

Risk Factors Comparison 2024-02-28 to 2023-03-06 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Risks Related to Our Business and Operations ~~The COVID-19 pandemic has adversely impacted, and may continue to adversely impact, our business performance and the consumer environment and markets in which we operate. The novel coronavirus (including its variants, COVID-19) pandemic has had a significant adverse impact on our business as well as on the business environment, overall economic conditions and the markets in which we operate. Although the global economy has largely re-opened following distribution of approved vaccines for COVID-19, we have continued to observe unpredictable, significant shifts in consumer sentiment and behavior with respect to the weight loss and wellness marketplace and the prioritization of discretionary spending, which we believe in part is attributable to the evolution of the pandemic and may continue to impact our business performance and operations. COVID-19 had a significant effect on our recruitments starting in March 2020. Our Workshops Digital recruitments were substantially negatively impacted during the first year of the pandemic. While Digital recruitments were strong in the beginning of the COVID-19 pandemic, a subsequent turn in consumer sentiment drove a decline in Digital recruitments. Given the long-term subscription model of our business, these declines in recruitment continued to impact the number of our End of Period Subscribers in the fourth quarter of fiscal 2022, which declined compared to the prior year. Additionally, our mix shift toward our Digital business, which was significant during the onset of the pandemic, especially when amplified by the nature of our subscription business, negatively impacted revenue and may continue to do so. Over the longer term, it remains uncertain how the COVID-19 pandemic will impact consumer demand for our products and services and recruitment and retention of members as well as consumer preferences and behavior generally.~~ 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; 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; online and clinical prescription services**; 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; weight management services administered **in-person or virtually** by doctors, nutritionists ~~and~~, dieticians **and other clinicians**; 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 for healthcare and technology, which is increasingly competitive, subject to rapid change, and significantly affected by new product and technological introductions and other market activities of industry participants. The increased popularity and acceptance 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 and other technology companies entering into the 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 evolving use of compounded drug formulations,** and the perception of their safety, effectiveness and ease of use, may also delay or prevent consumer engagement in our ~~core~~ **non-Clinical** businesses. ~~If the Acquisition is consummated, we and our members may also experience the consequences of the increased consumer interest in such drug therapies, including shortages, manufacturing-related delays, and stock issues at mail order and local pharmacies that fill prescriptions for such therapies. If the Acquisition is consummated, 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 purchasing decisions of weight management and healthy- **health living 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 non-Clinical businesses** has been and may

continue to be adversely affected by the popularity **and expanding availability** of apps, 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 platforms; 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 new 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. The COVID- 19 pandemic increased utilization of virtual care services, but it is uncertain whether such increase in demand will continue. 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 healthy living programs and the evolving science with respect to weight loss**. The popularity of weight management and **wellness healthy living 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, ~~consumers~~ **public opinion on the use of weight management medications is significantly shifting as the popularity of clinical solutions grows, more medications are increasingly focusing 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 Digital and Workshops Digital businesses. 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 more integrated lifestyle and fitness approaches and may associate our program with just food, nutrition and diet, which any of those groups to the exclusion of the others could adversely impact its popularity-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. For example, public opinion on the use of chronic weight management medication is significantly shifting as the popularity of clinical solutions grows and more medications are approved by the FDA. The growing acceptance of the use of medication to manage weight could negatively impact the popular appeal of our Digital and Workshops Digital businesses. 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. 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 ~~healthy-~~ **health living and wellness marketplace 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, most recently, introducing our Clinical offering**. 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 ~~November~~ **the Company's continued pursuit to evolve alongside advancements in science, in fiscal 2021-2023, 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~~ **food plan innovation, with corresponding design, usability, features and capabilities updates to our app provide tailored behavioral support for individuals on GLP-1 medications**. As we continue to embrace an "always on" innovation strategy 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 ~~virtual or other digital~~ offerings and realize the intended business opportunities, growth prospects, including new business channels, and competitive advantages of our **digital innovation** strategy. Assumptions underlying expected financial results or consumer demand and receptivity may not be met or economic or consumer conditions may deteriorate, ~~including as a result of the impact of COVID-19~~, and may adversely impact our ability to continue to successfully implement ~~our this digital strategy strategies~~. If these or other factors limit our ability to successfully execute ~~this our~~ strategic ~~initiative initiatives~~, our business, financial ~~conditions-~~ **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 experience 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 evolution 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 strategy. **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 new Clinical offering**, which could **further decrease** adversely affect our business, reputation, 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. At the onset of the COVID-19 pandemic, we rapidly transitioned our in-person workshops to an entirely digital experience and thereafter selectively resumed in-person workshops where profitable and consistent with promoting the health and safety of our employees and members. As part of our focus on best meeting our members' and consumers' evolving needs in the wake of the COVID-19 pandemic, we consolidated certain of our studios and continue to close certain other ~~the~~ branded studio locations. We continue to serve our members virtually, both via our Digital business and through virtual workshops. However, we have not seen a resurgence in demand to pre-pandemic levels **for our workshop offering and negatively impact revenues** for our Workshops Digital business. **These revenue declines may be accelerated by evolving** related management of our real estate portfolio has led to the current number of our studio locations being significantly lower than prior to the pandemic, and we continue to reconsider both our studio footprint and workshop strategy as we evaluate our cost structure and respond to shifting consumer **tastes** sentiment. As a result, we have incurred, and **preferences regarding in-person** will continue to incur, significant costs associated with our ~~or virtual communities~~ real estate realignment and the corresponding reduction of operations in this business. The evolution of our traditional in-person formats, or the introduction of new ~~ones~~ **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 **this business our workshop format** may not develop in accordance with **as rapidly alongside** the expectations **evolving science** of **weight**

management to provide the latest in science-backed community support initiatives, our- or alongside evolving consumer tastes investors or our network of coaches and members preferences, which could negatively impact our public or market perception and, in turn, adversely affect our business, **reputation 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 **and**, 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. **We Although we completed the wind down of our consumer products business at the end of fiscal 2023, we continue to** license our trademarks to third parties for the manufacture and sale in retail stores by such parties of a variety of goods, including food products, and also co- brand or endorse third- party branded consumer services and products ~~–We also sell through a variety of channels, including online through our e-commerce platforms, at our studios, and through our trusted partners, food and non- food products manufactured by third-party suppliers–~~. 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, **Digital** product subscriptions, workshop attendance and **third party** product sales and, as a result, lower revenues and profits. **Through our Clinical business** ~~If the Acquisition is consummated~~, we ~~, along~~ **are now associated** with our **, 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** ~~If the Acquisition is consummated~~, 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 ~~expect to~~ control the practice of telehealth by the PCs and the Affiliated Professionals ~~, if the Acquisition is consummated~~, it could be asserted that we should be held liable for malpractice of a healthcare professional employed **or contracted** by a PC. In addition ~~, if the Acquisition is consummated~~, 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, however, 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 ~~costs an~~ acceptable ~~cost to us or such healthcare professionals~~ or at all. ~~If the Acquisition is consummated, successful~~ **Successful** malpractice claims asserted against us or ~~our 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, ~~promotion-~~ **promoting**, dispensing, and marketing services and products, including generic and branded pharmaceuticals. These regulatory regimes are overseen by governmental bodies, ~~principally including~~ the FDA and, as applicable, the Drug Enforcement Administration, the U. S. Department of Health and Human Services (“HHS”), the FTC and several state and local government agencies in the United States. ~~If the Acquisition is consummated, failure~~ **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 If the Acquisition is consummated, we will~~ depend on ~~pharmacy-pharmacies, laboratory-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 If the Acquisition is consummated, 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 ~~the deterioration a decline in our~~ **financial performance** ~~relevant, country macroeconomic conditions-~~, an increased competitive environment, ~~a decline the~~ **deterioration** ~~in our financial performance 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 2022, we recorded \$ 393. 6 million of impairment charges for our franchise rights acquired related to our United States, Canada, United Kingdom, New Zealand and Australia 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 ~~the their~~ loss ~~of certain personnel or consultants~~ 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.** In October 2015, Ms. Winfrey and the Company began a long- term, strategic partnership, which included her making a substantial equity investment in the Company, joining our Board of Directors, providing certain consulting services and granting us the right to use her name and marks. For additional details on these consulting services and

rights and the applicable term during which we may benefit, see “ Item 1. Business — History — Winfrey Transaction ” of this Annual Report on Form 10- K. Our ability to maintain our brand image and leverage the goodwill associated with Ms. Winfrey’ s name may be damaged if we were to lose her services or if the nature of our partnership changes. The loss of Ms. Winfrey’ s services or partnership with us for any reason (including as a result of her death or disability), any negative market or industry perception with respect to her or her participation in the Company’ s programs, or the failure by Ms. Winfrey to provide services in her discretion to promote the Company, our programs, services and products or to consult with us and participate in developing, planning, executing and enhancing our programs and related initiatives, all in accordance with our strategic partnership arrangements with her, could have an adverse effect on our business, financial condition and results of operations. **In addition to the aforementioned services, pursuant to the terms of the Strategic Collaboration Agreement as amended, the Company intended to cause Ms. Winfrey to be nominated as a director of the Company. However, on February 26, 2024, Ms. Winfrey notified us that she would not be standing for re- election as a member of our Board of Directors at our 2024 annual meeting of shareholders.** We also depend heavily upon our coaches ~~and~~, 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 ~~and~~, 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 ~~and~~, guides **and customer service team members** could delay or hinder our successfully executing our strategic initiatives. We ~~recently underwent~~ **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 chief executive officer partner of choice for such transition 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 disruption 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 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 business strategy 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, well as the public or For example market perception of our business. On February 23, in fiscal 2022-2023, we appointed Sima Sistani as Chief Executive Officer, effective March 21, 2022 recorded an aggregate of \$ 12. 7 million of charges in connection with the closure of certain studios. Any significant leadership change or executive management transition involves inherent risk and can be inherently difficult to manage. We have made, and may continue to make, significant accompanying strategic changes, such as changing the composition of the above events our leadership team, centralizing global management of certain functions and systems, deprioritizing and in some cases ceasing operations for certain non- strategic business lines, and rationalizing our real estate portfolio. Initially, such changes could adversely be disruptive to our daily operations or relationships with customers, suppliers, and employees, make it more difficult to hire and retain key employees, impact our financial public or market perception or result results in a loss of institutional knowledge, any of which could have a negative impact on our business or stock price. 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. 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 2022 we recorded an aggregate of \$ 2. 7 million of charges in connection with the closure of certain studios and an aggregate of \$ 2. 7 million in lease asset impairment charges in connection with entering into subleases of certain of our office spaces. Any of the above events could adversely impact our financial results. 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 or the potential impact of political and social unrest. 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, (including most recently the COVID-19 pandemic) 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, 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, and political and social stability, 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. We may not successfully make acquisitions or enter into joint ventures or collaborations 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, joint ventures or collaborations, including our proposed acquisition of Weekend Health, which we announced on March 6, 2023. We may not be able to complete the Acquisition or 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. The Acquisition and 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. 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. 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. If the Acquisition is consummated, the ability to achieve our strategic objectives and success in telehealth 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 telehealth business to potential partners, and our ability to navigate the complex healthcare regulatory requirements that may be implicated by our current and future partnerships. 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. The seasonal nature of our core 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 core business. Historically, the first quarter of the fiscal year, known as our winter 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. Any event that discourages or impedes people from gathering with others, whether at a

gathering place, work or otherwise, or impedes accessing resources 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 in-person or virtual workshop attendance or accessing our Digital products. 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. 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. 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.

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 31, 2022, our total debt was \$ 1, 445. 0 million. In addition, at December 31, 2022, we had \$ 173. 98 million available under our revolving credit facility subject to its terms and conditions as discussed in Note 9 of our audited consolidated financial statements, contained in Part IV, Item 15 of this Annual Report on Form 10-K. \$ 945. 0 million of our debt consists of variable- rate instruments so we are subject to the risk of higher interest rates. We **currently, and may in the future,** seek to manage our exposure to interest rates through interest rate swaps. At the end of fiscal 2022, we had in effect interest rate swaps with an aggregate notional amount of \$ 500. 0 million. 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. While there is no net debt to EBITDA (earnings before interest, taxes, depreciation and amortization) leverage ratio maintenance requirement on the debt outstanding under our credit facilities (other than when the aggregate principal amount of our outstanding revolving loans plus non- cash collateralized letters of credit exceeds 35 % of the amount of the lenders' revolving commitments, as further discussed below), 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, our revolving credit facility includes a maintenance covenant that requires compliance with a first lien secured net leverage ratio when the aggregate principal amount of all revolving loans plus available, undrawn letters of credit and unreimbursed letters of credit (subject to customary exceptions and thresholds) as of the end of a fiscal quarter exceeds 35 % of the amount of the lenders' revolving commitments. We were not in compliance with such ratio as of December 31, 2022, and, as a result, we are limited to borrowing no more than 35 %, or \$ 61. 3 million, of the revolving commitments as of each fiscal quarter end until we **comply are in compliance again** with such **the applicable** ratio. Our failure to comply with these 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. 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. **In addition, LIBOR was previously the benchmark rate used for** certain of our variable rate indebtedness **uses, including our Credit Facilities. LIBOR as has been** a benchmark for establishing the rate of interest. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. **On March 5, 2021, which culminated with** the United Kingdom's Financial Conduct Authority, **or the FCA, which regulates** regulated LIBOR, **announced that ceasing publication of all U. S. dollar LIBOR rates as** settings will either cease to be provided or no longer be representative (i) immediately after December 31, 2021, in the case of the one-week and two-month U. S. dollar settings, and (ii) immediately after June 30, 2023, in the case of all remaining U. S. dollar settings. Additionally, the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of Currency, and other interagency regulatory bodies advised U. S. banks to stop entering into new U. S. dollar LIBOR-based contracts by December 31, 2021. The Federal Reserve, in conjunction with the Alternative Reference Rate Committee, **or the ARRC, a steering** committee **comprised of large U. S. financial institutions** convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate, or SOFR, **an** a new index calculated by short-term repurchase agreements, backed by U. S. Treasury securities, as its preferred alternative rate for LIBOR. There are significant differences between **In connection with the phase-out of LIBOR and, we amended our Credit Facilities in June 2023 to** replace LIBOR with SOFR as the benchmark rate under the Credit Agreement. At this time, **it is not possible to predict the full effect that the discontinuance of LIBOR, or the establishment of alternative reference rates** such as LIBOR being an unsecured lending rate while SOFR, will have on us or our borrowing costs. SOFR is a secured lending **relatively new** reference rate, and its composition and characteristics are not the same as LIBOR. Given the limited history of SOFR is an **and** overnight rate while LIBOR reflects term **potential volatility as compared to other benchmark or market** rates at different maturities. Although, **the future performance of SOFR cannot be predicted** is the ARRC's recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR or in other ways that would result in higher interest costs for us. In the event that LIBOR is phased out as is currently expected, our Credit Agreement (defined hereafter) provides that the Company and the administrative agent may amend the Credit Agreement to replace the LIBOR definition therein with a successor rate subject to notifying the lending syndicate of such change and not receiving within five business days of such notification objections to such replacement rate from lenders holding at least a majority of the aggregate principal amount of loans and commitments then outstanding under the Credit Agreement; provided that such lending syndicate may not object to a SOFR-based **on historical performance** successor rate contained in any such amendment. **The consequences** If we fail to do so, our borrowings will be based off **of** of the alternative base rate plus a margin. We expect to transition from LIBOR **to SOFR could include an increase** in **advance the** **cost** of its cessation on or **our variable rate indebtedness** about June 30, 2023. 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. As of the end of fiscal **2022-2023**, we have a term loan facility with an outstanding aggregate principal amount of \$ 945. 0 million due in April 2028, a revolving credit facility with availability of \$ 173. **9-8** million (subject to its terms and conditions as discussed in Note 9 of our audited consolidated financial statements, contained in Part IV, Item 15 of this Annual Report on Form 10- K) maturing in April 2026, and \$ 500. 0 million in aggregate principal amount of outstanding 4. 500 % senior secured notes due in April 2029. We expect to pay the principal and interest due on the term loan facility and our notes from a combination of our cash flows provided by operating activities and by opportunistically using other means to repay or refinance our obligations as we determine appropriate. There can be no assurance that we will maintain a level of cash flows provided by operating activities in an amount sufficient to permit us to pay the principal and interest on all of our outstanding debt. 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. Our ability, if any, to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. 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, **if the to complete our Acquisition acquisition is consummated of Sequence**, we **will make made** a significant purchase price cash payment in each of fiscal 2023, **and will be required to make additional payments in each of** fiscal 2024 and fiscal 2025. For additional details on the cash consideration payable in connection with the **Acquisition acquisition of Sequence**, see **Note 6 "Business—Pending Acquisition of our audited consolidated financial statements, contained Weekend Health (d/b/a Sequence)" in Part IV, Item 15** of this Annual Report on Form 10- K. 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. 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, **Digital** 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, which could have an adverse impact on our business. 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 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 **utilize-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 ~~maintain-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 ~~such proprietary or customer content and confidential information or data and our website content~~, 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**”), ~~which became effective on January 1, 2020 (and was~~ **as** amended by the California Privacy Rights Act (“**CPR**”) ~~which became effective on January 1, 2023~~), 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 ~~present~~ **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 may 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 no-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 **or 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 have begun to 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, on October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. 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 Our International Operations, Litigation, Laws and Regulations 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 ~~the war in Ukraine 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 ~~negative~~ **positive** impact on our fiscal ~~2022~~ **2023** financial results, ~~lowering~~ **increasing** our revenues for fiscal ~~2022~~ **2023** by \$ ~~38.0~~ **6.7** million. 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. ~~For example, the previously disclosed adverse UK tax ruling relating to our self-employment model in the United Kingdom resulted in an aggregate adverse charge of approximately \$ 37.0 million in fiscal 2009.~~ As we **build our Clinical business and further expand our wellness offerings into the telehealth space**, consumers may misconstrue our ~~program-non-Clinical businesses~~ as providing 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 ~~a~~ **to improve their weight** healthy ~~health~~ lifestyle, 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. ~~Regardless of~~ **Member access to clinicians and the other outcome care team providers through WeightWatchers Clinic may expose us to other types** of any legal action ~~claims and litigation~~ or regulatory proceeding, such actions ~~and proceedings could result in substantial costs....., and restrictions on our business operations~~. For example, during ~~additional information regarding the~~ **these types** 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 ~~or 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 ~~--- actions~~ with our employees, ~~see "—~~ **coaches and guides. If we are..... have an adverse impact on us.** Risks Related to Our ~~Proposed~~ Acquisition of Weekend Health, Inc. (d/b/a Sequence) ~~actions~~ and proceedings could result in substantial costs and may require that our management devote substantial time and resources to defend us. 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**. We **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**. We may not **achieve its intended results**. On April 10, 2023, we **complete-completed** our previously announced **proposed** acquisition of Weekend Health Sequence (the "Acquisition"), **within-- 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** timeframe or at all. On March 6, 2023, we announced our entry into the Merger Agreement to acquire Weekend Health. Completion of the Acquisition is subject to certain customary closing conditions **a number of uncertainties**, including, among others, **whether our business and the Sequence business are integrated in an efficient and effective manner**. Failure to achieve **the these adoption of anticipated benefits could result in increased costs, decreases in the Merger Agreement amount of expected revenues generated** by Weekend Health **the combined company and diversion of management's attention** stockholders. In addition, various filings may be required with various regulatory and **energy away from ongoing** other authorities in the United States. These governmental authorities may impose conditions on the completion, or require changes to the terms, of the Acquisition, including restrictions or conditions on our business **concerns**. **any** financial condition or results of operations following completion of the Acquisition. These conditions or changes, including potential litigation brought in connection with the proposed acquisition, could have the effect of delaying completion of the Acquisition or imposing additional costs on us or limiting our revenues following the Acquisition, which could have a material adverse effect on our business, financial **condition or results of operations and /or** cause either us or Weekend Health to abandon the Acquisition. We have incurred, and will incur, significant transaction-related costs in connection with the Acquisition, including legal, accounting, and other fees and costs relating to the Acquisition. These fees and costs may be significant. If we are unable to complete the Acquisition, we still will incur and will remain liable for various transaction costs, which may be significant, without realizing the expected benefits of the Acquisition. If consummated, the Acquisition may not achieve its intended results. We entered into the Merger Agreement with the expectation that the Acquisition will 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 Weekend Health 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 the combined company's business, financial results and prospects. Additional risks relating to integration of **Sequence Weekend Health** into our business, include, among others, the following: • our inability to successfully integrate **Sequence Weekend Health** 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 Weekend Health's** business and operations and relationships with service providers, customers, employees and other partners; • negative effects on our **core** business from the changes and potential disruption that may follow the Acquisition; • diversion of significant resources from our **core-non-Clinical business-businesses**; • our inability to retain the service of key management and other personnel of **Sequence Weekend Health**; • increased regulatory oversight of our business; • potential limitations placed on our business by regulatory authorities; • our inability to successfully integrate **Sequence Weekend Health** 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 Weekend Health'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 We expect the Acquisition has been** will initially be 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** will be 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, ~~following the completion of the Acquisition~~. We have limited experience operating a telehealth business, ~~and~~ **expect to**, ~~following the Acquisition, we will~~ rely in large part on the existing management of **Sequence Weekend Health** to continue to manage the **Sequence Weekend Health** business, ~~.~~ **The management teams will work together to** comply with applicable laws and regulations and stay abreast of the frequent legislative and regulatory changes specific to telehealth. 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 retain the existing management of **Sequence Weekend Health**, or 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 Weekend Health** 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 Weekend Health** 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 Weekend Health** and its representatives **during** ~~when conducting~~ due diligence and **during our** ~~evaluating~~ **evaluation of** the results of such due diligence. We ~~do~~ **did** not control **Sequence** and may be unaware of **certain** activities of **Sequence Weekend Health** 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. **If** ~~Following the consummation of~~ the Acquisition ~~is consummated~~, the liabilities of **Sequence Weekend Health**, including contingent liabilities, ~~were~~ will be consolidated with the Company's. If **Sequence Weekend Health**'s liabilities are greater than expected, or if ~~there are~~ **Sequence has** obligations of **Weekend Health**'s of which we are not aware, our business could be materially and adversely affected. We do not have indemnification rights from the ~~current~~ **prior** owners of **Sequence Weekend Health** and ~~will~~ instead rely on a limited amount of representation and warranty insurance, ~~which we expect to obtain prior to the consummation of the Acquisition~~. We may not be able to obtain such insurance at rates or in amounts as we currently expect or at all. ~~In such event, we would have no recourse for a breach of representations and warranties related to the Acquisition~~. Such insurance ~~is~~, if obtained, will be subject to exclusions, policy limits and certain other customary terms and conditions. **Sequence Weekend Health** may also have other unknown liabilities, ~~which we will be responsible for after the Acquisition, if consummated~~. If we are responsible for liabilities not covered by ~~representation and warranty~~ insurance, we could suffer severe consequences that could have a material adverse effect on our financial condition and results of operations. **We** ~~If the Acquisition is consummated,~~ ~~the~~ ~~we,~~ ~~our~~ ~~PCs~~ and the Affiliated Professionals **are** will be 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 ~~will~~ apply to us ~~if the Acquisition is consummated~~, 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. **If** ~~Following the consummation of~~ the Acquisition ~~is consummated~~, various aspects of our operations **are** will or may become 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 ~~if the Acquisition is consummated~~ we and ~~our~~ ~~the~~ PCs will strive to ~~maintain a legally compliant business~~ **comply with all applicable laws and regulations**, our operations and the operations of ~~our~~ ~~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. See "Risk Factors — Risks Related to Our Proposed Acquisition of Weekend Health (d/b/a Sequence) — If the Acquisition is consummated, we expect to 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." Changes to laws and regulations pose additional risks. **The** ~~If the Acquisition is consummated,~~ 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** will be subject ~~if the Acquisition is consummated~~ 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 **Sequence Weekend**

Health has structured its agreements and operations in material compliance with applicable healthcare laws and regulations, ~~if the Acquisition is consummated~~ 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 will be~~ 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 ~~if the Acquisition is consummated~~. Recent and frequent legislative and regulatory changes specific to telehealth may present us with additional requirements and compliance costs ~~if the Acquisition is consummated~~, 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 ~~our 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. ~~State law applicable to telehealth, particularly licensure requirements, has been relaxed in many jurisdictions as a result of the COVID-19 pandemic. It is unclear which, if any, of these changes will remain in place permanently.~~ If regulations change to restrict healthcare professionals from delivering care through telehealth modalities or such healthcare professionals fail to comply with telehealth laws, ~~our 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 ~~our 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 ~~our 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 the Acquisition is consummated, and~~ adverse laws or regulations are adopted, if patients prove unwilling to adopt the telehealth services offered by ~~our 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 If the Acquisition is consummated, 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 ~~continue to change in the future, if the Acquisition is consummated~~, 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 and vendors, our marketing activities, and other aspects of our operations and the operations of ~~our~~ 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 (~~or 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 (~~or 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. ~~If the Acquisition is consummated,~~ 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 the Acquisition is consummated and~~ 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 ~~were or Affiliated Professionals are~~ found to be in violation of federal or state laws or regulations , ~~if the Acquisition is consummated,~~ 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. Risks Related to Ownership of Our Common Stock ~~Artal has significant influence over us and may have conflicts of interest with us or the holders of our common stock. Artal currently owns approximately 21 % of our outstanding common stock and has the ability to exercise significant influence over the election and removal of our directors and our corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, the amendment of our articles of incorporation or bylaws~~

and other significant corporate transactions. This concentration of our ownership may delay or deter possible changes in control of our company, which may reduce the value of an investment in our common stock. So long as Artal owns 10% or more of our common stock, Artal will have the right pursuant to an agreement with us to nominate directors to our Board of Directors in proportion to its stock ownership. The interests of Artal may not coincide with our interests or the interests of other holders of our common stock. If our existing large shareholders sell a substantial amount of shares of our common stock, the market price of our common stock could decline. The sale of substantial amounts of shares of our common stock by existing large shareholders, or the perception that such sales could occur, including sales by Artal or Ms. Winfrey, could harm the prevailing market price of shares of our common stock. For example, in fiscal 2018, Artal sold 14,625,000 shares of our common stock and Ms. Winfrey sold 2,359,702 shares of our common stock (including shares transferred by Ms. Winfrey as a gift to The Oprah Winfrey Charitable Foundation that were subsequently sold by such foundation). Sales such as these, and the possibility that additional sales may occur in the future, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Currently, substantially all of our outstanding shares of common stock are freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act and including Artal and Ms. Winfrey, may be sold only in compliance with certain limitations applicable to affiliates. If the Acquisition is consummated, the shares of our common stock to be issued as partial consideration for the Acquisition will be “restricted securities” under the Securities Act and, as such, will be subject to certain transfer restrictions under the Securities Act. 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. **36**