



INVESTOR PRESENTATION

JANUARY 2021



Safe Harbor Statement

Certain information included in this presentation may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of phrases or terminology such as “intend” or other similar words or the negative of such terminology. Similarly, descriptions of Medifast’s objectives, strategies, plans, goals 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, the impact of the COVID-19 pandemic on Medifast’s results, the severity, length and ultimate impact of COVID-19 on people and economies, Medifast’s inability to attract and retain independent **OPTAVIA** Coaches and Clients, increases in competition, litigation, regulatory changes, and Medifast’s planned growth into domestic and international markets and new channels of distribution. 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 presentation, as well as those set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and Quarterly Reports on Form 10-Q, for the quarters ended March 31, 2020, June 30, 2020 and September 30, 2020, and other filings filed with the United States Securities and Exchange Commission, including its current reports on Form 8-K. All of the forward-looking statements contained herein speak only as of the date of this presentation.

Non-GAAP Financial Measures

We disclose adjusted EBITDA, a non-GAAP financial measure in this investor relations presentation and other public disclosures. This non-GAAP financial measure excludes the impact of certain non-recurring items and items that, in the judgment of management, are not indicative of its core ongoing operational performance.

A reconciliation of this non-GAAP financial measure to its most comparable GAAP financial measure is included herein. This non-GAAP financial measure is not intended to replace its most comparable GAAP financial measure.

We use this non-GAAP financial measure internally to evaluate and manage the Company's operations because we believe it provides useful supplemental information regarding the Company's on-going economic performance. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results and as a means to emphasize the results of on-going operations.

AGENDA

- 1 | Medifast At A Glance
- 2 | **OPTAVIA** Transition And Performance Highlights
- 3 | Summary
- 4 | Appendix

MEDIFAST AT A GLANCE



Leaders

in offering personal Coaching service to people for whom diets have failed

Company behind one of the **fastest-growing** wellness communities¹



100%

Products shipped directly to clients



42.1K

Coaches

90% of Coaches started as Clients



Differentiated
direct-to-consumer sales model

Nearly 40 Years
of scientifically developed products

17

Peer reviewed publications in last 10 years

1.5 MM

Lives Impacted



92%

Revenue from subscription-based meal-plan orders

¹ Medifast was ranked second on FORTUNE's 100 Fastest-Growing Companies list in 2020.

OUR COMPETITIVE ADVANTAGE VS. DIRECT SELLING MODEL

OPTAVIA COACH MODEL	DIRECT SELLING MODEL
<p>Client-centric one price direct-to-consumer model; 90% of revenue from clients</p>	<p>Distributor-centric tiered price wholesale/retail model; revenue mix leans to distributor entities</p>
<p>Coaches Coach support clients, do not hold inventory, or manage cash</p>	<p>Distributors Sell Wholesale and Retail Selling, hold inventory and manage cash</p>
<p>Health and Wellness Community holistic health and wellness program, Coaches come from client base</p>	<p>Selling and Recruiting Network product sales, heavy distributor recruiting with high attrition</p>
<p>Unified Training System in the Field</p>	<p>Diverse Training Systems</p>

OUR COMPETITIVE ADVANTAGE VS. DIET INDUSTRY

OPTAVIA COACH MODEL	DIET COMPANIES MODEL
<p>Holistic Wellness Heathy Weight Is A Catalyst To Greater Change</p>	<p>Weight Loss Short-term Unsustainable Results</p>
<p>Personalized Coach Support Empathetic Coaching - The Coached Becomes The Coach</p>	<p>Limited Support Books, Bots, Back-end Support</p>
<p>Lifelong Habit Development Lifelong Habits Supported by Proprietary Integrated System</p>	<p>Seasonal, Fad-driven Consumption Diet seasonality driven by diet fads</p>
<p>Health and Wellness Community Over 1.5 Million Lives Impacted</p>	<p>Repeat Dieters Failed Dieters Trying Again</p>

Large Addressable Market

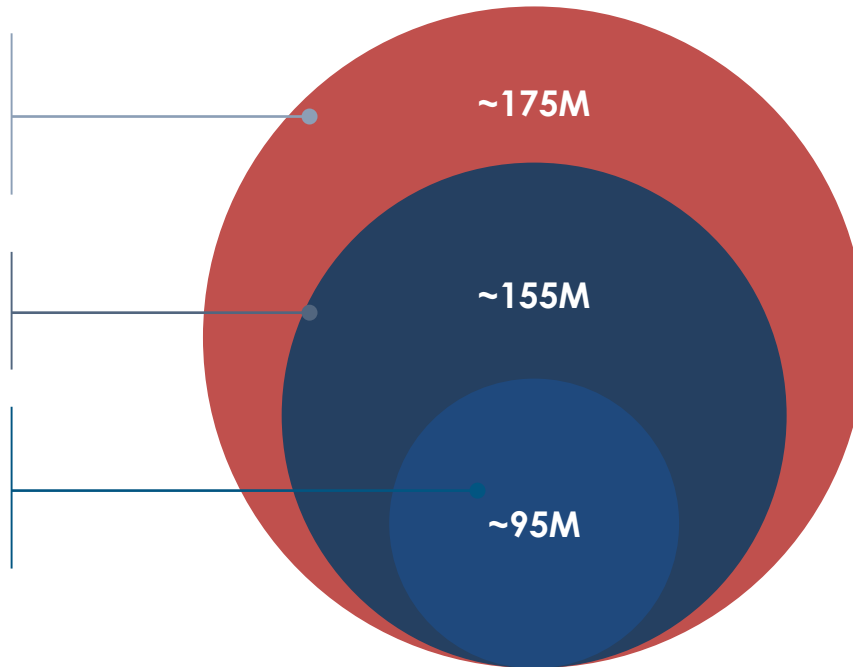
Key audiences

People looking to lose weight and willing to consider dieting

People looking to lose the most weight

People looking to lose the most weight and willing to consider paid meal plans

Total US addressable client pool



70%

US pop. overweight or obese, growing 2% p.a.

75%

US adults who want to lose weight, open to dieting

65%

Overweight/obese, consider paid meal plans effective¹

¹ People considering dieting through meal plans as somewhat effective, effective or highly effective

Health & Wellness Is In Sharp Focus

63%

Of all U.S. adults have adopted new, positive health habits since the start of the COVID-19 pandemic

96%

Of people making positive health changes during the pandemic report they plan to continue embracing healthy habits in 2021.

74%

Of Americans who report that they need support to maintain healthy habits as the pandemic continues

61%

Of all U.S. adults are looking to prioritize healthy eating habits over work-life balance in 2021

*SOURCE: Medifast, Inc.

<https://ir.medifastinc.com/2020-12-17-New-OPTAVIA-Survey-Uncovers-Profound-Shift-in-Health-Wellness-Priorities-For-2021>

Key Investment Highlights



One of the fastest growing health and wellness companies in the United States, with differentiated, clinically-proven programs and scientifically-developed products



Large and growing market opportunity addressing a global need



Scalable coach-based approach that drives both effectiveness and growth



Consistent and sustainable business model



Significant free cash flow supports growth investment and attractive capital allocation strategy



Experienced leadership team with track record of success, and clear strategy for continued long-term growth

Key Financial Metrics

\$841^M

**LTM Q3 2020
Revenue**

\$115^M

**LTM Q3 2020
Income from
Operations**

\$129^M

**LTM Q3 2020
Adjusted EBITDA¹**

27%

**2016–2019
Revenue CAGR**

32%

**2016–2019
EBITDA CAGR**

¹ Refer to Appendix below for a reconciliation of Income from operations to Adjusted EBITDA.

Attractive Financial Model

74%

LTM SG&A is
Variable

~0.6%

LTM Q3 2020
CapEx as % of
Revenue

\$145^M

LTM Q3 2020
Operating Cash Flow

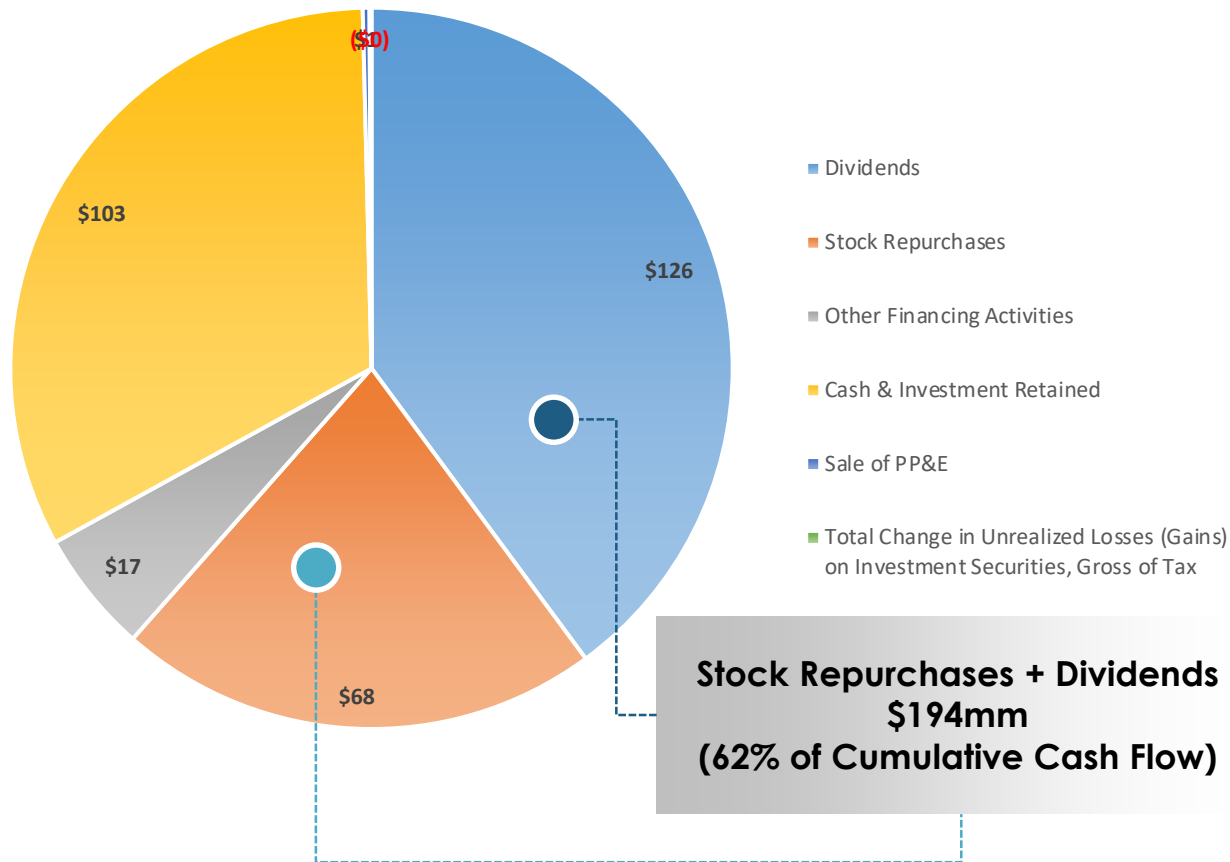
\$54^M

LTM Q3 2020
Return to
Shareholders¹

¹Represents sum of share repurchased and dividend paid over the last twelve months

Strong Free Cash Flow Facilitates Attractive Return of Capital to Shareholders

2016 – Q3 2020



CASH & INVESTMENTS

\$170M

DEBT-FREE

QUARTERLY DIVIDEND

\$1.13

- Financial capacity to handle any CapEx requirements
- Strong free cash flow generation
- Active share repurchase program
- Raised quarterly dividend by 352% since initiation in 2015 (\$0.25 in 2016 to \$1.13 in 2020)

Effective and Diverse Management Team



DAN CHARD

Chairman and Chief Executive Officer

- 25+ years of marketing and consumer products experience
- Serves on the Board of the Direct Selling Association
- Joined in October 2016



BILL BAKER

EVP, Technology

- 20+ years of digital and technology leadership creating capacity and efficiencies to support and promote growth
- Joined in August 2016



JAMES MALONEY

Chief Financial Officer

- 25+ years of diverse management experience in finance, accounting and business operations
- Deep CPG, technology and supply chain experience
- Joined in July 2020



LAUREN WALKER

EVP, Supply Chain Operations

- 25+ years of manufacturing, supply chain and project management experience at industry-leading businesses
- Joined in September 2020



NICHOLAS JOHNSON

President, Coach & Client Experience

- 10+ years of sales, marketing, and client relations experience
- Previously served as VP of Sales and Marketing of Nu Skin, overseeing sales and marketing for 27 countries
- Joined in January 2018



JASON GROVES

EVP, General Counsel & Corporate Secretary

- 20+ years of collaborating across functions on legal matters
- Joined in November 2011



TONY TYREE

Chief Marketing Officer

- 25+ years of global integrated marketing, brand strategy, product and platform innovation and portfolio revitalization
- Joined in September 2018



CLAUDIA GRENINGER

EVP, Human Resources

- 20+ years as a collaborative leader in the human resources arena specializing in talent management, compensation planning, performance management and employee engagement
- Joined in October 2019



OPTAVIA TRANSITION AND PERFORMANCE HIGHLIGHTS



The OPTAVIA Model

People are More Successful in their Transformation Journey when they...

- 1 Have a Support System
(Coach and Community)
- 2 Learn and incorporate Healthy Habits into Their Lives
(Habits of Health System)

Talking with your independent OPTAVIA Coach more often may help Clients lose twice as much weight

Virtuous Circle for Growth



Key Strategic Focuses For Sustainable Long-Term Growth



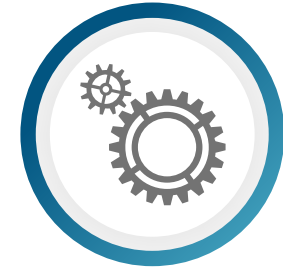
Drive Product & Program Innovation

Expand lifetime value through new and compelling products and programs



Enhance Coach & Client Experience

Develop culture that drives attraction, engagement and loyalty



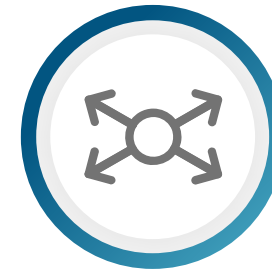
Optimize Operational Effectiveness

Drive scale through enhanced organization, systems, processes and partnerships



Utilize Deeper Data & Insights

Data-driven decision making, with deep insights informing strategic and tactical initiatives.



Expand Segments & Geographies

Systematic approach to international markets and product adjacencies

Strong and Sustainable Customer Loyalty

2.5x

OPTAVIA repeat rates vs industry benchmark*

30x

Client spend on OPTAVIA products vs CPG benchmarks*

75.7%

Customer Repurchase Rates**

46.6%

OPTAVIA customers who have bought products four or more times**

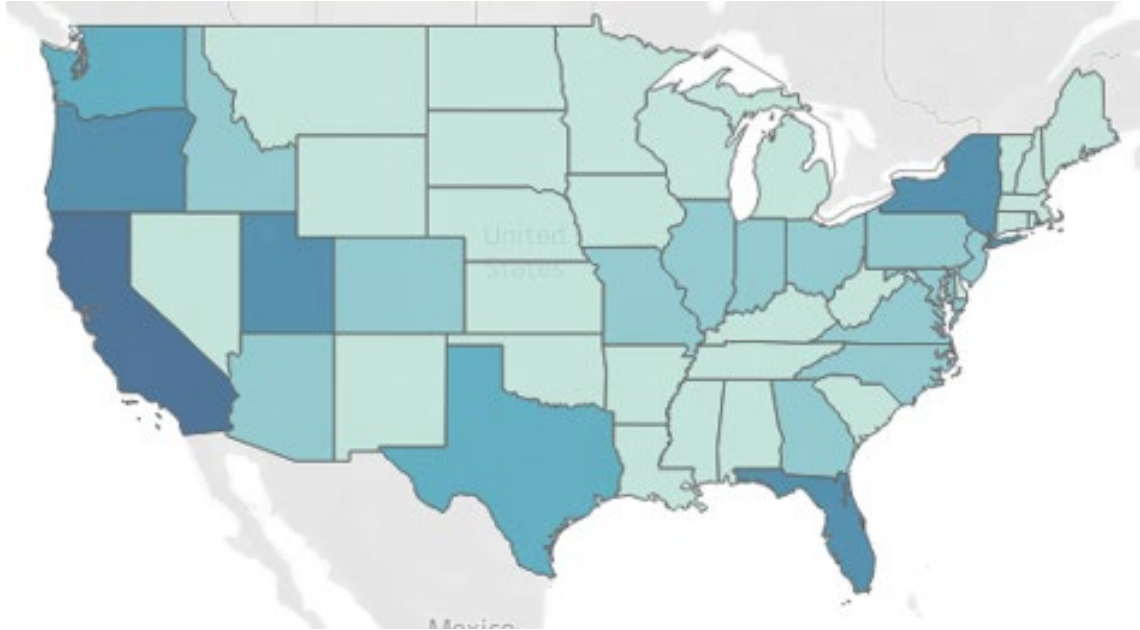
*Nielsen panel data analysis benchmarking OPTAVIA against leading H&W brands

** Nielsen analysis of Client purchases, January 2017 to September 2020

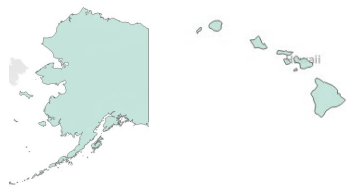
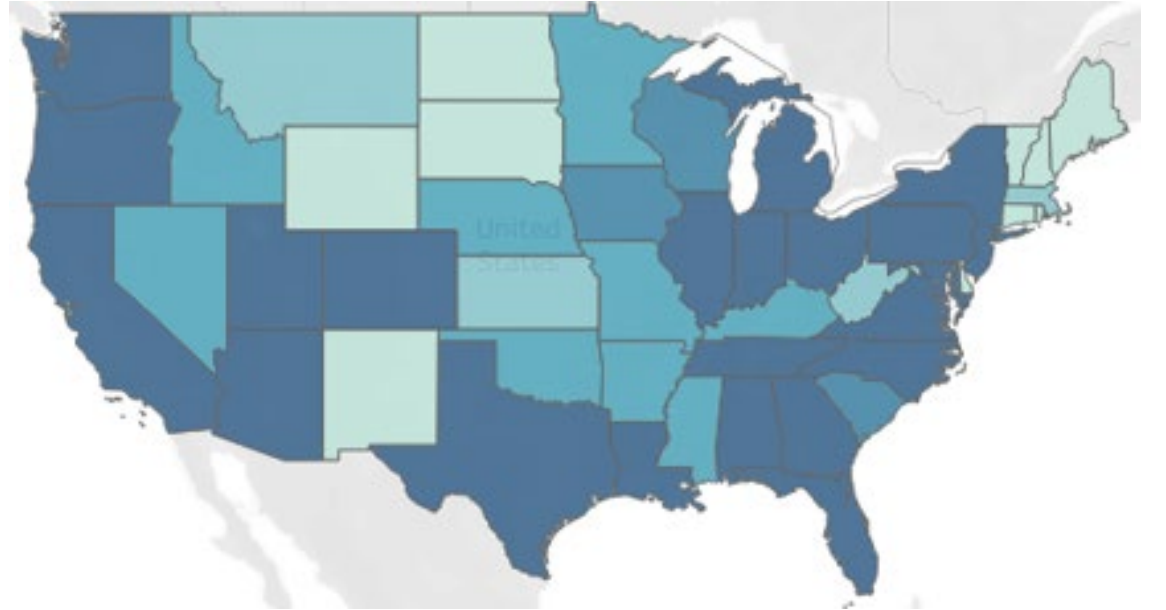
Growing Active Earning Coach Community

Active Earning Coaches
0  1,000

Fiscal Q4 2016



Fiscal Q3 2020



Alaska

Hawaii



Alaska

Hawaii



Hong Kong



Singapore



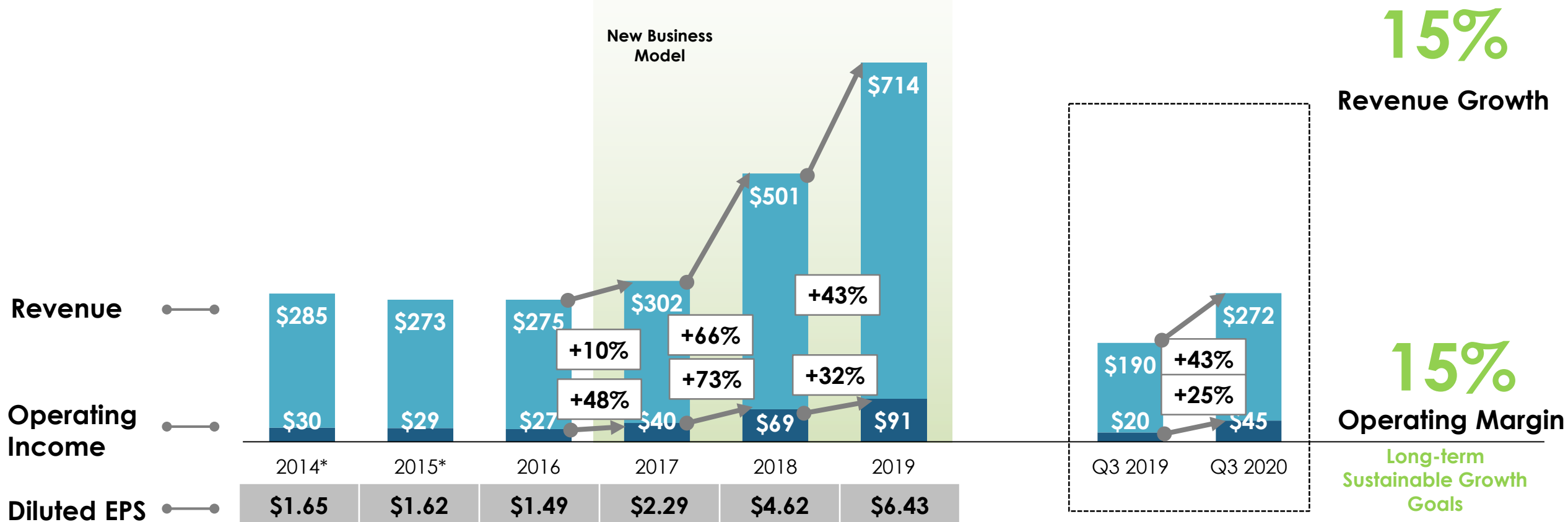
OPTAVIA®

A Resilient Business Model

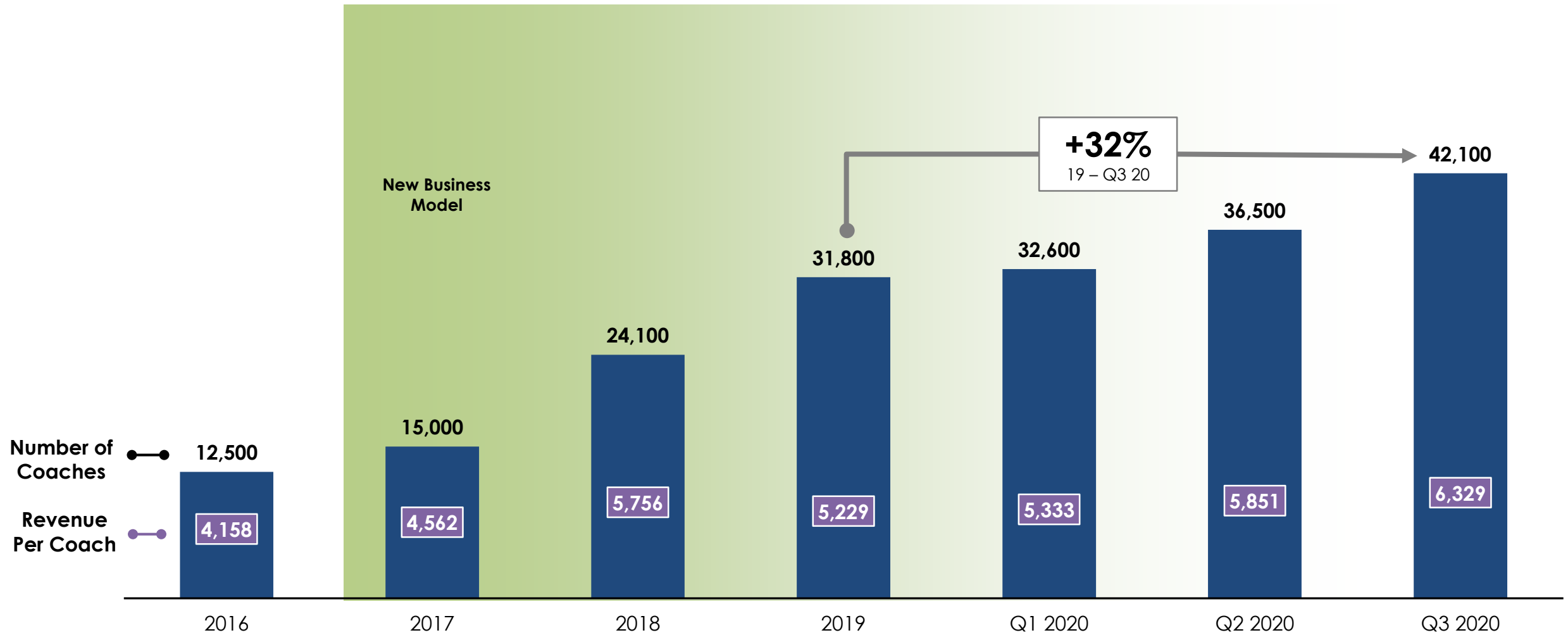
- Efficient **direct-to-consumer** business
- Consistent patterns create **strong forward visibility**
- High percentage of clients on continuity shipments (**≈92% of revenue**)
- **High lifetime value**
- **Variable cost model**

OPTAVIA Driving Long-Term Sustainable Growth

(\$ Millions, Except Per Share Data)



Active Earning Coaches and Productivity Will Support Sustained Growth



Attractive Financial Model

Variable Cost

	FISCAL 2016	FISCAL 2017	FISCAL 2018	FISCAL 2019	YTD Q3 2020
% of Revenue					
Variable Operating Expenses	58.8%	60.1%	64.0%	66.1%	67.6%
Fixed Operating Expenses	31.4%	26.8%	22.2%	21.2%	18.1%

\$1.2M

Revenue Per Fixed Headcount 2016 (1)

\$3.0M

Revenue Per Fixed Headcount 2019 (1)

\$26.9M
/9.8%

Operating Margin 2016

\$91.0M
/12.8%

Operating Margin 2019

SUMMARY



Key Investment Highlights



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APPENDIX



Reconciliation of Adjusted EBITDA

Medifast defines adjusted EBITDA as income from operations calculated in accordance with GAAP, adjusted to exclude depreciation and amortization expenses, expenses in connection with the Schedule 13D Filing, and severance related costs resulting from the departure of the Company's previous Chief Financial Officer. The table below presents a reconciliation of income from operations to adjusted EBITDA:

(In Millions)	LTM Q3 2020
Income from operations	115
Adjustments	
Depreciation and amortization	7
Professional services for 13D Filing	6
Incremental severance costs	1
Adjusted EBITDA	<u>129</u>

Thank You