Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

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You should consider carefully the following risks and uncertainties when reading this Report. If any of the events described below actually occurs, the Company' s business, financial condition and operating results could be materially adversely affected. You should understand that it is not possible to predict or identify all such risks and uncertainties. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. Risks Related to Our Business ~~Global~~ **Deterioration of** economic conditions, ~~including~~ **an economic recession or slow growth, periods of** inflation **or economic uncertainty** ~~and supply chain disruptions~~ , could continue to adversely affect **consumer spending as well as demand for** our ~~operations~~ **products** . General global economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate fluctuations, and economic slowdown or recession, may result in unfavorable conditions that could negatively affect **consumer spending and** demand for our products **,** and exacerbate some of the other risks that affect our business, financial condition and results of operations. ~~Both domestic~~ **For example, economic forces, including changes in disposable consumer income** and ~~international markets experienced significant~~ **/ or reductions in discretionary spending, unemployment levels, labor shortages, demographic trends,** ~~inflationary~~ - **inflation** ~~pressures~~ **and consumer confidence** in ~~fiscal year be~~ **the economy,may cause consumers to defer or decrease purchases of our products and programs which could** adversely ~~affected~~ - **affect our revenue,gross profit,** and **/ or** our **overall** ~~results of operations and~~ financial condition ~~could suffer~~ **and operating results** . ~~Human Capital Risks~~ The success of our business is dependent on our ability to maintain and grow our network of ~~OPTAVIA Coaches.OPTAVIA Coaches are subject to high turnover and we depend on our network of OPTAVIA Coaches to continually grow their businesses by attracting,training and motivating new~~ OPTAVIA Coaches.We consider our number of active earning OPTAVIA Coaches and average quarterly revenue per active earning OPTAVIA Coach to be key indicators of our financial performance and condition.As of December 31, ~~2022~~ **2023** ,the Company had ~~60~~ **41** , ~~900~~ **100** total active earning OPTAVIA Coaches **as compared to 60,900 as of December 31,** 2022 ~~and inflation rates in the U~~ . **If we are unable to reverse** ~~S., as well as in other~~ - **the** ~~countries in~~ **downtrend of the number of active earning Coaches,** which ~~we~~ **has been declining since Q3 2022, or revenue per active earning Coach, which has been declining since Q2 2023, our future revenue and** ~~operate~~ **operating results will** ~~, are currently expected to~~ continue ~~at elevated levels for the near- term. In addition, the Federal Reserve in the U. S. and other central banks in various countries have raised, and may again raise, interest rates in response~~ to ~~concerns about inflation, which, coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. Interest rate increases or other government actions taken to reduce inflation could also result in recessionary pressures in many parts of the world. Our sales may~~ be adversely ~~impacted by~~ **affected, as we believe that** the **success** ~~health and stability~~ of the **Company** ~~general economy. Our results of operation are highly dependent~~ **depends** on the ~~number~~ **success** of ~~product sales and program fees generated by~~ our OPTAVIA Coaches. ~~A downturn in active earning~~ **Additionally,** OPTAVIA ~~Coach~~ **Coaches are subject** to ~~be key indicators~~ **high turnover and we depend on our network** of ~~our financial performance~~ **OPTAVIA Coaches to continually grow their businesses by supporting customers** and **attracting** ~~condition.As of December 31~~ , **training and motivating new** ~~2022,the Company had 60,900 total active earning~~ OPTAVIA Coaches. ~~The~~ **Our** failure to provide the business essentials and competitive compensation necessary to motivate OPTAVIA Coaches to grow their businesses will adversely affect our future growth and operating results.The growth and sustainability of our network of OPTAVIA Coaches is also subject to risks which may be outside of our control.These include: ~~•~~ potential misconduct or improper claims by OPTAVIA Coaches; ~~•~~ negative public perceptions of multi- level marketing; general economic conditions **; failure to develop innovative** ~~, such as a recession or prolonged economic slowdown, may reduce the demand for our~~ products **to meet** ~~and otherwise adversely affect our sales. For example, economic forces, including changes in disposable~~ consumer **demands; adverse opinions** ~~income and / or reductions in discretionary spending, unemployment levels, labor shortages, demographic trends, inflation and consumer confidence in the economy, may cause consumers to defer or decrease purchases~~ of our products **, services,** ~~and programs which could adversely affect our~~ - **or industry;** ~~revenue, gross profit,~~ and ~~/~~ **regulatory actions against** ~~or~~ **our Company, competitors in our industry,** ~~our~~ - **or other direct selling companies** ~~overall financial condition and operating results~~ . Our direct selling model may be challenged **,** ~~both domestically and abroad~~ which could harm our business. **We** ~~In both domestic and foreign markets, we~~ may be subject to challenges by government regulators regarding our direct selling model. Legal and regulatory requirements concerning the direct selling industry generally do not include " bright line " rules and are inherently fact- based and subject to interpretation. As a result, regulators and courts have discretion in their application of these laws and regulations, and the enforcement or interpretation of these laws and regulations by government agencies or courts can change. ~~Recent settlements~~ **Settlements** between the FTC and other direct selling companies and guidance from the FTC have addressed inappropriate earnings and lifestyle claims and the importance of focusing on consumer sales. These developments have created a level of ambiguity as to the proper interpretation of the law and related court decisions. Any adverse rulings or legal actions could impact our business if direct selling laws or anti- pyramid laws are interpreted more narrowly or in a manner that results in additional burdens or restrictions on direct selling companies. For example ~~, in 2016, the FTC entered into a settlement with another multi- level marketing company, requiring the company to modify its business model, including basing sales compensation and qualification only on sales to retail and preferred customers and on purchases by a distributor for personal consumption within allowable limits. Although this settlement does not represent judicial precedent or a new FTC rule, the FTC has indicated that the industry~~

~~should look at this settlement, and the principles underlying its specific measures, for guidance. Similarly~~ , in 2019, the FTC took aggressive actions against a multi- level marketing company, which ultimately led to the company being permanently prohibited from using a multilevel compensation plan in the United States. If our OPTAVIA Coaches make improper claims regarding our products or business, or if regulators determine we are making any improper claims, this could lead to an FTC investigation and could harm our business. We continue to monitor developments to assess whether we should make any changes to our compensation structure. If we are required to make changes or if the FTC seeks to enforce similar measures in the industry, either through rulemaking or an enforcement action against us, our business could be harmed. **The** ~~In addition, the~~ FTC has **also** increased its scrutiny of the use of testimonials, which we also utilize, as well as the role of endorsers. We cannot be sure that the FTC will not challenge our advertising or other operations in the future, which could have a material adverse effect on our business. ~~Governmental regulations in countries where we plan to commence or expand operations may prevent or delay entry into those markets.~~ In addition, our ability to sustain satisfactory levels of sales ~~in our markets~~ is dependent in significant part on our ability to introduce innovative products ~~into such markets~~ . However, governmental regulations ~~in our markets, both domestic and international,~~ can delay or prevent the introduction, or require the reformulation or withdrawal, of certain of our products. Any such regulatory action, whether or not it results in a final determination adverse to us, could create negative publicity, with detrimental effects on the motivation and recruitment of OPTAVIA Coaches and, consequently, on sales. We could also be subject to challenges by private parties in civil actions. We are aware of recent civil actions against other companies in the United States that use a direct selling model, which have and may in the future result in significant legal costs. Allegations against companies that use a multi- level marketing strategy in various markets have also created intense public scrutiny of companies in the direct selling industry. Similarly, the FTC continues to scrutinize multi- level marketers. ~~In 2020, the FTC sent out letters warning multi- level marketing companies to remove and address claims that they or their participants made about their products' ability to treat or prevent COVID- 19 or provide earnings for people who have recently lost income.~~ All of these actions and any future scrutiny of us or the direct selling industry could generate negative publicity or further regulatory actions that could result in fines, restrict our ability to conduct our business, enter into new markets, and ultimately attract customers ~~. We have experienced rapid growth and expect our growth to continue, which could place significant strain on our management, systems, resources, and results of operations. We have experienced rapid growth and development in a relatively short period of time and expect to continue growth in the future. For example, we generated revenue of $ 1. 599 billion in 2022, $ 1. 526 billion in 2021, $ 934. 8 million in 2020 and $ 713. 7 million in 2019 representing year- over- year increases of 4. 8 % in 2022, 63. 2 % in 2021 and 31. 0 % in 2020. Our rapid growth places significant demands on our management and our administrative, logistical, operational and financial infrastructure. We cannot assure you that we will be able to successfully optimize our distribution center network, including our network of third- party manufacturers, or open new distribution centers in new or existing markets if needed to accommodate or facilitate growth or that certain of our distribution centers will not have, or continue to have, operational challenges. Our ability to compete effectively and to manage future growth, if any, will depend on our ability to maximize operational efficiencies across our distribution center network, to implement and improve on a timely basis operational, financial and management information systems, including our warehouse management systems, and to expand, train, motivate and manage our work force. We cannot assure you that our existing personnel, systems, procedures, controls, or third- party manufacturer partners will be adequate to support the future growth of our operations. Our failure to effectively manage our growth could harm our business and reputation and, in particular, our financial condition, results of operations and cash flows, which could negatively affect our ability to make distributions to stockholders and the trading price of our common stock. Our growth could also increase our capital requirements, which may require us to issue potentially dilutive equity securities and incur debt~~ . We rely on third parties to provide us with a majority of the products we sell and we manufacture the remaining portion. We also rely on third parties to distribute and deliver our products. The inability to obtain the necessary products from our third- party manufacturers, produce the products we manufacture in- house or distribute and deliver our products could cause our revenue, earnings or reputation to suffer. We rely on third- party manufacturers to supply a majority of the food and other products we sell. If we are unable to obtain a sufficient quantity, quality and variety of foods and other products from these manufactures in a timely and low- cost manner, we will be unable to fulfill our customers' orders in a timely manner, which may cause us to lose revenue and market share or incur higher costs, as well as damage our reputation and the value of our brands. We also rely on third- parties to distribute and deliver our products. Therefore, it is critical that we maintain good relationships with our manufacturers and third parties that distribute and deliver our products. The services we require from these parties may be disrupted due to a number of factors associated with their businesses, including the following: • public health crises, such as pandemics and epidemics ~~, including the COVID- 19 pandemic~~ ; • labor disruptions; • delivery and transportation problems; • financial condition or results of operations; • internal inefficiencies; • power failures; • equipment failure; • severe weather, climate and other adverse environmental conditions; • fire; • natural or man- made disasters, war, terrorism, or political instability; • adverse changes in third- party contract terms; • shortages or increases in prices of ingredients; and • USDA or FDA compliance issues. We manufacture and produce a portion of our products, which account for approximately ~~20~~ **25** % of our total unit sales, at our manufacturing facility in Owings Mills, Maryland. As a result, we are dependent upon the uninterrupted and efficient operation of our sole manufacturing facility in Owings Mills, Maryland. The operations at this facility may be disrupted by a number of factors, including the following: • natural or man- made disasters, war, terrorism, or political instability; and There can be no assurance that the occurrence of these or any other operational problems at our sole facility would not have a material adverse effect on our business, financial condition or results of operations. Our ability to source quality ingredients and other products is critical to our business, and any disruption to our supply or supply chain could materially adversely affect our business. We depend on frequent deliveries of ingredients and other products from domestic and foreign suppliers, especially for our non- powder products. Some of our suppliers may depend on a variety of other local, regional, national and international suppliers to fulfill the purchase orders we place with them. The availability of such ingredients and other products at competitive prices depends on many factors beyond our control, including the number and size of the suppliers that provide the raw materials that meet our quality and production standards. We rely on our suppliers, and their supply chains, to meet our quality and production standards and specifications and supply ingredients and other products in a timely and safe manner. However, no safety and quality measures can eliminate the possibility that suppliers may provide us with defective or out- of- specification products against which regulators may take action or which may subject us to litigation or require a recall. Suppliers may provide us with ingredients that are or may be unsafe, below our quality standards or improperly labeled. In addition to a negative customer experience, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions if we incorporate a defective or out- of- specification item into one of our deliveries. Furthermore, there are many factors beyond our control which could cause shortages or interruptions in the supply of our ingredients and other products, including adverse weather, climate and environmental factors, natural disasters, unanticipated demand, labor or distribution problems, changes in law or policy, food safety issues by our suppliers and their supply chains, and the financial health of our suppliers and their supply chains. Production or yield of the agricultural crops that are used as ingredients in our products may also be materially adversely affected by drought, water scarcity, temperature extremes, scarcity of agricultural labor, changes in government agricultural programs or subsidies, import restrictions, scarcity of suitable agricultural land, crop conditions, crop or animal diseases or crop pests. Failure to take adequate steps to mitigate the likelihood or potential effect of such events, or to effectively manage such events if they occur, may materially adversely affect our business, financial condition and operating results, particularly in circumstances where an ingredient or product is sourced from a single supplier or location. In addition, unexpected delays in deliveries from suppliers or increases in transportation costs (including through increased fuel costs) could materially adversely affect our business, financial condition and operating results. Labor shortages or work stoppages in the transportation industry, long- term disruptions to the national transportation infrastructure, reduction in capacity and industry- specific regulations such as hours- of- service rules that lead to delays or interruptions of deliveries could also materially adversely affect our business, financial condition and operating results. We currently source certain of our ingredients from suppliers located outside of the United States. Any event causing a disruption or delay of imports from suppliers located outside of the United States, including weather, drought, crop- related diseases, the imposition of import or export restrictions, restrictions on the transfer of funds or increased tariffs, destination- based taxes, value- added taxes, quotas or increased regulatory requirements, could increase the cost or reduce the supply of our ingredients and the other materials required by our product offerings, which could materially adversely affect our business, financial condition and operating results. Furthermore, our suppliers' operations may be adversely affected by political and financial instability, resulting in the disruption of trade from exporting countries, restrictions on the transfer of funds or other trade disruptions, each of which could adversely affect our access or ability to source ingredients and other materials used in our product offerings on a timely or cost- effective basis. We may be subject to claims that our OPTAVIA Coaches are unqualified to provide proper weight loss advice. Our OPTAVIA Coaches are independent contractors and, accordingly, we are not in a position to provide the same level of oversight as we would if these OPTAVIA Coaches were our own employees. As a result, there can be no assurance that our OPTAVIA Coaches will comply with our policies and procedures. Additionally, most of our OPTAVIA Coaches do not have extensive training or certification in nutrition, diet or health fields and have only undergone the education they receive from us. We may be subject to claims from our customers alleging that our OPTAVIA Coaches lack the qualifications necessary to provide proper advice regarding weight loss and related topics. We may also be subject to claims that our OPTAVIA Coaches have provided inappropriate advice or have ~~inappropriately referred or~~ failed to ~~refer~~ **recommend** customers ~~to~~ **consult with their** health care providers **during** ~~for matters other~~ -- **the** ~~than~~ **course of the customers'** weight loss **journey, as recommended in the Company' s Medical Disclaimer** . Such claims could result in lawsuits, damage to our reputation and divert management' s attention from our business, which would adversely affect our business. We may be subject to health or advertising related claims from our customers. ~~Our~~ **While we collaborate with LifeMD healthcare providers, our businesses are separate, and our** weight loss and weight management programs do not include medical treatment or medical advice, and we do not engage physicians or nurses **, with LifeMD or otherwise,** to monitor the progress of our customers. Many people who are overweight suffer from other physical conditions, and our target consumers could be considered a high- risk population. A customer who experiences health problems could allege or bring a lawsuit against us on the basis that those problems were caused or worsened by participating in our programs **, including outcomes based on interactions with our independent OPTAVIA Coaches or healthcare providers associated with LifeMD** . Further, customers who allege that they were deceived by any statements that we made in advertising or labeling could bring a lawsuit against us under consumer protection laws. From time- to- time we are subject to such allegations and have been involved in such litigation. We may ultimately be unsuccessful in defending ourselves against such claims. Also, defending ourselves against such claims, regardless of their merit and ultimate outcome, may be lengthy and costly, and could adversely affect our brand image, customer loyalty and results of operations. The weight management industry is highly competitive. If any of our competitors or a new entrant into the market with significant resources pursues a weight management program similar to ours, our business could be significantly affected. Competition is intense in the weight management industry and we must remain competitive in the areas of program efficacy, price, taste, customer service and brand recognition. Our competitors include companies selling **weight loss medications,** pharmaceutical products and weight loss programs, digital tools, app- based health and wellness monitoring solutions and wearable trackers, as well as a wide variety of diet foods and meal replacement bars and shakes, appetite suppressants and nutritional supplements. Some of our competitors are significantly larger than we are and have substantially greater resources. Any increased competition from new entrants into our industry or any increased success by existing competition could result in reductions in our sales or prices, or both, which could have an adverse effect on our business and results of operations. **Additionally, the entrance into the market and growing acceptance of the favorably perceived and easier to use weight loss medications, such as GLP- 1s, has reduced and may further reduce demand for our services and**

products. New weight loss **medications,** products or services may put us at a competitive disadvantage and our business may suffer. The weight management industry is subject to changing consumer demands based, in large part, on the efficacy and popular appeal of weight management programs. The popularity of weight management programs is dependent, in part, on their ease of use, cost and channels of distribution as well as consumer trends, which continue to evolve with the introduction of new technologies and innovations, and, on an ongoing basis, many existing and potential providers of weight loss solutions, including many pharmaceutical firms with significantly greater financial and operating resources than we have, are developing new products and services. The ~~creation~~ **growing popularity** of ~~a~~ weight loss ~~solution~~ **solutions** , such as a drug therapy **or GLP- 1 medications** , ~~that is~~ **which may be** perceived to be safe, effective and " easier " than a portion- controlled meal plan **has affected** ~~would put us at a disadvantage in~~ the marketplace and **could negatively impact** our results of operations ~~could be negatively affected~~ . If we do not continue to develop innovative new products or if our products do not continue to appeal to the market, or if we are unable to successfully expand or respond to consumer trends, our business may suffer. The increasing focus of consumers on more integrated lifestyle and fitness approaches rather than just food, nutrition and diet could adversely impact the popularity of our programs. Our future success depends on our ability to continue to develop and market new, innovative products and to enhance our existing products, each on a timely basis to respond to new and evolving consumer demands, achieve market acceptance and keep pace with new nutritional, weight management, technological and other developments. We may not be successful in developing, introducing on a timely basis or marketing any new or enhanced products, and we cannot assure you that any new or enhanced products will appeal to the market. Our **results of operations are highly dependent on the number of product sales generated by our OPTAVIA Coaches. Our** failure to develop new products and to enhance our existing products, and the failure of our products to continue to appeal to the market could have an adverse impact on our ability to attract and retain customers and thus adversely affect our business, financial condition or results of operations **. Additionally, we commit and invest substantial time and resources into developing innovative new products. There is no assurance that any new products will be successfully adopted by our customer base, or that we will be able promote such new products without taking steps such as reducing pricing or incurring acquisition costs that would affect our revenues and / or profitability** . We may not be able to successfully implement new strategic initiatives, which could adversely impact our business. We are continuously evaluating changing consumer preferences and the competitive environment of our industry 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 which addresses the continuing changes in the weight management industry environment and our position within the industry. For example, as the healthcare industry continues to evolve its response to the obesity epidemic, so do the requirements, both regulatory and business, for providers. If we do not successfully meet these requirements, we may not be perceived as an appropriate partner for certain purposes. We may not be able to successfully implement our strategic initiatives and realize the intended business opportunities, growth prospects, including new business units, and competitive advantages. Our efforts to capitalize on business opportunities may not bring the intended results. Assumptions underlying expected financial results or consumer demand may not be met or economic conditions may deteriorate. We also may be unable to attract and retain highly qualified and skilled personnel to implement our strategic initiatives. If these or other factors limit our ability to successfully execute our strategic initiatives, our business activities, financial condition and results of operations may be adversely affected. Our business depends on the effectiveness of our advertising and marketing programs, including the strength of the Company' s and our OPTAVIA Coaches' social media presence, to attract and retain customers. Use of social media may materially and adversely affect our reputation or subject us to fines or other penalties, and restrictions on the use of or access to social media may adversely impact sales of our products and services. Our business success depends on our ability to attract and retain customers. Our ability to attract and retain customers depends significantly on the effectiveness of our OPTAVIA Coaches' advertising and marketing practices. Our OPTAVIA Coaches support our customers and market our products and services primarily through word of mouth, email and via social media channels such as Facebook, Instagram, ~~Twitter~~ **X,** and video conferencing platforms. If their advertising and marketing campaigns do not generate a sufficient number of customers, our business, financial condition and results of operations will be adversely affected. We and our OPTAVIA Coaches, as well as social media influencers or other brand ambassadors that we may utilize from time to time, use email and social media platforms as a means of communicating with customers. We use digital marketing, social media, and email marketing, among other means, to attract and retain customers. Unauthorized or inappropriate use of these channels could result in harmful publicity or negative consumer experiences, which could have an adverse impact on the effectiveness of our marketing through these channels. In addition, the rising popularity of social media and other consumer- oriented technologies has increased the speed and accessibility of information dissemination. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction. Negative or false commentary about us may be posted on social media platforms or similar devices at any time and may harm our business, brand, reputation, Coaches, financial condition, and results of operations, regardless of the information' s accuracy. An increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. As laws and regulations, including FTC enforcement, rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, or our Coaches or other third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business, financial condition and results of operations or subject us to fines or other penalties . In addition, as we continue...... industry, or other direct selling companies . We are dependent on our key executives for future success. If we lose the services of any of our key executives and we are unable to timely retain a qualified replacement, our business could be harmed. Our future success depends to a significant degree on the skills, experience and efforts of our key executives. The loss of the services of any of these individuals could harm our business. We have not obtained life insurance on any key executives. If any key executives left us or were seriously injured and became unable to work, our business could be harmed. Information Technology and Cyber Security Risks 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, including cloud- based technology, that is either developed by us or licensed from or maintained by third parties to operate our websites. 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 attacks, which are increasingly negatively impacting companies. 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. Interruptions in our websites, services and products or network systems could result from unknown technical defects, insufficient capacity or the failure of our third- party providers to provide continuous and uninterrupted service. While we maintain disaster recovery capabilities to return to normal operation in a timely manner, we do not have a fully redundant system that includes an instantaneous recovery capability. As a result of such possible defects, failures, interruptions 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 brand. Any failure of our technology or systems could result in an adverse impact on our business. Our business is subject to online security risks, including security breaches and identity theft. Unauthorized users who penetrate our information security systems could misappropriate proprietary or customer information or data or cause interruptions to the product offerings on our website. As a result, it may become necessary to expend significant additional amounts of capital and resources to protect against, or to alleviate, problems caused by unauthorized users. These expenditures, however, may not prove to be a timely remedy against unauthorized users who are able to penetrate our information security systems. In addition to purposeful security breaches, the inadvertent transmission of computer viruses could adversely affect our computer systems and, in turn, harm our business. Existing, proposed or new data privacy legislation and regulations, including interpretations thereof, could also significantly affect our business. For example, data protection and privacy laws have been enacted by the U. S. federal and state governments, including the California Privacy Rights Act, which became effective on January 1, 2023 and replaced the previously established California Consumer Privacy Act (CCPA) and other relevant statutes. These laws typically impose significant penalties for non- compliance. Further, a significant number of states require that customers be notified if a security breach results in the disclosure of their personal financial account or other information. Additional states and governmental entities are considering such " notice " laws. In addition, other public disclosure laws may require that material security breaches be reported. If we experience a security breach and such notice or public disclosure is required in the future, our reputation and our business may be harmed. The effects of these new and evolving laws, regulations, and other obligations potentially are far-reaching and may require us to further modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. In addition, if we choose to ~~continue expanding~~ --- **expand** our business internationally in the future **,** we may be subject to international privacy, data protection, consumer protection and other laws and regulations, which in some cases are more restrictive than those in the United States. For example, the European Union traditionally has imposed stricter obligations under such laws than the United States. Consequently, any future expansion of our international operations may require changes to the ways we collect and use consumer information. In the ordinary course of our business, we collect and utilize proprietary and customer information and data. As a result, we have developed systems that are designed to protect consumer information and prevent fraudulent transactions and other security breaches. Privacy concerns among prospective and existing customers regarding our use of such information or data collected on our website or through our services and products, such as weight management information, financial data, email addresses and home addresses, could keep them from using our website or purchasing our services or products. We currently face certain legal obligations regarding the manner in which we treat such information and data. Businesses have been criticized by privacy groups and governmental bodies for their use and handling of such information and data. We rely on third- party software products to secure our credit card transactions. Failure to prevent or mitigate fraudulent payment transactions or security breaches or changes in industry standards or regulations may adversely affect our business and operating results or cause us to lose our ability to accept credit cards as a form of payment and result in chargebacks of fraudulently charged amounts. Furthermore, widespread credit card fraud may lessen our customers' willingness to purchase our products on our website. Risks Related to Intellectual Property Third parties may infringe on our brand, trademarks and other intellectual property rights, which may have an adverse impact on our business. We currently rely on a combination of trademark and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights, including our brand. Because our business relies heavily on a direct- to- consumer business model, our brand is an important element of our business strategy. If we fail to successfully enforce our intellectual property rights, the value of our brand, services and products could be diminished and our business may suffer. Additionally, failure to protect our intellectual property could result in the entry of a competitor ~~to~~ **into** the market. Our precautions may not prevent misappropriation of our intellectual property by state actors, competitors, or individuals or groups that are or are not affiliated with the Company. Any legal action that we may bring to protect our brand 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. We cannot assure you that these evolving legal standards will sufficiently protect our intellectual property rights in the future. We may in the future be subject to intellectual property rights claims. Third parties may, in the future, 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 have to 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 revenue and our ability to compete effectively, increase our costs or harm our business. Risks Related to ~~International Operations The sale of our products in markets outside of the United States may subject us to risks. In connection with our entry into the Asia Pacific markets of Hong Kong and Singapore, we expanded our sales, marketing and distribution activities in these markets. The sale, marketing and distribution of our products and programs in these and other international locations is subject to a number of uncertainties, including, but not limited to, the following: • economic and political instability; • import or export licensing requirements; • trade restrictions; • product registration requirements; • longer payment cycles; • changes in regulatory requirements, including regulations governing our direct selling business model, and tariffs; • potentially adverse tax consequences; and • potentially weak protection of intellectual property rights. These uncertainties could lead to potential risks for our continued expansion and sales success in the Asia Pacific markets and elsewhere, any of which could harm our business, financial condition and results of operations. Expansion into international markets increases our operational, regulatory and other risks. In July 2019, we commenced our international operations, entering into the Asia Pacific markets of Hong Kong and Singapore. As a result, we face increased operational, regulatory, compliance and reputational risks. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such expansion, could result in operational failures and regulatory fines or sanctions. Our operations in Hong Kong and Singapore and other jurisdictions are subject to significant compliance, disclosure and other obligations. Activity in international markets also exposes us to fluctuations in currency exchange rates, which may adversely affect the U. S. dollar value of revenues, expenses and assets associated with our business activities outside the United States. Actual and anticipated changes in current exchange rates may also adversely affect international demand for our business investment strategies to expand our products and services, most of which represent investments primarily in U. S. dollar- based assets. Because certain of our costs to support international business activities will be based in local currencies, the profitability of such activities in U. S. dollars may be adversely affected by a weakening of the U. S. dollar versus other currencies in which we derive revenues. 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 and social risks. 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 subject to anti- corruption laws in the jurisdictions in which we operate, including the U. S. Foreign Corrupt Practices Act (" FCPA "). Our failure to comply with these laws could result in penalties which could harm our reputation and have a material adverse effect on our business, results of operations and financial condition. We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and / or other benefits, along with various other anticorruption laws. There is no assurance that the policies, procedures and training for all employees, including management, that were designed to ensure that we, our employees and other intermediaries comply with the FCPA and other anticorruption laws to which we are subject, will work effectively all of the time or protect us against liability under the FCPA or other laws for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire. Expansion of our operations in international markets, such as Hong Kong, Singapore and other jurisdictions, may pose elevated risks of anti- corruption violations as we are in frequent contact with persons who may be considered " foreign officials " under the FCPA, resulting in an elevated risk of potential FCPA violations. If we are not in compliance with the FCPA and other laws governing the conduct of business with government entities (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anticorruption laws by U. S. or foreign authorities could harm our reputation and have an adverse impact on our business, financial condition and results of operations. Our business in Hong Kong and Singapore is subject to sensitive economic, political, regulatory and market conditions. Entering the Asia Pacific markets of Hong Kong and Singapore is a key component of our global growth strategy. Our business in these countries is sensitive to economic, political, regulatory and market conditions that drive sales volume. If we are unable to establish our position in these markets our business and financial results could be adversely affected. Risks Related to~~ Our Industry Changes in consumer preferences could negatively impact our operating results. Our program features pre- packaged food selections, which we believe offer convenience and value to our customers. Our continued success depends, to a large degree, upon the continued popularity of our program versus various other weight loss, weight management and fitness regimens, such as low carbohydrate diets, appetite suppressants and ~~diets featured in the published media~~ **medically supported weight loss initiatives, including weight loss medications, such as GLP- 1s** . Changes in consumer tastes and preferences away from our pre- packaged food and support and ~~counseling~~ **coaching** services, and any failure to provide innovative responses to these changes, may have a materially adverse impact on our business, financial condition, operating results, cash flows and prospects. Our success is also dependent on our food innovation including maintaining a robust array of food items and improving the quality of existing items. If we do not continually expand our food items or provide customers with items that are desirable in taste and quality, our business could be harmed **. Consumer' s increased attention to recent developments, innovations, and FDA approvals of weight loss medications, and the perception of their safety, effectiveness, and ease of use, may also reduce consumer engagement in our offering. Consumer' s purchasing decisions 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, and user experience. Moreover, consumers can, and frequently do, change approaches easily. We anticipate competition from other companies that provide telehealth services associated with weight management, and certain of these competitors have greater financial and other resources than us and have operations in therapeutic or other areas where we may seek to expand in the future . The weight loss industry is subject to adverse publicity, which could harm our business. The weight loss industry receives adverse publicity from time to time, and the occurrence of such publicity could harm us, even if the adverse publicity is not directly related to us. Congressional hearings about practices in the weight loss industry have also resulted in adverse publicity and a consequent decline in the revenue of weight loss businesses. Future research or investigative reports or publicity that is perceived as unfavorable or that question certain weight loss programs, products or methods could result in a decline in our revenue. Because of our dependence on consumer perceptions, adverse publicity associated with illness or other undesirable effects resulting from the consumption of our products or similar products by competitors, whether or not accurate, could also damage customer confidence in our weight loss program and result in a decline in revenue. Adverse publicity could arise even if the unfavorable effects associated with weight loss products or services resulted from the user' s failure to use such products or services appropriately. Our industry is subject to governmental regulation that could increase in severity and hurt results of operations. Our industry is subject to federal, state and other governmental ~~regulation~~ **regulations** . Certain federal and state agencies, such as the FTC and the U. S. states' consumer protection agencies, regulate and enforce laws relating to advertising, disclosures to consumers, privacy, consumer pricing and billing arrangements and other consumer protection matters. A determination by a federal or state agency, or a court, that any of our practices do not meet existing or new laws or regulations could result in liability, adverse publicity, and restrictions of our business operations. Some advertising practices in the weight loss industry have led to investigations from time to time by the FTC and other governmental agencies. Many companies in the weight loss industry, including our predecessor businesses, have entered into consent decrees with the FTC relating to weight loss claims and other advertising practices. In 2009, the FTC promulgated nonbinding Guides Concerning the Use of Endorsements and Testimonials in Advertising (" Endorsement Guides ") which explained what endorsement practices the FTC views as being unfair or deceptive acts or practices. In 2020, the FTC sought public comments on whether the Endorsement Guides should be amended. The last time the FTC sought similar public comments led to a major revision of the Endorsement Guides. Consequently, the FTC could bring an enforcement action based on practices that are inconsistent with the current Endorsement Guides as it considers revisions. Under the current Endorsement Guides, advertisements that feature a consumer and convey his or her atypical experience with a product or service are required to clearly disclose the typical results that consumers can generally expect. We cannot be sure that the FTC will not challenge our advertising or other operations in the future, which could have a material adverse impact on our business. Other aspects of our industry are also subject to government regulation. For example, the labeling and distribution of food products, including dietary supplements, are subject to strict USDA and FDA requirements and food manufacturers are subject to rigorous inspection and other requirements of the USDA and FDA, and companies operating in foreign markets must comply with those countries' requirements for proper labeling, controls on hygiene, food preparation and other matters. If federal, state, local or foreign regulation of our industry increases for any reason, then we may be required to incur significant expenses, as well as modify our operations to comply with new regulatory requirements, which could harm our operating results. Additionally, remedies available in any potential administrative or regulatory actions may include product recalls and require us to refund amounts paid by all affected customers or ~~pays~~ **pay** other damages, which could be substantial. Laws and regulations directly applicable to communications, operations or commerce over the Internet such as those governing intellectual property, privacy, libel and taxation, are more prevalent and remain unsettled. If we are required to comply with new laws or regulations or new interpretations of existing laws or regulations, or if we are unable to comply with these laws, regulations or interpretations, our business could be adversely affected. Future laws or regulations, including laws or regulations affecting our marketing and advertising practices, relations with consumers, employees, service providers, or our services and products, may have an adverse impact on us. The manufacture and sale of ingested products are subject to product liability claims and other risks. Like other manufacturers and distributors of products that are ingested, we face an inherent risk of exposure to product liability claims if the use of our products results in illness or injury. The foods and products that we manufacture and sell in the United States are subject to laws and regulations, including those administered by the USDA and FDA that establish manufacturing practices and quality standards for food products. Product liability claims could have a material adverse effect on our business as existing insurance coverage may not be adequate. Distributors of weight loss food products, including dietary supplements, have been named as defendants in product liability lawsuits from time to time. The successful assertion or settlement of an uninsured claim, a significant number of insured claims or a claim exceeding the limits of our insurance coverage would harm us by adding costs to the business and by diverting the attention of senior management from the operation of the business. We may also be subject to claims that our products contain contaminants, are improperly labeled, include inadequate instructions as to use or inadequate warnings covering interactions with other substances. Additionally, the manufacture and sale of these products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Product liability litigation, even if not meritorious, is very expensive and could also entail adverse publicity for us and reduce our revenue. Furthermore, the products we manufacture and distribute, or certain components of those products, may be subject to product recalls or other deficiencies. Any negative publicity associated with these actions would adversely affect our brand and may result in decreased product sales and, as a result, lower revenue and profits. Risks Related to ~~Our~~ **the Company' s** Common Stock Actions of activist stockholders could cause us to incur substantial costs, divert management' s attention and resources, and have an adverse effect on our business. We have been the target of activist stockholder activities in the past. If a new activist investor purchased our stock, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist stockholders can be costly and time- consuming, disruptive to our operations and divert the attention of management and our employees. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, employees, suppliers and other strategic partners, and cause our share price to experience periods of volatility or stagnation. There can be no assurance that we will ~~continue to~~ declare cash dividends ~~at all~~ **in the future** or in any particular amounts. ~~The~~ **On December 13, 2023, we announced that the** Company ~~declared~~ **updated its capital allocation priorities following** a **thorough review, and decided to discontinue the Company' s quarterly cash** dividend ~~of $ 1. 64 per share on December 8, 2022, to stockholders of record as of December 20, 2022, that was paid on February 7, 2023. We intend to continue paying a quarterly dividend to our stockholders for the foreseeable future, subject to long term cash flow needs, including capital spend needs and overall macroeconomic conditions~~ . Our Board of Directors periodically reviews our ~~quarterly dividend~~ **capital allocation strategy** to ensure that it is in the best interest of our stockholders and is in compliance with all applicable laws and agreements. **Our** ~~Future dividends may also be affected by, among other factors: our views on potential future~~ capital **allocation** ~~requirements for investments in acquisitions; legal risks; any stock repurchase programs; changes in federal and state~~ **strategy** ~~income tax laws or corporate laws; changes to our business model; and interest and principal payments required by indebtedness that we may incur in the future. Our dividend payments~~ may change from time to time, and we cannot provide any assurance that we will ~~continue to~~ declare dividends ~~at all~~ **in the future** or in any particular amounts. ~~A reduction in~~ **The discontinuation of** our dividend payments could have a negative effect on our stock price **Our stock price fluctuates** from time to time and may fall below expectations of securities analysts and investors,and could subject us to litigation,which may result in you suffering a loss on your investment.The market price of **our** ~~the Company' s~~ common stock may fluctuate significantly in response to a number of factors,many of which are out of our control.These factors include:quarterly variations in operating results;changes in accounting treatments or principles;announcements by us or our competitors of new products and services offerings;significant contracts,acquisitions,or strategic relationships;additions or departures of key personnel;any future sales of **our** ~~the Company' s~~ common stock or other securities;stock market price and volume fluctuations of publicly- traded companies;and general political,economic and market conditions.In some future quarter our operating results may fall below the expectations of securities analysts and investors,which could result in a decrease in the trading price of **our** ~~the Company' s~~ common stock.In the past,securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities.We may be the target of similar litigation in the future.Securities litigation could result in substantial costs and divert management' s attention and resources,which could seriously harm our **business and operating results.** . Provisions in our certificate of incorporation may deter or delay an acquisition of us or prevent a change in control, even if an acquisition or a change of control would be beneficial to our stockholders. Provisions of our certificate of incorporation (as amended) may have the effect of deterring unsolicited takeovers or delaying or preventing a third- party from acquiring control of us, even if our stockholders might otherwise receive a premium for their shares over the then current market prices. In addition, these provisions may limit the ability of our stockholders to approve transactions that they may deem to be in their best interests. Our certificate of incorporation (as amended) permits our Board of Directors to issue preferred stock without stockholder approval upon such terms as the Board of Directors may determine. The rights of the holders of ~~our~~ **the Company' s** common stock will be junior to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock could have the effect of making it more difficult for a third- party to acquire, or discourage a third-party from acquiring, a majority of ~~our~~ **the Company' s** outstanding common stock. The issuance of a substantial number of preferred shares could adversely affect the price of ~~our~~ **the Company' s** common stock. General Risk Factors Our stock price fluctuates from time to...... harm our business and operating 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 future, if we identify a control deficiency that rises to the level of a material weakness in our internal control 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. If we fail to maintain effective internal control over financial reporting, we could be required to take costly and time- consuming corrective measures, to remedy any number of deficiencies, significant deficiencies or material weaknesses, be required to restate the affected historical financial statements, be subjected to investigations and / or sanctions by federal and state securities regulators, and be subjected to civil lawsuits by security holders. Any of the foregoing could also cause investors to lose confidence in our reported financial information and in our Company and could result in a decline in the market price of our stock and in our ability to raise additional financing if needed in the future. **Our collaboration with LifeMD may not achieve the anticipated benefits. On December 13, 2023, we announced a new strategic collaboration (the " Collaboration ") with telehealth company, LifeMD, in furtherance of our expansion into the medically supported weight loss market, and with the expectation that the Collaboration would result in various long- term benefits to both companies, including increase in revenue, customer acquisition increase, and longer tenure in customer retention. Achieving the anticipated benefits of the Collaboration is subject to a number of uncertainties, including whether our business and LifeMD' s business can become integrated in an effective and efficient manner. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues generated by the Collaboration and diversion of management' s attention and energy away from ongoing business operations, which could have a material adverse effect on our business or financial results. The Collaboration' s success will depend to a substantial extent on the willingness of customers to use LifeMD' s telehealth platform. If our customers do not perceive the benefits of LifeMD' s telehealth services, or if the Collaboration does not drive customer acquisition or retention, then our market may not develop, or it may develop more slowly than we expect. Similarly, individual and healthcare industry concerns could limit acceptance of LifeMD' s healthcare services. If any of these occur, it could have**

a material adverse effect on the success of the collaboration. Finally, if LifeMD terminates its agreement with us, we may find it more difficult to attract new collaborators and our perception in the marketplace could be adversely affected. Our Collaboration with LifeMD could open us up to additional risks. The Collaboration may pose a number of risks, including: LifeMD has discretion in determining the efforts and resources that they will apply; LifeMD may not perform their obligations as expected; and LifeMD may fail to comply with applicable regulatory requirements. 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. Through the Collaboration, it is possible that these claims could also be asserted against us or our independent OPTAVIA Coaches and include us as an additional defendant. We could incur reputational harm or negative publicity in relation to an adverse event involving a LifeMD healthcare provider. Additionally, a number of laws and regulations govern anti- kickbacks, physician self- referrals, and the business of advertising, promotion, dispensing, and marketing services, products, and pharmaceuticals. These regulatory regimes are overseen by state and federal level governmental bodies, including the FDA, the U. S. Department of Health and Human Services (" HHS "), and the FTC. Through the Collaboration, 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. 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.