

Medifast® Q4 2023
Earnings Presentation



MEDIFAST



OPTAVIA

Safe Harbor Statement

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally can be identified by use of phrases or terminology such as "intend," "anticipate," "expect" or other similar words or the negative of such terminology. Similarly, descriptions of Medifast's objectives, strategies, plans, goals, outlook or targets contained herein are also considered forward-looking statements. These statements are based on the current expectations of the management of Medifast and are subject to certain events, risks, uncertainties and other factors. Some of these factors include, among others, Medifast's inability to maintain and grow the network of independent OPTAVIA Coaches; Industry competition and new weight loss products, including weight loss medications, or services; Medifast's health or advertising related claims by our OPTAVIA customers; Medifast's inability to continue to develop new products; effectiveness of Medifast's advertising and marketing programs, including use of social media by OPTAVIA Coaches; the departure of one or more key personnel; Medifast's inability to protect against online security risks and cyberattacks; risks associated with Medifast's direct-to-consumer business model; disruptions in Medifast's supply chain; product liability claims; Medifast's planned growth into domestic markets including through its collaboration with LifeMD, Inc.; adverse publicity associated with Medifast's products; the impact of existing and future laws and regulations on Medifast's business; fluctuations of Medifast's common stock market price; increases in litigation; actions of activist investors; the consequences of other geopolitical events, overall economic and market conditions and the resulting impact on consumer sentiment and spending patterns; and Medifast's ability to prevent or detect a failure of internal control over financial reporting. Although Medifast believes that the expectations, statements and assumptions reflected in these forward-looking statements are reasonable, it cautions readers to always consider all of the risk factors and any other cautionary statements carefully in evaluating each forward-looking statement in this release, as well as those set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and other filings filed with the United States Securities and Exchange Commission, including its quarterly reports on Form 10-Q and current reports on Form 8-K. All of the forward-looking statements contained herein speak only as of the date of this presentation.

Medifast Q4 2023 Highlights

- Q4 2023 **revenue and EPS within guidance range**
- Q4 2023 **Gross margin of 74.0%. Adjusted gross margin* increased** 110 basis points versus Q4 2022, aided by a price increase in Q4 2022 and Fuel for the Future savings
- **Pressured operating margin & EPS** from loss of leverage on fixed costs, and investments & market research expenses
- **Collaborated with LifeMD** to target the medically supported weight loss market
- Dividend discontinued to **redirect capital to customer acquisition and experience** through marketing and technology
- **Debt-free as of December 31, 2023** with \$150 million of cash & investments

* Non-GAAP measure. See reconciliation on page 13

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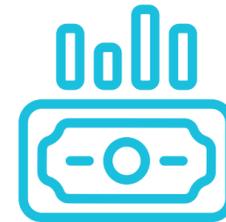


Q4 2023

By The Numbers



\$191M
REVENUE



\$9M GAAP
\$16M Adjusted*
OPERATING INCOME



\$0.55 GAAP
\$1.09 Adjusted*
DILUTED EPS



\$4,648
REVENUE PER ACTIVE
EARNING COACH



41,100
ACTIVE EARNING
COACHES



\$150M
CASH & CASH EQUIVALENTS
AND INVESTMENTS

* Non-GAAP measure. See reconciliation on page 13

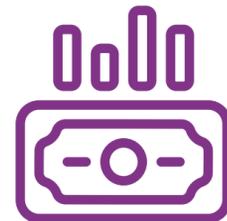


FY 2023

By The Numbers



\$1,072M
REVENUE



\$126M GAAP
\$134M Adjusted*
OPERATING INCOME



\$9.10 GAAP
\$9.64 Adjusted*
DILUTED EPS



72.4%
2023 GROSS PROFIT AS A
PERCENT OF SALES



\$45M
FUEL FOR THE FUTURE
SAVINGS (OPERATING
IMPROVEMENTS)



\$148M
OPERATING
CASH FLOW

* Non-GAAP measure. See reconciliation on page 13

The Medically Supported Weight Loss Opportunity

 <p>Growing Size and Interest</p>	<ul style="list-style-type: none">• \$9B market in 2022*, estimated to grow by a multiple of up to 10X by 2030**• 60% of adults trying to lose weight are interested in trying a weight-loss prescription medication‡
 <p>Lifestyle Change Essential to Long-Term Health</p>	<ul style="list-style-type: none">• MSWL alone is not the answer – typically prescribed with lifestyle modifications (reduced calorie diet and increased exercise), which continue to be the cornerstone of long-term health and wellbeing• OPTAVIA® focuses on individualized coach support and healthy habit adoption that support a healthy lifestyle
 <p>Programs, Pilots and Collaborations</p>	<ul style="list-style-type: none">• LifeMD collaboration to offer comprehensive solution for weight loss and maintenance• Leverage existing products and develop new ones, to support needs of patients on MSWL<ul style="list-style-type: none">• Prevent muscle loss through balanced nutrition• Lean & Green™ recipes to educate on healthy eating• Provide support through a coach & a community of others going through a similar journey

*MarketData -The U.S. Weight Loss and Diet Control Market, 17th Edition
**Morgan Stanley: Why Obesity Drugs May Be a New Blockbuster Pharma Category
‡July 2023 KFF Health Tracking poll

Deep Collaborative Approach



Dedicated coaching;
clinically proven nutrition;
Healthy Habits Program



Licensed affiliated clinicians,
effective medications,
lab support

OPTAVIA'S COMPREHENSIVE OFFER

INDEPENDENT COACHES & CLINICIANS AS PARTNERS

COACHES

Empathetic Coaches help provide **individual support and guidance, discipline and accountability**, helping Clients stay focused and committed to their goals

HABITS OF HEALTH®

A proprietary, **holistic approach to lifestyle transformation**



CLINICIANS

Board-certified affiliated LifeMD clinicians help manage medications and offer users reassurance in case of concerns or side effects

LIFESTYLE PROGRAMS

Lifestyle plans with clinically proven health benefits and scientifically developed products that are designed for each customer's individual needs and goals

COMMUNITY

An expansive global **community who lift each other up**, and provide support that extends well beyond weight goals

Our Medically Supported Weight Loss Target Groups

9



"Now What?"

- Currently on weight loss medication
- Understand need for lifestyle modification
- Worried about weight rebound after stopping medications
- Concerned that medications may be necessary forever
- Likely not consuming adequate nutrition
- Unsure about when & if to exercise
- Experiencing other health issues/possible side effects



"Hungry For Help"

- Open to taking weight loss medication.
- Inundated with media and friends talking about medications
- Tried other methods of weight loss without long-term success
- Unsure about potential side effects of the medication
- Concerned about the cost of the drugs
- Might feel shame about starting the medications

OPTAVIA's® Program Provides Critical Nutrition and Supports Healthy Habit Adoption for Medication Users

Loss of lean muscle mass and nutritional deficits while on a reduced calorie diet are two main areas of concern for MSWL users. Evidence suggests that the loss of lean body mass can range from 20-50% of total weight loss.*

OPTAVIA's products deliver proper nutrition for MSWL users

OPTAVIA Fuelings

- Portion controlled for a suppressed appetite
- Fortified with 24 vitamins and minerals to help fill the nutrient gap
- Excellent source of protein
- Good source of fiber to help support healthy digestion



OPTAVIA ACTIVE Whey Protein

- As part of reduced calorie diet, adequate protein consumption can aid retention of lean muscle mass
- 24g of high quality, complete protein per serving to support lean muscle mass during weight loss
- Helps support muscle health and muscle growth



OPTAVIA Lean & Green

- Coach-led guidance on how to prepare a healthy meal
- 200+ high-protein recipes with lean protein, non-starchy vegetables and healthy fats



HEALTHY HABITS

The combination of Coaches, Community and the Habits of Health can support those on weight loss medications to adopt healthy habits like learning to cook healthy recipes and incorporating exercise into their daily routine

*SOURCE: SARGEANT ET AL., 2019

Medifast Outlook for 2024

- 1 Current **challenges related to macroeconomic headwinds and disruption caused by GLP-1 medications** are expected to continue in the near-term
- 2 Taking **bold initiatives to grow the business** including two additional channels of customer acquisition – launching a major company-led marketing initiative & through collaboration with LifeMD
- 3 Initial phase of collaboration with LifeMD commenced in early January. **Fully-integrated offer expected to launch in mid-year.**
- 4 Company-led marketing is expected to begin mid-year, with incremental spend as percentage of revenue expected to rise 200 to 300 basis points based on 2023 revenue
- 5 Operating margin & EPS expected to be impacted in 2024 on higher spending with benefits of new actions **expected to be realized in late 2024 and into 2025 & beyond**





1Q 2024 Guidance



\$155M-175M
1Q REVENUE



\$0.25-0.95
1Q EPS

Non-GAAP Reconciliation

The following tables reconcile the non-GAAP financial measures included in this supplement:

Three months ended December 31, 2023				
	GAAP	IT and Supply Chain Optimization	LifeMD Collaboration Costs ⁽²⁾	Non-GAAP
Cost of sales	\$ 49,646	\$ —	\$ —	\$ 49,646
Gross profit	141,369	—	—	141,369
Selling, general, and administrative	132,693	(2,555)	(5,000)	125,138
Income from operations	8,676	2,555	5,000	16,231
Other income	1,126	—	—	1,126
Provision for income taxes	3,766	583	1,141	5,490
Net income	6,036	1,972	3,859	11,867
Diluted earnings per share ⁽¹⁾	0.55	0.18	0.35	1.09

Three months ended December 31, 2022				
	GAAP	Donation Adjustments	Restructuring of External Manufacturing Agreements	Non-GAAP
Cost of sales	\$ 103,649	\$ —	\$ (12,195)	\$ 91,454
Gross profit	233,596	—	12,195	245,791
Selling, general, and administrative	200,998	(8,473)	—	192,525
Income from operations	32,598	8,473	12,195	53,266
Other expense	(190)	—	—	(190)
Provision for income taxes	5,890	3,813	2,744	12,447
Net income	26,518	4,660	9,451	40,629
Diluted earnings per share ⁽¹⁾	2.41	0.42	0.86	3.70

Year ended December 31, 2023				
	GAAP	IT and Supply Chain Optimization	LifeMD Collaboration Costs ⁽²⁾	Non-GAAP
Cost of sales	\$ 296,204	\$ —	\$ —	\$ 296,204
Gross profit	775,850	—	—	775,850
Selling, general, and administrative	649,448	(2,555)	(5,000)	641,893
Income from operations	126,402	2,555	5,000	133,957
Other income	2,395	—	—	2,395
Provision for income taxes	29,382	583	1,141	31,106
Net income	99,415	1,972	3,859	105,246
Diluted earnings per share ⁽¹⁾	9.10	0.18	0.35	9.64

Year ended December 31, 2022				
	GAAP	Donation Adjustments	Restructuring of External Manufacturing Agreements	Non-GAAP
Cost of sales	\$ 458,163	\$ —	\$ (12,195)	\$ 445,968
Gross profit	1,140,414	—	12,195	1,152,609
Selling, general, and administrative	955,608	(18,986)	—	936,622
Income from operations	184,806	18,986	12,195	215,987
Other expense	(747)	—	—	(747)
Provision for income taxes	40,491	8,544	2,744	51,779
Net income	143,568	10,442	9,451	163,461
Diluted earnings per share ⁽¹⁾	12.73	0.93	0.84	14.50

⁽¹⁾ The weighted-average diluted shares outstanding used in the calculation of these non-GAAP financial measures are the same as the weighted-average shares outstanding used in the calculation of the reported per share amounts.

⁽²⁾ It is expected that the remaining \$5.0 million of LifeMD Collaboration Costs will be recorded in 2024.

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