



# Q1 2021 Results

May 5, 2021



### **Forward-looking Statements**

This presentation 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, including, in particular, revenue and earnings guidance and any statements about the Company’s plans, strategies, objectives and prospects and the impact of the COVID-19 virus. The Company generally uses the words “may,” “will,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend,” “aim” and similar expressions in this presentation to identify forward-looking statements. The Company bases these forward-looking statements on its current views with respect to future events and financial performance. Actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things: the impact of the global outbreak of the COVID-19 virus on the Company’s business and liquidity and on the business environment and markets in which the Company operates; competition from other weight management and wellness industry participants or the development of more effective or more favorably perceived weight management methods; the Company’s failure to continue to retain and grow its subscriber base; the Company’s ability to continue to develop new, innovative services and products and enhance its existing services and products or the failure of its services, products or brands to continue to appeal to the market, or the Company’s ability to successfully expand into new channels of distribution or respond to consumer trends; the ability to successfully implement strategic initiatives; the effectiveness of the Company’s advertising and marketing programs, including the strength of its social media presence; the impact on the Company’s reputation of actions taken by its franchisees, licensees, suppliers and other partners; the recognition of asset impairment charges; the loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate the Company’s workforce; the inability to renew certain of the Company’s licenses, or the inability to do so on terms that are favorable to the Company; the expiration or early termination by the Company of leases; uncertainties related to a downturn in general economic conditions or consumer confidence; the Company’s ability to successfully make acquisitions or enter into joint ventures, including its ability to successfully integrate, operate or realize the anticipated benefits of such businesses; the seasonal nature of the Company’s business; the impact of events that discourage or impede people from gathering with others or accessing resources; the Company’s failure to maintain effective internal control over financial reporting; the impact of the Company’s substantial amount of debt, debt service obligations and debt covenants, and the Company’s exposure to variable rate indebtedness; the ability to generate sufficient cash to service the Company’s debt and satisfy its other liquidity requirements; uncertainties regarding the satisfactory operation of the Company’s technology or systems; the impact of data security breaches or privacy concerns, including the costs of compliance with evolving privacy laws and regulations; the Company’s ability to enforce its intellectual property rights both domestically and internationally, as well as the impact of its involvement in any claims related to intellectual property rights; risks and uncertainties associated with the Company’s international operations, including regulatory, economic, political, social, intellectual property and foreign currency risks; the outcomes of litigation or regulatory actions; the impact of existing and future laws and regulations; the possibility that the interests of Artal Group S.A., the largest holder of the Company’s common stock and a shareholder with significant influence over the Company, will conflict with the Company’s interests or the interests of other holders of the Company’s common stock; the impact that the sale of substantial amounts of the Company’s common stock by existing large shareholders, or the perception that such sales could occur, could have on the market price of the Company’s common stock; and other risks and uncertainties, including those detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission. You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed herein, could cause the Company’s results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, the Company does 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 presentation or to reflect the occurrence of unanticipated events or otherwise. Readers are advised to review the Company’s filings with the United States Securities and Exchange Commission (which are available on the SEC’s EDGAR database at [www.sec.gov](http://www.sec.gov) and via the Company’s website at [corporate.ww.com](http://corporate.ww.com)).

### **Non-GAAP Financial Measures**

This presentation includes certain financial results not presented in accordance with accounting principles generally accepted in the United States (“GAAP”) including, but not limited to, gross profit, gross profit margin, operating income, operating income margin and selling, general and administrative expenses. In addition, it includes certain financial results on a constant currency basis in addition to GAAP results. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. In this presentation, the Company calculates constant currency by calculating current-year results using prior-year foreign currency exchange rates. See Appendix for reconciliations. Management believes these non-GAAP financial measures provide useful supplemental information for its and investors’ evaluation of the Company’s business performance and are useful for period-over-period comparisons of the performance of the Company’s business. While management believes that these non-GAAP financial measures are useful in evaluating the Company’s business, this information should be considered as supplemental in nature and should not 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 entitled measures reported by other companies.

### **Trademarks**

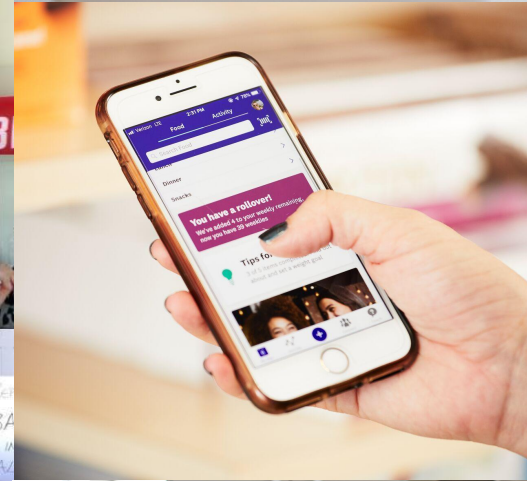
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# Who we are

We are a global wellness company powered by the world's leading commercial weight management program and an award-winning digital subscription platform





# Q1 2021 Financial Summary

## Subscribers

End of Period Subscribers of **5.0 million**, down 1.5% year-over-year

- End of Period Digital Subscribers up 16.0% year-over year
- End of Period Workshops + Digital Subscribers down 47.1% year-over-year

## Revenue

Revenue of **\$331.8 million** down 17.1%, or 19.7% on constant currency basis<sup>1</sup>, year-over-year

## Gross Margin

Gross Margin of **58.3%**; excluding one-time charges, Q1 2021 adjusted gross margin increased year-over-year to **59.9%**<sup>1</sup>

## Operating Income

Operating Income of **\$2.8 million**; excluding one-time charges, Q1 2021 adjusted operating income of **\$8.4 million**<sup>1</sup>

## EPS

EPS of **(\$0.26)**; EPS included an aggregate negative impact of **\$0.06** from one-time items

## Cash Balance

Cash balance of **\$113.3 million** as of April 3, 2021

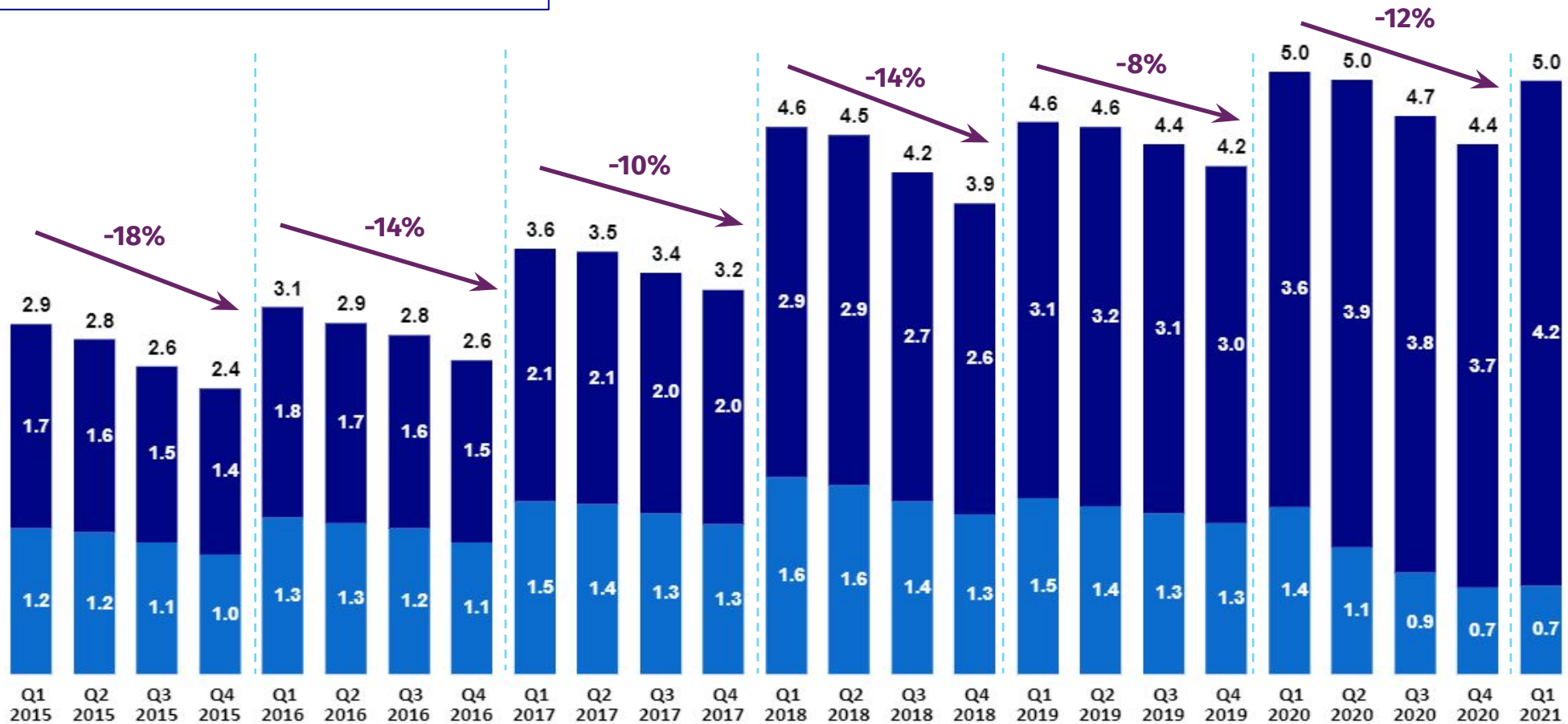
<sup>1</sup> See non-GAAP reconciliation in Appendix.



# Historical Subscriber Seasonality

(in M)

- End of Period Digital Subscribers
- End of Period Workshops + Digital Subscribers





# 2021 Key Priorities

1

**The Member Experience**

2

**Digital 360**

3

**2022 Food Innovation**

4

**Healthcare & Diabetes**



# Successful Debt Refinancing

## Debt structure as of Q1 2021 end:

### \$1.19B outstanding on term loan<sup>1</sup>

LIBOR (75 bps floor) +475 bps

Due November 2024

Covenant-lite structure; flexibility to prepay term loan

### \$300M notes<sup>1</sup>

8.625%

December 2025 maturity

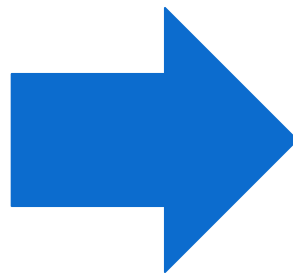
Unsecured notes

### \$175M revolving credit facility

LIBOR +225 bps<sup>1</sup>

November 2022 maturity

Consolidated first lien leverage ratio springing covenant of 5.0x from Q1 - Q4 2021, 4.5x for Q1 2022, and 3.75x post Q1 2022 (guaranteed minimum access of \$58M)



## NEW debt structure:

### \$1B outstanding on term loan<sup>2</sup>

LIBOR (50 bps floor) +350 bps

Due April 2028

Covenant-lite structure; flexibility to prepay term loan

### \$500M notes<sup>2</sup>

4.500%

April 2029 maturity

First-lien, secured notes

### \$175M revolving credit facility

LIBOR +250 bps<sup>2</sup>

April 2026 maturity

Consolidated first lien leverage ratio springing covenant of 6.0x until the end of Q1 2022, 5.75x until the end of Q1 2023, 5.50x until the end of Q1 2024, 5.25x until the end of Q1 2025 and 5.00x thereafter (guaranteed minimum access of \$61.25M)

**The refinancing is estimated to reduce WW's interest expense by nearly \$30 million on an annualized basis based on current debt levels**

<sup>1</sup> As of April 3, 2021. Debt reflects par principal of loans and notes.

<sup>2</sup> As of April 13, 2021. Debt reflects par principal of loans and notes.



# Appendix



# Non-GAAP Reconciliation

## Q1 2021 Revenues - Constant Currency (in thousands)

Selected Financial Data	Q1 2021 Variance					
	Q1 2021			Q1 2020		
	GAAP	Currency Adjustment	Constant Currency	GAAP	2021 vs 2020	2021 Constant Currency vs 2020
Consolidated Company Revenues	\$ 331,796	\$ (10,398)	\$ 321,398	\$ 400,361	(17.1%)	(19.7%)

## Q1 2021 Gross Profit and Operating Income (in thousands)

Selected Financial Data	Q1 2021						Q1 2020			Q1 2021 Variance			
	Q1 2021			Q1 2020			Q1 2020			Q1 2021 Variance			
	GAAP	Adjustment	Adjusted	Currency Adjustment	Constant Currency	Adjusted Constant Currency	GAAP	Adjustment <sup>(4)</sup>	Adjusted	2021 vs 2020	2021 Adjusted vs 2020	2021 Constant Currency vs 2020	2021 Adjusted Constant Currency vs 2020
Gross Profit	\$ 193,435	\$ 5,202 <sup>(1)</sup>	\$ 198,637	\$ (7,245)	\$ 186,190	\$ 191,392	\$ 210,991	\$ -	\$ 210,991	(8.3%)	(5.9%)	(11.8%)	(9.3%)
Gross Margin	58.3%		59.9%		57.9%	59.5%	52.7%		52.7%				
Selling, General and Administrative Expenses	\$ 73,671	\$ (337) <sup>(2)</sup>	\$ 73,334	\$ (1,203)	\$ 72,468	\$ 72,132	\$ 64,526	\$ -	\$ 64,526	14.2%	13.7%	12.3%	11.8%
Operating Income	\$ 2,831	\$ 5,539 <sup>(3)</sup>	\$ 8,370	\$ (2,192)	\$ 639	\$ 6,177	\$ 24,867	\$ 3,665	\$ 28,532	(88.6%)	(70.7%)	(97.4%)	(78.3%)
Operating Income Margin	0.9%		2.5%		0.2%	1.9%	6.2%		7.1%				

Note: Totals may not sum due to rounding.

<sup>(1)</sup> Excludes \$5,202 of charges associated with the Company's previously disclosed 2021 organizational restructuring plan.

<sup>(2)</sup> Excludes \$337 of charges associated with the Company's previously disclosed 2021 organizational restructuring plan.

<sup>(3)</sup> Excludes the \$5,202 and \$337 of charges associated with the Company's previously disclosed 2021 organizational restructuring plan recorded to cost of subscription revenues and selling, general and administrative expenses, respectively.

<sup>(4)</sup> Excludes the impairment charge of \$3,665 for the Company's goodwill related to its Brazil operations.





\*For people, families, communities, the world—for everyone.