

In performing the interim franchise rights acquired impairment test as of September 28, 2024, the Company determined that the carrying values of its United States and United Kingdom franchise rights acquired with indefinite-lived units of account exceeded their respective fair values. Accordingly, the Company recorded impairment charges for its United States and United Kingdom units of account of \$54,295 and \$2,750 (which comprised the remaining balance of franchise rights acquired for the United Kingdom unit of account), respectively, in the third quarter of fiscal 2024. These impairments were driven primarily by the weighted average cost of capital used in this interim impairment test, reflecting market factors, including higher interest rates and the trading values of the Company's equity and debt, and, to a lesser extent, business performance. In performing the interim goodwill impairment test as of September 28, 2024, the Company determined that the carrying values of its goodwill reporting units did not exceed their respective fair values and, therefore, no impairment existed.

Based on the results of the interim franchise rights acquired impairment test as of September 28, 2024 performed for the Company's United States unit of account, which held 100.0% of the Company's indefinite-lived franchise rights acquired as of the December 28, 2024 balance sheet date, the estimated fair value of this unit of account was equal to its respective carrying value. Accordingly, a change in the underlying assumptions for the United States unit of account may change the results of the impairment assessment and, as such, could result in further impairment of the franchise rights acquired related to the United States, for which the net book value was \$68,627 as of December 28, 2024.

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Based on the results of the interim goodwill impairment test as of September 28, 2024 performed for the Company's Behavioral reporting unit, which held 62.5% of the Company's goodwill as of the December 28, 2024 balance sheet date, there was significant headroom in the goodwill impairment test for this unit with the difference between the fair value and the carrying value exceeding 100% and, therefore, no impairment existed. Based on the results of the interim goodwill impairment test as of September 28, 2024 performed for the Company's Clinical reporting unit, which held 37.5% of the Company's goodwill as of the December 28, 2024 balance sheet date, the estimated fair value of this reporting unit was at least 20% higher than the respective unit's carrying value and, therefore, no impairment existed.

Indefinite-Lived Franchise Rights Acquired and Goodwill Annual Impairment Tests

The Company performed its annual fair value impairment testing on its indefinite-lived franchise rights acquired and goodwill for fiscal 2024, fiscal 2023 and fiscal 2022 on May 5, 2024, May 7, 2023 and May 8, 2022, respectively.

In performing the annual impairment analyses as of May 5, 2024 and May 7, 2023, the Company determined that the carrying values of its franchise rights acquired with indefinite-lived units of account and goodwill reporting units did not exceed their respective fair values and, therefore, no impairment existed.

In performing the annual impairment analysis as of May 8, 2022, the Company determined that (i) the carrying values of its Canada and New Zealand franchise rights acquired with indefinite-lived units of account exceeded their respective fair values and, as a result, the Company recorded impairment charges for its Canada and New Zealand units of account of \$24,485 and \$834, respectively, in the second quarter of fiscal 2022; and (ii) the carrying values of all of its other franchise rights acquired with indefinite-lived units of account did not exceed their respective fair values and, therefore, no impairment existed with respect thereto. In performing the annual impairment analysis as of May 8, 2022, the Company determined that the carrying values of its goodwill reporting units did not exceed their respective fair values and, therefore, no impairment existed.

Based on the results of the Company's May 5, 2024 annual franchise rights acquired impairment test performed for its United States and United Kingdom units of account, each unit of account had an estimated fair value at least 5% higher than the respective unit's carrying value and, therefore, no impairment existed.

Based on the results of the Company's May 5, 2024 annual goodwill impairment test performed for all of its reporting units, each unit had an estimated fair value at least 30% higher than the respective unit's carrying value and, therefore, no impairment existed.

First Quarter Fiscal 2024 Indefinite-Lived Franchise Rights Acquired and Goodwill Interim Impairment Tests

During the quarter ended March 30, 2024, the Company identified various qualitative and quantitative factors which collectively indicated a triggering event had occurred. These factors included the continued decline in the Company's stock price and market capitalization, and actual business performance. As a result of this triggering event, the Company performed interim impairment tests for all of its franchise rights acquired units of account and goodwill reporting units in the first quarter of fiscal 2024.

In performing the interim franchise rights acquired impairment test as of March 30, 2024, the Company determined that the carrying values of its United States, Australia, New Zealand and United Kingdom franchise rights acquired with indefinite-lived units of account exceeded their respective fair values. Accordingly, the Company recorded impairment charges for its United States, Australia, New Zealand and United Kingdom units of account of \$251,431, \$4,074 (which comprised the remaining balance of franchise rights acquired for the Australia unit of account), \$2,328 (which comprised the remaining balance of franchise rights acquired for the New Zealand unit of account) and \$155, respectively, in the first quarter of fiscal 2024. These impairments were driven primarily by the weighted average cost of capital used in this interim impairment test, reflecting market factors, including higher interest rates and the trading values of the Company's equity and debt, and, to a lesser extent, business performance.

Based on the results of the interim goodwill impairment test as of March 30, 2024 performed for all of the Company's reporting units, each unit had an estimated fair value at least 25% higher than the respective unit's carrying value and, therefore, no impairment existed.

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Republic of Ireland and Northern Ireland Goodwill Impairments

During the fourth quarter of fiscal 2023, the Company had a shift in future strategic priorities and as a result, a triggering event occurred which required the Company to impair the remaining goodwill balances for the Republic of Ireland and Northern Ireland reporting units, resulting in goodwill impairment charges of \$2,383 and \$1,203, respectively.

With respect to its Republic of Ireland reporting unit, during the fourth quarter of fiscal 2022, the Company made a strategic decision to delay the launch of the Digital business in that country. As a result of this decision, a triggering event occurred which required the Company to perform an interim goodwill impairment analysis. In performing its discounted cash flow analysis, the Company determined that the carrying value of this reporting unit exceeded its fair value and, as a result, recorded an impairment charge of \$2,023. The preponderance of this impairment was driven by a decrease in projected revenues and an increased weighted average cost of capital used in this interim impairment test as compared to the weighted average cost of capital used in the May 8, 2022 annual impairment test of its goodwill, reflecting market factors including higher interest rates and the trading values of the Company's equity and debt.

Fourth Quarter Fiscal 2022 Indefinite-Lived Franchise Rights Acquired Interim Impairment Test

During the quarter ended December 31, 2022, the Company identified various qualitative and quantitative factors which collectively indicated a triggering event had occurred. These factors included (i) actual business performance as compared to the assumptions used in its third quarter fiscal 2022 interim impairment test for the United States, Canada and New Zealand units of account and as compared to the assumptions used in its annual impairment test in the second quarter of fiscal 2022 for the United Kingdom and Australia units of account; and (ii) the further decline in the Company's market capitalization and market factors, including the increase in interest rates. As a result of this triggering event, the Company performed an interim impairment test for all of its franchise rights acquired units of account in the fourth quarter of fiscal 2022.

In performing the interim franchise rights acquired impairment test as of December 31, 2022, the Company determined that the carrying values of its United States, Canada, United Kingdom and Australia franchise rights acquired with indefinite-lived units of account exceeded their respective fair values. Accordingly, the Company recorded impairment charges for its United States, Canada, United Kingdom and Australia units of account of \$25,739, \$19,657 (which comprised the remaining balance of franchise rights acquired for this unit of account), \$8,275 and \$1,872, respectively, in the fourth quarter of fiscal 2022. These impairments were driven by the increased weighted average cost of capital used in this interim impairment test as compared to the weighted average cost of capital used in the third quarter fiscal 2022 interim impairment test for the United States and Canada units of account and as compared to the weighted average cost of capital used in the May 8, 2022 annual impairment test for the United Kingdom and Australia units of account, reflecting market factors including higher interest rates and the trading values of the Company's equity and debt. Additionally, these impairments were driven by the decline in the assumptions used in the hypothetical start-up approach and relief from royalty approach analyses as compared to the assumptions used in the third quarter fiscal 2022 interim impairment test for the United States and Canada units of account and as compared to the assumptions used in the May 8, 2022 annual impairment test for the United Kingdom and Australia units of account. The carrying value of its New Zealand franchise rights acquired with indefinite-lived unit of account did not exceed its respective fair value and, therefore, no impairment existed with respect thereto.

Third Quarter Fiscal 2022 Indefinite-Lived Franchise Rights Acquired Interim Impairment Test

During the quarter ended October 1, 2022, the Company identified various qualitative and quantitative factors which collectively, when combined with the difference or lack thereof between the estimated fair value of the applicable unit of account and its carrying value for the United States, Canada and New Zealand units of account, indicated a triggering event had occurred within these units of account. These factors included actual business performance as compared to the assumptions used in its annual impairment test, the continued decline in the Company's market capitalization and market factors, including the increase in interest rates. As a result of this triggering event, the Company performed an interim impairment test of these units of account.

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In performing the interim franchise rights acquired impairment test as of October 1, 2022, the Company determined that the carrying values of its United States, Canada and New Zealand franchise rights acquired with indefinite-lived units of account exceeded their respective fair values. Accordingly, the Company recorded impairment charges for its United States, Canada and New Zealand units of account of \$298,291, \$13,312 and \$1,138, respectively, in the third quarter of fiscal 2022. The preponderance of these impairments was driven by the increased weighted average cost of capital used in this interim impairment test as compared to the weighted average cost of capital used in the May 8, 2022 annual impairment test of its indefinite-lived franchise rights acquired, reflecting market factors including higher interest rates and the trading values of the Company's equity and debt.

Kurbo Goodwill Impairment

On August 10, 2018, the Company acquired substantially all of the assets of Kurbo Health, Inc., a family-based healthy lifestyle coaching program, for a net purchase price of \$3,063, of which \$1,101 was allocated to goodwill. The goodwill was deductible annually for tax purposes. The Company determined in the second quarter of fiscal 2022 to exit the business of its wholly-owned subsidiary Kurbo, Inc. ("Kurbo") in the third quarter of fiscal 2022 as part of its strategic plan. As a result of this determination, the Company recorded an impairment charge of \$1,101 in the second quarter of fiscal 2022, which comprised the entire goodwill balance for Kurbo.

Finite-lived Intangible Assets

The carrying values of finite-lived intangible assets as of December 28, 2024 and December 30, 2023 were as follows:

	December 28, 2024		December 30, 2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Capitalized software and website development costs.....	\$ 255,822	\$ 218,103	\$ 251,410	\$ 195,696
Trademarks	12,192	12,103	12,188	12,024
Other	13,537	6,714	13,991	6,661
Trademarks and other intangible assets	<u>\$ 281,551</u>	<u>\$ 236,920</u>	<u>\$ 277,589</u>	<u>\$ 214,381</u>
Franchise rights acquired	7,820	5,316	8,029	5,314
Total finite-lived intangible assets	<u>\$ 289,371</u>	<u>\$ 242,236</u>	<u>\$ 285,618</u>	<u>\$ 219,695</u>

During the fourth quarter of fiscal 2023, the Company had a shift in future strategic priorities and as a result, a triggering event occurred which required the Company to impair the remaining franchise rights acquired balance for the Northern Ireland unit of account, resulting in a franchise rights acquired impairment charge of \$47.

Aggregate amortization expense for finite-lived intangible assets was recorded in the amounts of \$33,596, \$42,449 and \$33,676 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

Estimated amortization expense of existing finite-lived intangible assets for the next five fiscal years and thereafter is as follows:

Fiscal 2025.....	\$	22,025
Fiscal 2026.....	\$	13,143
Fiscal 2027.....	\$	4,776
Fiscal 2028.....	\$	727
Fiscal 2029.....	\$	704
Thereafter.....	\$	5,760

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8. Property and Equipment

The carrying values of property and equipment as of December 28, 2024 and December 30, 2023 were as follows:

	<u>December 28, 2024</u>	<u>December 30, 2023</u>
Equipment	\$ 24,561	\$ 31,264
Leasehold improvements.....	40,802	42,039
	<u>\$ 65,363</u>	<u>\$ 73,303</u>
Less: Accumulated depreciation and amortization	(49,565)	(53,562)
	<u>\$ 15,798</u>	<u>\$ 19,741</u>

Depreciation and amortization expense of property and equipment for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$4,188, \$10,022 and \$10,125, respectively.

9. Long-Term Debt

The components of the Company's long-term debt were as follows:

	<u>December 28, 2024</u>				<u>December 30, 2023</u>			
	<u>Principal Balance</u>	<u>Unamortized Deferred Financing Costs</u>	<u>Unamortized Debt Discount</u>	<u>Effective Rate ⁽¹⁾</u>	<u>Principal Balance</u>	<u>Unamortized Deferred Financing Costs</u>	<u>Unamortized Debt Discount</u>	<u>Effective Rate ⁽¹⁾</u>
Revolving Credit Facility due April 13, 2026	\$ —	\$ —	\$ —	0.00%	\$ —	\$ —	\$ —	0.00%
Term Loan Facility due April 13, 2028	945,000	3,604	7,468	9.37%	945,000	4,712	9,766	9.21%
Senior Secured Notes due April 15, 2029	500,000	3,285	—	4.69%	500,000	4,058	—	4.70%
Total.....	<u>\$ 1,445,000</u>	<u>\$ 6,889</u>	<u>\$ 7,468</u>	<u>7.74%</u>	<u>\$ 1,445,000</u>	<u>\$ 8,770</u>	<u>\$ 9,766</u>	<u>7.64%</u>
Less: Current portion	—				—			
Unamortized deferred financing costs.....	6,889				8,770			
Unamortized debt discount.....	7,468				9,766			
Total long-term debt	<u>\$ 1,430,643</u>				<u>\$ 1,426,464</u>			

(1) Includes amortization of deferred financing costs and debt discount.

In the second quarter of fiscal 2021, in connection with its refinancing of its then-existing credit facilities, the Company incurred approximately \$1,000,000 in an aggregate principal amount of borrowings under its new credit facilities (as amended from time to time, the "Credit Facilities") and issued \$500,000 in aggregate principal amount of 4.500% Senior Secured Notes due 2029 (the "Senior Secured Notes"), each as described in further detail below.

Credit Facilities

The Credit Facilities were issued under a credit agreement, dated April 13, 2021 (as amended from time to time, the "Credit Agreement"), among the Company, as borrower, the lenders party thereto, and Bank of America, N.A. ("Bank of America"), as administrative agent and an issuing bank. The Credit Facilities consist of (1) \$1,000,000 in aggregate principal amount of senior secured tranche B term loans due in 2028 (the "Term Loan Facility") and (2) \$175,000 in an aggregate principal amount of commitments under a senior secured revolving credit facility (which includes borrowing capacity available for letters of credit) due in 2026 (the "Revolving Credit Facility").

As of December 28, 2024, the Company had \$945,000 in an aggregate principal amount of loans outstanding under the Credit Facilities, with \$173,841 of availability and \$1,159 in issued but undrawn letters of credit outstanding under the Revolving Credit Facility subject to its terms and conditions as discussed below. There were no outstanding borrowings under the Revolving Credit Facility as of December 28, 2024.

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All obligations under the Credit Agreement are guaranteed by, subject to certain exceptions, each of the Company's current and future wholly-owned material domestic restricted subsidiaries. All obligations under the Credit Agreement, and the guarantees of those obligations, are secured by substantially all of the assets of the Company and each guarantor, subject to customary exceptions, including:

- a pledge of 100% of the equity interests directly held by the Company and each guarantor in any wholly-owned material subsidiary of the Company or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such first-tier non-U.S. subsidiary), subject to certain exceptions; and
- a security interest in substantially all other tangible and intangible assets of the Company and each guarantor, subject to certain exceptions.

The Credit Facilities require the Company to prepay outstanding term loans, subject to certain exceptions, with:

- 50% (which percentage will be reduced to 25% and 0% if the Company attains certain first lien secured net leverage ratios) of the Company's annual excess cash flow;
- 100% of the net cash proceeds of certain non-ordinary course asset sales by the Company and its restricted subsidiaries (including casualty and condemnation events, subject to de minimis thresholds), and subject to the right to reinvest 100% of such proceeds, subject to certain qualifications; and
- 100% of the net proceeds of any issuance or incurrence of debt by the Company or any of its restricted subsidiaries, other than certain debt permitted under the Credit Agreement.

The foregoing mandatory prepayments will be used to reduce the installments of principal on the Term Loan Facility. The Company may voluntarily repay outstanding loans under the Credit Facilities at any time without penalty, except for customary "breakage" costs with respect to Term SOFR loans under the Credit Facilities.

In June 2023, in connection with the planned phase-out of LIBOR, the Company amended its Credit Facilities to replace LIBOR with Term SOFR as the benchmark rate under the Credit Agreement, which is calculated to include a credit spread adjustment of 0.11448%, 0.26161%, 0.42826%, or 0.71513% for 1, 3, 6, or 12 months period, respectively, in addition to the Term SOFR Screen Rate (as defined in the Credit Agreement) and the margin (which was not amended).

Borrowings under the Term Loan Facility bear interest at a rate per annum equal to, at the Company's option, either (1) an applicable margin plus a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.50% or (2) an applicable margin plus a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided that Term SOFR is not lower than a floor of 0.50%. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin based upon a leverage-based pricing grid, plus, at the Company's option, either (1) a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.00% or (2) a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided such rate is not lower than a floor of zero. As of December 28, 2024, the applicable margins for the Term SOFR rate borrowings under the Term Loan Facility and the Revolving Credit Facility were 3.50% and 2.75%, respectively.

On a quarterly basis, the Company pays a commitment fee to the lenders under the Revolving Credit Facility in respect of unutilized commitments thereunder, which commitment fee fluctuates depending upon the Company's Consolidated First Lien Leverage Ratio (as defined in the Credit Agreement).

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The Credit Agreement contains other customary terms, including (1) representations, warranties and affirmative covenants, (2) negative covenants, including limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt, amendments of material agreements governing subordinated indebtedness, changes to lines of business and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions, and (3) customary events of default.

The availability of certain baskets and the ability to enter into certain transactions are also subject to compliance with certain financial ratios. In addition, if the aggregate principal amount of extensions of credit (inclusive of outstanding letters of credit) under the Revolving Credit Facility as of any fiscal quarter end exceeds 35%, or \$61,250, of the aggregate revolving commitments, the Company is required to be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 through and including the first fiscal quarter of 2025 and 5.00:1.00 thereafter. The Company's Consolidated First Lien Leverage Ratio as of December 28, 2024 was 8.36:1.00. If the Company has more than \$61,250 outstanding under the Revolving Credit Facility and is not in compliance with the specified leverage ratio at the required time, it would be in default under the Revolving Credit Facility.

Senior Secured Notes

The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 13, 2021 (as amended, supplemented or modified from time to time, the "Indenture"), among the Company, the guarantors named therein and The Bank of New York Mellon, as trustee and notes collateral agent. The Indenture contains customary terms, events of default and covenants for an issuer of non-investment grade debt securities. These covenants include limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions.

The Senior Secured Notes accrue interest at a rate per annum equal to 4.500% and will mature on April 15, 2029. Interest on the Senior Secured Notes is payable semi-annually on April 15 and October 15 of each year. Commencing April 15, 2024, the Company may on any one or more occasions redeem some or all of the Senior Secured Notes at a purchase price equal to 102.250% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date, such optional redemption price decreasing to 101.125% on or after April 15, 2025 and to 100.000% on or after April 15, 2026. If a change of control occurs, the Company must offer to purchase for cash the Senior Secured Notes at a purchase price equal to 101% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date. Following the sale of certain assets and subject to certain conditions, the Company must offer to purchase for cash the Senior Secured Notes at a purchase price equal to 100% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date.

The Senior Secured Notes are guaranteed on a senior secured basis by the Company's subsidiaries that guarantee the Credit Facilities. The Senior Secured Notes and the note guarantees are secured by a first-priority lien on all the collateral that secures the Credit Facilities, subject to a shared lien of equal priority with the Company's and each guarantor's obligations under the Credit Facilities and subject to certain thresholds, exceptions and permitted liens.

Outstanding Debt

At December 28, 2024, the Company had \$1,445,000 outstanding under the Credit Facilities and the Senior Secured Notes, consisting of borrowings under the Term Loan Facility of \$945,000, \$0 drawn down on the Revolving Credit Facility and \$500,000 in aggregate principal amount of Senior Secured Notes issued and outstanding.

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At December 28, 2024 and December 30, 2023, the Company's debt consisted of both fixed and variable-rate instruments. The Company has historically entered into interest rate swaps to hedge a portion of the cash flow exposure associated with the Company's variable-rate borrowings. At December 28, 2024, the Company did not have any interest rate swaps in effect. See Note 19 for further information on the Company's use of interest rate swaps. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on the Company's outstanding debt, exclusive of the impact of any applicable interest rate swaps, was approximately 7.75% and 7.64% per annum at December 28, 2024 and December 30, 2023, respectively, based on interest rates on these dates. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on the Company's outstanding debt, including the impact of any applicable interest rate swaps, was approximately 7.47% and 6.53% per annum at December 28, 2024 and December 30, 2023, respectively, based on interest rates on these dates.

Maturities

At December 28, 2024, the aggregate amounts of the Company's existing long-term debt maturing in each of the next five fiscal years and thereafter are as follows:

Fiscal 2025.....	—
Fiscal 2026.....	—
Fiscal 2027.....	10,000
Fiscal 2028.....	935,000
Fiscal 2029.....	500,000
Thereafter.....	—
	\$ 1,445,000

10. Treasury Stock

On October 9, 2003, the Company's Board of Directors authorized, and the Company announced, a program to repurchase up to \$250,000 of the Company's outstanding common stock. On each of June 13, 2005, May 25, 2006 and October 21, 2010, the Company's Board of Directors authorized, and the Company announced, the addition of \$250,000 to the program. The repurchase program allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. The repurchase program currently has no expiration date.

During the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, the Company repurchased no shares of its common stock under this program. As of the end of fiscal 2024, \$208,933 remained available to purchase shares of the Company's common stock under the repurchase program.

11. Per Share Data

Basic net loss per share is calculated utilizing the weighted average number of common shares outstanding during the periods presented. Diluted net loss per share is calculated utilizing the weighted average number of common shares outstanding during the periods presented adjusted for the effect of dilutive common stock equivalents.

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The following table sets forth the computation of basic and diluted net loss per share:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Numerator:			
Net loss.....	\$ (345,701)	\$ (112,255)	\$ (256,868)
Denominator:			
Weighted average shares of common stock outstanding .	79,578	76,677	70,321
Effect of dilutive common stock equivalents.....	—	—	—
Weighted average diluted common shares outstanding.....	<u>79,578</u>	<u>76,677</u>	<u>70,321</u>
Net loss per share			
Basic.....	\$ (4.34)	\$ (1.46)	\$ (3.65)
Diluted.....	<u>\$ (4.34)</u>	<u>\$ (1.46)</u>	<u>\$ (3.65)</u>

The number of anti-dilutive common stock equivalents excluded from the calculation of the weighted average number of common shares for diluted net loss per share was 9,572, 9,113 and 8,540 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

12. Stock Plans

Incentive Compensation Plans

On May 6, 2008, the Company's shareholders approved the 2008 Stock Incentive Plan (the "2008 Plan"). On May 6, 2014, the Company's shareholders approved the 2014 Stock Incentive Plan (as amended and restated, the "2014 Plan", and together with the 2008 Plan, the "Stock Plans"), which replaced the 2008 Plan for all equity-based awards granted on or after May 6, 2014. The 2014 Plan is designed to promote the long-term financial interests and growth of the Company by attracting, motivating and retaining employees with the ability to contribute to the success of the business and to align compensation for the Company's employees over a multi-year period directly with the interests of the shareholders of the Company. The Company's long-term equity incentive compensation program has historically included time-vesting non-qualified stock option and/or restricted stock unit ("RSUs") (including performance-based stock unit with both time- and performance-vesting criteria ("PSUs")) awards. From time to time, the Company has granted fully-vested shares of its common stock to individuals in connection with special circumstances. The Company's Board of Directors or a committee thereof administers the 2014 Plan.

Under the 2014 Plan, grants may take the following forms at the Company's Board of Directors' Compensation and Benefits Committee's (the "Compensation Committee") discretion: non-qualified stock options, incentive stock options, stock appreciation rights, RSUs, restricted stock and other stock-based awards. As of December 28, 2024, the maximum number of shares of common stock available for grant under the 2014 Plan was 12,500, subject to increase and adjustment as set forth in the 2014 Plan.

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Under the 2014 Plan, the Company also grants fully-vested shares of its common stock to certain members of its Board of Directors. While these shares are fully vested, the directors are restricted from selling these shares while they are still serving on the Company's Board of Directors subject to limited exceptions. During the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, the Company granted to members of the Company's Board of Directors an aggregate of 53, 70 and 77 fully-vested shares, respectively, and recognized compensation expense of \$181, \$404 and \$624, respectively. Commencing during the fiscal year ended December 31, 2022, the above-referenced members of the Company's Board of Directors could elect to defer receipt of such grants of fully vested shares of the Company's common stock with respect to their service on the Company's Board of Directors. Certain members of the Company's Board of Directors made such an election such that for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, the Company granted to those members of its Board of Directors an aggregate of 89, 54 and 27 deferred stock units, respectively, and recognized compensation expense of \$809, \$373 and \$174, respectively. These deferred stock units will be settled on the date of separation from service from the Company's Board of Directors of the applicable member of the Company's Board of Directors or earlier based on his or her election or upon a change in control of the Company. During the fiscal years ended December 28, 2024 and December 30, 2023, an aggregate of 0 and 23 deferred stock units were settled, respectively.

The Company issues common stock for share-based compensation awards from treasury stock. The total compensation cost that has been charged against income for share-based compensation awards was \$7,583, \$10,715 and \$12,333 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. The total income tax benefit recognized in the Company's consolidated statements of operations for all share-based compensation awards was \$1,197, \$1,850 and \$2,603 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. The tax benefits realized from options exercised and RSUs and PSUs vested totaled \$658, \$1,287 and \$1,017 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. No compensation costs were capitalized. As of December 28, 2024, there was \$6,569 of total unrecognized compensation cost related to stock options and RSUs granted under the Stock Plans. That cost is expected to be recognized over a weighted average period of approximately 1.2 years. Additionally, during the fiscal year ended December 30, 2023, the Company charged \$3,882 of compensation costs against income for share-based compensation expense attributable to post combination vesting in relation to the Sequence acquisition. See Note 6 for additional information on the Company's acquisitions. Such amounts have been included as a component of selling, general and administrative expenses.

Stock Option Awards with Time-Vesting Criteria

Stock options with time-vesting criteria ("Time-Vesting Options") are exercisable based on the terms and conditions outlined in the applicable award agreement. Time-Vesting Options outstanding at December 28, 2024, December 30, 2023 and December 31, 2022 vest over a period of three to four years and the expiration term is seven to ten years. Time-Vesting Options outstanding at December 28, 2024, December 30, 2023 and December 31, 2022 have an exercise price between \$5.25 and \$50.00 per share.

The fair value of each of these option awards is estimated on the date of grant using the Black-Scholes option pricing model with the weighted average assumptions noted in the following table. Expected volatility is based on the historical volatility of the Company's common stock. The expected term takes into consideration option exercise history. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the date of grant which most closely corresponds to the expected term of the Time-Vesting Options. The dividend yield is based on the Company's historic average dividend yield. The Company did not grant any Time-Vesting Options for the fiscal years ended December 28, 2024 and December 30, 2023.

	December 31, 2022
Dividend yield	0.0%
Volatility	57.0% - 57.1%
Risk-free interest rate	2.36% - 2.86%
Expected term (years).....	6.0 - 7.0

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Option Activity

A summary of all option activity for the fiscal year ended December 28, 2024 is presented below.

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (Yrs.)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 30, 2023.....	6,951	\$ 34.57		
Granted.....	—	\$ —		
Exercised.....	—	\$ —		
Cancelled.....	(1,919)	\$ 38.40		
Outstanding at December 28, 2024.....	<u>5,032</u>	\$ 33.12	1.9	\$ —
Exercisable at December 28, 2024.....	<u>5,002</u>	\$ 33.27	1.9	\$ —

The weighted average grant date fair value of all options granted was \$3.96 for the fiscal year ended December 31, 2022. The total intrinsic value of all options exercised was \$0, \$248 and \$0 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

Cash received from Time-Vesting Options exercised during the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$0, \$718 and \$0, respectively.

Restricted Stock Unit Awards with Time-Vesting Criteria

RSUs are exercisable based on the terms outlined in the applicable award agreement. The RSUs generally vest over a period of one to three years. The fair value of RSUs is determined using the closing market price of the Company's common stock on the date of grant. A summary of RSU activity under the Stock Plans for the fiscal year ended December 28, 2024 is presented below.

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at December 30, 2023.....	2,657	\$ 7.75
Granted.....	4,810	\$ 1.32
Vested.....	(1,318)	\$ 6.59
Forfeited.....	(2,061)	\$ 4.76
Outstanding at December 28, 2024.....	<u>4,088</u>	\$ 2.06

The weighted average grant date fair value of RSUs granted was \$1.32, \$7.43 and \$6.69 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. The total fair value of RSUs vested during the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$8,692, \$7,943 and \$14,576, respectively.

Performance-Based Stock Unit Awards with Time- and Performance-Vesting Criteria

In fiscal 2024, the Company granted 598 PSUs having both time- and performance-vesting criteria. The time-vesting criteria for these PSUs will be satisfied upon continued employment (with limited exceptions) on the third anniversary of the grant date. The performance-vesting criteria for these PSUs will be based on a relative total shareholder return performance goal, measuring the Company's stock price performance against the performance of the Russell 2000 Index from the start of fiscal 2024 through the end of fiscal 2026.

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The Company estimated the fair value of the PSUs granted in fiscal 2024 to be \$1.86. The Company estimated this fair value using a Monte Carlo simulation that used various assumptions that included expected volatility of 97.8%, a risk-free rate of 4.59%, an expected term of 3.0 years and a dividend yield of 0.00%. Expected volatility was based on the historical volatility of the Company's stock. The risk-free interest rate was based on the U.S. Treasury yield curve in effect on the date of grant which most closely corresponds to the performance measurement period. The expected term represents the three-year performance measurement period. Compensation expense is recognized ratably over the three-year required service period.

In fiscal 2023, the Company granted 239 PSUs having both time- and performance-vesting criteria. The time-vesting criteria for these PSUs will be satisfied upon continued employment (with limited exceptions) on the third anniversary of the grant date. The performance-vesting criteria for these PSUs will be based on a relative total shareholder return performance goal, measuring the Company's stock price performance against the performance of the Russell 2000 Index from the start of fiscal 2023 through the end of fiscal 2025.

The Company estimated the fair value of the PSUs granted in fiscal 2023 to be \$13.80. The Company estimated this fair value using a Monte Carlo simulation that used various assumptions that included expected volatility of 86.2%, a risk-free rate of 3.79%, an expected term of 3.0 years and a dividend yield of 0.00%. Expected volatility was based on the historical volatility of the Company's stock. The risk-free interest rate was based on the U.S. Treasury yield curve in effect on the date of grant which most closely corresponds to the performance measurement period. The expected term represents the three-year performance measurement period. Compensation expense is recognized ratably over the three-year required service period.

In fiscal 2019, the Company granted 280 PSUs having both time- and performance-vesting criteria. The time-vesting criteria for these PSUs was satisfied upon continued employment (with limited exceptions) on the third anniversary of the grant date. The performance-vesting criteria for these PSUs was not satisfied and 0 PSUs became vested in fiscal 2022 upon the satisfaction of the time-vesting criteria. The Company accrued compensation expense in an amount equal to the outcome upon vesting.

A summary of PSU activity for the fiscal year ended December 28, 2024 is presented below.

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at December 30, 2023.....	215	\$ 13.80
Granted.....	598	\$ 1.86
Vested	—	\$ —
Forfeited.....	(655)	\$ 5.78
Outstanding at December 28, 2024.....	<u>158</u>	<u>\$ 1.86</u>

The weighted average grant date fair value of PSUs granted was \$1.86 and \$13.80 during the fiscal years ended December 28, 2024 and December 30, 2023, respectively. There were no PSUs vested during the fiscal years ended December 28, 2024 and December 30, 2023. There were no PSUs granted or vested during the fiscal year ended December 31, 2022.

13. Taxes

Income Taxes

The components of the Company's consolidated loss before income taxes consist of the following:

	<u>Fiscal Year Ended</u>		
	<u>December 28, 2024</u>	<u>December 30, 2023</u>	<u>December 31, 2022</u>
Domestic.....	\$ (358,108)	\$ (222,260)	\$ (376,710)
Foreign.....	12,933	148,628	9,907
	<u>\$ (345,175)</u>	<u>\$ (73,632)</u>	<u>\$ (366,803)</u>

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The following table summarizes the Company’s consolidated provision for (benefit from) U.S. federal, state and foreign income taxes:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Current:			
U.S. federal.....	\$ 6,369	\$ 1,330	\$ 12,426
State.....	1,519	1,947	3,446
Foreign.....	19,216	15,525	20,022
	<u>\$ 27,104</u>	<u>\$ 18,802</u>	<u>\$ 35,894</u>
Deferred:			
U.S. federal.....	\$ (6,856)	\$ (12,419)	\$ (110,611)
State.....	(8,420)	4,263	(23,213)
Foreign.....	(11,302)	27,977	(12,005)
	<u>\$ (26,578)</u>	<u>\$ 19,821</u>	<u>\$ (145,829)</u>
Total provision for (benefit from) income taxes.....	<u>\$ 526</u>	<u>\$ 38,623</u>	<u>\$ (109,935)</u>

The effective tax rates for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 were (0.2%), (52.5%) and 30.0%, respectively.

The Company’s effective tax rate for the fiscal year ended December 28, 2024 was impacted by the following items: (i) a \$87,624 tax expense due to a valuation allowance and (ii) a \$5,342 tax expense related to share-based awards. These expenses were partially offset by (i) a \$15,689 tax benefit related to state tax and (ii) a \$3,976 tax benefit related to foreign-derived intangible income (“FDII”).

The Company’s effective tax rate for the fiscal year ended December 30, 2023 was impacted by the following items: (i) a \$53,626 tax expense due to a valuation allowance and (ii) a \$12,172 tax expense related to income earned in foreign jurisdictions at rates higher than the U.S. These expenses were partially offset by (i) a \$9,441 tax benefit related to state tax and (ii) a \$2,637 tax benefit related to FDII.

The Company’s effective tax rate for the fiscal year ended December 31, 2022 was impacted by the following items: (i) a \$45,748 tax benefit from a legal entity restructuring in connection with the Organizational Realignment (as defined below), which resulted in a reversal of certain deferred tax liabilities, and (ii) a \$4,450 tax benefit related to FDII. These benefits were partially offset by (i) a \$27,108 tax expense from a valuation allowance established to offset certain deferred tax assets due to the uncertainty of realizing future tax benefits from its interest expense carryforwards, (ii) a \$2,245 tax expense related to income earned in foreign jurisdictions at rates higher than the U.S., and (iii) a \$1,732 tax expense related to share-based awards.

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	Fiscal Year Ended		
	December 28,	December 30,	December 31,
	2024	2023	2022
U.S. federal statutory tax rate.....	21.0%	21.0%	21.0%
State income taxes (net of federal benefit).....	4.6%	12.8%	3.8%
Research and development credit	0.4%	3.0%	0.4%
Tax windfall/shortfall on share-based awards	(1.5%)	(0.9%)	(0.5%)
Tax rate changes.....	0.0%	(0.1%)	0.3%
Executive compensation limitation	(0.4%)	(1.4%)	(0.2%)
FDII	1.2%	3.6%	1.2%
Change in valuation allowance	(25.4%)	(72.8%)	(7.1%)
Impact of foreign operations	(0.3%)	(16.5%)	(1.6%)
Reversal of certain deferred tax liabilities	0.0%	0.0%	12.5%
Nondeductible costs	0.0%	(1.3%)	0.0%
Other.....	0.2%	0.1%	0.2%
Total effective tax rate	<u>(0.2%)</u>	<u>(52.5%)</u>	<u>30.0%</u>

The deferred tax assets and liabilities recorded on the Company's consolidated balance sheets are as follows:

	December 28, 2024	December 30, 2023
Interest expense disallowance.....	\$ 101,563	\$ 76,350
Operating lease liabilities	13,672	16,174
Operating loss carryforwards.....	11,703	12,446
Provision for estimated expenses.....	2,916	3,657
Salaries and wages.....	8,904	13,489
Share-based compensation.....	9,553	14,920
Other comprehensive income	6,995	3,833
Capitalized research and development expenses	34,767	—
Other	12,045	4,287
Less: valuation allowance.....	(178,451)	(89,801)
Total deferred tax assets	<u>\$ 23,667</u>	<u>\$ 55,355</u>
Goodwill and intangible assets	\$ (663)	\$ (47,323)
Operating lease assets	(10,941)	(13,285)
Depreciation.....	(9,000)	(12,749)
Termination fee.....	—	(3,408)
Prepaid expenses.....	(1,289)	(900)
Total deferred tax liabilities.....	<u>\$ (21,893)</u>	<u>\$ (77,665)</u>
Net deferred tax assets (liabilities)	<u>\$ 1,774</u>	<u>\$ (22,310)</u>

As of December 28, 2024 and December 30, 2023, the Company had primarily foreign and state net operating loss carryforwards of approximately \$110,471 and \$107,415, respectively, some of which have an unlimited carryforward period, while others expire in various years beginning in fiscal 2025. The Company maintains a full valuation allowance on its state and certain foreign net operating loss carryforwards as it is deemed more likely than not that such losses will not be realized. In fiscal 2022, the Company established a \$27,108 valuation allowance on its business interest expense carryforwards. In fiscal 2023, the Company increased the valuation allowance on its business interest expense carryforwards by \$20,268 and established a \$30,331 valuation allowance on its remaining U.S. deferred tax assets. As of December 28, 2024, the Company recorded an additional \$88,650 valuation allowance on its U.S. deferred tax assets.

The Company does not assert its \$114,545 of undistributed foreign earnings as of December 28, 2024 are permanently reinvested. The Company has considered whether there would be any potential future costs of not asserting indefinite reinvestment and does not expect such costs to be significant.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Balance at beginning of year	\$ 613	\$ 611	\$ 1,055
Increases related to tax positions taken in current year	—	—	145
Increases related to tax positions taken in prior years	—	9	8
Reductions related to tax positions taken in prior years	—	(9)	(95)
Reductions related to settlements with tax authorities	—	—	(273)
Reductions related to lapse of statutes of limitations	(99)	—	(206)
Effects of foreign currency translation	(6)	2	(23)
Balance at end of year	<u>\$ 508</u>	<u>\$ 613</u>	<u>\$ 611</u>

At December 28, 2024, the total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate is \$424.

The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. At December 28, 2024, with few exceptions, the Company was no longer subject to U.S. federal, state or local income tax examinations by tax authorities for fiscal years prior to fiscal 2020, or non-U.S. income tax examinations by tax authorities for fiscal years prior to fiscal 2017.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. The Company had \$33 and \$83 of accrued interest and penalties at December 28, 2024 and December 30, 2023, respectively. The Company recognized \$(50), \$0 and \$(60) of income tax expense in interest and penalties during the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. It is reasonably possible that within the next twelve months the Company's unrecognized tax benefits could change due to the resolution of open tax matters, which would reduce unrecognized tax benefits by \$120.

Non-Income Tax Matters

The Internal Revenue Service (the "IRS") notified the Company of certain penalties assessed related to the annual disclosure and reporting requirements of the Affordable Care Act. The Company appealed this determination, and in the third quarter of fiscal 2024, the penalties were fully abated and the federal tax lien maintained by the IRS during the appeals process was lifted.

14. Employee Benefit Plans

The Company sponsors the WW Savings Plan (the "Savings Plan") for salaried and certain hourly U.S. employees of the Company. The Savings Plan is a defined contribution plan that provides for employer matching contributions of 50% of the employee's tax deferred contributions up to 6% of an employee's eligible compensation for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022. Expense related to these contributions for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$2,462, \$3,227 and \$2,564, respectively.

The Company received a favorable determination letter from the IRS that qualifies the Savings Plan under Section 401(a) of the Internal Revenue Code.

Pursuant to the Savings Plan, the Company also made profit sharing contributions for all full-time salaried U.S. employees who were eligible to participate in the Savings Plan (except for certain personnel above a determined compensation level). The profit sharing contribution was a guaranteed monthly employer contribution on behalf of each participant based on the participant's age and a percentage of the participant's eligible compensation. The Savings Plan also had a discretionary supplemental profit sharing employer contribution component that was determined annually by the Compensation Committee. Effective as of March 6, 2022, the Company suspended profit sharing contributions. Expense related to these contributions for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$0, \$0 and \$179, respectively.

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For certain U.S. personnel above a determined compensation level, the Company sponsors the Second Amended and Restated Weight Watchers Executive Profit Sharing Plan (“EPSP”). Under the IRS definition, the EPSP is considered a Nonqualified Deferred Compensation Plan. There is a promise of payment by the Company made on the employees’ behalf instead of an individual account with a cash balance. The EPSP provided for a guaranteed employer contribution on behalf of each participant based on the participant’s age and a percentage of the participant’s eligible compensation. The EPSP also had a discretionary supplemental employer contribution component that was determined annually by the Compensation Committee. Effective as of March 6, 2022, the Company suspended EPSP contributions.

Although the Company suspended EPSP contributions, EPSP balances continue to accrue interest. The EPSP is valued at the end of each fiscal month, based on an annualized interest rate of prime plus 2%, with an annualized cap of 15%. Expense related to this commitment for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 was \$631, \$1,005 and \$929, respectively.

15. Cash Flow Information

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Net cash paid during the year for:			
Interest	\$ 96,844	\$ 91,614	\$ 76,216
Income taxes ⁽¹⁾	\$ 11,499	\$ 30,908	\$ 25,815
Noncash investing and financing activities were as follows:			
Fair value of net assets acquired in connection with acquisitions	\$ —	\$ 7,256	\$ 240
Capital expenditures and capitalized software included in accounts payable and accrued expenses	\$ 75	\$ 802	\$ 1,466
Common stock issued in connection with acquisition of Sequence ...	\$ —	\$ 32,943	\$ —

(1) Fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 include tax refunds received of \$15,421, \$7,054 and \$5,109, respectively.

See Note 4 for disclosures on supplemental cash flow information related to leases.

The following table presents the Company’s cash and cash equivalents and restricted cash by balance sheet location at December 28, 2024 and December 30, 2023:

	December 28, 2024	December 30, 2023
Cash and cash equivalents	\$ 53,024	\$ 109,366
Restricted cash included in “Prepaid expenses and other current assets”	3,003	—
Restricted cash included in “Other noncurrent assets”	493	—
Total cash and cash equivalents and restricted cash	\$ 56,520	\$ 109,366

The Company’s restricted cash as of December 28, 2024 consists solely of cash held in an escrow account in connection with a foreign entity’s restructuring payments.

16. Commitments and Contingencies

Litigation Matters

Due to the nature of the Company’s activities, it is, at times, subject to pending and threatened legal actions that arise out of the ordinary course of business. In the opinion of management, the disposition of any such matters is not expected, individually or in the aggregate, to have a material adverse effect on the Company’s results of operations, financial condition or cash flows. However, the results of legal actions cannot be predicted with certainty. Therefore, it is possible that the Company’s results of operations, financial condition or cash flows could be materially adversely affected in any particular period by the unfavorable resolution of one or more legal actions.

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Commitments

Minimum commitments under non-cancelable purchase obligations at December 28, 2024 were \$13,726, of which \$9,483 is due in fiscal 2025, \$1,981 is due in fiscal 2026, \$1,696 is due in fiscal 2027, and the remaining \$566 is due in fiscal 2028. See Note 4 for disclosures related to minimum commitments under lease obligations for the Company's studios and corporate offices.

17. Segment and Geographic Data

As previously disclosed, effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of the Company's centralized organizational structure in fiscal 2023, and management's 2024 strategic planning process, the Company's reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance.

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated operating income and net income to assess financial performance and allocate resources. Significant expenses within operating income, as well as within net income, include cost of revenues, marketing expenses, and selling, general and administrative expenses, which are each separately presented on the Company's Consolidated Statements of Operations. Other segment items within net income include interest expense, other (income) expense, net, and provision for (benefit from) income taxes.

The following tables present information about the Company's revenue and other information by geographic area. There were no material amounts of sales or transfers among geographic areas and no material amounts of U.S. export sales.

	Revenues, net for the Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
United States.....	\$ 541,973	\$ 604,441	\$ 682,428
Germany	82,649	97,085	116,452
Other	161,299	188,025	240,955
	<u>\$ 785,921</u>	<u>\$ 889,551</u>	<u>\$ 1,039,835</u>

	Long-Lived Assets ⁽¹⁾	
	December 28, 2024	December 30, 2023
United States.....	\$ 15,037	\$ 18,171
Germany.....	257	418
Other	504	1,152
	<u>\$ 15,798</u>	<u>\$ 19,741</u>

(1) Amounts include finance lease assets

	Operating Lease Assets	
	December 28, 2024	December 30, 2023
United States.....	\$ 39,939	\$ 48,870
Germany.....	130	446
Other	1,978	2,956
	<u>\$ 42,047</u>	<u>\$ 52,272</u>

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18. Fair Value Measurements

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

When measuring fair value, the Company is required to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments

The Company's significant financial instruments include long-term debt agreements as of December 28, 2024. The Company's significant financial instruments included long-term debt and interest rate swap agreements as of December 30, 2023. Since there were no outstanding borrowings under the Revolving Credit Facility as of December 28, 2024 and December 30, 2023, the fair value approximated a carrying value of \$0 at both December 28, 2024 and December 30, 2023.

The fair value of the Company's Credit Facilities is determined by utilizing average bid prices on or near the end of each fiscal quarter (Level 2 input). As of December 28, 2024 and December 30, 2023, the fair value of the Company's long-term debt was approximately \$320,174 and \$996,429, respectively, as compared to the carrying value (net of deferred financing costs and debt discount) of \$1,430,643 and \$1,426,464, respectively.

Derivative Financial Instruments

The fair values for the Company's derivative financial instruments were determined using observable current market information such as the prevailing Term SOFR interest rate and Term SOFR yield curve rates and included consideration of counterparty credit risk. See Note 19 for disclosures related to the Company's use of derivative financial instruments.

The following table presents the aggregate fair value of the Company's derivative financial instruments:

	Total Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps current asset at December 28, 2024 .	\$ —	\$ —	\$ —	\$ —
Interest rate swaps current asset at December 30, 2023 .	\$ 3,555	\$ —	\$ 3,555	\$ —

The Company did not have any transfers into or out of Levels 1 and 2 and did not maintain any assets or liabilities classified as Level 3 during the fiscal years ended December 28, 2024 and December 30, 2023.

19. Derivative Instruments and Hedging

In June 2023, the Company amended the terms of its then-effective interest rate swap agreements to implement a forward-looking interest rate based on Term SOFR in place of LIBOR. Since the interest rate swap agreements were affected by reference rate reform, the Company applied the expedients and exceptions provided to preserve the past presentation of its derivatives without de-designating the existing hedging relationships. All amendments to interest rate swap agreements were executed with the existing counterparties and did not change the notional amounts, maturity dates, or other critical terms of the hedging relationships.

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As of December 28, 2024, due to the termination of the interest rate swaps on March 31, 2024 as discussed below, the Company did not have any interest rate swaps in effect. As of December 30, 2023, the Company had in effect interest rate swaps with an aggregate notional amount totaling \$500,000.

On June 11, 2018, in order to hedge a portion of its variable rate debt, the Company entered into a forward-starting interest rate swap (the “2018 swap”) with an effective date of April 2, 2020 and a termination date of March 31, 2024. The initial notional amount of this swap was \$500,000. During the term of this swap, the notional amount decreased from \$500,000 effective April 2, 2020 to \$250,000 on March 31, 2021. Following the transition from LIBOR to Term SOFR, this interest rate swap effectively fixed the variable interest rate on the notional amount of this swap at 3.1513%. On June 7, 2019, in order to hedge a portion of its variable rate debt, the Company entered into a forward-starting interest rate swap (the “2019 swap”, and together with the 2018 swap, the “interest rate swaps”) with an effective date of April 2, 2020 and a termination date of March 31, 2024. The notional amount of this swap was \$250,000. Following the transition from LIBOR to Term SOFR, this interest rate swap effectively fixed the variable interest rate on the notional amount of this swap at 1.9645%. The interest rate swaps qualified for hedge accounting and, therefore, changes in the fair value of the interest rate swaps were recorded in accumulated other comprehensive loss.

As of December 28, 2024, there was no cumulative unrealized gain for qualifying hedges reported as a component of accumulated other comprehensive loss. As of December 30, 2023, the cumulative unrealized gain for qualifying hedges was reported as a component of accumulated other comprehensive loss in the amount of \$2,716 (\$3,474 before taxes).

The following table presents the aggregate fair value of the Company’s derivative financial instruments by balance sheet classification and location:

	Balance Sheet Classification	Balance Sheet Location	Fair Value	
			December 28, 2024	December 30, 2023
Assets:				
Interest rate swaps.....	Current asset	Prepaid expenses and other current assets	\$ —	\$ 3,555
Total assets.....			<u>\$ —</u>	<u>\$ 3,555</u>

20. Accumulated Other Comprehensive Loss

Amounts reclassified out of accumulated other comprehensive loss were as follows:

Changes in Accumulated Other Comprehensive Loss by Component ⁽¹⁾

	Fiscal Year Ended December 28, 2024		
	Qualifying Hedges	Loss on Foreign Currency Translation	Total
Beginning balance at December 30, 2023.....	\$ 2,716	\$ (14,016)	\$ (11,300)
Other comprehensive loss before reclassifications, net of tax	(66)	(11,816)	(11,882)
Amounts reclassified from accumulated other comprehensive loss, net of tax ⁽²⁾	(2,650)	—	(2,650)
Net current period other comprehensive loss.....	<u>\$ (2,716)</u>	<u>\$ (11,816)</u>	<u>\$ (14,532)</u>
Ending balance at December 28, 2024.....	<u>\$ —</u>	<u>\$ (25,832)</u>	<u>\$ (25,832)</u>

(1) Amounts in parentheses indicate debits

(2) See separate table below for details about these reclassifications

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	Fiscal Year Ended December 30, 2023		
	Gain on Qualifying Hedges	Loss on Foreign Currency Translation	Total
Beginning balance at December 31, 2022.....	\$ 10,723	\$ (16,193)	\$ (5,470)
Other comprehensive income before reclassifications, net of tax..	1,731	2,177	3,908
Amounts reclassified from accumulated other comprehensive loss, net of tax ⁽²⁾	(9,738)	—	(9,738)
Net current period other comprehensive (loss) income	\$ (8,007)	\$ 2,177	\$ (5,830)
Ending balance at December 30, 2023	\$ 2,716	\$ (14,016)	\$ (11,300)

- (1) Amounts in parentheses indicate debits
(2) See separate table below for details about these reclassifications

	Fiscal Year Ended December 31, 2022		
	(Loss) Gain on Qualifying Hedges	Loss on Foreign Currency Translation	Total
Beginning balance at January 1, 2022.....	\$ (10,843)	\$ (7,761)	\$ (18,604)
Other comprehensive income (loss) before reclassifications, net of tax.....	19,250	(8,432)	10,818
Amounts reclassified from accumulated other comprehensive loss, net of tax ⁽²⁾	2,316	—	2,316
Net current period other comprehensive income (loss)	\$ 21,566	\$ (8,432)	\$ 13,134
Ending balance at December 31, 2022.....	\$ 10,723	\$ (16,193)	\$ (5,470)

- (1) Amounts in parentheses indicate debits
(2) See separate table below for details about these reclassifications

Reclassifications out of Accumulated Other Comprehensive Loss ⁽¹⁾

Details about Other Comprehensive Loss Components	Fiscal Year Ended			Affected Line Item in the Statement Where Net Income is Presented
	December 28, 2024	December 30, 2023	December 31, 2022	
	Amounts Reclassified from Accumulated Other Comprehensive Loss			
Gain (Loss) on Qualifying Hedges				
Interest rate contracts	\$ 3,545	\$ 12,980	\$ (3,090)	Interest expense
	3,545	12,980	(3,090)	Loss before income taxes
	(895)	(3,242)	774	Provision for (benefit from) income taxes
	\$ 2,650	\$ 9,738	\$ (2,316)	Net loss

- (1) Amounts in parentheses indicate debits to profit/loss

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21. Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *“Income Taxes (Topic 740): Improvements to Income Tax Disclosures”*, to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. ASU 2023-09 also improves the effectiveness and comparability of income tax disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) and (2) removing disclosures that no longer are considered cost beneficial or relevant. The effective date of the new guidance for public companies is for annual periods beginning after December 15, 2024. Early adoption is permitted. The new guidance should be applied prospectively, although retrospective application is permitted. The Company is currently evaluating the impact that ASU 2023-09 will have on its consolidated financial statements and related disclosures, including the adoption date and transition method.

In November 2024, the FASB issued ASU 2024-03, *“Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures”*, which requires the disaggregation of certain expenses in the notes to the financial statements to provide enhanced transparency into the expense captions presented on the face of the income statement. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. Under ASU 2024-03, a public entity would be required to disclose information about purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion for each income statement line item that contains those expenses, as well as a qualitative description of amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. ASU 2024-03 also requires disclosure of the total amount of selling expenses and, in annual periods, an entity’s definition of selling expenses. This guidance is effective for fiscal years beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027, and may be applied either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2024-03 will have on its consolidated financial statements and related disclosures, including the adoption date and transition method.

The Company has determined that other recently issued accounting pronouncements are not expected to have a material impact on its consolidated financial statements.

22. Related Party

As previously disclosed, on October 18, 2015, the Company entered into the Strategic Collaboration Agreement with Oprah Winfrey, under which she consulted with the Company and participated in developing, planning, executing and enhancing the WW program and related initiatives, and provided it with services in her discretion to promote the Company and its programs, products and services for an initial term of five years (the “Initial Term”).

As previously disclosed, on December 15, 2019, the Company entered into an amendment of the Strategic Collaboration Agreement with Ms. Winfrey, pursuant to which, among other things, the Initial Term of the Strategic Collaboration Agreement was extended until April 17, 2023 (with no additional successive renewal terms), after which a second term commenced that will continue through the earlier of the date of the Company’s 2025 annual meeting of shareholders or May 31, 2025. Ms. Winfrey will continue to provide certain consulting and other services to the Company during the second term.

In addition to the Strategic Collaboration Agreement, Ms. Winfrey and her related entities provided services to the Company totaling \$292, \$574 and \$861 for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively, which services included advertising, production and related fees.

The Company’s accounts payable to parties related to Ms. Winfrey at December 28, 2024 and December 30, 2023 was \$13 and \$0, respectively.

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23. Restructuring

2024 Plan

As previously disclosed, in the third quarter of fiscal 2024, in connection with the strategic streamlining of its operational structure to optimize its clinical and behavioral product portfolio and its cost-savings initiative, the Company committed to a plan of reduction in force that has resulted and will further result in the elimination of certain positions and the termination of employment for certain employees worldwide (the “2024 Plan”). Refer to the tables below for the total restructuring charges under the 2024 Plan recorded for the fiscal year ended December 28, 2024. The cumulative amount incurred as of December 28, 2024 related to the aggregate 2024 Plan is \$17,043. The Company expects the 2024 Plan to be fully executed by the end of fiscal 2025.

For the fiscal year ended December 28, 2024, the components of the Company’s restructuring charges for the 2024 Plan were as follows:

	Fiscal Year Ended December 28, 2024
Cash restructuring charges:	
Employee termination benefit costs.....	\$ 15,734
Lease termination costs.....	168
Other cash restructuring charges.....	1,141
Total restructuring charges	\$ 17,043

For the fiscal year ended December 28, 2024, restructuring charges for the 2024 Plan were recorded in the Company’s consolidated statements of operations as follows:

	Fiscal Year Ended December 28, 2024
Cost of revenues.....	\$ 2,497
Selling, general and administrative expenses	14,546
Total restructuring charges.....	\$ 17,043

All expenses were recorded to general corporate expenses.

The following table presents a roll-forward of cash restructuring-related liabilities, which is included within accrued expenses in the Company’s consolidated balance sheets:

	Employee termination benefit costs	Lease termination costs	Other cash restructuring charges	Total
Balance as of December 30, 2023	\$ —	\$ —	\$ —	\$ —
Charges	15,520	168	1,141	16,829
Payments.....	(8,590)	—	(1,141)	(9,731)
Change in estimate.....	214	—	—	214
Balance as of December 28, 2024	\$ 7,144	\$ 168	\$ —	\$ 7,312

As of December 28, 2024, the Company expects the remaining employee termination benefit liability to be paid in full by the end of fiscal 2027.

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2023 Plan

As previously disclosed, in the fourth quarter of fiscal 2022, management reviewed the then-current global business operations of the Company as well as the different functions and systems supporting those operations and contrasted them with the Company's strategic priorities and requirements for fiscal 2023 and beyond. Based on that review, in December 2022, the Company's management resolved to centralize its global management of certain functions and systems, deprioritize and in some cases cease operations for certain non-strategic business lines, and continue the rationalization of its real estate portfolio to align with its future needs. Throughout December 2022 and January 2023, management developed and continued refining a detailed plan to achieve these goals.

The Company committed to a restructuring plan consisting of (i) an organizational restructuring and rationalization of certain functions and systems to centralize the Company's management, align resources with strategic business lines and reduce costs associated with certain functions and systems (the "Organizational Restructuring") and (ii) the continued rationalization of its real estate portfolio and resulting operating lease termination charges and the associated employment termination costs (the "Real Estate Restructuring," and together with the Organizational Restructuring, the "2023 Plan"). Refer to the tables below for the total restructuring charges under the 2023 Plan recorded for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022. The cumulative amount incurred as of December 28, 2024 related to the aggregate 2023 Plan is \$72,473.

The Organizational Restructuring has resulted and will further result in the elimination of certain positions and the termination of employment for certain employees worldwide. Refer to the tables below for the employee termination benefit costs related to the Organizational Restructuring under the 2023 Plan recorded for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022. The cumulative amount incurred as of December 28, 2024 for the aggregate employee termination benefit costs related to the Organizational Restructuring under the 2023 Plan is \$40,950.

Refer to the tables below for the lease termination costs and employee termination benefit costs related to the Real Estate Restructuring under the 2023 Plan recorded for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, as applicable. The cumulative amount incurred as of December 28, 2024 for the aggregate lease termination costs and employee termination benefit costs related to the Real Estate Restructuring under the 2023 Plan is \$12,789 and \$9,914, respectively.

Refer to the tables below for the other cash restructuring charges and other non-cash restructuring charges under the 2023 Plan recorded for the fiscal years ended December 28, 2024 and December 30, 2023. The cumulative amount incurred as of December 28, 2024 for the aggregate other cash restructuring charges and total non-cash restructuring charges under the 2023 Plan is \$2,158 and \$6,662, respectively.

For the fiscal year ended December 28, 2024, the components of the Company's restructuring charges for the 2023 Plan were as follows:

	Fiscal Year Ended December 28, 2024
Cash restructuring charges:	
Real Estate Restructuring - Lease termination costs.....	\$ (135)
Real Estate Restructuring - Employee termination benefit costs.....	2,438
Organizational Restructuring - Employee termination benefit costs.....	2,213
Other cash restructuring charges.....	581
Total cash restructuring charges.....	\$ 5,097
Non-cash restructuring charges.....	25
Total restructuring charges.....	\$ 5,122

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For the fiscal year ended December 28, 2024, restructuring charges for the 2023 Plan were recorded in the Company's consolidated statements of operations as follows:

	Fiscal Year Ended December 28, 2024
Cost of revenues.....	\$ 2,510
Selling, general and administrative expenses.....	2,612
Total restructuring charges.....	\$ 5,122

For the fiscal year ended December 30, 2023, the components of the Company's restructuring charges for the 2023 Plan were as follows:

	Fiscal Year Ended December 30, 2023
Cash restructuring charges:	
Real Estate Restructuring - Lease termination costs.....	\$ 12,924
Real Estate Restructuring - Employee termination benefit costs.....	5,678
Organizational Restructuring - Employee termination benefit costs.....	26,927
Other cash restructuring charges.....	1,577
Total cash restructuring charges.....	\$ 47,106
Non-cash restructuring charges:	
Accelerated depreciation and amortization charges.....	\$ 6,831
Other non-cash restructuring charges.....	(194)
Total non-cash restructuring charges.....	\$ 6,637
Total restructuring charges.....	\$ 53,743

For the fiscal year ended December 30, 2023, restructuring charges for the 2023 Plan were recorded in the Company's consolidated statements of operations as follows:

	Fiscal Year Ended December 30, 2023
Cost of revenues.....	\$ 21,116
Selling, general and administrative expenses.....	32,627
Total restructuring charges.....	\$ 53,743

For the fiscal year ended December 31, 2022, the components of the Company's restructuring charges for the 2023 Plan were as follows:

	Fiscal Year Ended December 31, 2022
Cash restructuring charges:	
Real Estate Restructuring - Employee termination benefit costs.....	\$ 1,798
Organizational Restructuring - Employee termination benefit costs.....	11,810
Total restructuring charges.....	\$ 13,608

For the fiscal year ended December 31, 2022, restructuring charges for the 2023 Plan were recorded in the Company's consolidated statements of operations as follows:

	Fiscal Year Ended December 31, 2022
Cost of revenues.....	\$ 1,798
Selling, general and administrative expenses.....	11,810
Total restructuring charges.....	\$ 13,608

All expenses were recorded to general corporate expenses.

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The following table presents a roll-forward of cash restructuring-related liabilities, which is included within accrued expenses in the Company's consolidated balance sheets:

	Real Estate Restructuring - Lease termination costs	Real Estate Restructuring - Employee termination benefit costs	Organizational Restructuring - Employee termination benefit costs	Other cash restructuring charges	Total
Balance as of December 31, 2022	\$ —	\$ 1,798	\$ 11,810	\$ —	\$ 13,608
Charges	12,924	5,678	26,927	1,577	47,106
Payments	(12,768)	(4,813)	(15,142)	(1,233)	(33,956)
Balance as of December 30, 2023	\$ 156	\$ 2,663	\$ 23,595	\$ 344	\$ 26,758
Charges	—	2,363	2,547	581	5,491
Payments	(21)	(1,835)	(19,342)	(925)	(22,123)
Change in estimate	(135)	75	(334)	—	(394)
Balance as of December 28, 2024	\$ —	\$ 3,266	\$ 6,466	\$ —	\$ 9,732

As of December 28, 2024, the Company expects the remaining employee termination benefit liability related to the Real Estate Restructuring and the remaining employee termination benefit liability related to the Organizational Restructuring to be paid in full by the end of fiscal 2026.

2022 Plan

As previously disclosed, in the second quarter of fiscal 2022, the Company committed to a restructuring plan consisting of (i) an organizational realignment to simplify the Company's corporate structure and reduce associated costs (the "Organizational Realignment") and (ii) a continued rationalization of its real estate portfolio resulting in the termination of certain of the Company's operating leases (together with the Organizational Realignment, the "2022 Plan"). The Organizational Realignment has resulted in the elimination of certain positions and termination of employment for certain employees worldwide. Refer to the tables below for the total restructuring charges under the 2022 Plan recorded for the fiscal year ended December 31, 2022. The cumulative amount incurred as of December 28, 2024 related to the aggregate 2022 Plan is \$28,324.

For the fiscal year ended December 31, 2022, the components of the Company's restructuring charges for the 2022 Plan were as follows:

	<u>Fiscal Year Ended December 31, 2022</u>
Cash restructuring charges:	
Lease termination costs	\$ 2,424
Employee termination benefit costs	19,170
Other cash restructuring charges	995
Total cash restructuring charges	\$ 22,589
Non-cash restructuring charges:	
Lease impairments	\$ 2,680
Accelerated depreciation and amortization charges	1,453
Other non-cash restructuring charges	459
Total non-cash restructuring charges	\$ 4,592
Total restructuring charges	\$ 27,181

See Note 4 for additional information in regard to the Company's lease impairments for the fiscal year ended December 31, 2022.

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For the fiscal year ended December 31, 2022, restructuring charges for the 2022 Plan were recorded in the Company's consolidated statements of operations as follows:

	Fiscal Year Ended December 31, 2022
Cost of revenues.....	\$ 6,476
Selling, general and administrative expenses	20,705
Total restructuring charges.....	\$ 27,181

All expenses were recorded to general corporate expenses.

The following table presents a roll-forward of cash restructuring-related liabilities, which is included within accrued expenses in the Company's consolidated balance sheets:

	Lease termination costs	Employee termination benefit costs	Other cash restructuring charges	Total
Balance as of January 1, 2022	\$ —	\$ —	\$ —	\$ —
Charges	2,424	19,170	995	22,589
Payments.....	(1,877)	(10,909)	—	(12,786)
Balance as of December 31, 2022 ...	\$ 547	\$ 8,261	\$ 995	\$ 9,803
Payments.....	(122)	(8,880)	(995)	(9,997)
Change in estimate.....	(425)	1,560	—	1,135
Balance as of December 30, 2023 ...	\$ —	\$ 941	\$ —	\$ 941
Payments.....	—	(949)	—	(949)
Change in estimate.....	—	8	—	8
Balance as of December 28, 2024 ...	\$ —	\$ —	\$ —	\$ —

24. Subsequent Event

On January 2, 2025 and January 31, 2025, the Company borrowed approximately \$50,000 and \$121,341, respectively, under the Revolving Credit Facility. These borrowings under the Revolving Credit Facility were incurred to provide financial flexibility.

As of February 28, 2025, the aggregate principal amount of borrowings under the Revolving Credit Facility was \$175,000, including approximately \$3,659 of undrawn letters of credit under the Revolving Credit Facility, which represents the full amount available under the Revolving Credit Facility.

On February 26, 2025, in connection with the Board's appointment of Tara Comonte as permanent President and Chief Executive Officer of the Company, the Board approved entry into an employment agreement (the "Employment Agreement") with Ms. Comonte. Pursuant to the Employment Agreement, Ms. Comonte will receive a cash award of \$4,500 payable as soon as practicable following entry into the Employment Agreement. This award is in lieu of any annual cash bonus with respect to fiscal 2025 or any long-term incentive award in 2025. The award is subject to repayment by Ms. Comonte if prior to the earlier of (i) January 31, 2026 and (ii) 60 days following the consummation of a Change in Control, she is terminated by the Company for Cause, she resigns other than for Modified Good Reason prior to a Change in Control or she resigns other than for Good Reason following a Change in Control (as such terms are defined in the Employment Agreement). If, during the term of the Employment Agreement, Ms. Comonte's employment is terminated (i) by the Company without Cause, (ii) due to a resignation for Modified Good Reason prior to a Change in Control or (iii) due to a resignation for Good Reason following a Change in Control, subject to her execution of a release and compliance with the restrictive covenants to which she is subject she will not be subject to repayment of the award described above.

**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)**

	Balance at Beginning of Period	Additions		Deductions (1)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
FISCAL YEAR ENDED DECEMBER 28, 2024					
Allowance for credit losses	\$ 1,041	\$ 17,205	\$ —	\$ (15,080)	\$ 3,166
Inventory and other reserves	\$ 8,888	\$ 72	\$ —	\$ (5,028)	\$ 3,932
Tax valuation allowance.....	\$ 89,801	\$ 83,431	\$ 6,068	\$ (849)	\$ 178,451
FISCAL YEAR ENDED DECEMBER 30, 2023					
Allowance for credit losses	\$ 976	\$ 1,306	\$ —	\$ (1,241)	\$ 1,041
Inventory and other reserves	\$ 6,468	\$ 7,350	\$ —	\$ (4,930)	\$ 8,888
Tax valuation allowance.....	\$ 35,818	\$ 53,946	\$ 110	\$ (73)	\$ 89,801
FISCAL YEAR ENDED DECEMBER 31, 2022					
Allowance for credit losses	\$ 1,726	\$ (460)	\$ —	\$ (290)	\$ 976
Inventory and other reserves	\$ 7,141	\$ 6,796	\$ —	\$ (7,469)	\$ 6,468
Tax valuation allowance.....	\$ 10,083	\$ 27,871	\$ (143)	\$ (1,993)	\$ 35,818

(1) Primarily represents the utilization of established reserves, net of recoveries, where applicable.

EXHIBIT INDEX

Exhibit Number	Description
**2.1	Agreement and Plan of Merger, dated as of March 4, 2023, by and among WW International, Inc., Well Holdings, Inc., Weekend Health, Inc. (“Weekend Health”) and Fortis Advisors LLC, solely in its capacity as the Equityholders’ Representative (as defined therein) for Weekend Health (filed as Exhibit 2.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2023, as filed on May 4, 2023 (File No. 001-16769), and incorporated herein by reference).
**3.1	Second Amended and Restated Articles of Incorporation of WW International, Inc. (effective May 13, 2024) (filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K/A, as filed on May 24, 2024 (File No. 001-16769), and incorporated herein by reference).
**3.2	Amended and Restated Bylaws of WW International, Inc. (effective May 13, 2024) (filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K, as filed on May 13, 2024 (File No. 001-16769), and incorporated herein by reference).
**4.1	Indenture, dated as of April 13, 2021, among WW International, Inc., the guarantors party thereto and The Bank of New York Mellon, as trustee and notes collateral agent, relating to \$500.0 million in aggregate principal amount of 4.500% Senior Secured Notes due 2029 (the “Notes”) (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K, as filed on April 13, 2021 (File No. 001-16769), and incorporated herein by reference).
**4.2	Form of Note (included in Exhibit 4.1 above).
*4.3	Description of Securities.
**10.1	Credit Agreement, dated as of April 13, 2021, among WW International, Inc., as borrower, the lenders party thereto and Bank of America, N.A., as administrative agent and issuing bank (the “Credit Agreement”) (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K, as filed on April 13, 2021 (File No. 001-16769), and incorporated herein by reference).
**10.2	Amendment No. 1, dated as of June 2, 2023, in respect of the Credit Agreement (filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2023, as filed on August 3, 2023 (File No. 001-16769), and incorporated herein by reference).
**10.3	Equal Priority Intercreditor Agreement, dated as of April 13, 2021, among WW International, Inc., the guarantors party thereto, Bank of America, N.A., as collateral agent under the Credit Agreement and The Bank of New York Mellon, as notes collateral agent (filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K, as filed on April 13, 2021 (File No. 001-16769), and incorporated herein by reference).
**10.4	License Agreement, dated as of September 29, 1999, between WW Foods, LLC and Weight Watchers International, Inc. (filed as Exhibit 10.4 to the Company’s Registration Statement on Form S-4, as filed on December 2, 1999 (File No. 333-92005), and incorporated herein by reference).
**10.5	LLC Agreement, dated as of September 29, 1999, between H.J. Heinz Company and Weight Watchers International, Inc. (filed as Exhibit 10.7 to the Company’s Registration Statement on Form S-4, as filed on December 2, 1999 (File No. 333-92005), and incorporated herein by reference).
**10.6	Operating Agreement, dated as of September 29, 1999, between Weight Watchers International, Inc. and H.J. Heinz Company (filed as Exhibit 10.8 to the Company’s Registration Statement on Form S-4, as filed on December 2, 1999 (File No. 333-92005), and incorporated herein by reference).

Exhibit Number	Description
**10.7	Amendment to Operating Agreement, dated August 4, 2009, by and between Weight Watchers International, Inc. and H.J. Heinz Company (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2009, as filed on November 12, 2009 (File No. 001-16769), and incorporated herein by reference).
**10.8	Amendment to Agreements, dated as of October 1, 2002, by and between Weight Watchers International, Inc., WW Foods, LLC and H.J. Heinz Company (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2009, as filed on November 12, 2009 (File No. 001-16769), and incorporated herein by reference).
†**10.9	Third Amended and Restated WW International, Inc. 2014 Stock Incentive Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed on May 12, 2021 (File No. 001-16769), and incorporated herein by reference).
†**10.10	2018 Form of Term Sheet for Employee Restricted Stock Unit Awards and 2018 Form of Terms and Conditions for Employee Restricted Stock Unit Awards (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2018, as filed on August 7, 2018 (File No. 001-16769), and incorporated herein by reference).
†**10.11	2020 Form of Term Sheet for Employee Stock Option Awards and 2020 Form of Terms and Conditions for Employee Stock Option Awards (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2020, as filed on August 4, 2020 (File No. 001-16769), and incorporated herein by reference).
†**10.12	Form of Term Sheet for Stock Option Awards and Form of Terms and Conditions for Employee Stock Option Awards (Former Chief Executive Officer Initial Equity Award—Stock Incentive Plan Award) (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed on February 24, 2022 (File No. 001-16769), and incorporated herein by reference).
†**10.13	Form of Term Sheet for Stock Option Awards and Form of Terms and Conditions for Employee Stock Option Awards (Former Chief Executive Officer Initial Equity Award—Inducement Grant Award) (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed on February 24, 2022 (File No. 001-16769), and incorporated herein by reference).
†**10.14	Form of Term Sheet for Employee Restricted Stock Unit Awards and Form of Terms and Conditions for Employee Restricted Stock Unit Awards (Former Chief Executive Officer Initial Equity Award) (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, as filed on February 24, 2022 (File No. 001-16769), and incorporated herein by reference).
†**10.15	2023 Form of Term Sheet for Employee Performance Stock Unit Awards and 2023 Form of Terms and Conditions for Employee Performance Stock Unit Awards (Former Chief Executive Officer Annual Equity Award) (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2023, as filed on August 3, 2023 (File No. 001-16769), and incorporated herein by reference).
†**10.16	2023 Form of Term Sheet for Employee Performance Stock Unit Awards and 2023 Form of Terms and Conditions for Employee Performance Stock Unit Awards (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2023, as filed on August 3, 2023 (File No. 001-16769), and incorporated herein by reference).
†**10.17	Form of Term Sheet for Employee Restricted Stock Unit Awards and Form of Terms and Conditions for Employee Restricted Stock Unit Awards (Former Chief Executive Officer Annual Equity Award) (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2023, as filed on August 3, 2023 (File No. 001-16769), and incorporated herein by reference).

Exhibit Number	Description
†**10.18	Form of Amended and Restated Restricted Stock Agreement for Weight Watchers International, Inc. non-employee directors and certain members of the former Interim Office of the Chief Executive Officer (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2014, as filed on August 7, 2014 (File No. 001-16769), and incorporated herein by reference).
†**10.19	Second Amended and Restated Weight Watchers Executive Profit Sharing Plan, August 1, 2012 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 29, 2012, as filed on November 8, 2012 (File No. 001-16769), and incorporated herein by reference).
†**10.20	Second Amended and Restated Continuity Agreement between WW International, Inc. and certain key executives (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2022, as filed on March 1, 2022 (File No. 001-16769), and incorporated herein by reference).
†**10.21	Employment Agreement, dated as of February 23, 2022, by and between WW International, Inc. and Sima Sistani (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed on February 24, 2022 (File No. 001-16769), and incorporated herein by reference).
†**10.22	Letter Agreement regarding separation matters, dated September 27, 2024, by and between WW International, Inc. and Sima Sistani (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024, as filed on November 6, 2024 (File No. 001-16769), and incorporated herein by reference).
†**10.23	Letter Agreement, dated September 27, 2024, by and between WW International, Inc. and Tara Comonte (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024, as filed on November 6, 2024 (File No. 001-16769), and incorporated herein by reference).
†**10.24	Term Sheet for Employee Restricted Stock Unit Awards and Form of Terms and Conditions for Employee Restricted Stock Unit Awards (President and Chief Executive Officer Equity Award), dated September 27, 2024, by and between WW International, Inc. and Tara Comonte (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024, as filed on November 6, 2024 (File No. 001-16769), and incorporated herein by reference).
†**10.25	Employment Agreement, dated May 1, 2023, by and between WW Canada, ULC and Heather Stark (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed on May 4, 2023 (File No. 001-16769), and incorporated herein by reference).
†*10.26	Letter Agreement and Release, dated November 26, 2024, by and between WW Canada, ULC and Heather Stark.
**10.27	Share Purchase Agreement, dated October 18, 2015, between Weight Watchers International, Inc. and Oprah Winfrey ("Share Purchase Agreement") (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed on October 19, 2015 (File No. 001-16769), and incorporated herein by reference).
**10.28	Amendment to Share Purchase Agreement, dated as of December 15, 2019, between WW International, Inc. and Oprah Winfrey (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed on December 16, 2019 (File No. 001-16769), and incorporated herein by reference).
†**10.29	Option Agreement, dated October 18, 2015, between Weight Watchers International, Inc. and Oprah Winfrey (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed on October 19, 2015 (File No. 001-16769), and incorporated herein by reference).

Exhibit Number	Description
**10.30	Strategic Collaboration Agreement, dated October 18, 2015, between Weight Watchers International, Inc. and Oprah Winfrey (“Strategic Collaboration Agreement”) (filed as Exhibit 10.39 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016, as filed on March 2, 2016 (File No. 001-16769), and incorporated herein by reference).
**10.31	First Amendment of Strategic Collaboration Agreement, dated as of December 15, 2019, between WW International, Inc. and Oprah Winfrey (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K, as filed on December 16, 2019 (File No. 001-16769), and incorporated herein by reference).
†**10.32	Option Agreement, dated December 15, 2019, between WW International, Inc. and Oprah Winfrey (filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K, as filed on December 16, 2019 (File No. 001-16769), and incorporated herein by reference).
*19.1	WW International, Inc. Amended and Restated Securities Trading Policy effective as of December 16, 2024.
*21.1	Subsidiaries of WW International, Inc.
*23.1	Consent of Independent Registered Public Accounting Firm.
*31.1	Rule 13a-14(a) Certification by Tara Comonte, Chief Executive Officer.
*31.2	Rule 13a-14(a) Certification by Felicia DellaFortuna, Chief Financial Officer.
*32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**97.1	WW International, Inc. Incentive Compensation Clawback Policy (as adopted on November 2, 2023 pursuant to Nasdaq Rule 5608) (filed as Exhibit 97.1 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2023, as filed on February 28, 2024 (File No. 001-16769), and incorporated herein by reference).
*Exhibit 101	
*EX-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.
*EX-101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
*Exhibit 104	The cover page from WW International, Inc.’s Annual Report on Form 10-K for the fiscal year ended December 28, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

** Previously filed.

† Represents a management arrangement or compensatory plan.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 28, 2025	By: <u> /s/ TARA COMONTE </u> Tara Comonte President and Chief Executive Officer and Director (Principal Executive Officer)
Date: February 28, 2025	By: <u> /s/ FELICIA DELLAFORTUNA </u> Felicia DellaFortuna Chief Financial Officer (Principal Financial Officer)
Date: February 28, 2025	By: <u> /s/ NICOLE HAAG </u> Nicole Haag Corporate Controller and Principal Accounting Officer (Principal Accounting Officer)
Date: February 28, 2025	By: <u> /s/ THILO SEMMELBAUER </u> Thilo Semmelbauer Director
Date: February 28, 2025	By: <u> /s/ STEVEN M. ALTSCHULER </u> Steven M. Altschuler Director
Date: February 28, 2025	By: <u> /s/ JULIE BORNSTEIN </u> Julie Bornstein Director
Date: February 28, 2025	By: <u> /s/ TRACEY D. BROWN </u> Tracey D. Brown Director
Date: February 28, 2025	By: <u> /s/ DENIS F. KELLY </u> Denis F. Kelly Director
Date: February 28, 2025	By: <u> /s/ WILLIAM H. SHRANK </u> William H. Shrank Director

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