

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) **January 18, 2023**

Teladoc Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37477
(Commission
File Number)

04-3705970
(I.R.S. Employer
Identification No.)

2 Manhattanville Road, Suite 203
Purchase, New York
(Address of Principal Executive Offices)

10577
(Zip Code)

(203) 635-2002
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	TDOC	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.05. Costs Associated with Exit or Disposal Activities.

On January 18, 2023, Teladoc Health, Inc. (the “Company”) announced a restructuring plan intended to reduce operating costs. In addition, the Company underwent certain other cost-saving actions taken during the latter part of the fourth quarter of 2022. The combination of these actions results in a reduction of the Company’s workforce of approximately 6 percent, and office space reductions within certain markets. The fourth quarter actions did not have a material impact on 2022 financial operating results. Decisions regarding the elimination of positions are subject to local law and consultation requirements in certain countries, as well as the Company’s business needs.

In conjunction with earlier cost-saving actions, the Company incurred approximately \$4.4 million in pre-tax charges in the fourth quarter of 2022, consisting of approximately \$2 million in costs related to employee transition, severance payments, employee benefits, and related costs, and approximately \$2.4 million in exit costs associated with the office space reductions. In connection with the restructuring plan, the Company expects to incur approximately \$17 million in pre-tax charges in 2023, consisting of approximately \$9 million substantially related to employee transition, severance payments, employee benefits, and related costs expected to be realized in the first quarter of 2023, and approximately \$8 million of exit costs associated with office space reductions expected to occur by the second quarter of 2023. Of the aggregate amount of pre-tax charges that the Company estimates it will incur in 2023, approximately \$10 million are expected to result in future cash expenditures related to the workforce reductions. In addition to these charges, the Company expects a reduction in stock-based compensation of approximately \$6 million in the first quarter of 2023 associated with forfeited stock awards.

The estimates of the charges and expenditures that the Company expects to incur in connection with the restructuring plan, and the timing thereof, are subject to a number of assumptions, including local law requirements in various jurisdictions, and actual amounts may differ materially from estimates.

In addition, the Company may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur, including in connection with the implementation of the restructuring plan.

A letter to the Company’s employees from Jason Gorevic, the Company’s chief executive officer, regarding these actions is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference.

Cautionary Note Regarding Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “believe,” “project,” “estimate,” “expect,” “may,” “should,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding the Company’s expectations regarding the costs, benefits, timing and financial impacts from the restructuring plan.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) changes in laws and regulations applicable to our business model; (ii) changes in market conditions and receptivity to our services and offerings; (iii) results of litigation or regulatory actions; (iv) the loss of one or more key clients; (v) changes in valuations or useful lives of our assets; (vi) changes to our abilities to recruit and retain qualified providers into our network; (vii) the impact of and risk related to impairment losses with respect to goodwill, intangibles or other assets; and (viii) the impact of the COVID-19 pandemic on our operations, demand for our services and general economic conditions, as well as orders, directives and legislative action by local, state, federal and foreign governments in response to the spread of COVID-19. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including, but not limited to, our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as filed with the SEC.

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>99.1</u>	<u>Letter to Teladoc Health, Inc. employees from Jason Gorevic, dated January 18, 2023.</u>
104	The cover page of this Current Report on Form 8-K formatted as Inline XBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 18, 2023

TELADOC HEALTH, INC.

By: /s/ Adam C. Vandervoort

Name: Adam C. Vandervoort

Title: Chief Legal Officer

Subject: Difficult Steps Towards Integration & Balanced Growth

Dear Colleagues,

Today we are taking the difficult but necessary step of letting go approximately 300 colleagues or 6% of Teladoc Health's non-clinician workforce. This is not a decision I take lightly, and we will do all we can to help our colleagues through this moment.

One of the first questions you may have is why is this happening? There are a couple of answers. First, we are removing some redundant roles as our merged organizations operate more as one Teladoc Health. Second, as we've discussed over the past several months and seen across our industry, businesses like ours must transition to more balanced growth of revenue *and* profitability. At this stage in both our evolution as an enterprise and given the challenged economic environment, we believe that balanced growth is the right step for us as a well-run company. And so, after taking several non-people cost-saving actions, including ongoing real estate and systems consolidations, we concluded that today's moves were necessary.

More About Transitions

These decisions are not a reflection on the individuals leaving us today and I thank them for the many contributions they've made to our organization. I wish all our exiting colleagues the best, and I encourage you to support them, consistent with our values.

To help ensure their transition is as smooth as possible, we are offering impacted employees:

- Enhanced severance including payouts based on years of service and grade level
- Bonus payments for 2022
- Subsidized healthcare benefits under COBRA
- Access to free therapy from BetterHelp
- Job search support from our People team

As some team members leave, we will also be making changes to our organizational structure to streamline our work and best capture the opportunities ahead. More information on these organizational changes will be shared with affected teams today. We will also continue our cost management efforts, including further review of our real estate footprint and return on vendor investments as matters of responsible, ongoing corporate governance.

Our Path to Profitability

The decision to reduce the size of our team puts our company on an improved path to profitability and necessitates our collective focus on our commercial business priorities - Primary 360, chronic care management, mental health and delivering true whole person care – along with continued growth in our BetterHelp consumer brand. We know that more than half our commercial buyers want the integrated, whole person strategy that we offer, and delivering value across our businesses is of even greater importance in this economy. At the same time, we will continue to make significant innovation investments to ensure that our whole person offering is seamless and comprehensive.

With these changes, I am confident that our business is on a sustainable and balanced path forward. In total, we'll be making meaningful expense reductions this year while reinvesting other resources in more focused ways.

These actions put us on an even stronger financial footing at a time when many of our competitors are questioning their ability to keep their doors open. Responsibly managing the resources that our clients, members and investors give us is not only good business management, but it is a competitive advantage in turbulent economic times.

Moving Forward

I anticipate that many of you will want to know if this is the beginning of ongoing layoffs or the precursor to further disruption in our company. What I can promise you is that today's actions were based on our best assessment of our current business needs, with the sole intent of putting us on a better path to top and bottom-line growth.

Regardless of every business reason for today's announcement and everything we are doing to try to make it easier, I recognize this is a difficult day. Please take the time you need to take care of yourself and one another. And if you have additional questions regarding these changes or need help, please reach out to your manager or HR partner.

With gratitude,

Jason
