UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 29, 2024

OR

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

For the transition period from to

Commission File Number: 001-16769

WW INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Virginia	**11-6040273**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

675 Avenue of the Americas, 6th Floor, New York, New York 10010
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 589-2700

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares of common stock outstanding as of July 25, 2024 was 79,731,946.

WW INTERNATIONAL, INC.
TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 29, 2024	December 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 42,709	$ 109,366
Receivables (net of allowances: June 29, 2024 - $2,025 and December 30, 2023 - $1,041)	13,412	14,938
Prepaid income taxes	12,878	25,370
Prepaid marketing and advertising	1,898	10,149
Prepaid expenses and other current assets	17,194	19,651
TOTAL CURRENT ASSETS	88,091	179,474
Property and equipment, net	18,203	19,741
Operating lease assets	47,861	52,272
Franchise rights acquired	128,164	386,526
Goodwill	241,872	243,441
Other intangible assets, net	54,213	63,208
Deferred income taxes	16,615	19,683
Other noncurrent assets	19,237	17,685
TOTAL ASSETS	$ 614,256	$ 982,030
LIABILITIES AND TOTAL DEFICIT		
CURRENT LIABILITIES		
Portion of operating lease liabilities due within one year	$ 9,492	$ 9,613
Accounts payable	25,119	18,507
Salaries and wages payable	40,434	79,096
Accrued marketing and advertising	14,028	18,215
Accrued interest	5,345	5,346
Deferred acquisition payable	14,608	16,500
Other accrued liabilities	22,122	22,610
Income taxes payable	35,373	1,609
Deferred revenue	33,849	33,966
TOTAL CURRENT LIABILITIES	200,370	205,462
Long-term debt, net	1,428,553	1,426,464
Long-term operating lease liabilities	49,043	53,461
Deferred income taxes	21,933	41,994
Other	1,640	15,743
TOTAL LIABILITIES	1,701,539	1,743,124
TOTAL DEFICIT		
Common stock, $0 par value; 1,000,000 shares authorized; 130,048 shares issued at June 29, 2024 and 130,048 shares issued at December 30, 2023	0	0
Treasury stock, at cost, 50,344 shares at June 29, 2024 and 50,859 shares at December 30, 2023	(3,040,679)	(3,064,628)
Retained earnings	1,970,791	2,314,834
Accumulated other comprehensive loss	(17,395)	(11,300)
TOTAL DEFICIT	(1,087,283)	(761,094)
TOTAL LIABILITIES AND TOTAL DEFICIT	$ 614,256	$ 982,030

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

WW INTERNATIONAL, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Subscription revenues, net	$ 199,956	$ 212,140	$ 404,012	$ 423,172
Other revenues, net	2,117	14,690	4,609	45,552
Revenues, net	202,073	226,830	408,621	468,724
Cost of subscription revenues	64,023	71,378	131,839	166,275
Cost of other revenues	756	12,272	1,688	39,758
Cost of revenues	64,779	83,650	133,527	206,033
Gross profit	137,294	143,180	275,094	262,691
Marketing expenses	53,696	51,119	143,858	139,353
Selling, general and administrative expenses	47,665	65,744	106,647	125,604
Franchise rights acquired impairments	—	—	257,988	—
Operating income (loss)	35,933	26,317	(233,399)	(2,266)
Interest expense	28,577	24,075	53,304	46,921
Other income, net	(78)	(520)	(1,683)	(851)
Income (loss) before income taxes	7,434	2,762	(285,020)	(48,336)
(Benefit from) provision for income taxes	(15,835)	(48,066)	39,613	19,515
Net income (loss)	$ 23,269	$ 50,828	$ (324,633)	$ (67,851)
Earnings (net loss) per share				
Basic	$ 0.29	$ 0.65	$ (4.09)	$ (0.91)
Diluted	$ 0.29	$ 0.65	$ (4.09)	$ (0.91)
Weighted average common shares outstanding				
Basic	79,483	78,007	79,345	74,302
Diluted	79,825	78,591	79,345	74,302

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

WW INTERNATIONAL, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income (loss)	$ 23,269	$ 50,828	$ (324,633)	$ (67,851)
Other comprehensive (loss) gain:				
Foreign currency translation (loss) gain	(616)	816	(4,504)	929
Income tax benefit (expense) on foreign currency translation (loss) gain	140	(204)	1,125	(232)
Foreign currency translation (loss) gain, net of taxes	(476)	612	(3,379)	697
Loss on derivatives	—	(544)	(3,473)	(3,674)
Income tax benefit on loss on derivatives	—	136	757	918
Loss on derivatives, net of taxes	—	(408)	(2,716)	(2,756)
Total other comprehensive (loss) gain	(476)	204	(6,095)	(2,059)
Comprehensive income (loss)	$ 22,793	$ 51,032	$ (330,728)	$ (69,910)

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

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

Three Months Ended June 29, 2024

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance at March 30, 2024	130,048	$ 0	50,803	$ (3,062,005)	$ (16,919)	$ 1,966,625	$ (1,112,299)
Comprehensive income (loss)	—	—	—	—	(476)	23,269	22,793
Issuance of treasury stock under stock plans	—	—	(459)	21,326	—	(21,843)	(517)
Compensation expense on share-based awards	—	—	—	—	—	2,740	2,740
Balance at June 29, 2024	130,048	$ 0	50,344	$ (3,040,679)	$ (17,395)	$ 1,970,791	$ (1,087,283)

Six Months Ended June 29, 2024

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance at December 30, 2023	130,048	$ 0	50,859	$ (3,064,628)	$ (11,300)	$ 2,314,834	$ (761,094)
Comprehensive loss	—	—	—	—	(6,095)	(324,633)	(330,728)
Issuance of treasury stock under stock plans	—	—	(515)	23,949	—	(24,551)	(602)
Compensation expense on share-based awards	—	—	—	—	—	5,141	5,141
Balance at June 29, 2024	130,048	$ 0	50,344	$ (3,040,679)	$ (17,395)	$ 1,970,791	$ (1,087,283)

Three Months Ended July 1, 2023

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance at April 1, 2023	122,052	$ 0	51,418	$ (3,093,237)	$ (7,733)	$ 2,298,701	$ (802,269)
Comprehensive income	—	—	—	—	204	50,828	51,032
Issuance of treasury stock under stock plans	—	—	(272)	14,164	—	(15,195)	(1,031)
Compensation expense on share-based awards	—	—	—	—	—	3,063	3,063
Issuance of common stock	7,996	—	—	—	—	32,943	32,943
Balance at July 1, 2023	130,048	$ 0	51,146	$ (3,079,073)	$ (7,529)	$ 2,370,340	$ (716,262)

Six Months Ended July 1, 2023

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	122,052	$ 0	51,496	$ (3,097,304)	$ (5,470)	$ 2,418,959	$ (683,815)
Comprehensive loss	—	—	—	—	(2,059)	(67,851)	(69,910)
Issuance of treasury stock under stock plans	—	—	(350)	18,231	—	(19,442)	(1,211)
Compensation expense on share-based awards	—	—	—	—	—	5,731	5,731
Issuance of common stock	7,996	—	—	—	—	32,943	32,943
Balance at July 1, 2023	130,048	$ 0	51,146	$ (3,079,073)	$ (7,529)	$ 2,370,340	$ (716,262)

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

WW INTERNATIONAL, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Six Months Ended	
	June 29, 2024	July 1, 2023
Operating activities:		
Net loss	$ (324,633)	$ (67,851)
Adjustments to reconcile net loss to cash used for operating activities:		
Depreciation and amortization	19,948	24,869
Amortization of deferred financing costs and debt discount	2,509	2,509
Impairment of franchise rights acquired	257,988	—
Impairment of intangible and long-lived assets	197	189
Share-based compensation expense	5,141	9,613
Deferred tax benefit	(14,948)	(5,824)
Allowance for doubtful accounts	6,886	(143)
Reserve for inventory obsolescence	134	3,153
Foreign currency exchange rate gain	(1,249)	(841)
Changes in cash due to:		
Receivables	3,407	57
Inventories	30	6,886
Prepaid expenses	18,956	10,321
Accounts payable	6,598	3,402
Accrued liabilities	(36,825)	(19,536)
Deferred revenue	142	1,975
Other long term assets and liabilities, net	(16,076)	(1,265)
Income taxes	33,819	5,429
Cash used for operating activities	(37,976)	(27,057)
Investing activities:		
Capital expenditures	(730)	(1,746)
Capitalized software and website development expenditures	(9,376)	(17,907)
Cash paid for acquisitions, net of cash acquired	—	(38,362)
Other items, net	(5)	(8)
Cash used for investing activities	(10,111)	(58,023)
Financing activities:		
Taxes paid related to net share settlement of equity awards	(629)	(1,319)
Proceeds from stock options exercised	—	82
Cash paid for acquisitions	(16,500)	(1,066)
Other items, net	(3)	(38)
Cash used for financing activities	(17,132)	(2,341)
Effect of exchange rate changes on cash and cash equivalents	(1,438)	541
Net decrease in cash and cash equivalents	(66,657)	(86,880)
Cash and cash equivalents, beginning of period	109,366	178,326
Cash and cash equivalents, end of period	$ 42,709	$ 91,446

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

1. Basis of Presentation

The accompanying consolidated financial statements include the accounts of WW International, Inc., all of its subsidiaries and the variable interest entities of which WW International, Inc. is the primary beneficiary. The terms "Company" and "WW" as used throughout these notes are used to indicate WW International, Inc. and all of its operations consolidated for purposes of its financial statements. The Company's "Digital" business refers to providing subscriptions to the Company's digital product offerings. The Company's "Workshops + Digital" business refers to providing subscriptions for unlimited access to the Company's workshops combined with the Company's digital subscription product offerings. The Company's "Clinical" business refers to providing subscriptions to the Company's clinical product offerings provided by WeightWatchers Clinic (formerly referred to as Sequence).

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") for interim financial information and include amounts that are based on management's best estimates and assumptions. While all available information has been considered, actual amounts could differ from those estimates. These estimates and assumptions may change as new events occur and additional information is obtained, and such future changes may have an adverse impact on the Company's results of operations, financial position and liquidity. The consolidated financial statements include all of the Company's majority-owned subsidiaries. All entities acquired, and any entity of which a majority interest was acquired, are included in the consolidated financial statements from the date of acquisition. All intercompany accounts and transactions have been eliminated in consolidation. The Company's operating results for any interim period are not necessarily indicative of future or annual results. The consolidated financial statements are unaudited and, accordingly, they do not include all of the information necessary for a comprehensive presentation of results of operations, financial position and cash flow activity required by GAAP for complete financial statements but, in the opinion of management, reflect all adjustments including those of a normal recurring nature necessary for a fair statement of the interim results presented.

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

In the second quarter of fiscal 2024, the Company identified and recorded an out-of-period adjustment related to an income tax error. The impact of correcting this error, which was immaterial to all current and prior period financial statements and corrected in the second quarter of fiscal 2024, resulted in an income tax expense of approximately $2,900, with a corresponding decrease to net income, for the three months ended June 29, 2024.

These consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for fiscal 2023 filed on February 28, 2024, which includes additional information about the Company, its results of operations, its financial position and its cash flows.

2. Accounting Standards Adopted in Current Year

There were no new accounting standards adopted during the six months ended June 29, 2024.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

3. Leases

At June 29, 2024 and December 30, 2023, the Company's lease assets and lease liabilities, primarily for its studios and corporate offices, were as follows:

	June 29, 2024	December 30, 2023
Assets:		
Operating leases	$ 47,861	$ 52,272
Finance leases	1	5
Total lease assets	$ 47,862	$ 52,277
Liabilities:		
Current		
Operating leases	$ 9,492	$ 9,613
Finance leases	1	4
Noncurrent		
Operating leases	49,043	53,461
Finance leases	—	—
Total lease liabilities	$ 58,536	$ 63,078

For the three and six months ended June 29, 2024 and July 1, 2023, the components of the Company's lease expense were as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating lease cost:				
Fixed lease cost	$ 3,910	$ 5,958	$ 7,893	$ 13,111
Lease termination (benefit) cost	—	(169)	(156)	12,050
Variable lease cost	3	15	17	31
Total operating lease cost	$ 3,913	$ 5,804	$ 7,754	$ 25,192
Finance lease cost:				
Amortization of leased assets	1	12	$ 3	$ 38
Interest on lease liabilities	0	0	0	0
Total finance lease cost	$ 1	$ 12	$ 3	$ 38
Total lease cost	$ 3,914	$ 5,816	$ 7,757	$ 25,230

As previously disclosed, in conjunction with the continued rationalization of its real estate portfolio, the Company entered into subleases with commencement dates in the first quarter of fiscal 2023. The Company recorded $916 and $1,827 of sublease income for the three and six months ended June 29, 2024, respectively, and $903 and $1,524 of sublease income for the three and six months ended July 1, 2023, respectively, as an offset to general and administrative expenses.

At June 29, 2024 and December 30, 2023, the Company's weighted average remaining lease term and weighted average discount rates were as follows:

	June 29, 2024	December 30, 2023
Weighted Average Remaining Lease Term (years)		
Operating leases	7.00	7.31
Finance leases	0.45	0.48
Weighted Average Discount Rate		
Operating leases	7.58	7.54
Finance leases	3.69	4.10

The Company's leases have remaining lease terms of 0 to 8 years with a weighted average lease term of 7.00 years as of June 29, 2024.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

At June 29, 2024, the maturity of the Company's lease liabilities in each of the next five fiscal years and thereafter were as follows:

	Operating Leases	Finance Leases	Total
Remainder of fiscal 2024	$ 6,497	$ 1	$ 6,498
Fiscal 2025	13,323	—	13,323
Fiscal 2026	10,310	—	10,310
Fiscal 2027	9,493	—	9,493
Fiscal 2028	9,050	—	9,050
Fiscal 2029	8,952	—	8,952
Thereafter	17,852	—	17,852
Total lease payments	$ 75,477	$ 1	$ 75,478
Less imputed interest	16,942	0	16,942
Present value of lease liabilities	$ 58,535	$ 1	$ 58,536

Supplemental cash flow information related to leases for the six months ended June 29, 2024 and July 1, 2023 were as follows:

	Six Months Ended	
	June 29, 2024	July 1, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 7,941	$ 13,507
Operating cash flows from finance leases	$ 0	$ 0
Financing cash flows from finance leases	$ 3	$ 38
Lease assets obtained (modified) in exchange for new (modified) operating lease liabilities	$ 1,289	$ (7,287)
Lease assets (modified) obtained in exchange for (modified) new finance lease liabilities	$ (1)	$ —

4. Revenue

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

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Digital Subscription Revenues	$ 134,551	$ 147,381	$ 272,185	$ 296,725
Workshops + Digital Subscription Revenues	45,682	57,167	93,352	118,855
Clinical Subscription Revenues	19,723	7,592	38,475	7,592
Subscription Revenues, net	$ 199,956	$ 212,140	$ 404,012	$ 423,172
Other Revenues, net	2,117	14,690	4,609	45,552
Revenues, net	$ 202,073	$ 226,830	$ 408,621	$ 468,724

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

Information about Contract Balances

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

	Deferred Revenue	Deferred Revenue-Long Term
Balance as of December 30, 2023	$ 33,966	$ 165
Net decrease during the period	(117)	(73)
Balance as of June 29, 2024	$ 33,849	$ 92
Balance as of December 31, 2022	$ 32,156	$ 360
Net increase (decrease) during the period	3,549	(110)
Balance as of July 1, 2023	$ 35,705	$ 250

Revenue recognized from amounts included in current deferred revenue as of December 30, 2023 was $30,757 for the six months ended June 29, 2024. Revenue recognized from amounts included in current deferred revenue as of December 31, 2022 was $31,096 for the six months ended July 1, 2023. The Company's long-term deferred revenue, which is included in other liabilities on its consolidated balance sheets, represents revenue that will not be recognized during the next 12 months and is generally related to upfront payments received as an inducement for entering into certain sales-based royalty agreements with third-party licensees. This revenue is amortized on a straight-line basis over the term of the applicable agreement.

5. Acquisitions

Acquisition of Sequence

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

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

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

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

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

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

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

The Company incurred transaction-related costs of $4,886 and $8,605 for the three and six months ended July 1, 2023, respectively. These costs were associated with legal and professional services and were recognized as operating expenses on the consolidated statements of operations.

6. Franchise Rights Acquired, Goodwill and Other Intangible Assets

Franchise rights acquired are due to acquisitions of the Company's franchised territories as well as the acquisition of franchise promotion agreements and other factors associated with the acquired franchise territories. For the six months ended June 29, 2024, the change in the carrying value of franchise rights acquired was due to the impairments of the United States, Australia, New Zealand and United Kingdom units of account as discussed below and the effect of exchange rate changes.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

Goodwill primarily relates to the acquisition of the Company by The Kraft Heinz Company (successor to H.J. Heinz Company) in 1978, and the Company's acquisitions of WW.com, LLC (formerly known as WW.com, Inc. and WeightWatchers.com, Inc.) in 2005, Sequence in 2023 and the Company's franchised territories. See Note 5 for additional information on the Company's acquisitions. For the six months ended June 29, 2024, the change in the carrying amount of goodwill was due to the effect of exchange rate changes as follows:

Balance as of December 31, 2022	$	155,998
Goodwill acquired during the period		89,742
Goodwill impairment		(3,586)
Effect of exchange rate changes		1,287
Balance as of December 30, 2023	$	243,441
Effect of exchange rate changes		(1,569)
Balance as of June 29, 2024	$	241,872

Change in Goodwill Reporting Units

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

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

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

Franchise Rights Acquired

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

In performing the impairment analysis for indefinite-lived franchise rights acquired, the fair value for franchise rights acquired is estimated using a discounted cash flow approach referred to as the hypothetical start-up approach for franchise rights related to the Company's Workshops + Digital business and a relief from royalty methodology for franchise rights related to the Company's Digital business. The aggregate estimated fair value for these franchise rights is then compared to the carrying value of the unit of account for these rights. The Company has determined the appropriate unit of account for purposes of assessing impairment to be the combination of the rights in both the Workshops + Digital business and the Digital business in the country in which the applicable acquisition occurred. The net book values of franchise rights acquired in the United States and United Kingdom units of account as of the June 29, 2024 balance sheet date were $122,922 and $2,632, respectively.

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

Goodwill

In performing the impairment analysis for goodwill, the fair value for the Company's reporting units is estimated using a discounted cash flow approach. This approach involves projecting future cash flows attributable to the reporting unit and discounting those estimated cash flows using an appropriate discount rate. The estimated fair value is then compared to the carrying value of the reporting unit. The Company has determined the appropriate reporting units for purposes of assessing goodwill impairment to be the Behavioral and Clinical business lines. The net book values of goodwill in the Behavioral and Clinical reporting units as of the June 29, 2024 balance sheet date were $152,130 and $89,742, respectively.

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

Indefinite-Lived Franchise Rights Acquired and Goodwill Annual Impairment Tests

The Company reviews indefinite-lived franchise rights acquired and goodwill for potential impairment on at least an annual basis or more often if events so require. The Company performed its annual fair value impairment testing as of May 5, 2024 and May 7, 2023, each the first day of fiscal May, on its indefinite-lived franchise rights acquired and goodwill.

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

Based on the results of the Company's May 5, 2024 annual franchise rights acquired impairment test performed for its United States and United Kingdom units of account, which held 97.9% and 2.1%, respectively, of the Company's indefinite-lived franchise rights acquired as of the June 29, 2024 balance sheet date, each unit of account had an estimated fair value at least 5% higher than the respective unit's carrying value. Accordingly, a change in the underlying assumptions for the United States and United Kingdom units of account may change the results of the impairment assessment and, as such, could result in further impairment of the franchise rights acquired related to the United States and United Kingdom, for which the net book values were $122,922 and $2,632, respectively, as of June 29, 2024.

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

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

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

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

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

Finite-lived Intangible Assets

The carrying values of finite-lived intangible assets as of June 29, 2024 and December 30, 2023 were as follows:

	June 29, 2024		December 30, 2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Capitalized software and website development costs	$ 250,403	$ 203,389	$ 251,410	$ 195,696
Trademarks	12,192	12,069	12,188	12,024
Other	13,962	6,886	13,991	6,661
Trademarks and other intangible assets	$ 276,557	$ 222,344	$ 277,589	$ 214,381
Franchise rights acquired	7,902	5,292	8,029	5,314
Total finite-lived intangible assets	$ 284,459	$ 227,636	$ 285,618	$ 219,695

Aggregate amortization expense for finite-lived intangible assets was recorded in the amounts of $8,472 and $17,762 for the three and six months ended June 29, 2024, respectively. Aggregate amortization expense for finite-lived intangible assets was recorded in the amounts of $10,443 and $18,962 for the three and six months ended July 1, 2023, respectively.

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

Remainder of fiscal 2024	$ 13,880
Fiscal 2025	$ 21,492
Fiscal 2026	$ 11,481
Fiscal 2027	$ 2,794
Fiscal 2028	$ 713
Fiscal 2029	$ 704
Thereafter	$ 5,759

7. Long-Term Debt

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

	June 29, 2024				December 30, 2023			
	Principal Balance	Unamortized Deferred Financing Costs	Unamortize d Debt Discount	Effective Rate (1)	Principal Balance	Unamortize d Deferred Financing Costs	Unamortize d Debt Discount	Effective Rate (1)
Revolving Credit Facility due April 13, 2026	$ —	$ —	$ —	0.00 %	$ —	$ —	$ —	0.00 %
Term Loan Facility due April 13, 2028	945,000	4,158	8,617	9.44 %	945,000	4,712	9,766	9.21 %
Senior Secured Notes due April 15, 2029	500,000	3,672	—	4.64 %	500,000	4,058	—	4.70 %
Total	$ 1,445,000	$ 7,830	$ 8,617	7.77 %	$ 1,445,000	$ 8,770	$ 9,766	7.64 %
Less: Current portion	—				—			
Unamortized deferred financing costs	7,830				8,770			
Unamortized debt discount	8,617				9,766			
Total long-term debt	$ 1,428,553				$ 1,426,464			

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

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

Credit Facilities

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

As of June 29, 2024, the Company had $945,000 in an aggregate principal amount of loans outstanding under the Credit Facilities, with $173,841 of availability and $1,159 in issued but undrawn letters of credit outstanding under the Revolving Credit Facility subject to its terms and conditions as discussed below. There were no outstanding borrowings under the Revolving Credit Facility as of June 29, 2024.

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

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

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

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

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

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

Borrowings under the Term Loan Facility bear interest at a rate per annum equal to, at the Company's option, either (1) an applicable margin plus a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.50% or (2) an applicable margin plus a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided that Term SOFR is not lower than a floor of 0.50%. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin based upon a leverage-based pricing grid, plus, at the Company's option, either (1) a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.00% or (2) a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided such rate is not lower than a floor of zero. As of June 29, 2024, the applicable margins for the Term SOFR rate borrowings under the Term Loan Facility and the Revolving Credit Facility were 3.50% and 2.75%, respectively.

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

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

The availability of certain baskets and the ability to enter into certain transactions are also subject to compliance with certain financial ratios. In addition, if the aggregate principal amount of extensions of credit outstanding under the Revolving Credit Facility as of any fiscal quarter end exceeds 35% of the amount of the aggregate commitments under the Revolving Credit Facility in effect on such date, the Company must be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 for the period ending after the first fiscal quarter of 2024 through and including the first fiscal quarter of 2025, with a step down to 5.00:1.00 for the period following the first fiscal quarter of 2025. As of June 29, 2024, the Company's actual Consolidated First Lien Leverage Ratio was 8.74:1.00 and there were no borrowings under its Revolving Credit Facility and total letters of credit issued were $1,159. The Company was not in compliance with the Consolidated First Lien Leverage Ratio as of June 29, 2024, and as a result, the Company is limited to borrowing no more than 35%, or $61,250, of the amount of the aggregate commitments under the Revolving Credit Facility as of each fiscal quarter end until the Company complies with the applicable ratio.

Senior Secured Notes

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

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

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

Outstanding Debt

At June 29, 2024, the Company had $1,445,000 outstanding under the Credit Facilities and the Senior Secured Notes, consisting of borrowings under the Term Loan Facility of $945,000, $0 drawn down on the Revolving Credit Facility and $500,000 in aggregate principal amount of Senior Secured Notes issued and outstanding.

At June 29, 2024 and December 30, 2023, the Company's debt consisted of both fixed and variable-rate instruments. The Company has historically entered into interest rate swaps to hedge a portion of the cash flow exposure associated with the Company's variable-rate borrowings. At June 29, 2024, the Company did not have any interest rate swaps in effect. See Note 11 for further information on the Company's use of interest rate swaps. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on the Company's outstanding debt, exclusive of the impact of any applicable interest rate swaps, was approximately 7.77% and 7.64% per annum at June 29, 2024 and December 30, 2023, respectively, based on interest rates on these dates. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on the Company's outstanding debt, including the impact of any applicable interest rate swaps, was approximately 7.20% and 6.53% per annum at June 29, 2024 and December 30, 2023, respectively, based on interest rates on these dates.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

8. Per Share Data

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

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Numerator:				
Net income (loss)	$ 23,269	$ 50,828	$ (324,633)	$ (67,851)
Denominator:				
Weighted average shares of common stock outstanding	79,483	78,007	79,345	74,302
Effect of dilutive common stock equivalents	342	584	—	—
Weighted average diluted common shares outstanding	79,825	78,591	79,345	74,302
Earnings (net loss) per share				
Basic	$ 0.29	$ 0.65	$ (4.09)	$ (0.91)
Diluted	$ 0.29	$ 0.65	$ (4.09)	$ (0.91)

The number of anti-dilutive common stock equivalents excluded from the calculation of the weighted average number of common shares for diluted earnings per share was 9,420 and 9,068 for the three months ended June 29, 2024 and July 1, 2023, respectively. The number of anti-dilutive common stock equivalents excluded from the calculation of the weighted average number of common shares for diluted net loss per share was 9,312 and 9,485 for the six months ended June 29, 2024 and July 1, 2023, respectively.

9. Taxes

Income Taxes

The Company's effective tax rates for the three and six months ended June 29, 2024 were (213.0%) and (13.9%), respectively, compared to (1,740.0%) and (40.4%) for the three and six months ended July 1, 2023, respectively. The effective tax rate for interim periods is determined using an annual effective tax rate, adjusted for discrete items. The forecasted full-year tax expense, which included an increase in valuation allowance against U.S. deferred tax assets, in relation to the Company's forecasted full-year pretax loss (albeit minimal), drove the unusually high negative annual effective tax rate. Applying this negative annual effective tax rate to pretax income for the three months ended June 29, 2024 resulted in an income tax benefit and applying this negative annual effective tax rate to the pretax loss for the six months ended June 29, 2024 resulted in an income tax expense. In addition, the effective tax rates were impacted by approximately $2,900 of tax expense recorded for an out-of-period income tax adjustment and $2,181 of tax expense from a valuation allowance established to offset certain non-U.S. deferred tax assets due to the uncertainty of realizing future tax benefits. The adoption of the Organization for Economic Cooperation and Development's global tax reform initiative, which introduces a global minimum tax of 15% applicable to large multinational corporations, did not have an impact on the Company's effective tax rates for the three and six months ended June 29, 2024.

For the six months ended July 1, 2023, the difference between the U.S. federal statutory tax rate and the Company's consolidated effective tax rate was primarily due to the valuation allowance noted above. In addition, the effective tax rate was impacted by tax expense from income earned in foreign jurisdictions, partially offset by a tax benefit related to foreign-derived intangible income.

Non-Income Tax Matters

The Internal Revenue Service (the "IRS") notified the Company of certain penalties assessed related to the annual disclosure and reporting requirements of the Affordable Care Act. The Company is in the process of appealing this determination and does not believe it has any liability with respect to this matter. Until the appeals process is complete, the IRS will maintain a federal tax lien which is currently limited to certain IRS refunds due to the Company.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

10. Legal

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

11. Derivative Instruments and Hedging

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

As of June 29, 2024, due to the termination of the interest rate swaps on March 31, 2024 as discussed below, the Company did not have any interest rate swaps in effect. As of December 30, 2023, the Company had in effect interest rate swaps with an aggregate notional amount totaling $500,000.

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

As of June 29, 2024, there was no cumulative unrealized gain for qualifying hedges reported as a component of accumulated other comprehensive loss. As of December 30, 2023, the cumulative unrealized gain for qualifying hedges was reported as a component of accumulated other comprehensive loss in the amount of $2,716 ($3,474 before taxes).

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

	Balance Sheet Classification	Balance Sheet Location	Fair Value June 29, 2024	Fair Value December 30, 2023
Assets:				
Interest rate swaps	Current asset	Prepaid expenses and other current assets	$ —	$ 3,555
Total assets			$ —	$ 3,555

12. Fair Value Measurements

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

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

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

Fair Value of Financial Instruments

The Company's significant financial instruments include long-term debt agreements as of June 29, 2024. The Company's significant financial instruments included long-term debt and interest rate swap agreements as of December 30, 2023. Since there were no outstanding borrowings under the Revolving Credit Facility as of June 29, 2024 and December 30, 2023, the fair value approximated a carrying value of $0 at both June 29, 2024 and December 30, 2023.

The fair value of the Company's Credit Facilities is determined by utilizing average bid prices on or near the end of each fiscal quarter (Level 2 input). As of June 29, 2024 and December 30, 2023, the fair value of the Company's long-term debt was approximately $581,635 and $996,429, respectively, as compared to the carrying value (net of deferred financing costs and debt discount) of $1,428,553 and $1,426,464, respectively.

Derivative Financial Instruments

The fair values for the Company's derivative financial instruments were determined using observable current market information such as the prevailing Term SOFR interest rate and Term SOFR yield curve rates and included consideration of counterparty credit risk. See Note 11 for disclosures related to the Company's use of derivative financial instruments.

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

		Fair Value Measurements Using:		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps current asset at June 29, 2024	$ —	$ —	$ —	$ —
Interest rate swaps current asset at December 30, 2023	$ 3,555	$ —	$ 3,555	$ —

The Company did not have any transfers into or out of Levels 1 and 2 and did not maintain any assets or liabilities classified as Level 3 during the six months ended June 29, 2024 and the fiscal year ended December 30, 2023.

13. Accumulated Other Comprehensive Loss

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

Changes in Accumulated Other Comprehensive Loss by Component [1]

	Six Months Ended June 29, 2024		
	Gain on Qualifying Hedges	Loss on Foreign Currency Translation	Total
Beginning balance at December 30, 2023	$ 2,716	$ (14,016)	$ (11,300)
Other comprehensive loss before reclassifications, net of tax	(57)	(3,379)	(3,436)
Amounts reclassified from accumulated other comprehensive loss, net of tax [2]	(2,659)	—	(2,659)
Net current period other comprehensive loss	$ (2,716)	$ (3,379)	$ (6,095)
Ending balance at June 29, 2024	$ —	$ (17,395)	$ (17,395)

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

	Six Months Ended July 1, 2023		
	Gain on Qualifying Hedges	Loss on Foreign Currency Translation	Total
Beginning balance at December 31, 2022	$ 10,723	$ (16,193)	$ (5,470)
Other comprehensive income before reclassifications, net of tax	1,569	697	2,266
Amounts reclassified from accumulated other comprehensive loss, net of tax [2]	(4,325)	—	(4,325)
Net current period other comprehensive (loss) income	$ (2,756)	$ 697	$ (2,059)
Ending balance at July 1, 2023	$ 7,967	$ (15,496)	$ (7,529)

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

Reclassifications out of Accumulated Other Comprehensive Loss [1]

Details about Other Comprehensive Loss Components	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Six Months Ended June 29, 2024	Six Months Ended July 1, 2023	Affected Line Item in the Statement Where Net Income is Presented
	Amounts Reclassified from Accumulated Other Comprehensive Loss		Amounts Reclassified from Accumulated Other Comprehensive Loss		
Gain on Qualifying Hedges					
Interest rate contracts	$ —	$ 3,190	$ 3,545	$ 5,768	Interest expense
	—	3,190	3,545	5,768	Income (loss) before income taxes
	—	(798)	(886)	(1,443)	(Benefit from) provision for income taxes
	$ —	$ 2,392	$ 2,659	$ 4,325	Net income (loss)

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

14. Related Party

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

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

In addition to the Strategic Collaboration Agreement, Ms. Winfrey and her related entities provided services to the Company totaling $105 and $107 for the three and six months ended June 29, 2024, respectively, and $87 and $322 for the three and six months ended July 1, 2023, respectively, which services included advertising, production and related fees.

The Company had no outstanding payables to parties related to Ms. Winfrey at June 29, 2024 and December 30, 2023.

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

15. Restructuring

2023 Plan

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

The Company committed to a restructuring plan consisting of (i) an organizational restructuring and rationalization of certain functions and systems to centralize the Company's management, align resources with strategic business lines and reduce costs associated with certain functions and systems (the "Organizational Restructuring") and (ii) the continued rationalization of its real estate portfolio and resulting operating lease termination charges and the associated employment termination costs (the "Real Estate Restructuring," and together with the Organizational Restructuring, the "2023 Plan"). Refer to the tables below for the total restructuring charges under the 2023 Plan recorded for the three and six months ended June 29, 2024 and for the fiscal years ended December 30, 2023 and December 31, 2022. The cumulative amount incurred as of June 29, 2024 related to the aggregate 2023 Plan is $74,754.

The Organizational Restructuring has resulted and will further result in the elimination of certain positions and the termination of employment for certain employees worldwide. Refer to the tables below for the employee termination benefit costs related to the Organizational Restructuring under the 2023 Plan recorded for the three and six months ended June 29, 2024 and for the fiscal years ended December 30, 2023 and December 31, 2022. The cumulative amount incurred as of June 29, 2024 related to the aggregate employee termination benefit costs related to the Organizational Restructuring under the 2023 Plan is $43,413.

Refer to the tables below for the lease termination costs and employee termination benefit costs related to the Real Estate Restructuring under the 2023 Plan recorded for the three and six months ended June 29, 2024 and for the fiscal years ended December 30, 2023 and December 31, 2022, as applicable. The cumulative amount incurred as of June 29, 2024 related to the aggregate lease termination costs and employee termination benefit costs related to the Real Estate Restructuring under the 2023 Plan is $12,768 and $9,753, respectively.

Refer to the tables below for the other cash restructuring charges and other non-cash restructuring charges under the 2023 Plan recorded for the three and six months ended June 29, 2024 and for the fiscal year ended December 30, 2023. The cumulative amount incurred as of June 29, 2024 related to the aggregate other cash restructuring charges and total non-cash restructuring charges under the 2023 Plan is $2,158 and $6,662, respectively.

For the three and six months ended June 29, 2024, the components of the Company's restructuring charges for the 2023 Plan were as follows:

	Three Months Ended June 29, 2024	Six Months Ended June 29, 2024
Cash restructuring charges:		
Real Estate Restructuring - Lease termination costs	$ —	$ (156)
Real Estate Restructuring - Employee termination benefit costs	(102)	2,277
Organizational Restructuring - Employee termination benefit costs	1,677	4,676
Other cash restructuring charges	308	581
Total cash restructuring charges	$ 1,883	$ 7,378
Non-cash restructuring charges	27	25
Total restructuring charges	$ 1,910	$ 7,403

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

For the three and six months ended June 29, 2024, restructuring charges for the 2023 Plan were recorded in the Company's consolidated statements of operations as follows:

	Three Months Ended June 29, 2024	Six Months Ended June 29, 2024
Cost of revenues	$ (102)	$ 2,328
Selling, general and administrative expenses	2,012	5,075
Total restructuring charges	$ 1,910	$ 7,403

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

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

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

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

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

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

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

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

All expenses were recorded to general corporate expenses.

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

	Real Estate Restructuring - Lease termination costs	Real Estate Restructuring - Employee termination benefit costs	Organizational Restructuring - Employee termination benefit costs	Other cash restructuring charges	Total
Balance as of December 31, 2022	$ —	$ 1,798	$ 11,810	$ —	$ 13,608
Charges	12,924	5,678	26,927	1,577	47,106
Payments	(12,768)	(4,813)	(15,142)	(1,233)	(33,956)
Balance as of December 30, 2023	$ 156	$ 2,663	$ 23,595	$ 344	$ 26,758
Charges	—	2,327	2,324	581	5,232
Payments	—	(453)	(11,565)	(698)	(12,716)
Change in estimate	(156)	(50)	2,352	—	2,146
Balance as of June 29, 2024	$ —	$ 4,487	$ 16,706	$ 227	$ 21,420

As of June 29, 2024, the Company expects the remaining employee termination benefit liability related to the Real Estate Restructuring, the remaining employee termination benefit liability related to the Organizational Restructuring and other cash restructuring charges to be paid in full by the end of fiscal 2025.

2022 Plan

As previously disclosed, in the second quarter of fiscal 2022, the Company committed to a restructuring plan consisting of (i) an organizational realignment to simplify the Company's corporate structure and reduce associated costs (the "Organizational Realignment") and (ii) a continued rationalization of its real estate portfolio resulting in the termination of certain of the Company's operating leases (together with the Organizational Realignment, the "2022 Plan"). The Organizational Realignment has resulted in the elimination of certain positions and termination of employment for certain employees worldwide. Refer to the tables below for the total restructuring charges under the 2022 Plan recorded for the fiscal year ended December 31, 2022. The cumulative amount incurred as of June 29, 2024 related to the aggregate 2022 Plan is $28,629.

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

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

(IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT AMOUNTS)

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

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

All expenses were recorded to general corporate expenses.

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

	Lease termination costs	Employee termination benefit costs	Other cash restructuring charges	Total
Balance as of January 1, 2022	$ —	$ —	$ —	$ —
Charges	2,424	19,170	995	22,589
Payments	(1,877)	(10,909)	—	(12,786)
Balance as of December 31, 2022	$ 547	$ 8,261	$ 995	$ 9,803
Payments	(122)	(8,880)	(995)	(9,997)
Change in estimate	(425)	1,560	—	1,135
Balance as of December 30, 2023	$ —	$ 941	$ —	$ 941
Payments	—	(734)	—	(734)
Change in estimate	—	313	—	313
Balance as of June 29, 2024	$ —	$ 520	$ —	$ 520

As of June 29, 2024, the Company expects the remaining employee termination benefit liability to be paid in full by the end of fiscal 2024.

16. Subsequent Event

On July 27, 2024, in connection with the strategic streamlining of its operational structure to optimize its clinical and behavioral product portfolio and its cost-savings initiative, the Company committed to a plan of reduction in force that will result in the elimination of certain positions and the termination of employment for certain employees worldwide (the "2024 Restructuring Plan"). The Company anticipates recording restructuring charges that it currently estimates will range between $12,000 to $15,000 in the aggregate with respect to employee termination benefit costs, which are expected to consist primarily of general and administrative expenses. These charges are expected to be recorded in the second half of fiscal 2024. Substantially all of the costs arising from the 2024 Restructuring Plan are expected to result in cash expenditures related to separation payments and other employee termination expenses. The Company expects the 2024 Restructuring Plan to be fully executed by the end of fiscal 2025.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, this Quarterly Report on Form 10-Q includes "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, in particular, the statements about our plans, strategies, objectives and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." We have generally used the words "may," "will," "could," "expect," "anticipate," "believe," "estimate," "plan," "intend," "aim" and similar expressions in this Quarterly Report on Form 10-Q to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. Actual results could differ materially from those projected in these forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things:

- competition from other weight management and health and wellness industry participants or the development of more effective or more favorably perceived weight management methods;
- our failure to continue to retain and grow our subscriber base;
- our ability to be a leader in the rapidly evolving and increasingly competitive clinical weight management and weight loss market;
- our ability to continue to develop new, innovative services and products and enhance our existing services and products or the failure of our services, products or brands to continue to appeal to the market, or our ability to successfully expand into new channels of distribution or respond to consumer trends or sentiment;
- our ability to successfully implement strategic initiatives;
- our ability to evolve our community offerings to meet the evolving tastes and preferences of our members;
- the effectiveness and efficiency of our advertising and marketing programs, including the strength of our social media presence;
- the impact on our reputation of actions taken by our franchisees, licensees, suppliers, affiliated provider entities, PCs' healthcare professionals, and other partners, including as a result of our acquisition of Weekend Health, Inc., doing business as Sequence ("Sequence") (the "Acquisition");
- the recognition of asset impairment charges;
- the loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate our workforce;
- our ability to successfully make acquisitions or enter into collaborations or joint ventures, including our ability to successfully integrate, operate or realize the anticipated benefits of such businesses, including with respect to Sequence;
- uncertainties related to a downturn in general economic conditions or consumer confidence, including as a result of the existing inflationary environment, rising interest rates, the potential impact of political and social unrest and increased volatility in the credit and capital markets;
- the seasonal nature of our business;
- our failure to maintain effective internal control over financial reporting;
- the impact of events that impede accessing resources or discourage or impede people from gathering with others;
- the early termination by us of leases;
- the inability to renew certain of our licenses, or the inability to do so on terms that are favorable to us;
- the impact of our substantial amount of debt, debt service obligations and debt covenants, and our exposure to variable rate indebtedness;
- the ability to generate sufficient cash to service our debt and satisfy our other liquidity requirements;
- uncertainties regarding the satisfactory operation of our technology or systems;
- the impact of data security breaches and other malicious acts or privacy concerns, including the costs of compliance with evolving privacy laws and regulations;
- our ability to successfully integrate and use artificial intelligence in our business;
- our ability to enforce our intellectual property rights both domestically and internationally, as well as the impact of our involvement in any claims related to intellectual property rights;
- risks and uncertainties associated with our international operations, including regulatory, economic, political, social, intellectual property, and foreign currency risks, which risks may be exacerbated as a result of war and terrorism;
- the outcomes of litigation or regulatory actions;
- the impact of existing and future laws and regulations;
- risks related to the Acquisition, including risks that the Acquisition may not achieve its intended results;

- risks related to our exposure to extensive and complex healthcare laws and regulations as a result of the Acquisition; and
- other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the Securities and Exchange Commission (the “SEC”).

You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed herein, could cause our results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, we do not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events or otherwise.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

WW International, Inc. is a Virginia corporation with its principal executive offices in New York, New York. In this Quarterly Report on Form 10-Q unless the context indicates otherwise, “we,” “us,” “our,” the “Company,” “Weight Watchers” and “WW” refer to WW International, Inc. and all of its operations consolidated for purposes of its financial statements. Effective the first day of fiscal 2024 (i.e., December 31, 2023), as a result of the continued evolution of our centralized organizational structure in fiscal 2023, and management’s 2024 strategic planning process, our reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. Our “Digital” business refers to providing subscriptions to our digital product offerings. Our “Workshops + Digital” business refers to providing subscriptions for unlimited access to our workshops combined with our digital subscription product offerings. Our “Clinical” business refers to providing subscriptions to our clinical product offerings provided by WeightWatchers Clinic (formerly referred to as Sequence).

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

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

The following terms used in this Quarterly Report on Form 10-Q are our trademarks: Weekend Health™, Weight Watchers®, and the Weight Watchers logo.

You should read the following discussion in conjunction with our Annual Report on Form 10-K for fiscal 2023 that includes additional information about us, our results of operations, our financial position and our cash flows, and with our unaudited consolidated financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q (collectively referred to as the “Consolidated Financial Statements”).

NON-GAAP FINANCIAL MEASURES

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

USE OF CONSTANT CURRENCY

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

CRITICAL ACCOUNTING ESTIMATES

Franchise Rights Acquired

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

In performing the impairment analysis for indefinite-lived franchise rights acquired, the fair value for franchise rights acquired is estimated using a discounted cash flow approach referred to as the hypothetical start-up approach for franchise rights related to our Workshops + Digital business and a relief from royalty methodology for franchise rights related to our Digital business. The aggregate estimated fair value for these franchise rights is then compared to the carrying value of the unit of account for these rights. We have determined the appropriate unit of account for purposes of assessing impairment to be the combination of the rights in both the Workshops + Digital business and the Digital business in the country in which the applicable acquisition occurred. The net book values of franchise rights acquired in the United States and United Kingdom units of account as of the June 29, 2024 balance sheet date were $122.9 million and $2.6 million, respectively.

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

Goodwill

In performing the impairment analysis for goodwill, the fair value for our reporting units is estimated using a discounted cash flow approach. This approach involves projecting future cash flows attributable to the reporting unit and discounting those estimated cash flows using an appropriate discount rate. The estimated fair value is then compared to the carrying value of the reporting unit. We have determined the appropriate reporting units for purposes of assessing goodwill impairment to be the Behavioral and Clinical business lines. Our "Behavioral" business line consists of our Workshops + Digital business and Digital business. The net book values of goodwill in the Behavioral and Clinical reporting units as of the June 29, 2024 balance sheet date were $152.1 million and $89.7 million, respectively.

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

Indefinite-Lived Franchise Rights Acquired and Goodwill Impairment Tests

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

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

In performing our impairment analyses, we also considered the trading value of both our equity and debt. If the trading values of both our equity and debt were to significantly decline from their levels at the time of testing, we may have to take an impairment charge at the appropriate time, which could be material. For additional information on risks associated with our recognizing asset impairment charges, see the risk factor titled "We have in the past and may in the future be required to recognize asset impairment charges for indefinite- and definite-lived assets" found in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for fiscal 2023.

Further information regarding the results of our franchise rights acquired and goodwill annual impairment tests and our franchise rights acquired and goodwill interim impairment tests for the first quarter of fiscal 2024 can be found in Note 6 "Franchise Rights Acquired, Goodwill and Other Intangible Assets" in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Policies

Information concerning our critical accounting policies is set forth in "Note 2. Summary of Significant Accounting Policies" of our audited consolidated financial statements contained in our Annual Report on Form 10-K for fiscal 2023. Our critical accounting policies have not changed since the end of fiscal 2023.

PERFORMANCE INDICATORS

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

- Revenues—Our “Subscription Revenues” consist of “Digital Subscription Revenues”, “Workshops + Digital Subscription Revenues” and “Clinical Subscription Revenues”. “Digital Subscription Revenues” consist of the fees associated with subscriptions for our Digital offerings. “Workshops + Digital Subscription Revenues” consist of the fees associated with subscriptions for combined workshops and Digital offerings. “Clinical Subscription Revenues” consist of the fees associated with subscriptions for our Clinical offerings. In addition, “Other Revenues” (formerly known as “product sales and other”) consist of revenues from licensing and publishing, franchise fees with respect to commitment plans and royalties, and other revenues. Prior to fiscal 2024, “Other Revenues” included sales of consumer products.
- Paid Weeks—The “Paid Weeks” metric reports paid weeks by WW customers in Company-owned operations for a given period as follows: (i) “Digital Paid Weeks” is the total paid subscription weeks for our Digital offerings; (ii) “Workshops + Digital Paid Weeks” is the total paid subscription weeks for combined workshops and Digital offerings; (iii) “Clinical Paid Weeks” is the total paid subscription weeks for our Clinical offerings; and (iv) “Total Paid Weeks” is the sum of Digital Paid Weeks, Workshops + Digital Paid Weeks and Clinical Paid Weeks.
- Incoming Subscribers—“Subscribers” refer to Digital subscribers, Workshops + Digital subscribers and Clinical subscribers who participate in recurring bill programs in Company-owned operations. The “Incoming Subscribers” metric reports Subscribers in Company-owned operations at a given period start as follows: (i) “Incoming Digital Subscribers” is the total number of Digital subscribers; (ii) “Incoming Workshops + Digital Subscribers” is the total number of subscribers that have access to combined workshops and Digital offerings; (iii) “Incoming Clinical Subscribers” is the total number of Clinical subscribers; and (iv) “Incoming Subscribers” is the sum of Incoming Digital Subscribers, Incoming Workshops + Digital Subscribers and Incoming Clinical Subscribers, as applicable. Given we completed our acquisition of Sequence in April 2023 after the beginning of the second quarter of fiscal 2023, we have incoming subscribers with respect to our Clinical business for the second quarter and first six months of fiscal 2024, but not for the second quarter and first six months of fiscal 2023. Recruitment and retention are key drivers for this metric.
- End of Period Subscribers—The “End of Period Subscribers” metric reports Subscribers in Company-owned operations at a given period end as follows: (i) “End of Period Digital Subscribers” is the total number of Digital subscribers; (ii) “End of Period Workshops + Digital Subscribers” is the total number of subscribers that have access to combined workshops and Digital offerings; (iii) “End of Period Clinical Subscribers” is the total number of Clinical subscribers; and (iv) “End of Period Subscribers” is the sum of End of Period Digital Subscribers, End of Period Workshops + Digital Subscribers and End of Period Clinical Subscribers. Recruitment and retention are key drivers for this metric.
- Gross profit and operating expenses as a percentage of revenue.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 29, 2024 COMPARED TO THE THREE MONTHS ENDED JULY 1, 2023

The table below sets forth selected financial information for the second quarter of fiscal 2024 from our consolidated statements of operations for the three months ended June 29, 2024 versus selected financial information for the second quarter of fiscal 2023 from our consolidated statements of operations for the three months ended July 1, 2023.

Summary of Selected Financial Data

	(In millions, except per share amounts) For The Three Months Ended				
	June 29, 2024	July 1, 2023	Increase/ (Decrease)	% Change	% Change Constant Currency
Revenues, net	$ 202.1	$ 226.8	$ (24.8)	(10.9%)	(10.6%)
Cost of revenues	64.8	83.6	(18.9)	(22.6%)	(22.4%)
Gross profit	137.3	143.2	(5.9)	(4.1%)	(3.8%)
Gross Margin %	*67.9%*	*63.1%*			
Marketing expenses	53.7	51.1	2.6	5.0%	5.3%
Selling, general & administrative expenses	47.7	65.7	(18.1)	(27.5%)	(27.4%)
Operating income	35.9	26.3	9.6	36.5%	37.6%
Operating Income Margin %	*17.8%*	*11.6%*			
Interest expense	28.6	24.1	4.5	18.7%	18.7%
Other income, net	(0.1)	(0.5)	(0.4)	(85.0%)	(85.0%)
Income before income taxes	7.4	2.8	4.7	100.0%*	100.0%*
Benefit from income taxes	(15.8)	(48.1)	(32.2)	(67.1%)	(67.2%)
Net income	$ 23.3	$ 50.8	$ (27.6)	(54.2%)	(53.8%)
Weighted average diluted shares outstanding	79.8	78.6	1.2	1.6%	1.6%
Diluted earnings per share	$ 0.29	$ 0.65	$ (0.36)	(54.9%)	(54.5%)

Note: Totals may not sum due to rounding.

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

Certain results for the second quarter of fiscal 2024 are adjusted to exclude the net impact of restructuring charges. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the three months ended June 29, 2024 which have been adjusted.

(in millions except percentages)	Gross Profit	Gross Margin	Operating Income	Operating Income Margin
Second Quarter of Fiscal 2024	$ 137.3	*67.9%*	$ 35.9	*17.8%*
Adjustments to reported amounts [1]				
2023 plan restructuring charges	(0.1)		1.9	
2022 plan restructuring charges	—		0.1	
Total adjustments [1]	(0.1)		2.0	
Second Quarter of Fiscal 2024, as adjusted [1]	$ 137.2	*67.9%*	$ 37.9	18.8%

Note: Totals may not sum due to rounding.

(1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for the second quarter of fiscal 2024 to exclude the net impact of the $1.9 million ($1.4 million after tax) of 2023 plan restructuring charges and the $0.1 million ($0.1 million after tax) of 2022 plan restructuring charges. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Certain results for the second quarter of fiscal 2023 are adjusted to exclude the net impact of restructuring charges and the impact of acquisition transaction costs. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the three months ended July 1, 2023 which have been adjusted.

(in millions except percentages)	Gross Profit	Gross Margin	Operating Income	Operating Income Margin
Second Quarter of Fiscal 2023	$ 143.2	*63.1%*	$ 26.3	*11.6%*
Adjustments to reported amounts [1]				
2023 plan restructuring charges	0.5		1.8	
2022 plan restructuring charges	0.0		0.8	
2021 plan restructuring charges	0.1		0.1	
2020 plan restructuring charges	(0.0)		(0.0)	
Acquisition transaction costs	—		4.9	
Total adjustments [1]	0.7		7.5	
Second Quarter of Fiscal 2023, as adjusted [1]	$ 143.8	*63.4%*	$ 33.9	*14.9%*

Note: Totals may not sum due to rounding.

(1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for the second quarter of fiscal 2023 to exclude the net impact of the $1.8 million ($1.3 million after tax) of 2023 plan restructuring charges, the $0.8 million ($0.6 million after tax) of 2022 plan restructuring charges, the $0.1 million ($48 thousand after tax) of 2021 plan restructuring charges and the reversal of $16 thousand ($12 thousand after tax) of 2020 plan restructuring charges, and the impact of the $4.9 million ($4.3 million after tax) of acquisition transaction costs. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Consolidated Results

Revenues

Revenues for the second quarter of fiscal 2024 were $202.1 million, a decrease of $24.8 million, or 10.9%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which negatively impacted our revenues in the second quarter of fiscal 2024 by $0.7 million, revenues for the second quarter of fiscal 2024 would have decreased 10.6% versus the prior year period. This decrease was driven by both the decline in Other Revenues and the decline in Subscription Revenues. The decline in Other Revenues was primarily due to the discontinuation of our consumer products business at the end of fiscal 2023. The decline in Subscription Revenues was primarily due to a higher mix of subscribers within their initial, lower-priced, commitment periods and the continued mix shift from our Workshops + Digital business to our Digital business. Additionally, Subscription Revenues were negatively impacted by non-Clinical recruitment declines during the second quarter of fiscal 2024 versus the prior year period. The decline in Subscription Revenues was partially offset by an increase in Clinical Subscription Revenues for the second quarter of fiscal 2024 versus the prior year period. See “—Operating Results” for additional details on revenues.

Cost of Revenues

Cost of revenues for the second quarter of fiscal 2024 decreased $18.9 million, or 22.6%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which decreased cost of revenues in the second quarter of fiscal 2024 by $0.1 million, cost of revenues for the second quarter of fiscal 2024 would have decreased 22.4% versus the prior year period. Excluding the impact of the reversal of $0.1 million of restructuring charges in the second quarter of fiscal 2024 and the net impact of the $0.7 million of restructuring charges in the second quarter of fiscal 2023, cost of revenues for the second quarter of fiscal 2024 would have decreased by 21.8%, or 21.6% on a constant currency basis, versus the prior year period.

Gross Profit

Gross profit for the second quarter of fiscal 2024 decreased $5.9 million, or 4.1%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which negatively impacted gross profit in the second quarter of fiscal 2024 by $0.5 million, gross profit for the second quarter of fiscal 2024 would have decreased 3.8% versus the prior year period. Excluding the impact of the reversal of $0.1 million of restructuring charges in the second quarter of fiscal 2024 and the net impact of the $0.7 million of restructuring charges in the second quarter of fiscal 2023, gross profit for the second quarter of fiscal 2024 would have decreased by 4.6%, or 4.3% on a constant currency basis, versus the prior year period. Gross margin for the second quarter of fiscal 2024 increased to 67.9% versus 63.1% for the second quarter of fiscal 2023. Excluding the impact of foreign currency, gross margin in the second quarter of fiscal 2024 would have increased 4.9% to 68.0% versus the prior year period. Excluding the impact of the reversal of restructuring charges in the second quarter of fiscal 2024 and the net impact of restructuring charges in the second quarter of fiscal 2023, gross margin for the second quarter of fiscal 2024 would have increased 4.5% to 67.9%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period. This gross margin increase was driven primarily by the discontinuation of our lower margin consumer products business at the end of fiscal 2023.

Marketing

Marketing expenses for the second quarter of fiscal 2024 increased $2.6 million, or 5.0%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which decreased marketing expenses in the second quarter of fiscal 2024 by $0.2 million, marketing expenses for the second quarter of fiscal 2024 would have increased 5.3% versus the prior year period. This increase in marketing expenses was primarily due to higher spend on Online advertising, partially offset by lower spend on TV advertising and production fees and agency fees. Marketing expenses as a percentage of revenue for the second quarter of fiscal 2024 increased to 26.6% from 22.5% for the second quarter of fiscal 2023.

Selling, General and Administrative

Selling, general and administrative expenses for the second quarter of fiscal 2024 decreased $18.1 million, or 27.5%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which decreased selling, general and administrative expenses in the second quarter of fiscal 2024 by $0.1 million, selling, general and administrative expenses for the second quarter of fiscal 2024 would have decreased 27.4% versus the prior year period. Excluding the net impact of the $2.1 million of restructuring charges in the second quarter of fiscal 2024, the net impact of the $2.0 million of restructuring charges in the second quarter of fiscal 2023 and the impact of the $4.9 million of acquisition transaction costs in the second quarter of fiscal 2023, selling, general and administrative expenses for the second quarter of fiscal 2024 would have decreased by 22.6%, or 22.4% on a constant currency basis, versus the prior year period. This decrease in selling, general and administrative expenses was primarily due to a decline in employee compensation and related costs. Selling, general and administrative expenses as a percentage of revenue for the second quarter of fiscal 2024 decreased to 23.6% from 29.0% for the second quarter of fiscal 2023. Excluding the net impact of restructuring charges in the second quarter of fiscal 2024, the net impact of restructuring charges in the second quarter of fiscal 2023 and the impact of acquisition transaction costs in the second quarter of fiscal 2023, selling, general and administrative expenses as a percentage of revenue for the second quarter of fiscal 2024 would have decreased by 3.4%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period.

Operating Income

Operating income for the second quarter of fiscal 2024 increased $9.6 million, or 36.5%, versus the second quarter of fiscal 2023. Excluding the impact of foreign currency, which negatively impacted operating income in the second quarter of fiscal 2024 by $0.3 million, operating income for the second quarter of fiscal 2024 would have increased 37.6% versus the prior year period. Excluding the net impact of the $2.0 million of restructuring charges in the second quarter of fiscal 2024, the net impact of the $2.7 million of restructuring charges in the second quarter of fiscal 2023 and the impact of the $4.9 million of acquisition transaction costs in the second quarter of fiscal 2023, operating income for the second quarter of fiscal 2024 would have increased by 12.0%, or 12.8% on a constant currency basis, versus the prior year period. Operating income margin for the second quarter of fiscal 2024 increased 6.2% to 17.8% versus 11.6% for the second quarter of fiscal 2023. Excluding the net impact of restructuring charges in the second quarter of fiscal 2024, the net impact of restructuring charges in the second quarter of fiscal 2023 and the impact of acquisition transaction costs in the second quarter of fiscal 2023, operating income margin for the second quarter of fiscal 2024 would have increased by 3.8%, or 3.9% on a constant currency basis, versus the prior year period. This increase in operating income margin was driven primarily by an increase in gross margin and a decrease in selling, general and administrative expenses as a percentage of revenue, partially offset by an increase in marketing expenses as a percentage of revenue, versus the prior year period.

Interest Expense

Interest expense for the second quarter of fiscal 2024 increased $4.5 million, or 18.7%, versus the second quarter of fiscal 2023. The increase in interest expense was driven primarily by an increase in the base rate of our Term Loan Facility (as defined below). The effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during the second quarter of fiscal 2024 and the second quarter of fiscal 2023 and excluding the impact of any applicable interest rate swaps, increased to 7.76% per annum for the second quarter of fiscal 2024 from 7.51% per annum for the second quarter of fiscal 2023. Interest expense was impacted by the termination of our interest rate swaps on March 31, 2024. Including the impact of any applicable interest rate swaps, the effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during the second quarter of fiscal 2024 and the second quarter of fiscal 2023, increased to 7.76% per annum for the second quarter of fiscal 2024 from 6.63% per annum for the second quarter of fiscal 2023. See "—Liquidity and Capital Resources—Long-Term Debt" for additional details regarding our debt, including interest rates and payments thereon. Further information regarding our use of interest rate swaps can be found in Note 11 "Derivative Instruments and Hedging" in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other Income, Net

Other income, net, which consists primarily of the impact of foreign currency on intercompany transactions, decreased by $0.4 million for the second quarter of fiscal 2024 to $0.1 million of income as compared to $0.5 million of income for the second quarter of fiscal 2023.

Tax

Our effective tax rate for the second quarter of fiscal 2024 was (213.0%) compared to (1,740.0%) for the second quarter of fiscal 2023. The effective tax rate for interim periods is determined using an annual effective tax rate, adjusted for discrete items. The forecasted full-year tax expense, which included an increase in valuation allowance against U.S. deferred tax assets, in relation to our forecasted full-year pretax loss (albeit minimal), drove the unusually high negative annual effective tax rate. Applying this negative annual effective tax rate to pretax income for the second quarter of fiscal 2024 resulted in an income tax benefit. In addition, the effective tax rate was impacted by tax expense recorded for an out-of-period income tax adjustment and tax expense from a valuation allowance established to offset certain non-U.S. deferred tax assets due to the uncertainty of realizing future tax benefits. The adoption of the Organization for Economic Cooperation and Development's global tax reform initiative, which introduces a global minimum tax of 15% applicable to large multinational corporations, did not have an impact on our effective tax rate for the second quarter of fiscal 2024.

For the second quarter of fiscal 2023, the difference between the U.S. federal statutory tax rate and our consolidated effective tax rate was primarily due to the valuation allowance noted above. In addition, the effective tax rate was impacted by tax expense from income earned in foreign jurisdictions, partially offset by a tax benefit related to foreign-derived intangible income ("FDII").

Net Income and Earnings Per Share

Net income for the second quarter of fiscal 2024 was $23.3 million compared to net income for the second quarter of fiscal 2023 of $50.8 million. Net income for the second quarter of fiscal 2024 was negatively impacted by $0.2 million of foreign currency. Net income for the second quarter of fiscal 2024 included a $1.5 million net impact from restructuring charges. Net income for the second quarter of fiscal 2023 included a $2.0 million net impact from restructuring charges and a $4.3 million impact from acquisition transaction costs.

Earnings per fully diluted share ("EPS") for the second quarter of fiscal 2024 was $0.29 compared to EPS for the second quarter of fiscal 2023 of $0.65. EPS per share for the second quarter of fiscal 2024 included a $0.02 net impact from restructuring charges. EPS for the second quarter of fiscal 2023 included a $0.03 net impact from restructuring charges and a $0.05 impact from acquisition transaction costs.

Operating Results

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

Metrics and Business Trends

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

(in millions except percentages and as noted)

Q2 2024								
GAAP			Constant Currency					
Subscription Revenues	Other Revenues	Total Revenues	Subscription Revenues	Other Revenues	Total Revenues	Total Paid Weeks	Incoming Subscribers (in thousands)	EOP Subscribers (in thousands)
$ 200.0	$ 2.1	$ 202.1	$ 200.6	$ 2.1	$ 202.7	50.7	4,003.9	3,836.5
% Change Q2 2024 vs. Q2 2023								
(5.7 %)	(85.6 %)	(10.9 %)	(5.4 %)	(85.5 %)	(10.6 %)	(4.9 %)	(0.5 %)	(6.1 %)

(in millions except percentages and as noted)

Q2 2024									
Digital Subscription Revenues					Workshops + Digital Subscription Revenues				
GAAP	Constant Currency	Digital Paid Weeks	Incoming Digital Subscribers (in thousands)	EOP Digital Subscribers (in thousands)	GAAP	Constant Currency	Workshops + Digital Paid Weeks	Incoming Workshops + Digital Subscribers (in thousands)	EOP Workshops + Digital Subscribers (in thousands)
$ 134.6	$ 135.1	42.0	3,277.1	3,189.6	$ 45.7	$ 45.8	7.7	640.0	566.0
% Change Q2 2024 vs. Q2 2023									
(8.7 %)	(8.3 %)	(2.9 %)	0.7 %	(4.2 %)	(20.1 %)	(19.9 %)	(21.3 %)	(16.7 %)	(21.4 %)

(in millions except percentages and as noted)

Q2 2024			
Clinical Subscription Revenues			
GAAP	Clinical Paid Weeks	Incoming Clinical Subscribers (in thousands)	EOP Clinical Subscribers (in thousands)
$ 19.7	1.1	86.8	81.0
% Change Q2 2024 vs. Q2 2023			
100.0% *	100.0% *	N/A **	100.0% *

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

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

Operating Performance

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

The decrease in Subscription Revenues for the second quarter of fiscal 2024 versus the prior year period was driven by both a decrease in Digital Subscription Revenues and a decrease in Workshops + Digital Subscription Revenues primarily due to a higher mix of subscribers within their initial, lower-priced, commitment periods and the continued mix shift from our Workshops + Digital business to our Digital business. Digital Subscription Revenues and Workshops + Digital Subscription Revenues were also negatively impacted by recruitment declines during the second quarter of fiscal 2024 as compared to the prior year period. In addition, the lower number of Incoming Workshops + Digital Subscribers at the beginning of the second quarter of fiscal 2024 versus the beginning of the second quarter of fiscal 2023 contributed to the decrease in Workshops + Digital Subscription Revenues in the quarter. The decrease in Subscription Revenues for the second quarter of fiscal 2024 was partially offset by an increase in Clinical Subscription Revenues versus the prior year period, despite the recruitment challenges in the second quarter of fiscal 2024 arising from the increasingly competitive environment.

The decrease in Total Paid Weeks for the second quarter of fiscal 2024 versus the prior year period was driven primarily by non-Clinical recruitment declines during the second quarter of fiscal 2024 as compared to the prior year period and the lower number of Incoming Subscribers at the beginning of the second quarter of fiscal 2024 versus the beginning of the second quarter of fiscal 2023.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 29, 2024 COMPARED TO THE SIX MONTHS ENDED JULY 1, 2023

The table below sets forth selected financial information for the first six months of fiscal 2024 from our consolidated statements of operations for the six months ended June 29, 2024 versus selected financial information for the first six months of fiscal 2023 from our consolidated statements of operations for the six months ended July 1, 2023.

Summary of Selected Financial Data

	(In millions, except per share amounts) For The Six Months Ended				
	June 29, 2024	July 1, 2023	Increase/ (Decrease)	% Change	% Change Constant Currency
Revenues, net	$ 408.6	$ 468.7	$ (60.1)	(12.8%)	(12.9%)
Cost of revenues	133.5	206.0	(72.5)	(35.2%)	(35.2%)
Gross profit	275.1	262.7	12.4	4.7%	4.7%
Gross Margin %	*67.3%*	*56.0%*			
Marketing expenses	143.9	139.4	4.5	3.2%	3.1%
Selling, general & administrative expenses	106.6	125.6	(19.0)	(15.1%)	(15.1%)
Franchise rights acquired impairments	258.0	—	258.0	100.0%	100.0%
Operating loss	(233.4)	(2.3)	231.1	100.0%*	100.0%*
Operating Loss Margin %	*(57.1%)*	*(0.5%)*			
Interest expense	53.3	46.9	6.4	13.6%	13.6%
Other income, net	(1.7)	(0.9)	0.8	97.6%	97.6%
Loss before income taxes	(285.0)	(48.3)	236.7	100.0%*	100.0%*
Provision for income taxes	39.6	19.5	20.1	100.0%*	100.0%*
Net loss	$ (324.6)	$ (67.9)	$ 256.8	100.0%*	100.0%*
Weighted average diluted shares outstanding	79.3	74.3	5.0	6.8%	6.8%
Diluted net loss per share	$ (4.09)	$ (0.91)	$ 3.18	100.0%*	100.0%*

Note: Totals may not sum due to rounding.
* Note: Percentage in excess of 100.0% and not meaningful.

Certain results for the first six months of fiscal 2024 are adjusted to exclude the impact of franchise rights acquired impairments and the net impact of restructuring charges. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the six months ended June 29, 2024 which have been adjusted.

(in millions except percentages)	Gross Profit	Gross Margin	Operating Loss	Operating Loss Margin
First Six Months of Fiscal 2024	$ 275.1	67.3 %	$ (233.4)	(57.1 %)
Adjustments to reported amounts [(1)]				
Franchise rights acquired impairments	—		258.0	
2023 plan restructuring charges	2.3		7.4	
2022 plan restructuring charges	0.0		0.3	
Total adjustments [(1)]	2.4		265.7	
First Six Months of Fiscal 2024, as adjusted [(1)]	$ 277.4	67.9 %	$ 32.3	7.9 %

Note: Totals may not sum due to rounding.

(1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for the first six months of fiscal 2024 to exclude the impact of the $258.0 million ($241.5 million after tax) of franchise rights acquired impairments, and the net impact of the $7.4 million ($5.6 million after tax) of 2023 plan restructuring charges and the $0.3 million ($0.2 million after tax) of 2022 plan restructuring charges. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Certain results for the first six months of fiscal 2023 are adjusted to exclude the net impact of restructuring charges and the impact of acquisition transaction costs. See “Non-GAAP Financial Measures” above. The table below sets forth a reconciliation of certain of those components of our selected financial data for the six months ended July 1, 2023 which have been adjusted.

(in millions except percentages)	Gross Profit	Gross Margin	Operating (Loss) Income	Operating (Loss) Income Margin
First Six Months of Fiscal 2023	$ 262.7	56.0 %	$ (2.3)	(0.5 %)
Adjustments to reported amounts [(1)]				
2023 plan restructuring charges	19.4		24.4	
2022 plan restructuring charges	(0.2)		0.9	
2021 plan restructuring charges	0.1		0.1	
2020 plan restructuring charges	(0.0)		(0.0)	
Acquisition transaction costs	—		8.6	
Total adjustments [(1)]	19.3		33.9	
First Six Months of Fiscal 2023, as adjusted [(1)]	$ 282.0	60.2 %	$ 31.6	6.8 %

Note: Totals may not sum due to rounding.

(1) The “As adjusted” measure is a non-GAAP financial measure that adjusts the consolidated statements of operations for the first six months of fiscal 2023 to exclude the net impact of the $24.4 million ($18.3 million after tax) of 2023 plan restructuring charges, the $0.9 million ($0.6 million after tax) of 2022 plan restructuring charges, the $0.1 million ($43 thousand after tax) of 2021 plan restructuring charges and the reversal of $22 thousand ($16 thousand after tax) of 2020 plan restructuring charges, and the impact of the $8.6 million ($7.5 million after tax) of acquisition transaction costs. See “Non-GAAP Financial Measures” above for an explanation of our use of non-GAAP financial measures.

Consolidated Results

Revenues

Revenues for the first six months of fiscal 2024 were $408.6 million, a decrease of $60.1 million, or 12.8%, versus the first six months of fiscal 2023. Excluding the impact of foreign currency, which positively impacted our revenues in the first six months of fiscal 2024 by $0.1 million, revenues for the first six months of fiscal 2024 would have decreased 12.9% versus the prior year period. This decrease was driven primarily by the decline in Other Revenues from the discontinuation of our consumer products business at the end of fiscal 2023. Lower Subscription Revenues, primarily due to a higher mix of subscribers within their initial, lower-priced, commitment periods and the continued mix shift from our Workshops + Digital business to our Digital business, also contributed to the decrease in revenues in the period. Additionally, Subscription Revenues were negatively impacted by non-Clinical recruitment declines during the first six months of fiscal 2024 versus the prior year period. Subscription Revenues included $38.5 million of Clinical Subscription Revenues for the first six months of fiscal 2024 versus $7.6 million of Clinical Subscription Revenues for the first six months of fiscal 2023 as a result of our acquisition of Sequence closing during the second quarter of fiscal 2023. See “—Operating Results” for additional details on revenues.

Cost of Revenues

Cost of revenues for the first six months of fiscal 2024 decreased $72.5 million, or 35.2%, versus the first six months of fiscal 2023. Excluding the impact of foreign currency, which increased cost of revenues in the first six months of fiscal 2024 by $0.1 million, cost of revenues for the first six months of fiscal 2024 would have decreased 35.2% versus the prior year period. Excluding the net impact of the $2.4 million of restructuring charges in the first six months of fiscal 2024 and the net impact of the $19.3 million of restructuring charges in the first six months of fiscal 2023, cost of revenues for the first six months of fiscal 2024 would have decreased by 29.8%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period.

Gross Profit

Gross profit for the first six months of fiscal 2024 increased $12.4 million, or 4.7%, versus the first six months of fiscal 2023. Excluding the impact of foreign currency, which positively impacted gross profit in the first six months of fiscal 2024 by $0.1 million, gross profit for the first six months of fiscal 2024 would have increased 4.7% versus the prior year period. Excluding the net impact of the $2.4 million of restructuring charges in the first six months of fiscal 2024 and the net impact of the $19.3 million of restructuring charges in the first six months of fiscal 2023, gross profit for the first six months of fiscal 2024 would have decreased by 1.6%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period. Gross margin for the first six months of fiscal 2024 increased to 67.3%, both as reported and on a constant currency basis, versus 56.0% for the first six months of fiscal 2023. Excluding the net impact of restructuring charges in the first six months of fiscal 2024 and the net impact of restructuring charges in the first six months of fiscal 2023, gross margin for the first six months of fiscal 2024 would have increased 7.7% to 67.9%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period. This gross margin increase was driven primarily by the discontinuation of our lower margin consumer products business at the end of fiscal 2023.

Marketing

Marketing expenses for the first six months of fiscal 2024 increased $4.5 million, or 3.2%, versus the first six months of fiscal 2023. Excluding the impact of foreign currency, which increased marketing expenses in the first six months of fiscal 2024 by $0.1 million, marketing expenses for the first six months of fiscal 2024 would have increased 3.1% versus the prior year period. This increase in marketing expenses was primarily due to higher spend on Online advertising, partially offset by lower spend on TV advertising and production fees and agency fees. Marketing expenses as a percentage of revenue for the first six months of fiscal 2024 increased to 35.2% from 29.7% for the first six months of fiscal 2023.

Selling, General and Administrative

Selling, general and administrative expenses for the first six months of fiscal 2024 decreased $19.0 million, or 15.1%, versus the first six months of fiscal 2023. Excluding the impact of foreign currency, which increased selling, general and administrative expenses in the first six months of fiscal 2024 by $0.1 million, selling, general and administrative expenses for the first six months of fiscal 2024 would have decreased 15.1% versus the prior year period. Excluding the net impact of the $5.4 million of restructuring charges in the first six months of fiscal 2024, the net impact of the $6.0 million of restructuring charges in the first six months of fiscal 2023 and the impact of the $8.6 million of acquisition transaction costs in the first six months of fiscal 2023, selling, general and administrative expenses for the first six months of fiscal 2024 would have decreased by 8.7%, or 8.8% on a constant currency basis, versus the prior year period. This decrease in selling, general and administrative expenses was primarily due to a decline in employee compensation and related costs. Selling, general and administrative expenses as a percentage of revenue for the first six months of fiscal 2024 decreased to 26.1% from 26.8% for the first six months of fiscal 2023. Excluding the net impact of restructuring charges in the first six months of fiscal 2024, the net impact of restructuring charges in the first six months of fiscal 2023 and the impact of acquisition transaction costs in the first six months of fiscal 2023, selling, general and administrative expenses as a percentage of revenue for the first six months of fiscal 2024 would have increased by 1.1%, both as adjusted and as adjusted on a constant currency basis, versus the prior year period.

Impairments

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

Operating Loss

Operating loss for the first six months of fiscal 2024 was $233.4 million compared to operating loss for the first six months of fiscal 2023 of $2.3 million. Foreign currency had a de minimis impact on operating loss for the first six months of fiscal 2024. Excluding the impact of the $258.0 million of franchise rights acquired impairments in the first six months of fiscal 2024, the net impact of the $7.7 million of restructuring charges in the first six months of fiscal 2024, the net impact of the $25.3 million of restructuring charges in the first six months of fiscal 2023 and the impact of the $8.6 million of acquisition transaction costs in the first six months of fiscal 2023, operating income would have been $32.3 million for the first six months of fiscal 2024 versus operating income of $31.6 million for the first six months of fiscal 2023, an increase of 2.1%, or 2.5% on a constant currency basis. Operating loss margin for the first six months of fiscal 2024 was 57.1% compared to operating loss margin for the first six months of fiscal 2023 of 0.5%. Excluding the impact of franchise rights acquired impairments in the first six months of fiscal 2024, the net impact of restructuring charges in the first six months of fiscal 2024, the net impact of restructuring charges in the first six months of fiscal 2023 and the impact of acquisition transaction costs in the first six months of fiscal 2023, operating income margin would have been 7.9% for the first six months of fiscal 2024, both as adjusted and as adjusted on a constant currency basis, versus operating income margin of 6.8% for the first six months of fiscal 2023. This increase in operating income margin was driven primarily by an increase in gross margin, partially offset by an increase in marketing expenses as a percentage of revenue and an increase in selling, general and administrative expenses as a percentage of revenue, versus the prior year period.

Interest Expense

Interest expense for the first six months of fiscal 2024 increased $6.4 million, or 13.6%, versus the first six months of fiscal 2023. The increase in interest expense was driven primarily by an increase in the base rate of our Term Loan Facility (as defined below). The effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during the first six months of fiscal 2024 and the first six months of fiscal 2023 and excluding the impact of any applicable interest rate swaps, increased to 7.77% per annum for the first six months of fiscal 2024 from 7.35% per annum for the first six months of fiscal 2023. Interest expense was impacted by the termination of our interest rate swaps on March 31, 2024. Including the impact of any applicable interest rate swaps, the effective interest rate on our debt, based on interest incurred (which includes amortization of our deferred financing costs and debt discount) and our average borrowings during the first six months of fiscal 2024 and the first six months of fiscal 2023, increased to 7.28% per annum for the first six months of fiscal 2024 from 6.55% per annum for the first six months of fiscal 2023. See "—Liquidity and Capital Resources—Long-Term Debt" for additional details regarding our debt, including interest rates and payments thereon. Further information regarding our use of interest rate swaps can be found in Note 11 "Derivative Instruments and Hedging" in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other Income, Net

Other income, net, which consists primarily of the impact of foreign currency on intercompany transactions, increased by $0.8 million for the first six months of fiscal 2024 to $1.7 million of income as compared to $0.9 million of income for the first six months of fiscal 2023.

Tax

Our effective tax rate for the first six months of fiscal 2024 was (13.9%) compared to (40.4%) for the first six months of fiscal 2023. The effective tax rate for interim periods is determined using an annual effective tax rate, adjusted for discrete items. The forecasted full-year tax expense, which included an increase in valuation allowance against U.S. deferred tax assets, in relation to our forecasted full-year pretax loss (albeit minimal), drove the unusually high negative annual effective tax rate. Applying this negative annual effective tax rate to the pretax loss for the first six months of fiscal 2024 resulted in an income tax expense. In addition, the effective tax rate was impacted by tax expense recorded for an out-of-period income tax adjustment and tax expense from a valuation allowance established to offset certain non-U.S. deferred tax assets due to the uncertainty of realizing future tax benefits. The adoption of the Organization for Economic Cooperation and Development's global tax reform initiative, which introduces a global minimum tax of 15% applicable to large multinational corporations, did not have an impact on our effective tax rate for the first six months of fiscal 2024.

For the first six months of fiscal 2023, the difference between the U.S. federal statutory tax rate and our consolidated effective tax rate was primarily due to the valuation allowance noted above. In addition, the effective tax rate was impacted by tax expense from income earned in foreign jurisdictions, partially offset by a tax benefit related to FDII.

Net Loss and Diluted Net Loss Per Share

Net loss for the first six months of fiscal 2024 was $324.6 million compared to the net loss for the first six months of fiscal 2023 of $67.9 million. Foreign currency had a de minimis impact on net loss for the first six months of fiscal 2024. Net loss for the first six months of fiscal 2024 included a $241.5 million impact from franchise rights acquired impairments and a $5.8 million net impact from restructuring charges. Net loss for the first six months of fiscal 2023 included a $19.0 million net impact from restructuring charges and a $7.5 million impact from acquisition transaction costs.

Diluted net loss per share for the first six months of fiscal 2024 was $4.09 compared to diluted net loss per share for the first six months of fiscal 2023 of $0.91. Diluted net loss per share for the first six months of fiscal 2024 included a $3.04 impact from franchise rights acquired impairments and a $0.07 net impact from restructuring charges. Diluted net loss per share for the first six months of fiscal 2023 included a $0.26 net impact from restructuring charges and a $0.10 impact from acquisition transaction costs.

Operating Results

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

Metrics and Business Trends

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

(in millions except percentages and as noted)

First Six Months of Fiscal 2024								
GAAP			Constant Currency					
Subscription Revenues	Other Revenues	Total Revenues	Subscription Revenues	Other Revenues	Total Revenues	Total Paid Weeks	Incoming Subscribers (in thousands)	EOP Subscribers (in thousands)
$ 404.0	$ 4.6	$ 408.6	$ 403.9	$ 4.6	$ 408.5	102.5	3,797.5	3,836.5
% Change First Six Months of Fiscal 2024 vs. First Six Months of Fiscal 2023								
(4.5 %)	(89.9 %)	(12.8 %)	(4.6 %)	(89.9 %)	(12.9 %)	(1.7 %)	7.1 %	(6.1 %)

(in millions except percentages and as noted)

First Six Months of Fiscal 2024									
Digital Subscription Revenues					Workshops + Digital Subscription Revenues				
GAAP	Constant Currency	Digital Paid Weeks	Incoming Digital Subscribers (in thousands)	EOP Digital Subscribers (in thousands)	GAAP	Constant Currency	Workshops + Digital Paid Weeks	Incoming Workshops + Digital Subscribers (in thousands)	EOP Workshops + Digital Subscribers (in thousands)
$ 272.2	$ 272.1	84.3	3,079.4	3,189.6	$ 93.4	$ 93.3	16.1	651.5	566.0
% Change First Six Months of Fiscal 2024 vs. First Six Months of Fiscal 2023									
(8.3 %)	(8.3 %)	0.3 %	8.6 %	(4.2 %)	(21.5 %)	(21.5 %)	(19.1 %)	(8.3 %)	(21.4 %)

(in millions except percentages and as noted)

First Six Months of Fiscal 2024			
Clinical Subscription Revenues			
GAAP	Clinical Paid Weeks	Incoming Clinical Subscribers (in thousands)	EOP Clinical Subscribers (in thousands)
$ 38.5	2.1	66.6	81.0
% Change First Six Months of Fiscal 2024 vs. First Six Months of Fiscal 2023			
100.0% *	100.0% *	N/A **	100.0% *

* Note: Percentage in excess of 100.0% and not meaningful.
** N/A - There were no Incoming Clinical Subscribers in the prior year period since our acquisition of Sequence closed during the second quarter of fiscal 2023.

Operating Performance

The decrease in revenues for the first six months of fiscal 2024 versus the prior year period was driven by a decrease in Other Revenues and, to a lesser extent, a decrease in Subscription Revenues. The decrease in Other Revenues for the first six months of fiscal 2024 versus the prior year period was driven primarily by the discontinuation of our consumer products business at the end of fiscal 2023.

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

The decrease in Total Paid Weeks for the first six months of fiscal 2024 versus the prior year period was driven primarily by non-Clinical recruitment declines during the first six months of fiscal 2024 as compared to the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities have historically supplied us with our primary source of liquidity. We have used these cash flows, supplemented with long-term debt and short-term borrowings, to fund our operations and global strategic initiatives, pay down debt and engage in selective acquisitions. Upon the completion of our acquisition of Sequence (the “Acquisition”), in the second quarter of fiscal 2023, we had a net cash outlay of $40.3 million on April 10, 2023 with respect to the payment of the purchase price and certain transaction costs. For additional details on the purchase price consideration for the Acquisition and related terms, including with respect to the first anniversary payment, see Note 5 “Acquisitions” in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q. These cash outlays have reduced the liquidity available to us in the future. See “Risk Factors—Risks Related to Our Acquisition of Weekend Health, Inc. (d/b/a Sequence)—The Acquisition may not achieve its intended results.” and “Risk Factors—Risks Related to Our Liquidity—We may not be able to generate sufficient cash to service all of our debt and satisfy our other liquidity requirements.” contained in our Annual Report on Form 10-K for fiscal 2023 for additional details. We currently believe that cash generated by operations, our cash on hand of approximately $42.7 million at June 29, 2024, our availability under our Revolving Credit Facility (as defined and described below) at June 29, 2024 and our continued cost focus will provide us with sufficient liquidity to meet our obligations for the short- and long-term. In addition, if necessary, we have the flexibility to delay investments or reduce marketing spend.

We continue to proactively manage our liquidity so we can maintain flexibility to fund investments in our business, honor our long-term debt obligations, and respond to evolving business and consumer conditions. To increase our flexibility and reduce our cash interest payments, we refinanced our then-existing credit facilities and then-existing senior notes in April 2021. Additionally, we instituted a number of measures throughout our operations to mitigate expenses and reduce costs as well as ensure liquidity. For example, restructuring plans instituted in recent fiscal years, and most recently in July 2024, have resulted in aggregate cash outlays of approximately $13.5 million in the first six months of fiscal 2024 and are expected to result in an additional $13.9 million for the remainder of fiscal 2024. For additional details, see Note 15 “Restructuring” and Note 16 “Subsequent Event” in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q. The evolving nature, and uncertain economic impact, of the current demand environment may impact our liquidity going forward. To the extent that we do not successfully manage our costs, our liquidity and financial results, as well as our ability to fully access our Revolving Credit Facility, may be adversely affected. Pursuant to their respective terms, our interest rate swaps were terminated on March 31, 2024. Given subsequent market conditions, management determined to not enter into any new swap arrangement during the second quarter of fiscal 2024. Management continues to evaluate its exposure to interest rates and, from time to time, may opportunistically hedge any interest rate exposure by entering into new swap arrangements.

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

Balance Sheet Working Capital

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

	June 29, 2024	December 30, 2023	Increase/ (Decrease)
		(in millions)	
Total current assets	$ 88.1	$ 179.5	$ (91.4)
Total current liabilities	200.4	205.5	(5.1)
Working capital deficit	(112.3)	(26.0)	86.3
Cash and cash equivalents	42.7	109.4	(66.7)
Working capital deficit, excluding cash and cash equivalents	$ (155.0)	$ (135.4)	$ 19.6

Note: Totals may not sum due to rounding.

The following table sets forth a summary of the primary factors contributing to the $19.6 million increase in our working capital deficit, excluding cash and cash equivalents:

	June 29, 2024	December 30, 2023	Increase/ (Decrease)	Impact to Working Capital Deficit
		(in millions)		
Operational liabilities and other, net of assets	$ 83.6	$ 113.7	$ (30.1)	$ (30.1)
Deferred revenue	$ 33.8	$ 34.0	$ (0.1)	$ (0.1)
Portion of operating lease liabilities due within one year	$ 9.5	$ 9.6	$ (0.1)	$ (0.1)
Accrued interest	$ 5.3	$ 5.3	$ —	$ —
Derivative receivable	$ —	$ 3.6	$ (3.6)	$ 3.6
Prepaid income taxes	$ 12.9	$ 25.4	$ (12.5)	$ 12.5
Income taxes payable	$ 35.4	$ 1.6	$ 33.8	$ 33.8
Working capital deficit change, excluding cash and cash equivalents				$ 19.6

Note: Totals may not sum due to rounding.

The decrease in operational liabilities and other, net of assets, which includes accrued salaries and wages, was driven primarily by a decrease in accrued liabilities due to a decline in employee compensation and related costs. The decrease in prepaid income taxes and the increase in income taxes payable was primarily due to the outsized impact of a significant, largely non-cash, income tax expense resulting from the valuation allowance recorded to reflect the uncertainty of the realization of U.S. deferred tax assets. A decrease in income taxes payable is expected to largely reverse this impact in the third and fourth quarters of fiscal 2024.

Cash Flows

The following table sets forth a summary of our cash flows for the six months ended:

	June 29, 2024	July 1, 2023
	(in millions)	
Net cash used for operating activities	$ (38.0)	$ (27.1)
Net cash used for investing activities	$ (10.1)	$ (58.0)
Net cash used for financing activities	$ (17.1)	$ (2.3)

Operating Activities

Cash flows used for operating activities of $38.0 million for the first six months of fiscal 2024 reflected an increase of $10.9 million from $27.1 million of cash flows used for operating activities for the first six months of fiscal 2023. This increase in cash flows used for operating activities was primarily attributable to an increase in net loss, partially offset by an increase in non-cash add-back adjustments driven by the franchise rights acquired impairments, in the first six months of fiscal 2024 as compared to the prior year period.

Investing Activities

Net cash used for investing activities totaled $10.1 million for the first six months of fiscal 2024, a decrease of $47.9 million as compared to the first six months of fiscal 2023. This decrease was primarily attributable to a decrease in cash paid for acquisitions, net of cash acquired, and a decrease in capitalized software and website development expenditures in the first six months of fiscal 2024 as compared to the prior year period.

Financing Activities

Net cash used for financing activities totaled $17.1 million for the first six months of fiscal 2024, an increase of $14.8 million as compared to the first six months of fiscal 2023. This increase was primarily attributable to an increase in cash paid for acquisitions in the first six months of fiscal 2024 as compared to the prior year period.

Long-Term Debt

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

The following schedule sets forth our long-term debt obligations at June 29, 2024:

Long-Term Debt
At June 29, 2024
(in millions)

	June 29, 2024
Term Loan Facility due April 13, 2028	$ 945.0
Senior Secured Notes due April 15, 2029	500.0
Total	1,445.0
Less: Current portion	—
Unamortized deferred financing costs	7.8
Unamortized debt discount	8.6
Total long-term debt	$ 1,428.6

Note: Totals may not sum due to rounding.

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

Credit Facilities

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

As of June 29, 2024, we had $945.0 million in an aggregate principal amount of loans outstanding under our Credit Facilities, with $173.8 million of availability and $1.2 million in issued but undrawn letters of credit outstanding under the Revolving Credit Facility subject to its terms and conditions as discussed below. There were no outstanding borrowings under the Revolving Credit Facility as of June 29, 2024.

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

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

- a security interest in substantially all other tangible and intangible assets of the Company and each guarantor, subject to certain exceptions.

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

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

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

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

Borrowings under the Term Loan Facility bear interest at a rate per annum equal to, at our option, either (1) an applicable margin plus a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.50% or (2) an applicable margin plus a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided that Term SOFR is not lower than a floor of 0.50%. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin based upon a leverage-based pricing grid, plus, at our option, either (1) a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate as determined by the Federal Reserve Bank of New York, (b) the prime rate of Bank of America and (c) the Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00%; provided that such rate is not lower than a floor of 1.00% or (2) a Term SOFR rate determined by reference to the cost of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided such rate is not lower than a floor of zero. As of June 29, 2024, the applicable margins for the Term SOFR rate borrowings under the Term Loan Facility and the Revolving Credit Facility were 3.50% and 2.75%, respectively.

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

The Credit Agreement contains other customary terms, including (1) representations, warranties and affirmative covenants, (2) negative covenants, including limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt, amendments of material agreements governing subordinated indebtedness, changes to lines of business and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions, and (3) customary events of default. As of June 29, 2024, we were in compliance with the covenants under the Credit Agreement that were in effect on such date.

The availability of certain baskets and the ability to enter into certain transactions are also subject to compliance with certain financial ratios. In addition, if the aggregate principal amount of extensions of credit outstanding under the Revolving Credit Facility as of any fiscal quarter end exceeds 35% of the amount of the aggregate commitments under the Revolving Credit Facility in effect on such date, we must be in compliance with a Consolidated First Lien Leverage Ratio of 5.25:1.00 for the period ending after the first fiscal quarter of 2024 through and including the first fiscal quarter of 2025, with a step down to 5.00:1.00, for the period following the first fiscal quarter of 2025. As of June 29, 2024, our actual Consolidated First Lien Leverage Ratio was 8.74:1.00 and there were no borrowings under our Revolving Credit Facility and total letters of credit issued were $1.2 million. We were not in compliance with the Consolidated First Lien Leverage Ratio as of June 29, 2024, and as a result, we are limited to borrowing no more than 35%, or $61.3 million, of the amount of the aggregate commitments under the Revolving Credit Facility as of each fiscal quarter end until we comply with the applicable ratio.

Senior Secured Notes

The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 13, 2021 (as amended, supplemented or modified from time to time, the "Indenture"), among the Company, the guarantors named therein and The Bank of New York Mellon, as trustee and notes collateral agent. The Indenture contains customary terms, events of default and covenants for an issuer of non-investment grade debt securities. These covenants include limitations on indebtedness, liens, mergers, acquisitions, asset sales, investments, distributions, prepayments of subordinated debt and transactions with affiliates, in each case subject to baskets, thresholds and other exceptions. As of June 29, 2024, we were in compliance with the covenants under the Indenture that were in effect on such date.

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

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

Outstanding Debt

At June 29, 2024, we had $1,445.0 million outstanding under the Credit Facilities and the Senior Secured Notes, consisting of borrowings under the Term Loan Facility of $945.0 million, $0.0 drawn down on the Revolving Credit Facility and $500.0 million in aggregate principal amount of Senior Secured Notes issued and outstanding.

At June 29, 2024 and December 30, 2023, our debt consisted of both fixed and variable-rate instruments. We have historically entered into interest rate swaps to hedge a portion of the cash flow exposure associated with our variable-rate borrowings. At June 29, 2024, the Company did not have any interest rate swaps in effect. Further information regarding our use of interest rate swaps can be found in Note 11 "Derivative Instruments and Hedging" in the notes to the consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on our outstanding debt, exclusive of the impact of any applicable interest rate swaps, was approximately 7.77% and 7.64% per annum at June 29, 2024 and December 30, 2023, respectively, based on interest rates on these dates. The weighted average interest rate (which includes amortization of deferred financing costs and debt discount) on our outstanding debt, including the impact of any applicable interest rate swaps, was approximately 7.20% and 6.53% per annum at June 29, 2024 and December 30, 2023, respectively, based on interest rates on these dates.

The following schedule sets forth our year-by-year debt obligations at June 29, 2024:

Total Debt Obligation
(Including Current Portion)
At June 29, 2024
(in millions)

Remainder of fiscal 2024	$ —
Fiscal 2025	—
Fiscal 2026	—
Fiscal 2027	10.0
Fiscal 2028	935.0
Fiscal 2029	500.0
Thereafter	—
Total	$ 1,445.0

Note: Totals may not sum due to rounding.

Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss includes changes in the effects of foreign currency translations and the fair value of derivative instruments. At June 29, 2024 and July 1, 2023, the cumulative balance of the effects of foreign currency translations, net of taxes, was a loss of $17.4 million and a loss of $15.5 million, respectively. At June 29, 2024 and July 1, 2023, the cumulative balance of changes in the fair value of derivative instruments, net of taxes, was $0.0 million and a gain of $8.0 million, respectively.

Dividends and Stock Transactions

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

On October 9, 2003, our Board of Directors authorized, and we announced, a program to repurchase up to $250.0 million of our outstanding common stock. On each of June 13, 2005, May 25, 2006 and October 21, 2010, our Board of Directors authorized, and we announced, the addition of $250.0 million to this program. The repurchase program allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. The repurchase program currently has no expiration date. During the six months ended June 29, 2024 and July 1, 2023, we did not repurchase any shares of our common stock under this program.

EBITDAS, Adjusted EBITDAS and Net Debt

We define EBITDAS, a non-GAAP financial measure, as earnings before interest, taxes, depreciation, amortization and stock-based compensation and Adjusted EBITDAS, a non-GAAP financial measure, as earnings before interest, taxes, depreciation, amortization, stock-based compensation, franchise rights acquired and goodwill impairments, net restructuring charges, and certain non-recurring transaction costs in connection with the Acquisition.

The table below sets forth the reconciliations for EBITDAS and Adjusted EBITDAS, each a non-GAAP financial measure, to net income (loss), the most comparable GAAP financial measure, for the three and six months ended June 29, 2024 and July 1, 2023, and EBITDAS and Adjusted EBITDAS to net loss for the trailing twelve months ended June 29, 2024:

(in millions)

	Three Months Ended		Six Months Ended		
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023	Trailing Twelve Months
Net income (loss)	$ 23.3	$ 50.8	$ (324.6)	$ (67.9)	$ (369.0)
Interest	28.6	24.1	53.3	46.9	102.3
Taxes	(15.8)	(48.1)	39.6	19.5	58.7
Depreciation and amortization	9.5	11.9	19.9	22.2	43.4
Stock-based compensation	2.7	3.1	5.1	5.7	10.7
EBITDAS	$ 48.3	$ 41.8	$ (206.6)	$ 26.5	$ (153.9)
Franchise rights acquired and goodwill impairments	—	—	258.0	—	261.6
2023 plan restructuring charges	1.9	1.8	7.4	24.4	36.7
2022 plan restructuring charges	0.1	0.8	0.3	0.9	0.6
2021 plan restructuring charges	—	0.1	—	0.1	—
2020 plan restructuring charges	—	(0.0)	—	(0.0)	—
Acquisition transaction costs [1]	—	4.9	—	8.6	—
Adjusted EBITDAS [2]	$ 50.3	$ 49.4	$ 59.1	$ 60.4	$ 145.0

Note: Totals may not sum due to rounding.

(1) Includes stock-based compensation expense attributable to post-combination vesting of $3.9 million.

(2) The "Adjusted EBITDAS" measure is a non-GAAP financial measure that (i) adjusts the consolidated statements of operations for the three months ended June 29, 2024 to exclude the net impact of the $1.9 million of 2023 plan restructuring charges and the $0.1 million of 2022 plan restructuring charges; (ii) adjusts the consolidated statements of operations for the three months ended July 1, 2023 to exclude the net impact of the $1.8 million of 2023 plan restructuring charges, the $0.8 million of 2022 plan restructuring charges, the $0.1 million of 2021 plan restructuring charges and the reversal of $16 thousand of 2020 plan restructuring charges, and the impact of $4.9 million of acquisition transaction costs; (iii) adjusts the consolidated statements of operations for the six months ended June 29, 2024 to exclude the impact of the $258.0 million of franchise rights acquired impairments, and the net impact of the $7.4 million of 2023 plan restructuring charges and the $0.3 million of 2022 plan restructuring charges; (iv) adjusts the consolidated statements of operations for the six months ended July 1, 2023 to exclude the net impact of the $24.4 million of 2023 plan restructuring charges, the $0.9 million of 2022 plan restructuring charges, the $0.1 million of 2021 plan restructuring charges and the reversal of $22 thousand of 2020 plan restructuring charges, and the impact of $8.6 million of acquisition transaction costs; and (v) adjusts EBITDAS for the trailing twelve months ended June 29, 2024 to exclude the impact of the $261.6 million of franchise rights acquired and goodwill impairments, and the net impact of the $36.7 million of 2023 plan restructuring charges and the $0.6 million of 2022 plan restructuring charges. See "Non-GAAP Financial Measures" above for an explanation of our use of non-GAAP financial measures.

Reducing leverage is a capital structure priority for the Company. As of June 29, 2024, our total debt less unamortized deferred financing costs and unamortized debt discount/net loss ratio was (3.9)x. As of June 29, 2024, our net debt/Adjusted EBITDAS ratio was 9.6x.

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

(in millions)

	June 29, 2024
Total debt	$ 1,445.0
Less: Unamortized deferred financing costs	7.8
Less: Unamortized debt discount	8.6
Less: Cash on hand	42.7
Net debt	$ 1,385.8

Note: Totals may not sum due to rounding.

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

OFF-BALANCE SHEET ARRANGEMENTS

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

SEASONALITY

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

AVAILABLE INFORMATION

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to their respective terms, our interest rate swaps in effect as of the end of the first quarter of fiscal 2024 terminated on March 31, 2024. Given subsequent market conditions, management determined to not enter into any new swap arrangements following such termination. Except for the impact from the termination of such swap arrangements discussed below, as of June 29, 2024, the market risk disclosures appearing in "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" of our Annual Report on Form 10-K for fiscal 2023 have not materially changed from December 30, 2023.

At the end of the second quarter of fiscal 2024, borrowings under the Credit Facilities bore interest at Term SOFR plus an applicable margin of 3.50%. For the Term Loan Facility, the minimum interest rate for Term SOFR applicable to such facility pursuant to the terms of the Credit Agreement was set at 0.50%, referred to herein as the Term SOFR Floor. Accordingly, as of June 29, 2024, based on the amount of variable rate debt outstanding and the then-current Term SOFR rate, after giving consideration to the Term SOFR Floor, a hypothetical 125 basis point increase in interest rates would have increased annual interest expense by approximately $11.8 million and a hypothetical 125 basis point decrease in interest rates would have decreased annual interest expense by approximately $11.8 million. This change in market risk exposure from the end of fiscal 2023 was primarily due to the termination of our interest rate swaps on March 31, 2024 discussed above.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 29, 2024, the end of the second quarter of fiscal 2024. Based upon that evaluation and subject to the foregoing, our principal executive officer and our principal financial officer concluded that, as of the end of the second quarter of fiscal 2024, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

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

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information called for by this item is incorporated herein by reference to Note 10 “Legal” of the Notes to the Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors from those detailed in our Annual Report on Form 10-K for fiscal 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Nothing to report under this item.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Nothing to report under this item.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

No contracts, instructions or written plans for the purchase or sale of Company securities were adopted or terminated by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the quarter ended June 29, 2024, that were intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). No “non-Rule 10b5–1 trading arrangements” (as defined by Item 408(c) of Regulation S-K) or other Rule 10b5-1 trading arrangements were entered into or terminated, nor were any such arrangements modified, by our directors or officers during such period.

ITEM 6. EXHIBITS

Exhibit Number	Description
**Exhibit 2.1	Agreement and Plan of Merger, dated as of March 4, 2023, by and among WW International, Inc., Well Holdings, Inc., Weekend Health, Inc. (“Weekend Health”) and Fortis Advisors LLC, solely in its capacity as the Equityholders’ Representative (as defined therein) for Weekend Health (filed as Exhibit 2.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2023, as filed on May 4, 2023 (File No. 001-16769), and incorporated herein by reference).
**Exhibit 3.1	Second Amended and Restated Articles of Incorporation of WW International, Inc. (effective May 13, 2024) (filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K/A, as filed on May 24, 2024 (File No. 001-16769), and incorporated herein by reference).
**Exhibit 3.2	Amended and Restated Bylaws of WW International, Inc. (effective May 13, 2024) (filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K, as filed on May 13, 2024 (File No. 001-16769), and incorporated herein by reference).
†**Exhibit 10.1	Separation Agreement and General Release, dated May 21, 2024, by and between WW International, Inc. and Amanda Tolleson.
*Exhibit 31.1	Rule 13a-14(a) Certification by Sima Sistani, Chief Executive Officer.
*Exhibit 31.2	Rule 13a-14(a) Certification by Heather Stark, Chief Financial Officer.
*Exhibit 32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*Exhibit 101	
*EX-101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*EX-101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
*Exhibit 104	The cover page from WW International, Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 29, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

** Previously filed.

† Represents a management arrangement or compensatory plan.

SIGNATURES

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

	WW INTERNATIONAL, INC.
Date: August 1, 2024	By: /s/ Sima Sistani Sima Sistani Chief Executive Officer and Director (Principal Executive Officer)
Date: August 1, 2024	By: /s/ Heather Stark Heather Stark Chief Financial Officer (Principal Financial Officer)

SEPARATION AGREEMENT AND GENERAL RELEASE

WW INTERNATIONAL, INC., which maintains its principal offices at 675 Avenue of the Americas, New York, NY 10010 ("Company"), and Amanda Tolleson ("you," "your," or "yourself"), with the intent to buy peace from future claims, enter into this Separation Agreement and General Release ("Agreement") as follows:

1. Last Day of Employment/Execution of Agreement. Your last day of employment with the Company shall be on June 4, 2024 (the "Termination Date"). This Agreement shall not become effective or enforceable unless and until: (a) it is signed by both parties; (b) you execute a Supplemental Release (as referenced in Section 6(d) below and attached hereto as Attachment A) on or after the Termination Date; and (c) you do not revoke this Agreement pursuant to Section 16 below or your Supplemental Release pursuant to its terms.

2. Separation Benefits. Provided that you timely sign (and do not timely revoke) this Agreement, and you otherwise satisfy your obligations as set forth in this Agreement, the Company will provide you with the following benefits (collectively, the "Separation Benefits"):

(a) *Salary Continuation*: While no longer an employee, you will continue to receive your current bi-weekly salary payments, less all applicable withholdings and standard deductions, for an additional 52 weeks from the Termination Date through June 3, 2025 (the "Salary Continuation Period"). The salary payments received throughout the Salary Continuation Period will be included on an applicable W-2 Form issued by the Company;

(b) *COBRA Subsidy*: If you participate in the Company's group health insurance and timely and properly elect to receive continued coverage for you and any eligible dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company shall continue to pay for the employer portion pay of your premiums effective the date of COBRA coverage and through the end of the month in which the Salary Continuation Period is completed, or 12 weeks, whichever is greater – i.e., through June 2025 ("COBRA Payment Period"). You shall continue to be responsible for the employee portion of your premiums during the COBRA Payment Period, and for the entire premium for any COBRA coverage you elect to receive after the termination of COBRA Payment Period; and

(c) *Outplacement Services*: You will receive nine (9) months of outplacement services from Challenger, Gray, & Christmas, Inc. at no cost to You.

In the event you obtain subsequent employment at any point during the Salary Continuation Period, you shall immediately notify the Company in writing of: (i) the name, address, and telephone number of your new employer, (ii) your job title, (iii) your start date, (iv) your salary rate (or, alternatively, a statement that your new salary rate is the same or higher than your last salary rate at the Company as of the Termination Date); and (v) whether you are eligible to enroll in your new employer's health insurance plan and, if so, the effective date of such eligibility. Upon the commencement of such subsequent employment, your bi-weekly salary continuation payments referenced in Section 2(a) above shall be reduced by the amount of your bi-weekly salary earnings in your new employment. In the event you obtain a subsequent position with the same or higher base salary rate than your salary rate at the Company as of the Termination Date, you shall immediately cease receiving the salary continuation payments listed in Section 2(a) above. The salary continuation payments referenced in Section 2(a) above shall also be subject to reduction for any payments received under any other Company benefit plan (e.g., long-term disability) during the course of the Salary Continuation Period. In the event you are eligible to enroll in your new employer's health insurance plan, you shall no longer receive the COBRA benefits referenced in Section 2(b) above, effective the first month of eligibility in your new employer's health insurance plan. Notwithstanding the foregoing, you will not be subject to the reduction/elimination of your bi-weekly salary payments during the Salary Continuation Period in the event you (i) are retained by a third party or entity solely to provide services as a consultant or independent contractor or serve as a member of the board of directors or advisory board of any third party or entity, and are not hired as an employee of any such third party or entity, or (ii) deliver paid lectures or fulfill paid speaking engagements, provided, however, that nothing set forth in this sentence shall relieve you of any obligation to abide by the terms of your Noncompetition Agreement (as such term is defined in that certain Offer Letter entered into by and between you and the Company, dated July 14, 2022).

3. **No Consideration Absent Execution of this Agreement**. You understand and agree that the payments specified in Section 2 above would neither be paid nor provided but for the execution (and non-revocation) of this Agreement and the Supplemental Release referenced in Section 6(d) below and the complete fulfillment of the promises contained herein. You understand and agree that such payments are in lieu of any other consideration, if any, you may otherwise be entitled to as of the Termination Date under any agreement or arrangement with the Company or any Company policy.

4. **No Other Compensation or Benefits**. You affirm that, with the exception of any Accrued Obligations (as defined herein), you have been paid in full for all hours worked as of the date of your execution of this Agreement and have been paid or have received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which you may be entitled. You therefore agree that, other than with respect to any Accrued Obligations, you have no entitlement to any compensation, bonus, severance pay, vacation pay or other benefits, damages, attorneys' fees or costs from the Company, except as specifically provided in this Agreement, and that you will not bring any action contrary to this understanding. The term "Accrued Obligations" shall mean (i) any salary earned by you and not yet paid, for the period through the date of termination, (ii) the reimbursement of any reimbursable business expenses incurred prior to the Termination Date, (iii) any rights to indemnification, exculpation and advancement of expenses as provided by, and in accordance with the terms of, the Company's governing documents or other applicable policies and to coverage under any applicable D&O insurance policy, in each case to the same extent accorded to any other officer or director of the Company, and (iv) any vested benefits to which you may be entitled following the termination of your employment under the terms of the Company's benefit plans or programs.

5. **No Additional Claims**. You affirm that you have neither filed, nor caused to be filed, and presently are not a party to, any claim, complaint, or action against the Company in any forum. You further affirm that you have not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers or employees, including any allegations of corporate fraud. You furthermore affirm that you have no known workplace injuries or occupational diseases for which a claim could be made or benefits or other relief could be obtained and/or have not been improperly denied any leave requested under the Family and Medical Leave Act.

6. **General Release of Claims**.

(a) You, on behalf of yourself and your present and/or former heirs, beneficiaries, executors, creditors, dependents, spouse(s), administrators, attorneys, representatives and agents, successors, and assigns, knowingly and voluntarily release and forever discharge, indemnify and hold harmless the Company and all of its present or former parent corporations, affiliates, subsidiaries, divisions, successors and assigns, including but not limited to WW North America Holdings, LLC. and ww.com, and all of their respective current and former owners, shareholders, insurers, attorneys, benefit plans, plan administrators, employees, officers, directors, representatives and agents thereof (collectively, the "Releasees"), jointly and individually, of and from any and all claims, known and unknown, you have or may have against any or all of the Releasees from the beginning of time through the date of your execution of this Agreement to the fullest extent permitted by law, including, but not limited to, any claims: (a) arising out of, or in any way related to, your employment with the Company, or the termination thereof; (b) arising out of, or in any way related to, any federal, state, or local law or regulation prohibiting discrimination, harassment, and/or retaliation on the basis of age, race, color, religion, disability, sex, national origin, citizenship or any other protected class, or engaging in any protected activity relating to such laws, including but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, the Americans With Disabilities Act, the Family Medical Leave Act, the Workers Adjustment and Retraining Notification Act, the Sarbanes-Oxley Act, the Fair Credit Reporting Act, and the Fair Labor Standards Act; (c) arising out of, or in any way related to, any other federal, state or local law or regulation dealing with employment or benefits, or concerning any other matter whatsoever; (d) based in contract, tort or public policy; (e) for attorneys' fees or litigation expenses; and (f) arising out of, or in any way related to, any transactions, occurrences, acts, statements, disclosures, or omissions occurring prior to the date you executed this Agreement.

(b) **California Waiver of California Civil Code § 1542.** If you worked or reside in California, to effect a full and complete release as described above, you expressly waive and relinquish all rights and benefits of §1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance and consequence of specifically waiving §1542, which states:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of the Releasees, you expressly acknowledge this Agreement is intended to include in its effect, without limitation, all claims you do not know or suspect to exist in your favor at the time of signing this Agreement, and that this Agreement contemplates the extinguishment of any such claims. You warrant that you have read this Agreement, including this waiver of California Civil Code section 1542, and that you have consulted with or had the opportunity to consult with counsel of your choosing about whether to sign this Agreement and specifically about the waiver of section 1542, and that you understand this Agreement and the section 1542 waiver, and so you freely and knowingly enter into this Agreement. You further acknowledge that you later may discover facts different from or in addition to those you now know or believe to be true regarding the matters released or described in this Agreement, and even so you agree that the releases and agreements contained in this Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. You expressly assume any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies released or described in this Agreement or with regard to any facts now unknown to you relating thereto.

(c) Notwithstanding the generality of the foregoing or anything to the contrary set forth in this Section 6, nothing herein constitutes a release or waiver by you of, or prevents you from making or asserting (i) any claim you may have under COBRA; (ii) any claim to Accrued Obligations; (iii) any claim that may arise based upon the acts or omissions of any Releasee after date on which you sign this Agreement; (v) any claim you may have under this Agreement; or (vi) any claim that is not otherwise waivable pursuant to applicable law.

(d) **Supplemental Release**. As a condition to the validity and enforceability of this Agreement, and to your entitlement to the Separation Benefits identified in Section 2 above, you agree to execute a Supplemental Release, attached hereto as Attachment A, on or after the Termination Date.

7. <u>Notice of Participation in Third Party Actions</u>. If you are required by subpoena, court order, or other legal process to provide testimony or documents in any lawsuit, arbitration, administrative proceeding, or governmental investigation or audit brought against any of the Releasees, you will give immediate notice to the Company, by e-mail to Seth Kaplan, Senior Vice President, Legal and People, WW International, Inc., at [ ], as well as by telephone at [ ], as soon as possible and in no event less than five (5) business days prior to the date of your required compliance with any such subpoena or other legal process in order to allow the Company an opportunity to make a motion to quash or to otherwise oppose such process.

8. **Non-Disparagement**. You agree that you shall not make, issue or authorize any disparaging, critical or otherwise negative statements regarding any of the Releasees, whether orally or in writing, to any individual, entity or party whatsoever, or post any such statements on any online forum or website. The Company will refrain and will direct each of its officers and directors to refrain from making, issuing or authorizing any disparaging, critical or otherwise negative statements regarding you.

9. **Confidentiality**.

(a) You agree and promise that you have not disclosed, and will not disclose, either directly or indirectly, in any manner whatsoever, except to members of your immediate family, attorney or accountant, any information regarding the existence or terms of this Agreement, to any person or entity whatsoever including, but not limited to, members of the press or media, present and former officers, employees and agents of the Company or any previous, future or prospective employer, and other members of the public, except as may be required by law.

(b) You agree not to use, disclose to others, or permit anyone access to any of Company's trade secrets or confidential or proprietary information (collectively, "Confidential Information"), subject to the provisions provided below. In addition, if applicable, you acknowledge and confirm that, among other provisions, any noncompetition, nonsolicitation, confidentiality, no raid or solicitation or other similar provisions set forth in any previous stock award, confidentiality, noncompetition, assignment of work product or other similar agreements with the Company shall remain in full force and effect.

(c) Nothing in this Agreement shall prohibit or impede you from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. You need not obtain the prior authorization of, or to give notice to, the Company regarding any such communication or disclosure. Moreover, nothing in this Agreement prohibits or prevents you from discussing or disclosing information about, or the underlying facts and circumstances of any claim of, unlawful acts in the workplace or criminal conduct, including discrimination, harassment, retaliation, sexual assault or abuse or any other conduct that you have reason to believe is unlawful including, but not limited to, factual information related to any claims for sexual assault or under California's Fair Employment and Housing Act (if applicable), or from testifying in an administrative, legislative or judicial proceeding concerning alleged criminal conduct or alleged unlawful employment practices when you have been required or requested to attend the proceeding pursuant to a court order, subpoena or written request from a Governmental Entity.

(d) You understand and acknowledge that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. You understand and acknowledge further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(e) Notwithstanding the foregoing, under no circumstance will you be authorized to disclose any information covered by the Company's attorney-client privilege or the Company's attorney work product: (i) without the prior written consent of the Company's General Counsel or other officer designated by the Company, or (ii) unless such disclosure of that information would otherwise be permitted pursuant to 17 CFR 205.3(d)(2), applicable state attorney conduct rules, or otherwise under applicable law or court order.

10. Return of Company Property and Confidential Information. You affirm that, as of your date of execution of this Agreement, you have returned, and/or will return, all Company property, documents, and/or any Confidential Information in your possession or control.

11. Remedies. In addition to receiving any other remedies provided by law or in equity, if the Company prevails in any action against you for your alleged violation of the terms of Sections 8 and/or 9, you shall be required to pay the Company liquidated damages in the amount of $300,000. Under such circumstances, it is agreed and understood that this Agreement, including but not limited to the release provision set forth in Section 6 above and in the Supplemental Release, shall remain in full force and effect.

12. Neutral Reference. The Company agrees that, in response to any employment and reference inquiries by a third party regarding your employment with the Company, it shall provide only: (i) the dates that you were employed with the Company; (ii) the position(s) you held with the Company; and (iii) with your authorization, your salary history with the Company.

13. Non-Admission of Wrongdoing. Neither this Agreement nor the Supplemental Release, nor anything contained in it, shall constitute, or shall be used as, an admission by the Company of any liability or wrongdoing whatsoever, including but not limited to, any violation of any federal, state, local, or common laws, ordinances, or regulations. Neither this Agreement nor the Supplemental Release, nor anything contained in it, shall be introduced in any proceeding except to enforce the terms of this Agreement or the Supplemental Release or to defend against any claim relating to the subject matter of the releases contained herein. Such introduction under these exceptions shall be pursuant to an appropriate order protecting its confidentiality.

14. Arbitration of Disputes or Claims. To the extent that any dispute arises out of or relating to this Agreement and to the extent that any party to this Agreement wishes to pursue any claims relating to your employment, your separation, or any claimed breach of this Agreement, you and the Company hereby agree to resolve any such disputes or claims exclusively through binding arbitration before JAMS in New York City to the fullest extent permitted by applicable law. The parties further agree that any claims or issues between the parties to this Agreement will be arbitrated on an individual basis and not as part of any group, class, or collective arbitration action. The parties further agree that any issue or dispute pertaining to the threshold question of whether a dispute, claim, or issue is subject to arbitration, that is, whether there is an agreement by the parties to arbitrate or not, will be decided by a state or federal court in New York City and not by an arbitrator. In any such dispute, this Agreement shall be governed and conformed in accordance with the laws of the State of New York without regard to its conflict or choice of law provisions.

15. Amendment. This Agreement may not be modified, altered or changed except by a written document signed by all parties.

16. Execution and Revocation. Pursuant to the Older Workers Benefit Protection Act, you shall have at least twenty-one (21) calendar days to review and to consider executing this Agreement, including, but not limited to, its general release. If you execute the Agreement, you may revoke this Agreement at any time during the seven (7) calendar days following the day you execute this Agreement. Any revocation within this period must be submitted, in writing, to Seth Kaplan, Senior Vice President, Legal & People, WW International, Inc., and state, "I hereby revoke my acceptance of our Separation Agreement and General Release." The revocation must be personally delivered or e-mailed ([ ]) to Seth Kaplan, Senior Vice President, Legal & People, WW International, Inc., 675 Avenue of the Americas, 6th Floor, New York, New York 10010, such that it is received within seven (7) calendar days of your execution of this Agreement. This Agreement shall not become effective or enforceable until this revocation period has expired and the Agreement has not been revoked by you during this time. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in New York State, the revocation period shall not expire until the end of the following business day which is not a Saturday, Sunday, or legal holiday. You are hereby advised to consult with an attorney of your choice prior to entering into this Agreement.

17. **Entire Agreement**. This Agreement and the Supplemental Release constitutes and contains the entire agreement between the parties, and supersedes and replaces all prior negotiations and all agreements, proposed or otherwise, written or oral, concerning the subject matter hereof. You have not relied on any representations, promises, or agreements of any kind in connection with your decision to accept this Agreement, except for those set forth in this Agreement. This is an integrated document.

18. **Severability**. With the exception of Section 6 above and the Supplemental Release contained in Attachment A, if any provision of this Agreement or the application thereof is held invalid, such invalidation shall not affect the other provisions or applications of this Agreement, and to this end the provisions of this Agreement are declared to be severable. In the event Section 6 or the Supplemental Release is held unenforceable by a court of competent jurisdiction, the Company's obligations under Section 2 shall be null and void, and you shall be liable for the return and/or reimbursement of the payments listed therein.

19. **Counterparts**. This Agreement may be executed in counterparts, including via facsimile and the electronic exchange of .pdf copies, each of which shall be deemed an original and each of which shall together constitute a single agreement.

20. **Acknowledgments**. You acknowledge that you: (a) have carefully read this Agreement; (b) have been advised to, and have had an opportunity to, review this Agreement with an attorney of your choice; (c) understand all of the terms of this Agreement; (d) have not relied upon any representation or statement, written or oral, not set forth in this Agreement; and (e) have knowingly and voluntarily executed this Agreement.

/s/ Amanda Tolleson	21 May 2024
Amanda Tolleson	Date

/s/ Tiffany Stevenson	21 May 2024
Tiffany Stevenson Chief People Officer WW International, Inc.	Date

ATTACHMENT A

SUPPLEMENTAL RELEASE

In connection with the Separation Agreement and General Release ("Agreement") you previously executed with WW International Inc. ("Company"), Amanda Tolleson ("you, your, yourself") hereby acknowledge and agree as follows in this supplemental release ("Supplemental Release"):

1. ***General Release***.

a. You, on behalf of yourself and your present and/or former heirs, beneficiaries, executors, creditors, dependents, spouse(s), administrators, attorneys, representatives and agents, successors, and assigns, knowingly and voluntarily release and forever discharge, indemnify and hold harmless the Company and all of its present or former parent corporations, affiliates, subsidiaries, divisions, successors and assigns, including but not limited to WW North America Holdings, LLC. and ww.com, and all of their respective current and former owners, shareholders, insurers, attorneys, benefit plans, plan administrators, employees, officers, directors, representatives and agents thereof (collectively, the "Releasees"), jointly and individually, of and from any and all claims, known and unknown, you have or may have against any or all of the Releasees from the beginning of time through the date of your execution of this Agreement to the fullest extent permitted by law, including, but not limited to, any claims: (a) arising out of, or in any way related to, your employment with the Company, or the termination thereof; (b) arising out of, or in any way related to, any federal, state, or local law or regulation prohibiting discrimination, harassment, and/or retaliation on the basis of age, race, color, religion, disability, sex, national origin, citizenship or any other protected class, or engaging in any protected activity relating to such laws, including but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, the Americans With Disabilities Act, the Family Medical Leave Act, the Workers Adjustment and Retraining Notification Act, the Sarbanes-Oxley Act, the Fair Credit Reporting Act, and the Fair Labor Standards Act; (c) arising out of, or in any way related to, any other federal, state or local law or regulation dealing with employment or benefits, or concerning any other matter whatsoever; (d) based in contract, tort or public policy; (e) for attorneys' fees or litigation expenses; and (f) arising out of, or in any way related to, any transactions, occurrences, acts, statements, disclosures, or omissions occurring prior to the date you executed this Agreement.

b. **California Waiver of California Civil Code § 1542.** If you worked or reside in California, to effect a full and complete release as described above, you expressly waive and relinquish all rights and benefits of §1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance and consequence of specifically waiving §1542, which states:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of the Releasees, you expressly acknowledge this Agreement is intended to include in its effect, without limitation, all claims you do not know or suspect to exist in your favor at the time of signing this Agreement, and that this Agreement contemplates the extinguishment of any such claims. You warrant that you have read this Agreement, including this waiver of California Civil Code section 1542, and that you have consulted with or had the opportunity to consult with counsel of your choosing about whether to sign this Agreement and specifically about the waiver of section 1542, and that you understand this Agreement and the section 1542 waiver, and so you freely and knowingly enter into this Agreement. You further acknowledge that you later may discover facts different from or in addition to those you now know or believe to be true regarding the matters released or described in this Agreement, and even so you agree that the releases and agreements contained in this Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. You expressly assume any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies released or described in this Agreement or with regard to any facts now unknown to you relating thereto.

2. ***Reaffirmation of Agreement***. You acknowledge and agree that you continue to be bound by all of the provisions set forth in the Agreement, and that (subject to the revocation period set forth below) the Agreement hereby is, and shall continue to be, in full force and effect. You further acknowledge and agree that you are executing this Supplemental Release in consideration of, and in order to be entitled to, the Separation Benefits as set forth in Section 2 of the Agreement. In this regard, you acknowledge and agree that your entitlement to these benefits is expressly conditioned on your execution of this Supplemental Release on or after your Termination Date (as defined in the Agreement).

3. ***Execution and Revocation***. Pursuant to the Older Workers Benefit Protection Act, you shall have at least twenty-one (21) calendar days to review and to consider executing this Supplemental Release. If you execute this Supplemental Release, you may revoke it at any time during the seven (7) calendar days following the day you sign it. Any revocation within this period will not only revoke the Supplemental Release but the entire Agreement as well. Any revocation within this period must be submitted, in writing, and state, "I hereby revoke my acceptance of our Separation Agreement and General Release, and my Supplemental Release." The revocation must be e-mailed to Seth Kaplan, Senior Vice President, Legal & People, WW International, Inc. at [ ], such that it is received within seven (7) calendar days of your execution of this Supplemental Release. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in New York State, the revocation period shall not expire until the end of the following business day which is not a Saturday, Sunday, or legal holiday. You are hereby advised to consult with an attorney of her choice prior to executing this Supplemental Release.

4. ***Execution Date***. You acknowledge and agree that you are executing this Supplemental Release on or after your Termination Date, which is defined in your Agreement as June 4, 2024. You acknowledge and agree that the Agreement shall not be effective, and you shall not be entitled to the Separation Benefits set forth in the Agreement, unless you execute this Supplemental Release on or after the Termination Date.

5. ***Acknowledgments***. You acknowledge that you: (a) have carefully read this Supplemental Release; (b) have been advised to, and have had an opportunity to, review this Supplemental Release with an attorney of your choice; (c) understand all of the terms of this Supplemental Release; (d) have not relied upon any representation or statement, written or oral, not set forth in this Supplemental Release; and (e) have knowingly and voluntarily executed this Supplemental Release.

/s/ Amanda Tolleson	04 June 2024
Amanda Tolleson	Date

EXHIBIT 31.1

CERTIFICATION

I, Sima Sistani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of WW International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

Signature: /s/ Sima Sistani
Sima Sistani
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Heather Stark, certify that:

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

Date: August 1, 2024

Signature: /s/ Heather Stark
Heather Stark
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of WW International, Inc. (the "Company") for the quarterly period ended June 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2024

Signature: /s/ Sima Sistani
Sima Sistani
Chief Executive Officer and Director
(Principal Executive Officer)

Signature: /s/ Heather Stark
Heather Stark
Chief Financial Officer
(Principal Financial Officer)