

06-Nov-2025

WW International, Inc. (WW)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to WeightWatchers International's Third Quarter 2025 Results Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to David Helderman, Director of Investor Relations. Please go ahead.

David Helderman

Director-Investor Relations, WW International, Inc.

Thank you for joining us today for the WeightWatchers' third quarter earnings conference call. Earlier this morning, we released the shareholder letter and press release with our third quarter 2025 results, which are available on the company's corporate website located at corporate.ww.com. The purpose of this call is to provide investors with some further details regarding the company's financial results, as well as to provide a general update on the company's progress. Reconciliations of non-GAAP measures disclosed on this conference call to the most directly comparable GAAP financial measures are also available as part of the shareholder letter and press release.

Before we begin, let me remind everyone that this call will contain forward-looking statements. Investors should be aware that any forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those discussed here today. These risk factors are explained in detail in the company's latest annual report on Form 10-K, quarterly report on Form 10-Q, the earnings release, the shareholder letter and as updated by the company's other filings with the Securities and Exchange Commission. Please refer to these filings for a more detailed discussion of forward-looking statements and the risks and uncertainties of such statements. All forward-looking statements are made as of today, and except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Joining today's call are Tara Comonte, President and CEO; and Felicia DellaFortuna, CFO; Jon Volkmann, Chief Operations Officer will also join for the Q&A.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

Thanks, David. As we closed the third quarter of 2025, WeightWatchers is laying the foundation for renewed growth and leadership in the rapidly evolving weight management sector. I encourage everyone to read our shareholder letter, which we distributed earlier this morning and is posted on our Investor Relations site. The details are key strategic priorities, competitive differentiators and what you can expect to see from us over the near and longer term as we build on the work already underway to drive growth and long-term value.

But first, let me start with some context. In recent years, we've witnessed one of the most profound shifts in the history of health and wellness. The emergence of GLP-1 medications for weight loss has revolutionized the conversations around obesity, bringing hope and, in many cases, results to millions who have long struggled to manage their weight. To many, the story was simple, miracle drugs had arrived. And traditional approaches like WeightWatchers' proven high-touch science-based program could no longer compete in a changing world.

However, we recognized early that this was not the end of an era, but the beginning of a new one. The future of weight management will be built on an integrated approach that pairs clinical care and medication access with structured nutrition, movement and accountability. That's why we acquired Weekend Health, a telehealth business now rebranded to WeightWatchers Clinic that allows us to integrate medical expertise and prescription access into our program, broadening our proven science-backed model to include clinical care. We're now evolving and tailoring our behavioral offerings to provide the important support needed by members using these life-changing medications, helping them adhere to treatment, manage side effects, and achieve lasting results over time.

This evolution is not a rejection of our past, but an extension of our legacy as the world's leading evidence-based weight management partner. For 62 years, we've led with science and as GLP-1s redefine what's possible, we're leading with the science again. I want to be clear on this. No company has a deeper commitment to the science of weight loss, nor a longer history of helping people manage their weight than ours. Our industry leading behavioral programs serves as an essential foundation for the differentiated weight loss outcomes and significant non-scale results achieved through WeightWatchers Clinic.

As you can see in our shareholder letter, the data proves the efficacy of this model. Studies found the WeightWatchers Clinic members who were prescribed anti-obesity medications, including GLP-1, achieve an average weight loss of 19% to 23% over three years, significantly outperforming our competitors at 12 months. And what's more, 98% of WeightWatchers Clinic members prescribed a weight management medication reached more than 10% weight loss after 12 months, and nearly half of them reaching 20% weight loss. Beyond the scale, GLP-1 users who also engage with the WeightWatchers program experienced 197% increase in self-esteem, a 78% increase in intimacy, 62% better physical function, a 53% boost in quality of life, and a 34% reduction in symptoms of depression.

The data is clear in a GLP-1 world, behavioral programs and community support in tandem with medical solutions [ph] are forced (00:06:18) multipliers for effective, sustainable weight loss and superior health outcomes. What skeptics once saw as an existential threat to our company has instead become an extraordinary opportunity for us to deliver lasting results for our members and capture a greater share of the growing market we serve. 137 million Americans, over half of US adults are eligible for GLP-1 medications. 12% of adults in the US are taking a GLP-1 medication. With demand continuing to rise, \$173 billion in annual medical costs are associated with

obesity in the United States, and \$1.7 trillion in chronic disease costs are linked to overweight and obesity. This isn't just one of the largest health and economic opportunities of our time. It's a chance to help tens of millions around the world live happier, healthier lives.

And it's a moment that WeightWatchers is uniquely positioned to lead. This is particularly true after last quarter's emergence from our financial reorganization. This proactive process aimed at strengthening our balance sheet and freeing up capital to invest in growth also provided the opportunity for a philosophical and strategic rebirth, opening the door for renewed and accelerated innovation. Looking forward, we're focused on four key priorities to drive our growth. First, we will deliver an engaging, unified end-to-end member experience.

WeightWatchers has long been the most trusted weight loss platform. But as the world changes, our digital ecosystem and experience must evolve to match both the scale of our ambition and the expectations of today's consumer.

Under the leadership of Hélène Causse, who is our new Chief Technology Officer, joining us from FIS, Snap, and Amazon, we've begun modernizing the two most critical digital touchpoints for our members, our app and our websites. The WeightWatchers app is being completely re-platformed to remove legacy barriers between our clinical and behavioral offerings, ensuring that members can move seamlessly across the full spectrum of our programs, while also discovering new tools and solutions that can help them on their journey. Over time, the app will become a personalized companion that leverages AI and behavioral insights to deliver individualized recommendations and curated programs. This will be fueled in part by the vast and constantly growing dataset we've collected over more than six decades.

By modernizing our systems, we can maximize the potential of this information to offer new, personalized solutions that meet members where they are, whether that's on or off medication, managing menopause, diabetes or postpartum, or other life stages that deeply affect weight health. The WeightWatchers' website is also being rebuilt on a mobile-first infrastructure designed to guide prospective members to the right starting point for their journey. It will be informative and easy to navigate serving as both an educational resource and a more effective marketing and CRM engine. This new website will enhance our brand, improve conversion and create a clearer, more connected path from interest to acquisition. Together, these upgrades form the foundation of a full digital transformation.

It will create a faster, more intuitive, data enriched and integrated experience, while also improving member outcomes and deepening engagements. The first iterations of our new app and website are expected to peak season early in the New Year, with ongoing releases throughout 2026. Last but certainly not least, we're reinvigorating the beating heart of WeightWatchers, our community experiences. Under the leadership of Julie Rice, our new Chief Experience Officer who cofounded SoulCycle, we're revitalizing the community offerings that remains central to WeightWatchers. We're expanding our team of highly skilled coaches and introducing new virtual communities around shared interests such as GLP-1, menopause, cooking and more.

We'll also be upgrading the actual meeting platform that we use for our workshops to provide a more personal, immersive experience for our members. And in addition, in-person workshops will also be refreshed with renewed focus on connection, consistency and brand experience to be strategically aligned with member demand and needs. Together and over time, all these initiatives will deliver a unified, modern WeightWatchers experience that remove friction between programs, connect digital and human support, produce better outcomes for members, and generate expanded opportunities for profitable growth for our business. Second, we're growing our emerging medical business and investing in new diversified revenue streams.

The widespread adoption of GLP-1 for weight loss has transformed the weight management landscape and created substantial opportunity for WeightWatchers. Our immediate priority is to scale what's working. That includes the WeightWatchers Clinic which offers medical access and clinical care. It includes our GLP-1 companion program, which provides a behavioral framework to support GLP-1 weight loss regardless of whether you get your prescription from WeightWatchers Clinic or your own care operator. And it includes our cash paid or reimbursable registered dietitian network, which connects members with experts who can help them make curated nutritional choices based on their personal needs.

Moving forward, we plan to invest and expand and elevate these programs for existing and new prospective members. As innovation in the weight health market continues to advance rapidly, we're positioning ourselves to benefit from strong tailwinds that will boost our telehealth business. New oral medications that will expand treatment options are expected in early 2026. Price points are likely to come down for medication over time, and long-term trends point towards broader insurance coverage for medical weight management. Each of these factors will ultimately contribute to expanded medication access and provide significant potential for growth. We're encouraged by the strong member interest in GLP-1 medication options through direct cash pay channels, including our integrations with NovoCare and LillyDirect. Our ongoing collaboration with Novo Nordisk is particularly meaningful as we work together to expand access to injectable Wegovy and support the upcoming launch of the Wegovy Pill, while exploring new and innovative ways to bring additional convenience and value to our members.

As we continue to expand our medical solutions and capabilities, I will reiterate that patient safety, patient outcomes, and regulatory compliance continue to guide our clinical approach. As we expand our GLP-1 medical weight loss program, we're also extending our reach into adjacent areas of weight health. This started with the launch of WeightWatchers for Menopause, a new offering launched at the end of the third quarter that offers evidence-based support and medication access to 1.3 million women in the United States, who reach menopause each year. Many of whom are managing weight, hormonal and metabolic changes simultaneously. The phased rollout throughout October has been well received, driving encouraging engagement among existing members and strengthening brand awareness around our evolving position in weight health.

We also expect our long-term growth to extend beyond the United States, building on more than 50 years of presence in key international markets. Under the leadership of Alejandro Bethlen, Executive Vice President of International, who joined us in September, we will accelerate efforts to strengthen our position abroad, advancing new clinical capabilities while also recommitting to international growth more broadly across our business. Our partnership with UK-based telehealth provider CheqUp that we launched in May is exceeding expectations, and we will evaluate additional opportunities to extend our integrated model to other priority markets.

We're also expanding our relationships with employers, payers, and health systems seeking cost effective, outcome-driven solutions. One recent example is our WeightWatchers RxFlexFund. It launched in October and offers an innovative, flexible approach for organizations looking to support employee access to GLP-1s while managing overall costs, underscoring the value of our integrated medical and behavioral care model.

Looking ahead, we see meaningful opportunities to thoughtfully extend the WeightWatchers ecosystem into areas that complement our expertise in weight health. Through select partnerships, integrations and service innovations, our focus remains clear: improving member outcomes, expanding solutions, and building a more diversified foundation for long-term growth and shareholder value. Third, modernizing the WeightWatchers brand and reclaiming our market leadership. WeightWatchers has been one of the most trusted and effective names in weight management for more than six decades. As the world's understanding of weight health is being rewritten, WeightWatchers is uniquely positioned to lead the future of our industry as a company that is grounded in trust,

powered by science, and committed to expanding clinical access to deliver meaningful, lasting results. This is a forward-looking vision we are eager to communicate.

That's why we're executing a comprehensive brand refresh that combines a more contemporary and engaging brand expression with a renewed focus on superior, proven outcomes, including our growing medication offerings. The effort will launch for peak early in the new year and extend across our visual design, tone of voice, and how and where we show up presenting a bold, modern WeightWatchers. In addition, and over time, we'll evolve our marketing strategy from expensive performance-driven channels dominating spend to a go-to-market strategy built on proven results and real people, while leveraging our role as the trusted authority in the space, and ultimately creating an organic flywheel for growth.

We'll lean into social and community driven storytelling, leveraging the real voices of our doctors, clinicians, coaches and members to expand reach and bring the WeightWatchers experience to life.

We're also dealing with the reality of many years of prolonged, deep discounting, a tactic that takes time to win off. Rather, we will shift towards more of a value-based pricing approach that will complement our brand modernization work, the expanding scope of our solutions, and importantly, the success of our programs. Comprehensive pricing and product studies underway across our top global markets will inform this next phase for the business, helping us balance access with value and rebuild our product and pricing architecture for durable revenue expansion.

This work will all lead into our peak season objectives. That includes breaking through preconceived notions of the WeightWatchers brand and reestablishing ourselves as modern and relevant for an expanding set of target customer segments. It means driving widespread awareness of WeightWatchers role as a growing provider of GLP-1 medications, and it includes acquiring both net new customers and lapsed rejoiners through compelling product innovation and marketing. Finally, as a business with a strong EBITDA margin profile, we remain committed to driving ongoing operational improvements as we also invest for growth. At every level of our organization, we're focused on efficiency, disciplined execution and prudent resource management.

Following the execution of our previously committed \$100 million in run rate savings, we continue to identify new opportunities to enhance productivity and performance across the business. Part of this effort is rooted in new technologies. The implementation of AI-powered voice support has improved member resolution rates and reduced service costs, while new AI tools within our clinical support model being rolled out over coming months will handle increased administrative tasks. These are the first steps in a broader effort to streamline and automate processes across our global operations, improving both speed and quality, while reducing cost to serve.

Also more closely integrating our clinical and behavioral operations, which is vital to our long-term strategy. This integration is improving efficiency, facilitating cross-training of our teams, fostering shared expertise, and delivering a more cohesive experience for our members. These efficiencies make our work faster and more cost effective, while preserving the high quality, personalized care that defines WeightWatchers. Through this disciplined operational approach, we're building a more agile, efficient and resilient organization. One that enables reinvestment in growth, protect margins, and strengthens our foundation for sustainable long-term value creation.

In closing, our work to hone our strategy and streamline our operations has positioned the company for a new chapter of growth and impact during historic moment. We're leveraging decades of expertise and name recognition with cutting-edge tools to write the next chapter of WeightWatchers, a new story which redefines the meaning of weight health and positions us for long-term growth and leadership in the industry we created. Much

work remains, but as our members know well, hard work can create new beginnings. Our direction is clear, and the possibilities are exciting.

And with that, I'll turn it over to Felicia to cover the financials.

Felicia DellaFortuna

Chief Financial Officer, WW International, Inc.

Thanks, Tara. We are pleased with the results for the quarter with continued strong adjusted EBITDA margins of nearly 25%, reflecting our focus on cost discipline and timing of spend, while investing in future growth initiatives. Acquisition challenges continued to persist in our behavioral business, although slightly improved from last quarter's bankruptcy period and in part supported by brand marketing associated with the launch of our new Menopause program. We ended Q3 with 2.9 million end-of-period behavioral subscribers, a decline of 20% year-over-year as the sector remains challenged.

Conversely, we were pleased with the clinic performance in the quarter with clinical end-of-period subscribers of 124,000, an increase of 60% compared to the same quarter last year. As a reminder, we added compounded semaglutide to a prescription formulary in October last year and will start to face more challenging comps over the next couple of quarters. Revenue was \$172 million, which declined 11% year-over-year. Clinical revenue grew 35% year-over-year, and behavioral revenue declined 16% year-over-year. Foreign exchange provided a \$2 million benefit to the quarter, and fiscal Q3 2025 included one extra day compared to fiscal Q3 2024.

In the clinic business, we were encouraged by our retention of a greater-than-expected number of members who had been previously prescribed compounded semaglutide, transitioning approximately 20% of those members to branded or oral medications. We expect Q3 2025 to represent the low point in clinical subscribers with this transition largely behind us. Monthly subscription revenues per average subscriber or ARPU was \$18.52 in the quarter, increasing 9% compared to the prior year quarter, reflecting the continued shift in mix towards higher-value clinical subscribers. However, ARPU declined sequentially, in part due to an increase in clinic's 12-month commitment plan, together with certain promotional activity.

Adjusted gross margin was 75.1%. We continue to closely manage costs while evolving toward a more variable expense structure, with nearly 70% of our cost of revenue variable in Q3. Beginning last quarter, we refined our reporting methodology to align direct revenue-related expenses, primarily technology costs within cost of revenue. This adjustment modestly increased gross margin with an offsetting increase in SG&A, providing a clearer view of the scalability of our model. We expect gross margin to decline modestly in the fourth quarter relative to the third quarter, reflecting the seasonal increase of staffing ahead of January peak season.

Marketing expense was 28% of revenue, more consistent with levels prior to last quarter's financial reorganization period. We expect marketing investments to increase as a percentage of revenue in Q4 with the start of peak season, along with the initial rollout of new brand and product initiatives Tara mentioned. Additionally, following emergence, we updated our accounting policy to expense advertising costs as they are incurred, a change from previous policy which recorded advertising expense as deferred costs until airing commenced. As a result, certain costs related to peak may be included in the fourth quarter versus the first quarter of next year. However, we still expect Q1 to represent our highest seasonal marketing spend of the year due to new year demand and continued seasonality of the business. As a reminder, given the timing of our subscription model, there is a lag between marketing investment and related revenue recognition over the duration of a subscription.

Adjusted product development expense, which primarily includes personnel-related costs for engineering, design and data teams, was 4% of revenue, reflecting an increase in capitalized product and technology initiatives as

part of our product roadmap. Adjusted SG&A was 18% of revenue, reflecting continued cost discipline and the flow through of executed cost reduction initiatives. Adjusted EBITDA was \$43 million and adjusted EBITDA margin was 24.9%. We expect adjusted EBITDA to decline in Q4 compared to Q3, reflecting the increase in marketing mentioned earlier, while still maintaining a strong margin profile.

Shifting to cash and the balance sheet, we ended Q3 with \$170 million of cash and cash equivalents, up from \$152 million at the end of Q2. The increase reflects strong Q3 EBITDA partially offset by the first interest payment on our new term loan and the lease termination payment associated with the exit of our prior corporate headquarters in New York, which is expected to result in modest run rate SG&A savings moving forward. Cash flow from operations was use of \$3 million, reflecting the release of escrow funds reserved for professional fees associated with our financial reorganization.

Capital expenditures in Q3 totaled \$3 million as we increased investment in product technology, innovation and other growth initiatives. We expect 2026 capital expenditures to begin to return towards historical levels. Cash taxes are expected to be approximately \$15 million to \$20 million for 2025, lower than historical years, reflecting the higher transaction-related deductions associated with the financial reorganization and the benefits of the One Big Beautiful Bill Act. WeightWatchers remains a high margin and highly cash generative business before debt service, reflecting recurring subscription revenue and low capital intensity.

Shifting to our new debt profile, a term loan of \$465 million represents the reduction of over 70% following our financial reorganization. The interest rate on the term loan is SOFR plus 680 basis points. It has a maturity of June 24, 2030. As part of the term loan agreement, there are annual prepayments to be made for excess cash above \$100 million based on the last 10 calendar days of the first quarter.

Now shifting to our outlook, 2025 has been a pivotal year for WeightWatchers. We reset our balance sheet, transformed our leadership team, and defined clear strategic priorities that align with our long-term vision for growth. These actions now enable us to focus squarely on execution, allocating resources towards the initiatives that will drive a return to sustained, profitable growth. Behavioral pressures persist, though slightly improved from the second quarter, and the compounded medication landscape remains complex with competitors continuing to offer compounded products at significantly lower prices than FDA-approved medications.

Due to the recurring nature of our subscription model, however, these near-term factors will influence our starting point headed into 2026. At the same time, execution of our strategic plan throughout the year will target a strengthening of member acquisition and engagement and position us for sustained growth over time. We remain focused on maintaining strong adjusted EBITDA margins, while our variable cost structure and cash generative business model provide the financial foundation and flexibility to continue to invest in key growth initiatives. We are narrowing full year fiscal 2025 guidance to the higher end of previously provided ranges and expect revenue of \$695 million to \$700 million and adjusted EBITDA of \$145 million to \$150 million.

I'll now turn it back over to Tara.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

Thanks, Felicia. The world of weight management has transformed and WeightWatchers with it. We stand on the precipice of a massive opportunity to build significant value for our business, while helping millions of people around the world to live healthier, happier lives, reasserting ourselves as a leading destination for successful weight loss and lasting results.

I'll now turn it over to the operator to open it up for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] At this time, we will pause momentarily to assemble our roster. And the first question will be from Alex Fuhrman from Lucid Capital Markets. Please go ahead.

Alex Joseph Fuhrman

Analyst, Lucid Capital Markets LLC

Q

Great. Thanks very much for taking my question, and congratulations on what looks like a really strong quarter here. Very interesting that you're going to be removing all of the barriers between the two programs in the app. I think that makes sense as kind of a natural evolution of the program. I'm curious, when do you think that that redesigned app is going to be available for members?

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

Okay, Alex. I'm Tara. So, first of all, thanks for the question. So, there's a lot more detail. I don't know if you've had a chance to go through our shareholder letter yet, but I would direct you that for a bit more color around certainly this topic and others. But the first version of the new app we are targeting to launch by early next year in time for peak. So, the team is heads down working really hard on that. And then that will be the first release. There will be a number of subsequent releases of the app and our digital platforms over the course of next year. And it's really the app – the new app experience or the new digital experience for members is it goes beyond just integrating and removing barriers. It will look and feel very modern, very different, much more intuitive than our existing legacy app that we've had for many, many years with sort of code on code on code.

It will be much better suited to highlight different features, different tools, different programs that may be appropriate for you on your weight loss journey that are today really hard to find at best in our app. Things like our registered dietitian offering, things like our GLP-1 Companion Program that's currently buried within the core program as a setting that you've sort of got to figure out where to find it. This new experience will allow us to better showcase the full breadth of the offering. And then also, as we get to know you, and as this experience becomes more personalized and more data informed, it will allow us to better drive our members to solutions for them and meet them where they are on their journey.

So, we're really excited. The team is doing a huge, huge amount of work to get the first version of this out the door by peak. But, yeah, it should look and feel like a most definitely a different chapter for WeightWatchers, for our members around the world.

Alex Joseph Fuhrman

Analyst, Lucid Capital Markets LLC

Q

That's exciting. That'll be great to see when that comes out [indiscernible] (00:32:40). Tara, can you talk about some of the partnerships that you've been doing lately. You mentioned the partnerships you have with Novo. And it seems like you've been striking a number of these kind of deals that you've announced recently. You have a partnership with Amazon for drug delivery. Can you talk a little bit more about some of these partnerships? Is that what's driving your growth? And in the case of Amazon, can you tell us a little bit more about what your members are getting as a result of this partnership?

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

Yeah, of course. Listen, I think strategic partnerships are a great lever for us across many different angles as we move forward. And, certainly, that can include partners with pharmaceutical players like Lilly and Novo that we have, or it can include some of the back end like Amazon and way beyond that. I think that there are strategic partnerships opportunities for the business that can extend our services. They can help us expand internationally. And so, while I would not say strategic partnerships are where our growth is going to come from, I do think they are a part of our growth strategy. But I'll flip to Jon to talk more specifically maybe about Amazon.

Jon Volkmann

Chief Operations Officer, WW International, Inc.

A

Yeah. Thanks, Tara. Jon Volkmann here. So, obviously, we're very excited about our partnerships with NovoCare and LillyDirect and very pleased to announce our new collaboration with Amazon Pharmacy. Overall, the theme of all of these is that it's really just another step in making medication access faster, simpler and more affordable for our members. And specifically to the Amazon partnership by integrating directly with their infrastructure, our members now get access to real-time medication availability from their specific fulfillment center. They also get automatic coupon savings, applied at checkout with no code needed. And then, obviously, the Amazon network for free two-day shipping for prime members. So, again, all of these partnerships are with the theme of just reducing friction in the health care process and for these specifically allowing patients to focus less on pharmacy logistics and more on their health.

And then looking at NovoCare, looking ahead to the orals launch here, we are working very closely with them to help support this launch. And it is fast approaching. So, like we've done in the past, we'll be looking for new and really innovative ways to bring both convenience and value to our members on that front.

Alex Joseph Fuhrman

Analyst, Lucid Capital Markets LLC

Q

That's really interesting. Thank you for that. And then if I could just kind of squeeze in one more here. WeightWatchers for Menopause, you just launched it, I imagine it's too early to talk about how that's going. But who were you initially targeting for this offering? Is this something that you think is a big opportunity within your current membership, or is this an opportunity to re-engage with former members that you haven't seen in a few years?

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

I think it's both of the above and new members. So, we are really excited to have launched the Menopause program, which is really two programs, one with a clinical offering and one without, with the clinical offering only being available in the US with women's health trained clinicians. So, we think this is an exciting market moving into women's health, but with a very clear overlap in terms of weight health. We think it's a global need. There's a lot of demand. It is fast being destigmatized. It's a very nice overlap with our existing customer base and has been much requested from our existing member base for a long time.

So, it feels like a really nice fit for the company and a somewhat of a blueprint in terms of how we think about programming moving forward, leveraging each of our core pillars. The most recent pillar being medication access and clinical expertise, but curated community offering, coaching, nutritional guidance, movement but tailored for women in their perimenopausal or menopausal years. Also, it really will be leveraging new technology moving forward. And again, in the same way as we talked about the app, the app infrastructure and that new intuitive

modern connected experience, the first version of that actually really is in menopause, albeit it's not yet on fully on the new tech stack.

But you'll notice that the barriers that exist in the – in some of the other programmings are removed in the menopause program. So, it was – you're right, it's too early to sort of be conclusive about it in any way other than we're excited and we think it's an important growth lever moving forward. But it was good to get back out in the market be loud, be proud. You saw we launched it with Queen Latifah, which was great, and provided a much needed sort of positive brand moment coming out of those fairly painful extended bankruptcy headings. So excited about it moving forward.

Alex Joseph Fuhrman
Analyst, Lucid Capital Markets LLC

Q

Absolutely. That's great to hear. Thank you very much for your responses.

Tara M. Comonte
President, Chief Executive Officer & Director, WW International, Inc.

A

You're welcome.

Operator: And our next question will be from Justin Ages from CJS Securities. Please go ahead.

Justin Ages
Analyst, CJS Securities, Inc.

Q

Hi. Good morning, all.

Tara M. Comonte
President, Chief Executive Officer & Director, WW International, Inc.

A

Good morning.

Justin Ages
Analyst, CJS Securities, Inc.

Q

I wanted to ask a question on retention which was better than expected. Can we just drill down on that and some of the returns that you're seeing in some of the programs? Given the headlines around the compounded GLP-1, I think myself and everyone else thought that clinical subscribers would be down a little more. So that was impressive to see. So, wanted to get some more information on that.

Jon Volkmann
Chief Operations Officer, WW International, Inc.

A

Yeah. Sure. So, the transition from compounded medications is largely complete. And we're pleased to announce that those results have exceeded our expectations. So, we successfully converted approximately 20% of our compounding members directly into our ongoing clinical program. And within that cohort, we saw members transitioned to really three main treatment areas. So, insurance coverage, GLP-1s. And for these members, we were able to successfully help them obtain coverage. And as previously stated, our ability to do so here really remains a key competitive advantage for us. We also saw our members transition to cash pay GLP-1s, many of whom are using our direct integrations with NovoCare and LillyDirect, and then finally to our oral medication kits.

Felicia DellaFortuna

Chief Financial Officer, WW International, Inc.

A

We also strategically moved members subscribers towards 12-month [ph] LTCs (00:39:31) in a very strong effort to retain clients for longer and to keep with a more beneficial LTV for us long term. And so, while we did see an ARPU decline in Q3, we were very optimistic and positive about that ARPU decline because it did mean better retention for our clinic subscribers. And then on behavioral, we do see that our overall retention is still trending at around 11 months and an area of opportunity for us as well.

Justin Ages

Analyst, CJS Securities, Inc.

Q

All right. That's very helpful. Appreciate it.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

Yeah, I was just going to add on to the retention point as it being an area of opportunity, another perfect example of why a different member experience on the digital platforms, particularly the app, is so needed. Because again, some of these silos in the existing journey prohibit us from executing against some valuable tools to drive increased share of wallet. But upsell into different programs, particularly the clinic program, but also to drive retention through stickier, more personalized programming for our members. So, also sort of pointing to the same set of objectives.

Justin Ages

Analyst, CJS Securities, Inc.

Q

Great. Thanks for that. And then one more, if I could, and I know it's early in terms of kind of the reorganization and the rebrand, but there's been some new influencer campaigns at the company. Just wanted to know early returns on broadening the subscriber base. Have you seen any changes in the demographics of the company?

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

Well, I'm glad you've seen our new influencer campaigns. That will make our marketing team extremely happy. Nothing specific to comment on right now. I mean, hopefully, you got from the prepared remarks, and again a little more color in the shareholder letter, but we're really looking to – we assert and reposition, sort of re-enter this brand into the weight management market. We've got some predated preconceptions of the brand. We've obviously come off the back of some prolonged bankruptcy headings – headlines that were very challenging for the business over many months this year. And what you're seeing in the influencer strategy is a shift in how we show up, who we engage with, as well as the types of channels that we're going to be leveraging to really execute against that strategy.

Over many years, the company has really become quite dependent on, as I mentioned in the prepared remarks, a discounting strategy, heavy bottom-up funnel performance marketing. And we are – we have a high level of conviction that as an iconic global brand, that more than six decades that we should be deploying a much more of a full funnel strategy, leaning into the strength of that brand and rebuilding that organic flywheel through multiple different channels. But certainly social telling, real-life member stories, showcasing our clinicians or coaches and leveraging appropriate influencers helps us do that as well as reach new target audiences.

Justin Ages

Analyst, CJS Securities, Inc.

All right. Thanks for the color there.

Q

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

Of course.

A

Operator: [Operator Instructions] The next question will be from Nathan Feather from Morgan Stanley. Please go ahead.

Nathan Feather

Analyst, Morgan Stanley & Co. LLC

Good morning, everyone, and thanks for taking the question. So, compounding is certainly driven a lot of volatility in the clinic subscriber growth over the past year. I guess, if we strip that out, how should we think about the underlying growth here? And given that, what's kind of the right run rate of clinic growth now that we're past the [indiscernible] (00:43:22) there? Thank you.

Q

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

Listen, you can't really strip it out, unfortunately. So, this is a pretty complex landscape right now, as you know, moving very fast. The business prescribed compounded medications from October last year to the end of May. As Jon mentioned, we have a very robust insurance PA approval engine. And on the backend, we have non-GLP-1 oral medications and we are partnering with Novo to bring this new oral Wegovy to market early next year. So, there are a lot of moving parts.

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And in the clinic business, we have a very high level of conviction in the strength of this integrated, holistic medically centers, but broader care model, nonetheless over the long term, we think it is – it drives superior outcomes, it drives a better member experience, it drives more sustainability in results and really is quite differentiated from just pure-play telehealth. So, outside of compounding noise over the course of the year, this is a really important growth engine for us that is only going to perceive, I think, more and more demand and adoption of members, particularly as pricing comes down and these medications become more accessible.

Jon Volkmann

Chief Operations Officer, WW International, Inc.

Yeah. And to that end, obviously, we're monitoring the situation closely, as I'm sure you all are with the recent headlines. That appear to be putting a lot of downward pressure on medication prices. And I think important to call out that we view that that downward pressure really as a net positive and a significant tailwind for our business. As access expands, we believe that the market is going to increasingly value quality of care, and that plays directly to our strengths. Our model has always been built on really high touch and holistic clinical support. So, our members have access 24/7 to their care teams. And as you saw in our shareholder letter, our customer satisfaction and our patient outcomes are really best-in-class.

A

So, looking more long term and looking ahead at this market matures, we're really confident that, that the key stakeholders in this industry from regulators to pharma partners will increasingly value providers who ensure

patient safety, manage outcomes and drive long-term adherence. And when we think about where we are long-term, that's the business that we're in.

Felicia DellaFortuna

Chief Financial Officer, WW International, Inc.

A

Last thing I would mention is that we also stated that we do anticipate Q3 2025 being the trough on end-of-period subscriber.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

A

For clinic.

Felicia DellaFortuna

Chief Financial Officer, WW International, Inc.

A

For clinic.

Nathan Feather

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thanks. Great. That's very helpful. And then heading into peak season shortly, there was commentary in the letter, but interested to hear a touch more about your plans across both product and marketing as you work to improve the resonance, especially within the core behavioral business. Thank you.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

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Yeah. Happy to take that. And then you guys can jump in if I miss something. There's – hopefully, it is clear the extent of work that is going on across the company right now from a full top-to-bottom digital rebuild, an extensive brand refresh, a relaunching of our virtual community offerings, a showcasing of programs and solutions that have been somewhat buried up until this point, and really a rallying around the need for significant increases in awareness in the market that WeightWatchers is in the medication space and provides medication access and clinical expertise as part of this more holistic offering with the force multiplier, if you like, that the behavioral solutions can also play. So, a pretty important re-entry, an important peak for us. And we're obviously targeting an uptick in subscribers to Q1 from Q4 as a result.

It's early to tell what, that's going to look like, but we're really excited. There is a vast amount going on, and it is bold and impactful. And outside of the tactics, everything we're doing first, second and third is to continue to drive superior results for our members. People are looking to achieve results. They're coming to us to achieve their weight loss and do it in a healthy and sustainable manner, and really making sure that we turn at peak showing how we are very different with some very impressive data to back that up is key, and then supported by the product. So, yeah, it's an important couple of months as we run up until that point and then beyond. Right?

So, the difference with this peak versus others is really peak is just the beginning of the launch of many of these things that we're talking about. It's chapter one, right, of the brands coming back in. A chapter one of the – is the first version of the new app is the first version of the new website. And so, I'm sure we will have a lot to learn, but we have a lot of exciting things planned and post-peak as we continue to roll out various growth initiatives across the ecosystem. So, hopefully, that's helpful.

Felicia DellaFortuna

Chief Financial Officer, WW International, Inc.

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I would also just mention that we do anticipate, as Tara mentioned, the step-up from Q4 to Q1, but we do still have the acquisition challenges on behavioral that albeit has improved relative to the bankruptcy headlines of Q2, it is creating an opening access tailwind on our subscriber model for 2026. And so – and a headwind in 2026. And so, a lot of our strategic priorities are to offset that opening act of headwind.

Nathan Feather

Analyst, Morgan Stanley & Co. LLC

Q

Thank you.

Jon Volkmann

Chief Operations Officer, WW International, Inc.

A

Yeah, I think just lastly, to jump in here, from a clinical standpoint, a really interesting factor with peak this year is that it happens to coincide with one of the most anticipated things that we've seen in quite a while in the space. And that's the launch of an oral GLP-1 which as Novo Nordisk has stated is expected to come to market in very early 2026 and then expected with a fast follower from Lilly. And we really view that as a significant market catalyst that's going to open up a new top of funnel for a large portion of people who are interested in GLP-1s but resistant to injectable. So, in addition to everything that we have planned from – with our normal peak activities, this also just presents a very interesting and exciting dynamic that we view as an opportunity for our clinical business as well.

Nathan Feather

Analyst, Morgan Stanley & Co. LLC

Q

Great. Appreciate it.

Operator: And ladies and gentlemen, this concludes today's question-and-answer session. I'd like to turn the conference back over to Tara Comonte for any closing remarks.

Tara M. Comonte

President, Chief Executive Officer & Director, WW International, Inc.

Thank you, everyone. Really just appreciate you joining the call. Appreciate your interest in the business and support of the business. This is an exciting time for WeightWatchers. And we are running hard to fully leverage all the growth opportunities ahead of us. So, look forward to following up in one-on-ones. And if there's anything that you wanted to cover that we didn't get to, please just get in touch directly. Thank you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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