creditrisk monitor®

WW INTERNATIONAL INC. BANKRUPTCY CASE STUDY

FILED ON 05/06/2025

The FRISK® Score warned of WW International's bankruptcy risk.

Score/Index	2024								2025				
	M	J	J	A	S	O	N	D	J	F	M	A	M
FRISK® Score	1	1	1	1	1	1	1	1	1	1	1	1	1
DBT Index	9	9	8	8	9	9	9	9	9	9	9	DBT	DBT
Z"-Score	5.58		6.31			6.05			7.04			Z"	Z"

"Latency Effect"

Z"-Score, a financial-only based model, failed to warn by consistently indicating financial strength.

The FRISK® Score of "1" accurately signaled severe bankruptcy risk over the past year.

"Cloaking Effect"

Days Beyond Terms (DBT), a measure of historical payment performance, is an ineffective indicator of financial stress for public companies.

Because publics often pay on time right up until bankruptcy.

HELPING TRADE CREDITORS

Problem: WW International filed bankruptcy on May 6, 2025. Its top 30 unsecured creditors were owed about **$15 million in open accounts receivable!**

Consequence: Trade creditors are typically impleaded into the bankruptcy proceeding, where recoveries are less than 15% and may take years to obtain.

Solution: CreditRiskMonitor® identifies 96%+ of public company bankruptcies at least 3 months before filing.

Payment and financial-only risk models often don't provide enough advanced warning.

> **Trade creditors with average dollar exposure who mitigated risk received a 10x to 100x ROI on the CreditRiskMonitor® service after only one bankruptcy ...**
>
> **a highly cost-effective insurance policy**

The CreditRiskMonitor® solution identified these key warning signs for subscribers:

96%-accurate FRISK® Score indicated WW International's high-risk for more than one year unlike financial and payment-based scores.

Enhanced News Alerts called out lender advisers, executive departures, failure to satisfy stock exchange listing requirements, and credit rating downgrades.

Management Discussion & Analysis revealed significant competitive threats and engagements with lenders.

Financial ratios indicated stress, including relative to its industry peers.

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor.com's FRISK® Score had been warning of financial stress at WW International (NASD: WW) for more than a year. The company ultimately filed for bankruptcy on May 6, 2025.

WW international reported Q1 2024 earnings with a net revenue decline of 15% YoY and an operating loss of $269.3 million.

Sima Sistani, Chief Executive Officer and board member, resigned from the company effective immediately – a red flag.

Heather Stark, Chief Financial Officer, would exit the company in the following month. Multiple senior departures is a material trend.

Business Name	2024								2025				
	M	J	J	A	S	O	N	D	J	F	M	A	M
WW International	1	1	1	1	1	1	1	1	1	1	1	1	1

BANKRUPT!

Moody's downgrades WW International from Caa1 to Caa3 on increased competition and weak liquidity.

The company's lender advisers sign a confidentiality agreement for restructuring talks – a major red flag for potential bankruptcy.

FRISK® Score is 96% accurate in predicting the risk of corporate failure over a 12-month horizon.

FRISK® Score	Probability of Bankruptcy within 12 Months	
	From	To
10	0.00%	0.12%
9	0.12%	0.27%
8	0.27%	0.34%
7	0.34%	0.55%
6	0.55%	0.87%
5	0.87%	1.40%
4	1.40%	2.10%
3	2.10%	4.00%
2	4.00%	9.99%
1	9.99%	50.00%

A FRISK® Score of 5 or less indicates an above average risk of bankruptcy, an important warning sign for clients. Maximize your ROI by continuously monitoring such counterparties, begin considering mitigation strategies if they fall to a FRISK® 3, and start taking action at FRISK® 2.

Did You Know? Companies with a FRISK® 2 or less account for almost 70% of all bankruptcies.

THE FRISK® SCORE COMPONENTS

CreditRiskMonitor's **96% accurate FRISK® Score** uses four high-quality data components:

- **Real-time subscriber crowdsourced research patterns**
- **A "Merton" type model using stock market capitalization and volatility**
- **Agency ratings**
- **Financial ratios, including those used in the Altman Z"-Score Model**

Our model's competitive advantage lies in non-linear scaling for each data subcomponent and the combination of the above components to mitigate the individual shortcomings of each input

✓ **Bankruptcy Focused:** our model is trained to predict bankruptcy, not default. This is important because only 1 in 5 defaulting public companies declare bankruptcy. FRISK® reduces false positives by focusing on bankruptcy

✓ **Daily Updating from Stock Market Data & Crowdsourced Inputs:** real-time insights, not stale data from outdated financial statements that look backward quarterly or annually. Incorporating market cap volatility captures the "wisdom of markets" every day.

✓ **Crowdsourcing:** insider sentiment based on the aggregate click patterns of our subscribers who are sophisticated credit professionals

We are the only platform making use of the wisdom of the crowd which represents nearly 40% of the Fortune 1000 plus thousands of corporations worldwide

Why is aggregate insider sentiment important?

✓ It's independently predictive of bankruptcy

✓ It's asymmetric to other inputs since the actors involved have access to material, non-public information under their exemption from Regulation Fair Disclosure

✓ If credit professionals move in aggregate, and purposely decide to cut-off working capital to a specific counterparty, then this counterparty is more prone to bankruptcy

Learn more about our approach: Crowdsourcing the Research of Credit Professionals

NEWS ALERTS: TIMELINE

In Q1 2024, WW International reported a 14.6% YoY revenue decline to $206.5 million, driven in part by a wind-down of its consumer products segment. The company posted a significant operating loss of $269.3 million, mainly due to a $258 million non-cash impairment charge related to acquired franchise rights.

05/02/2024	GlobeNewswire	WW International, Inc. Announces First Quarter 2024 Results

In September 2024, the departure of CEO Sima Sistani effective immediately may be viewed negatively for WW International. This event indicates executive instability at a critical juncture in the company's transformation, particularly amid increased competition and deteriorating operating performance.

9/10/2024	GlobeNewswire	WeightWatchers Announces Executive Leadership Transition

Moody's downgraded WW International from Caa1 to Caa3 as well as a speculative grade liquidity rating downgrade from SGL-3 to SGL-4. The downgrade was driven by declining revenue, high debt-to-EBITDA ratios, poor interest coverage, and weak free cash flow.

10/2/2024	Moody's Investors Service	Moody's Ratings downgrades WW CFR, senior secured to Caa3 from Caa1 on increasing competition, weak liquidity; outlook is stable

The exit of CFO Heather Stark from WW International reflects the departure of another key executive. Following both departures, credit professionals should have greater concern about the company's transition and take steps to mitigate risk exposure.

11/27/2024	GlobeNewswire	WW International, Inc. Announces CFO Transition

WW International Inc.'s FRISK® Score trended deep in the high-risk red zone over the last 12 months, signaling a high probability of failure. By May 6, 2025, WW International filed in the U.S. Bankruptcy Court for the District of Delaware.

05/06/2025	The Associated Press	WeightWatchers files for bankruptcy protection to eliminate debt burden

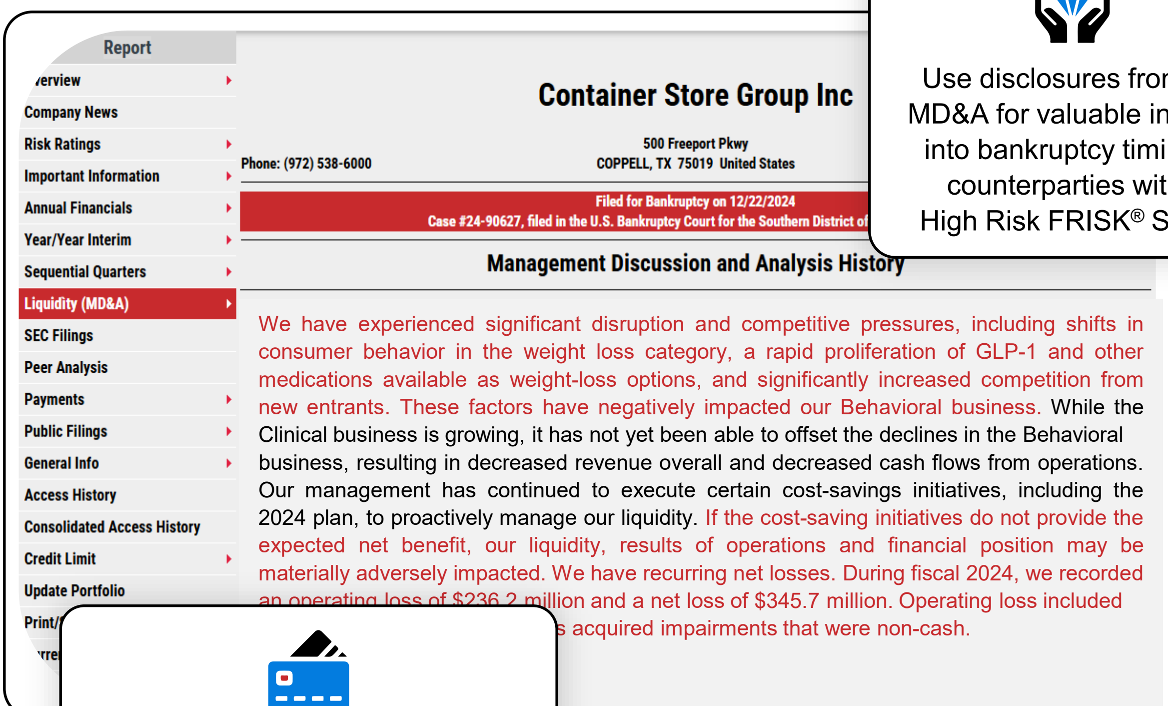
DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The MD&A contains relevant and accurate statements about a company's liquidity, capital resources, and other aspects of financial stability.

Sarbanes-Oxley (SOX): it is illegal to falsify information, subjecting CEOs and CFOs to fines or imprisonment for noncompliance.

Financial Accounting Standards Board (FASB): "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

Access our **MD&A CHEAT SHEET** to see how we can enhance your risk assessment process even further.



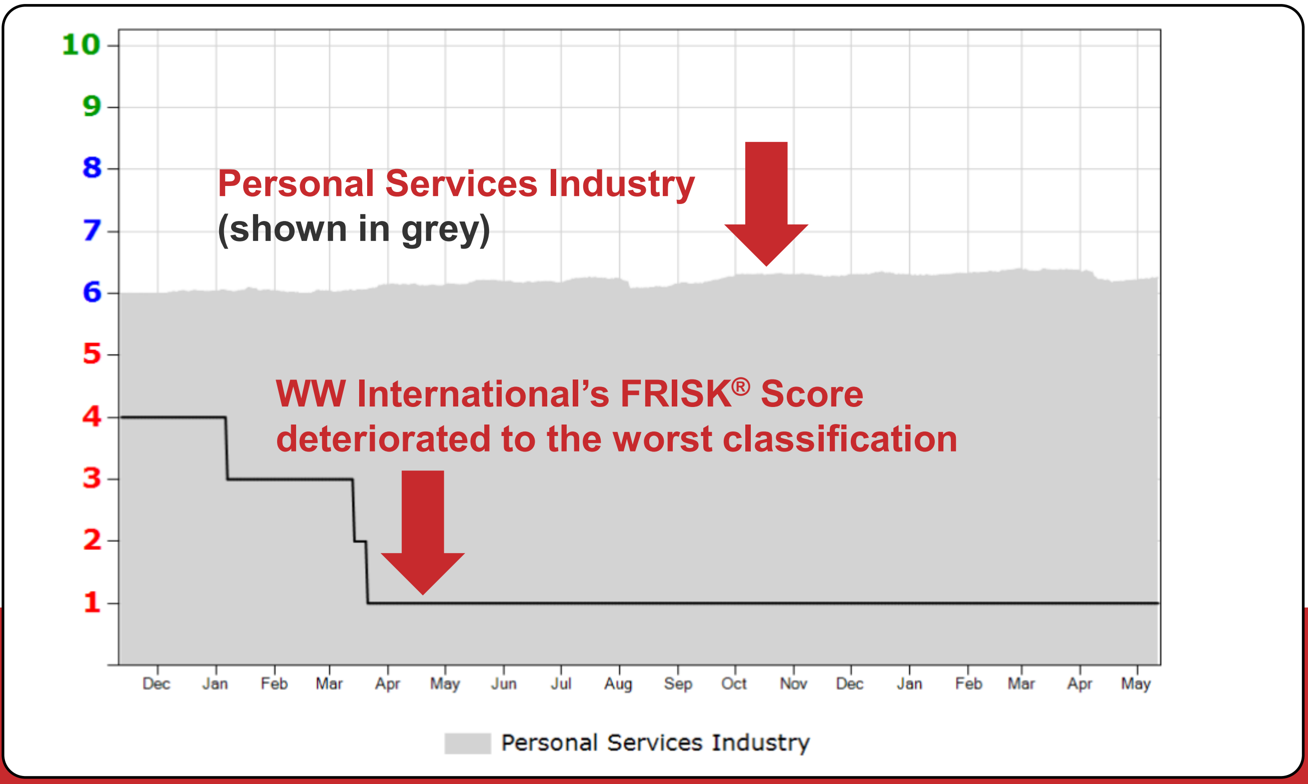
Use disclosures from the MD&A for valuable insights into bankruptcy timing of counterparties with a High Risk FRISK® Score.

WW International indicated significant disruption from competitive pressures and recurring net losses.

Credit professionals must monitor these important red flags.

FRISK® DEEP DIVE

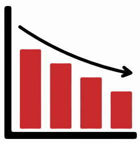
Per the FRISK® Score, this company **has a 10-to-50 times greater risk of bankruptcy** than the average public company.



The FRISK® Score relative to the broader Personal Services industry raised a red flag signaling heightened risk relative to peers.

MAKING IMMEDIATE ATTENTION REQUIRED!

FRISK® Score Comparison



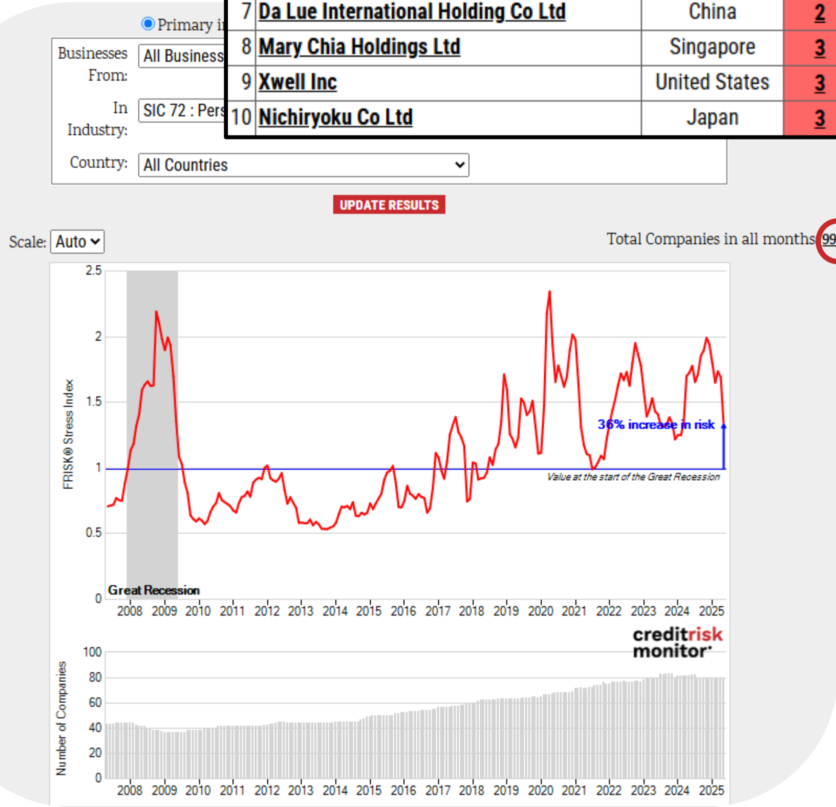
Subscribers should evaluate the company's FRISK® Score of "1" relative to the average FRISK® Score of "6" for the broader industry. With much higher bankruptcy risk, further research and mitigation steps should be taken.

FRISK® STRESS INDEX

Average probability of failure for Personal services (SIC 72) has increased 36% since 2007. WW International was among the weakest names in the industry as evidenced by its FRISK® Score of 1.

Click to access the total composite of 99 companies

#	Business Name	Country	Current FRISK® score
1	WW International Inc	United States	1
2	Newtopia Inc	Canada	2
3	European Wax Center Inc	United States	2
4	Futonmaki Jiro Inc	Japan	2
5	Dignity Group Holdings Ltd	United Kingdom	2
6	Kaya Ltd	India	2
7	Da Lue International Holding Co Ltd	China	2
8	Mary Chia Holdings Ltd	Singapore	3
9	Xwell Inc	United States	3
10	Nichiryoku Co Ltd	Japan	3



FRISK® Stress Index shows the collective probability of failure in a group of companies (industry, country or portfolio) over the next 12 months. This index shows the trends in risk level across a group of companies.

Levels near or above 1.5 are considered high risk (and levels of 3 or 4 for a smaller group of companies).

SEQUENTIAL QUARTERLY RATIOS

PERFORMANCE RATIOS

What does this tell us?

- ✓ Poor EBITDA generation and volatile bottom line trends
- ✓ Negligible free cash flow, impairing the company's capacity to manage its debt load
- ✓ Inconsistent interest coverage ratios

Performance Ratios - Sequential Quarters
(Thousands of U.S. Dollars)

Period Ended	13 weeks 3/29/2025	13 weeks 12/28/2024	13 weeks 9/28/2024	13 weeks 6/29/2024	13 weeks 3/30/2024
Net Sales $	$186,571	$184,413	$192,887	$202,073	$206,54[illegible]
% change	1.17%	-4.39%	-4.55%	-2.17%	0.29%
Gross Profit $	$132,492	$127,373	$133,316	$137,192	$140,230
% change	4.02%	-4.46%	-2.83%	-2.17%	11.20%
% of sales	71.01%	69.07%	69.12%	67.89%	67.89%
change as % of incremental sales	237.21%	n/m	n/m	n/m	2,390.19%
SG&A $	$124,172	$90,452	$101,253	$99,349	$146,081
% change	37.28%	-10.67%	1.92%	-31.99%	38.68%
% of sales	66.55%	49.05%	52.49%	49.16%	70.73%
change as % of incremental sales	1,562.56%	n/m	n/m	n/m	6,893.91%
Operating Profit $	($20,201)	$36,222	($39,045)	$35,933	($269,332)
% change	-155.77%	192.77%	-208.66%	113.34%	-4,383.64%
% of sales	-10.83%	19.64%	-20.24%	17.78%	-130.40%
change as % of incremental sales	-2,614.60%	n/m	n/m	n/m	-44,555.84%
EBITDA $	($15,493)	$49,091	($35,760)	$45,556	($257,324)
% change	-131.56%	237.28%	-178.50%	117.70%	-4,028.01%
% of sales	-8.30%	26.62%	-18.54%	22.54%	-124.58%
change as % of incremental sales	-2,992.77%	n/m	n/m	n/m	-44,648.90%
EBIT $	($22,407)	$40,410	($44,915)	$36,011	($267,727)
% change	-155.45%	189.97%	-224.73%	113.45%	-4,278.20%
% of sales	-12.01%	21.91%	-23.29%	17.82%	-129.62%
change as % of incremental sales	-2,910.89%	n/m	n/m	n/m	-44,265.99%
Pre-tax income $	($50,010)	$13,379	($73,534)	$7,434	($292,454)
% change	-473.79%	118.19%	-1,089.16%	102.54%	-856.39%
% of sales	-26.80%	7.25%	-38.12%	3.68%	-141.59%
change as % of incremental sales	-2,937.40%	n/m	n/m	n/m	-44,310.49%
Net income (loss) $	($72,585)	$25,123	($46,192)	$23,269	($347,902)
% change	-388.92%	154.39%	-298.51%	106.69%	-294.74%
% of sales	-38.90%	13.62%	-23.95%	11.52%	-168.44%
change as % of incremental sales	-4,527.71%	n/m	n/m	n/m	-43,953.81%
Tax expense $	$22,575	($11,744)	($27,342)	($15,835)	$55,448
Effective tax rate	-45.14%	-87.78%	37.18%	-213.01%	-18.96%
Depreciation expense $	$964	$971	$1,031	$1,073	$1,113
% of sales	0.52%	0.53%	0.53%	0.53%	0.54%
% of capital expenses	30.36%	30.42%	33.13%	20.26%	23.14%
% of PP&E, net (annualized)	6.87%	6.47%	6.43%	6.35%	6.31%
Capital expenditures $	$3,175	$3,192	$3,112	$5,297	$4,809
% change	-0.53%	2.57%	-41.25%	10.15%	-39.65%
% of PP&E, net (annualized)	22.62%	21.27%	19.41%	31.33%	27.24%
% of working capital (annualized)	-1.58%	-16.07%	-12.42%	-17.34%	-24.34%
Interest coverage ratio	(0.56)	1.82	(1.25)	1.59	(10.41)
% change	-130.91%	245.35%	-178.38%	115.32%	-3,985.96%
Free cash flow $	$11,823	$1,415	$13,417	($7,238)	($40,844)
% change	735.55%	-89.45%	285.37%	82.28%	-31,562.02%
Source:	10-Q 5/6/2025	10-K 2/28/2025	10-Q 11/6/2024	10-Q 8/1/2024	10-Q 5/2/2024

LEVERAGE RATIOS

What does this tell us?

- ✓ Substantial debt burden that increased over time
- ✓ Negative tangible net worth indicated limited unencumbered assets
- ✓ Total debt to assets trended above 200%, reflecting extremely high financial leverage

Leverage Ratios - Sequential Quarters
(Thousands of U.S. Dollars)

Period Ended	3/29/2025	12/28/2024	9/28/2024	6/29/2024	3/30/2024
Total debt $	$1,603,029	$1,430,643	$1,429,598	$1,428,554	$1,427,511
% change	12.05%	0.07%	0.07%	0.07%	0.07%
Stockholders' equity $	($1,182,923)	($1,114,372)	($1,128,720)	($1,087,283)	($1,112,299)
% change	-6.15%	1.27%	-3.81%	2.25%	-46.14%
Tangible net worth $	($1,508,638)	($1,469,717)	($1,491,977)	($1,511,532)	($1,540,801)
% change	-2.65%	1.49%	1.29%	1.90%	-5.95%
Total assets $	$696,873	$550,276	$562,353	$614,256	$654,248
% change	26.64%	-2.15%	-8.45%	-6.11%	-33.38%
Total debt to assets ratio	2.30	2.60	2.54	2.33	2.18
% change	-11.52%	2.27%	9.31%	6.59%	50.21%
Tangible assets $	$371,158	$194,931	$199,096	$190,007	$225,746
% change	90.40%	-2.09%	4.78%	-15.83%	-21.85%
Short-term debt $	$1,603,029	$0	$0	$1	$2
% change	n/m	n/m	-100.00%	-50.00%	-50.00%
Short-term debt % of total debt	100.00%	0.00%	0.00%	0.00%	0.00%
% change	n/m	n/m	-100.00%	0.00%	-66.67%
Short-term debt % of working capital	-104.07%	0.00%	0.00%	0.00%	0.00%
% change	n/m	n/m	100.00%	40.00%	90.26%
Total liabilities $	$1,879,796	$1,664,648	$1,691,073	$1,701,539	$1,766,547
% change	12.92%	-1.56%	-0.62%	-3.68%	1.34%
Total debt to EBITDA ratio (annualized)	n/a	7.29	n/a	7.84	n/a
Source:	10-Q 5/6/2025	10-K 2/28/2025	10-Q 11/6/2024	10-Q 8/1/2024	10-Q 5/2/2024

SEQUENTIAL QUARTERLY RATIOS

LIQUIDITY RATIOS

What does this tell us?

- ✓ Working capital deficit indicated very poor liquidity. Cash and quick ratios ranked in the bottom quartile of industry peers

Liquidity Ratios - Sequential Quarters
(Thousands of U.S. Dollars)

Period Ended	3/29/2025	12/28/2024	9/28/2024	6/29/2024	3/30/2024
Current assets $	**$281,252**	**$102,648**	**$101,228**	**$88,091**	**$116,974**
% change	*174.00%*	*1.40%*	*14.91%*	*-24.69%*	*-34.82%*
% of short-term debt	*17.55%*	*n/a*	*n/a*	*8,809,100.00%*	*5,848,700.00%*
Current liabilities $	**$1,821,603**	**$173,331**	**$189,457**	**$200,370**	**$249,047**
% change	*950.94%*	*-8.51%*	*-5.45%*	*-19.55%*	*21.21%*
Working capital $	**($1,540,351)**	**($70,683)**	**($88,229)**	**($112,279)**	**($132,073)**
% change	*-2,079.24%*	*19.89%*	*21.42%*	*14.99%*	*-408.21%*
% of sales (annualized)	*-206.40%*	*-9.58%*	*-11.44%*	*-13.89%*	*-15.99%*
Cash $	**$236,346**	**$53,024**	**$57,181**	**$42,709**	**$66,615**
% change	*345.73%*	*-7.27%*	*33.89%*	*-35.89%*	*-39.09%*
% of short-term debt	*14.74%*	*n/a*	*n/a*	*4,270,900.00%*	*3,330,750.00%*
Cash ratio	**0.13**	**0.31**	**0.30**	**0.21**	**0.27**
% change	*-57.60%*	*1.36%*	*41.56%*	*-20.30%*	*-49.75%*
Quick assets $	**$250,158**	**$67,452**	**$69,796**	**$56,121**	**$79,788**
% change	*270.87%*	*-3.36%*	*24.37%*	*-29.66%*	*-35.81%*
% of short-term debt	*15.61%*	*n/a*	*n/a*	*5,612,100.00%*	*3,989,400.00%*
Quick ratio	**0.14**	**0.39**	**0.37**	**0.28**	**0.32**
% change	*-64.72%*	*5.65%*	*31.52%*	*-12.58%*	*-47.04%*
Current ratio	**0.15**	**0.59**	**0.53**	**0.44**	**0.47**
% change	*-73.93%*	*10.84%*	*21.54%*	*-6.41%*	*-46.23%*
Source:	10-Q 5/6/2025	10-K 2/28/2025	10-Q 11/6/2024	10-Q 8/1/2024	10-Q 5/2/2024

RATES OF RETURN

- ✓ Inconsistent returns on total assets and tangible assets
- ✓ Inability to generate returns to support its cost of capital

Rate of Return - Sequential Quarters
(Thousands of U.S. Dollars)

Period Ended	13 weeks 3/29/2025	13 weeks 12/28/2024	13 weeks 9/28/2024	13 weeks 6/29/2024	13 weeks 3/30/2024
Return on total assets	**-11.64%**	**4.52%**	**-7.85%**	**3.67%**	**-42.52%**
% change	*-357.75%*	*157.52%*	*-314.02%*	*108.63%*	*-385.93%*
Return on tangible assets	**-25.64%**	**12.75%**	**-23.74%**	**11.19%**	**-135.21%**
% change	*-301.10%*	*153.71%*	*-312.11%*	*108.28%*	*-378.26%*
Source:	10-Q 5/6/2025	10-K 2/28/2025	10-Q 11/6/2024	10-Q 8/1/2024	10-Q 5/2/2024

ANNUAL STATEMENTS

CASH FLOWS

What does this tell us?

- ✓ Steepening net losses and operating cash flow turns negative
- ✓ Net cash-ending balance weakens substantially year-over-year

Statement of Cash Flows - Annual - Standardized
(Thousands of U.S. Dollars)

Period Ended	52 weeks 12/28/2024	52 weeks 12/30/2023	52 weeks 12/31/2022	52 weeks 1/1/2022	53 weeks 1/2/2021
Cash Flows from Operating Activities:					
Net income	($345,701)	($112,255)	($251,403)	$66,892	$75,041
Depreciation/depletion	37,784	52,471	43,801	48,550	50,677
Deferred taxes	(26,578)	19,821	(150,994)	(15,565)	(1,440)
Non-cash Items	328,154	33,867	426,867	66,544	86,450
Changes in working capital	(10,499)	12,782	8,375	(9,140)	(74,788)
Total cash from operating activities	**(16,840)**	**6,686**	**76,646**	**157,281**	**135,940**
Cash Flows from Investing Activities:					
Capital expenditures	(16,410)	(36,301)	(38,252)	(37,651)	(50,431)
Other investing cash flow items, total	(5)	(38,395)	(4,392)	(15,102)	(15,160)
Total cash from investing activities	**(16,415)**	**(74,696)**	**(42,644)**	**(52,753)**	**(65,591)**
Cash Flows from Financing Activities:					
Financing cash flow items	(17,343)	(3,467)	(4,722)	(52,005)	(7,465)
Issuance/retirement of stock, net	n/a	718	0	4,469	8,176
Issuance/retirement of debt, net	n/a	0	0	(64,000)	(96,250)
Total cash from financing activities	**(17,343)**	**(2,749)**	**(4,722)**	**(111,536)**	**(95,539)**
Foreign exchange effects	**(2,248)**	**1,799**	**(4,748)**	**(5,085)**	**8,341**
Net change in cash	**(52,846)**	**(68,960)**	**24,532**	**(12,093)**	**(16,849)**
Net cash-beginning balance	**109,366**	**178,326**	**153,794**	**165,887**	**182,736**
Net cash-ending balance	**$56,520**	**$109,366**	**$178,326**	**$153,794**	**$165,887**
Supplemental Disclosures:					
Cash interest paid	$96,844	$91,614	$76,216	$79,374	$137,163
Cash taxes paid, supplemental	$11,499	$30,908	$25,815	$41,377	$24,609
Auditor/Opinion:	Pricewaterhouse Coopers LLP **Unqualified**	Pricewaterhouse Coopers LLP **Unqualified**	Pricewaterhouse Coopers LLP **Unqualified with Explanation**	Pricewaterhouse Coopers LLP **Unqualified**	Pricewaterhouse Coopers LLP **Unqualified**
Source:	10-K 2/28/2025	10-K 2/28/2024	10-K 3/6/2023	10-K 3/1/2022	10-K 2/25/2021

ABOUT CREDITRISKMONITOR

About Our Bankruptcy Case Study

CreditRiskMonitor Bankruptcy Case Studies provide post-filing analyses of public and private company bankruptcies. Our case studies educate subscribers about how they can use our proprietary solutions to avoid the disastrous impact from bankrupt creditors and suppliers.

About Our Company

CreditRiskMonitor is a financial risk analysis and news service that helps credit and supply chain professionals stay ahead of and manage risk quickly, accurately and cost effectively.

Nearly 40% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our coverage of 30+ million public companies and private companies globally.

Contact us at:

845.230.3000

creditriskmonitor.com/contact-us

Give Us a Try!