UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2021

or

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

For the transition period from to

Commission File Number: 001-37477

TELADOC HEALTH, INC.
(Exact name of registrant as specified in its charter)

Delaware	**04-3705970**
(State of incorporation)	(I.R.S. Employer Identification No.)
2 Manhattanville Road, Suite 203 Purchase, New York	**10577**
(Address of principal executive office)	(Zip code)

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

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: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of July 28, 2021, the Registrant had 159,248,228 shares of Common Stock outstanding.

TELADOC HEALTH, INC.

QUARTERLY REPORT ON FORM 10-Q
For the period ended June 30, 2021

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PART I
FINANCIAL INFORMATION

ITEM 1. ***Financial Statements***

TELADOC HEALTH, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data, unaudited)

	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 783,724	$ 733,324
Short-term investments	2,538	53,245
Accounts receivable, net of allowance of $10,952 and $6,412, respectively	179,436	169,281
Inventories	56,990	56,498
Prepaid expenses and other current assets	82,149	47,259
Total current assets	1,104,837	1,059,607
Property and equipment, net	28,184	28,551
Goodwill	14,454,712	14,581,255
Intangible assets, net	1,963,172	2,020,864
Operating lease - right-of-use assets	41,880	46,647
Other assets	18,334	18,357
Total assets	$ 17,611,119	$ 17,755,281
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 42,077	$ 46,030
Accrued expenses and other current liabilities	91,609	83,657
Accrued compensation	59,629	94,593
Deferred revenue-current	69,293	52,356
Advances from financing companies	13,619	13,453
Current portion of long-term debt	0	42,560
Total current liabilities	276,227	332,649
Other liabilities	1,346	1,616
Operating lease liabilities, net of current portion	36,493	43,142
Deferred revenue, net of current portion	3,501	2,449
Advances from financing companies, net of current portion	9,561	9,926
Deferred taxes	81,882	102,103
Convertible senior notes, net	1,201,039	1,379,592
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.001 par value; 300,000,000 shares authorized as of June 30, 2021 and December 31, 2020; 159,462,979 shares and 150,281,099 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	159	150
Additional paid-in capital	17,314,749	16,857,797
Accumulated deficit	(1,326,129)	(992,661)
Accumulated other comprehensive gain	12,291	18,518
Total stockholders' equity	16,001,070	15,883,804
Total liabilities and stockholders' equity	$ 17,611,119	$ 17,755,281

See accompanying notes to unaudited consolidated financial statements.

TELADOC HEALTH, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data, unaudited)

	Quarter Ended June 30, 2021	Quarter Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue	$ 503,139	$ 241,030	$ 956,814	$ 421,829
Expenses:				
Cost of revenue (exclusive of depreciation and amortization, which is shown separately below)	160,273	90,780	306,232	163,162
Operating expenses:				
Advertising and marketing	103,221	47,578	192,660	80,093
Sales	63,856	18,687	128,649	36,627
Technology and development	80,759	23,029	158,767	42,286
Acquisition, integration and transformation costs	11,421	1,627	17,744	5,291
General and administrative	111,216	56,615	216,388	102,957
Depreciation and amortization	51,341	9,893	100,000	19,603
Total expenses	582,087	248,209	1,120,440	450,019
Loss from operations	(78,948)	(7,179)	(163,626)	(28,190)
Loss on extinguishment of debt	31,419	7,751	42,878	7,751
Other (income) expense, net	(217)	(111)	(5,869)	574
Interest expense, net	20,473	13,262	42,598	21,880
Net loss before taxes	(130,623)	(28,081)	(243,233)	(58,395)
Income tax expense (benefit)	3,196	(2,399)	90,235	(3,110)
Net loss	(133,819)	(25,682)	(333,468)	(55,285)
Other comprehensive gain (loss), net of tax:				
Cumulative translation adjustment	7,265	12,880	(6,227)	(4,674)
Comprehensive loss	$ (126,554)	$ (12,802)	(339,695)	$ (59,959)
Net loss per share, basic and diluted	$ (0.86)	$ (0.34)	$ (2.16)	$ (0.74)
Weighted-average shares used to compute basic and diluted net loss per share	156,055,090	76,512,870	154,187,739	74,919,194

See accompanying notes to unaudited consolidated financial statements.

TELADOC HEALTH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data, unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total Stockholders' Equity
Balance as of December 31, 2020	150,281,099	$ 150	$ 16,857,797	$ (992,661)	$ 18,518	$ 15,883,804
Exercise of stock options	1,238,112	1	11,907	0	0	11,908
Issuance of common stock upon vesting of restricted stock units	976,999	1	(1)	0	0	(0)
Issuance of common stock for conversion/redemption of 2022 Notes	1,058,373	1	270,111	0	0	270,112
Equity portion of extinguishment of 2022 Notes	0	0	(224,081)	0	0	(224,081)
Issuance of common stock for conversion of 2025 Notes	1,056,861	1	288,485	0	0	288,486
Equity portion of extinguishment of 2025 Notes	0	0	(237,261)	0	0	(237,261)
Retirement of shares related to acquisition (see Note 4)	(205,280)	(0)	(40,329)	0	0	(40,329)
Stock-based compensation	0	0	90,000	0	0	90,000
Other comprehensive loss, net of tax	0	0	0	0	(13,492)	(13,492)
Net loss	0	0	0	(199,649)	0	(199,649)
Balance as of March 31, 2021	154,406,164	$ 154	$ 17,016,628	$ (1,192,310)	$ 5,026	$ 15,829,498
Exercise of stock options	668,942	1	5,872	0	0	5,873
Issuance of common stock upon vesting of restricted stock units	278,206	0	(0)	0	0	(0)
Issuance of common stock under employee stock purchase plan	82,088	0	10,539	0	0	10,539
Issuance of common stock for conversion/exchange of 2025 Notes	4,027,578	4	617,161	0	0	617,165
Equity portion of extinguishment of 2025 Notes	0	0	(421,167)	0	0	(421,167)
Stock-based compensation	0	0	85,716	0	0	85,716
Other comprehensive gain, net of tax	0	0	0	0	7,265	7,265
Net loss	0	0	0	(133,819)	0	(133,819)
Balance as of June 30, 2021	159,462,978	$ 159	$ 17,314,749	$ (1,326,129)	$ 12,291	$ 16,001,070
Balance of December 31, 2019	72,761,941	$ 73	$ 1,538,716	$ (507,525)	$ (17,239)	$ 1,014,025
Exercise of stock options	671,279	0	14,830	0	0	14,830
Issuance of common stock upon vesting of restricted stock units	642,411	1	(1)	0	0	0
Issuance of common stock for 2022 Notes	655	0	58	0	0	58
Stock-based compensation	0	0	18,421	0	0	18,421
Other comprehensive loss, net of tax	0	0	0	0	(17,554)	(17,554)
Net loss	0	0	0	(29,603)	0	(29,603)
Balance as of March 31, 2020	74,076,286	$ 74	$ 1,572,024	$ (537,128)	$ (34,793)	$ 1,000,177
Exercise of stock options	927,684	1	18,682	0	0	18,683
Issuance of common stock upon vesting of restricted stock units	109,768	0	(0)	0	0	0
Issuance of common stock under employee stock purchase plan	35,901	0	2,473	0	0	2,473
Issuance of common stock for 2022 Notes	3,949,794	4	693,802	0	0	693,806
Equity portion of extinguishment of 2022 Notes	0	0	(715,151)	0	0	(715,151)
Equity component of 2027 Notes, net of issuance costs	0	0	285,601	0	0	285,601
Stock-based compensation	0	0	22,142	0	0	22,142
Other comprehensive gain, net of tax	0	0	0	0	12,880	12,880
Net loss	0	0	0	(25,682)	0	(25,682)
Balance as of June 30, 2020	79,099,433	79	1,879,573	(562,810)	(21,913)	1,294,929

See accompanying notes to unaudited consolidated financial statements.

TELADOC HEALTH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows provided by operating activities:		
Net loss	$ (333,468)	$ (55,285)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	100,000	19,603
Amortization of right-of-use assets and depreciation of rental equipment	7,521	3,052
Allowance for doubtful accounts	7,534	2,290
Stock-based compensation	169,270	40,243
Deferred income taxes	83,823	(3,457)
Accretion of interest	32,566	16,576
Loss on extinguishment of debt	39,782	7,751
Gain on sale of investment	(5,901)	0
Other, net	38	214
Changes in operating assets and liabilities:		
Accounts receivable	(16,573)	(24,773)
Prepaid expenses and other current assets	(26,758)	1,595
Inventory	(2,234)	0
Other assets	1,919	36
Accounts payable	(4,741)	1,844
Accrued expenses and other current liabilities	5,380	37,555
Accrued compensation	(35,606)	(1,818)
Deferred revenue	17,205	(12,347)
Operating lease liabilities	(5,833)	(2,788)
Other liabilities	267	(1,061)
Net cash provided by operating activities	34,191	29,230
Cash flows used in investing activities:		
Capital expenditures	(4,405)	(1,641)
Capitalized software development costs	(21,508)	(6,449)
Proceeds from marketable securities	50,000	0
Proceeds from the sale of investment	10,901	—
Acquisitions of business, net of cash acquired	(56,336)	(13,500)
Other, net	3,150	0
Net cash used in investing activities	(18,198)	(21,590)
Cash flows provided by financing activities:		
Net proceeds from the exercise of stock options	17,781	33,513
Proceeds from issuance of 2027 Notes	0	1,000,000
Payment of issuance costs of 2027 Notes	0	(24,070)
Repurchase of 2022 Notes	(137)	(228,130)
Proceeds from advances from financing companies	7,924	0
Payment from customers against advances from financing companies	(8,122)	0
Proceeds from employee stock purchase plan	11,031	2,473
Cash received for withholding taxes on stock-based compensation, net	5,159	4,492
Other, net	(98)	0
Net cash provided by financing activities	33,538	788,278
Net increase in cash and cash equivalents	49,531	795,918
Foreign exchange difference	869	(1,428)
Cash and cash equivalents at beginning of the period	733,324	514,353
Cash and cash equivalents at end of the period	$ 783,724	$ 1,308,843
Income taxes paid	$ 52	$ 59
Interest paid	$ 7,972	$ 5,609

See accompanying notes to unaudited consolidated financial statements.

Note 1. Organization and Description of Business

Teladoc, Inc. was incorporated in the State of Texas in June 2002 and changed its state of incorporation to the State of Delaware in October 2008. Effective August 10, 2018, Teladoc, Inc. changed its corporate name to Teladoc Health, Inc. Unless the context otherwise requires, Teladoc Health, Inc., together with its subsidiaries, is referred to herein as “Teladoc Health” or the “Company”. The Company’s principal executive office is located in Purchase, New York. Teladoc Health is the global leader in providing virtual healthcare services with a focus on high quality, lower costs, and improved outcomes around the world.

On January 4, 2021, the Company completed the acquisition of the UK-based telemedicine provider Consultant Connect Limited (“Consultant Connect”). Consultant Connect provides a platform that specializes in facilitating healthcare professional-to-professional advice and guidance in the United Kingdom.

On October 30, 2020, the Company completed the merger with Livongo Health, Inc. (“Livongo”), a transformational opportunity to improve the delivery, access and experience of healthcare for consumers around the world. Livongo is pioneering a new category in healthcare, called Applied Health Signals, which is transforming the management of chronic conditions.

On July 1, 2020, the Company completed the acquisition of InTouch Technologies, Inc. (“InTouch”), a leading provider of enterprise telehealth solutions for hospitals and health systems.

Note 2. Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The consolidated financial statements include the results of Teladoc Health, as well as three professional associations, thirteen professional corporations and a service corporation (collectively, the “Association”). All intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

Teladoc Health Medical Group, P.A., formerly Teladoc Physicians, P.A. is party to several Services Agreements by and among it and the professional associations and professional corporations pursuant to which each professional association and professional corporation provides services to Teladoc Health Medical Group, P.A. Each professional association and professional corporation is established pursuant to the requirements of its respective domestic jurisdiction governing the corporate practice of medicine.

The Company holds a variable interest in the Association which contracts with physicians and other health professionals in order to provide services to the Company. The Association is considered a variable interest entity (“VIE”) since it does not have sufficient equity to finance its activities without additional subordinated financial support. An enterprise having a controlling financial interest in a VIE must consolidate the VIE if it has both power and benefits—that is, it has (1) the power to direct the activities of a VIE that most significantly impacts the VIE’s economic performance (power) and (2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). The Company has the power and rights to control all activities of the Association and funds and absorbs all losses of the VIE and appropriately consolidates the Association.

Total revenue and net income (loss) for the VIE were $53.9 million and $(1.0) million, and $57.7 million and $0.9 million, for the quarters ended June 30, 2021 and 2020, respectively. Total revenue and net income (loss) for the VIE were $105.7 million and $(3.1) million, and $100.2 million and $0.8 million, for the six months ended June 30, 2021 and 2020, respectively. The VIE’s total assets, all of which were current, were $21.7 million and $28.7 million at June 30, 2021 and December 31, 2020, respectively. Total liabilities, all of which were current for the VIE, were $61.8 million and $65.8 million at June 30, 2021 and December 31, 2020, respectively. The VIE’s total stockholders’ deficit was $40.2 million and $37.1 million at June 30, 2021 and December 31, 2020, respectively.

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting. The purchase price is attributed to the fair value of the assets acquired and liabilities assumed. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of the purchase price of acquisition over the fair value of the identifiable net assets of the acquiree is recorded as goodwill. The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition.

When the Company issues stock-based or cash awards to an acquired company's shareholders, the Company evaluates whether the awards are consideration or compensation for post-acquisition services. The evaluation includes, among other things, whether the vesting of the awards is contingent on the continued employment of the acquired company's stockholders beyond the acquisition date. If continued employment is required for vesting, the awards are treated as compensation for post-acquisition services and recognized as expense over the requisite service period.

Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. The estimates and assumptions used to determine the fair values and useful lives of identified intangible assets could change due to numerous factors, including market conditions, technological developments, economic conditions and competition. In connection with determination of fair values, the Company may engage a third-party valuation specialist to assist with the valuation of intangible and certain tangible assets acquired and certain assumed obligations. Acquisition-related transaction costs incurred by the Company are not included as a component of consideration transferred but are accounted for as an operating expense in the period in which the costs are incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions that the Company believes are necessary to form a basis for making judgments about the carrying values of assets and liabilities, the recorded amounts of revenue and expenses, and the disclosure of contingent assets and liabilities. The Company is subject to uncertainties such as the impact of future events, economic and political factors, and changes in the Company's business environment; therefore, actual results could differ from these estimates. Accordingly, the accounting estimates used in the preparation of the Company's consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment evolves. The Company believes that estimates used in the preparation of these consolidated financial statements are reasonable; however, actual results could differ materially from these estimates.

Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the consolidated financial statements.

Significant estimates and assumptions by management affect areas including the allowance for doubtful accounts, the carrying value of long-lived assets (including goodwill and intangible assets), capitalization and amortization of software development costs, the finalization of purchase accounting adjustments, Client performance guarantees, the calculation of a contingent liability in connection with an acquisition earn-out, the provision for income taxes and related deferred tax accounts, revenue recognition, contingencies, and other items as described in the Summary of Significant Accounting policies in this Quarterly Report and in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K").

Recently Issued Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06—"Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity." ASU 2020-06 simplifies the accounting for convertible instruments by eliminating the conversion option separation model for convertible debt that can be settled in cash and by eliminating the measurement model for beneficial conversion features. Convertible instruments that continue to be subject to separation models are (1) those with conversion options that are required to be accounted for as bifurcated derivatives and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. This ASU also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. This standard becomes effective for the Company on January 1, 2022 and may be early adopted during an interim period of 2021. The Company will adopt the standard on January 1, 2022 and is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

Summary of Significant Accounting Policies

The following sections reflect updates to the summary of significant accounting policies described in the 2020 Form 10-K. In addition, on an ongoing basis, the Company will continue to closely monitor for any significant impact to its estimates and assumptions as a result of the COVID-19 pandemic, especially on the allowance for doubtful accounts.

Acquisition, Integration and Transformation Costs

Acquisition, integration and transformation costs include investment banking, financing, legal, accounting, consultancy, integration, fair value changes related to contingent consideration and certain other transaction costs related to mergers and acquisitions. It also includes costs related to certain business transformation initiatives focused on integrating and optimizing various operations and systems, including enhancing our customer relationship management (CRM) and enterprise resource planning (ERP) systems, incurred in connection with our acquisition and integration activities.

General and Administrative Costs

General and Administrative costs consist of all operating expenses not included in the other operating expense categories and now include legal and regulatory costs for all current and historical periods presented.

Other (Income) Expense, Net

Other (income) expense, net includes the impact of foreign currency remeasurement, realized and unrealized gains on investment securities and all other non-operating items not included in other financial statement lines.

Note 3. Revenue, Deferred Revenue, Deferred Costs and Other

The Company generates access fees from Clients accessing its professional provider network, hosted virtual healthcare platform and chronic care management platforms. Visit fee revenue is generated for general medical, expert medical service and other specialty visits. In addition, other revenue is primarily associated with virtual healthcare device equipment included with its hosted virtual healthcare platform. Access revenue accounted for 86% of our revenue for both the quarter and six months ended June 30, 2021 and 76% of our revenue for both the quarter and six months ended June 30, 2020, respectively.

The following table presents the Company's revenues disaggregated by revenue source (in thousands):

	Quarter Ended June 30, 2021	Quarter Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Access Fees Revenue				
U.S.	$ 396,622	$ 152,021	$ 747,490	$ 259,960
International	37,422	30,150	74,710	59,264
Total	434,044	182,171	822,200	319,224
Visit Fee Revenue				
U.S.	59,196	58,512	113,536	101,996
International	130	347	252	609
Total	59,326	58,859	113,788	102,605
Other				
U.S.	9,363	0	20,034	0
International	406	0	792	0
Total	9,769	0	20,826	0
Total Revenues	$ 503,139	$ 241,030	$ 956,814	$ 421,829

Deferred Revenue

Deferred revenue represents billed, but unrecognized revenue, and is comprised of fees received in advance of the delivery or completion of the services and amounts received in instances when revenue recognition criteria have not been met. Deferred revenue associated with upfront payments for a device is amortized ratably over the expected Member enrollment period. Deferred revenue that will be recognized during the succeeding twelve-month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent deferred revenue.

For certain services, payment is required for future months before the service is delivered to the Member. The Company records deferred revenue when cash payments are received in advance of the Company's performance obligation to provide services. Deferred revenue, current plus long-term, was $72.8 million at June 30, 2021 and $26.2 million at June 30, 2020. The net increase of $18.0 million and $11.3 million in the deferred revenue balance for the six months ended June 30, 2021 and 2020, respectively, is primarily driven by InTouch and Livongo as well as the direct-to-consumer behavioral health product and cash payments received or due in advance of satisfying the Company's performance obligations, offset by revenue recognized that were included in the deferred revenue balance at the beginning of the period. The Company anticipates that it will satisfy most of its performance obligation associated with the deferred revenue within the prospective fiscal year. Revenue recognized during the quarters ended June 30, 2021 and 2020 that was included in deferred revenue at the beginning of the periods was $46.6 million and $12.4 million, respectively. Revenue recognized during the six months ended June 30, 2021 and 2020 that was included in deferred revenue at the beginning of the periods was $45.5 million and $11.2 million, respectively.

We expect to recognize $52.8 million and $8.5 million of revenue in 2021 and 2022, respectively, related to future performance obligations that are unsatisfied or partially unsatisfied as of June 30, 2021.

Deferred Costs and Other

Deferred costs and other, which are classified as a component of Prepaid expenses and other current assets or Other assets depending on term, consist of the following as of June 30, 2021 (in thousands):

	As of June 30, 2021	As of December 31, 2020
Deferred costs and other, current	16,658	3,468
Deferred costs and other, noncurrent	7,913	2,179
Total deferred costs and other	$ 24,571	$ 5,647

Deferred costs and other activity are as follows (in thousands):

	Deferred Costs and Other
Beginning balance as of December 31, 2020	$ 5,647
Additions	25,539
Cost of revenue recognized	(6,615)
Ending balance as of June 30, 2021	$ 24,571

Note 4. Business Acquisitions

On January 4, 2021, the Company completed the acquisition of the UK-based telemedicine provider Consultant Connect for a cash consideration of $56.3 million, net of cash acquired. Consultant Connect provides a platform that specializes in facilitating healthcare professional-to-professional advice and guidance in the United Kingdom. As part of purchase accounting, the Company recognized intangibles related to customer relationships, technology and the brand of $9.8 million, $1.9 million, and $0.6 million, respectively; and goodwill of $47.3 million. The acquisition was considered a stock acquisition for tax purposes and accordingly, the goodwill resulting from this acquisition is not tax deductible.

On October 30, 2020, the Company completed the acquisition of Livongo through a merger in which Livongo became a wholly-owned subsidiary of the Company. Upon completion of the merger, each share of Livongo's common stock converted into the right to receive 0.5920 shares of Teladoc Health's common stock and $4.24 in cash, without interest. In addition, in connection with the closing of the merger, Livongo paid a special cash dividend equal to $7.09 per share of Livongo's common stock to shareholders of Livongo as of a record date of October 29, 2020. The total initial consideration calculated on upon deal closing was $13,938.0 million consisting of $401.0 million of net cash, $555.4 million related to the conversion feature of the Livongo Notes guaranteed by the Company and 60.4 million shares of Teladoc Health's common stock valued at approximately $12,981.6 million on October 30, 2020. The acquisition was considered a stock acquisition for tax purposes and accordingly, the goodwill resulting from this acquisition is not tax deductible. The total acquisition related costs were $59.0 million and included transaction costs for investment bankers, other professional fees and income taxes for accelerated grants and were recognized in the Company's consolidated statement of operations in acquisition, integration and transformation costs.

In the first quarter of 2021, the Company identified 205,279 of additional shares of Teladoc Health common stock that were included as part of the merger consideration ("Excess Shares") and 85,481 of additional shares of Teladoc Health common stock that were not withheld from the merger consideration for withholding tax purposes ("Withholding Shares"). In addition, the Company identified $5.6 million of merger- related cash payments related to the Excess Shares ("Cash Overpayments"). The Company has recovered and cancelled all 205,279 of the Excess Shares and expects to recover the Cash Overpayments in the form of cash. The Company expects to apply the cash value of the Withholding Shares to offset future employment tax obligations of the Company. As a result, the total adjusted consideration was $13,876.9 million consisting of $380.2 million of net cash, $555.4 million related to the conversion feature of the Livongo Notes guaranteed by the Company and 60.2 million shares of Teladoc Health's common stock valued at approximately $12,941.3 million. The Company does not expect to incur any material charges or expenses related to the recovery of the Withholding Shares and the Cash Overpayments. Accordingly, the Company recorded, in the first quarter of fiscal year 2021, an increase to receivables in current other assets of $20.8 million, a decrease to consolidated stockholders' equity of $40.3 million and a decrease to goodwill of $61.1 million.

On July 1, 2020, the Company completed the acquisition of InTouch through a merger in which InTouch became a wholly-owned subsidiary of the Company. The preliminary aggregate merger consideration paid was $1,078.5 million, net of cash acquired of $1.1 million, which was comprised of 4.6 million shares of Teladoc's common stock valued at $918.8 million on July 1, 2020, and $160.7 million of cash. InTouch is a leading provider of enterprise telehealth solutions for hospitals and health systems. The acquisition was considered a stock acquisition for tax purposes and accordingly, the goodwill resulting from this acquisition is not tax deductible. The total acquisition related costs were $12.5 million and included transaction costs for investment bankers and other professional fees and were recognized in the Company's consolidated statement of operations in acquisition, integration and transformation costs.

The acquisitions described above were accounted for using the acquisition method of accounting, which requires, among other things, the assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. The results of the acquisitions were included within the consolidated financial statements commencing on the aforementioned acquisition dates.

The following table summarizes the fair value estimates of the assets acquired and liabilities assumed for the Livongo and InTouch acquisitions. The Company, with the assistance of a third-party valuation expert, estimated the fair value of the acquired tangible and intangible assets with significant estimates such as revenue projections.

The allocation of the consideration transferred to the assets acquired and the liabilities assumed for the Livongo merger remains preliminary and therefore can be revised as a result of additional information obtained due to the finalization of the valuation inputs and assumptions as well as completing the assessment of the tax attributes of the business combination. As discussed further in Note 15, the Company recognized a non-cash income tax charge during the six months ended June 30, 2021, substantially reflecting the recording of a valuation allowance on stock compensation benefits associated with the Livongo merger. Additional adjustments that could have a material impact on the Company's results of operations and financial position may be recorded within the measurement period, which will not exceed one year from the acquisition date.

Identifiable assets acquired and liabilities assumed (in thousands):

	Livongo	**InTouch**
Purchase price, net of cash acquired	$ 13,876,931	$ 1,069,759
Less:		
Accounts receivable	80,084	16,986
Short term investment	52,500	0
Inventory	24,299	8,492
Property and equipment, net	8,952	11,366
Right of use assets	15,056	4,965
Other assets	17,337	2,541
Client relationships	1,050,000	164,580
Technology	300,000	29,190
Trademarks	250,000	32,630
Advances from financing companies	0	(26,012)
Accounts payable	(119,302)	(5,589)
Deferred revenue	(997)	(20,729)
Convertible notes	(453,417)	0
Deferred taxes	(32,984)	(30,102)
Lease liabilities	(18,834)	(5,495)
Other liabilities	(40,343)	(13,042)
Goodwill	$ 12,744,580	$ 899,978

The amount allocated to goodwill reflects the benefits Teladoc Health expects to realize from the growth of the respective acquisitions' operations, cost savings, and various synergies.

The Company's pro forma revenue and net loss for the quarters ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020 below have been prepared as if Livongo and InTouch had been purchased on January 1, 2020. The Company made some pro-forma adjustments related to deferred revenue, deferred costs, amortization of intangible assets, interest expense, stock-based compensation, acquisition costs and transaction expenses.

	Unaudited Pro Forma Quarters Ended June 30,		**Unaudited Pro Forma Six Months Ended June 30,**	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Revenue	$ 502,536	$ 357,302	$ 954,736	$ 627,723
Net loss	$ (121,308)	$ (98,952)	$ (215,536)	$ (699,488)

The unaudited pro forma financial information above is not necessarily indicative of what the Company's consolidated results actually would have been if the acquisitions had been completed at the beginning of the respective periods. In addition, the unaudited pro forma information above does not attempt to project the Company's future results. The Company recorded approximately $162.1 million of revenue, net of deferred revenue acquisition related fair value adjustments and $(56.9) million of net loss in total from Livongo and InTouch for the quarter ended June 30, 2021. The Company recorded approximately $308.9 million of revenue, net of deferred revenue acquisition related fair value adjustments and $(125.5) million of net loss in total from Livongo and InTouch for the six months ended June 30, 2021.

Note 5. Inventories

Inventories consisted of the following (in thousands):

	As of June 30, 2021	As of December 31, 2020
Raw materials and purchased parts	$ 22,720	$ 19,591
Work in process	875	1,431
Finished goods	33,395	35,476
Total inventories	$ 56,990	$ 56,498

Note 6. Intangible Assets, Net

Intangible assets, net consist of the following (in thousands):

	Useful Life	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life (Years)
June 30, 2021					
Client relationships	2 to 20 years	$ 1,468,151	$ (149,380)	$ 1,318,771	15.0
Non-compete agreements	1.5 to 5 years	5,046	(5,046)	(0)	0
Trademarks	3 to 15 years	326,997	(30,644)	296,353	10.0
Patents	3 years	200	(200)	0	0
Capitalized software development costs	3 to 5 years	81,178	(31,272)	49,906	2.7
Technology	5 to 7 years	339,150	(41,008)	298,142	6.1
Intangible assets, net		$ 2,220,722	$ (257,550)	$ 1,963,172	12.6
December 31, 2020					
Client relationships	2 to 20 years	$ 1,460,648	$ (100,844)	$ 1,359,804	15.4
Non-compete agreements	1.5 to 5 years	5,097	(4,872)	225	0.4
Trademarks	3 to 15 years	326,786	(15,576)	311,210	10.5
Patents	3 years	200	(200)	0	0
Capitalized software development costs	3 to 5 years	52,518	(24,771)	27,747	2.8
Technology	5 to 7 years	338,150	(16,272)	321,878	6.6
Intangible assets, net		$ 2,183,399	$ (162,535)	$ 2,020,864	13.1

Amortization expense for intangible assets net of foreign currency remeasurement for intangible assets was $49.1 million and $9.0 million for the quarters ended June 30, 2021 and 2020, respectively. Amortization expense, net of foreign currency remeasurement for intangible assets was $95.7 million and $17.9 million for the six months ended June 30, 2021 and 2020, respectively.

Note 7. Goodwill

Goodwill consists of the following (in thousands):

	Six Months Ended June 30, 2021	Year Ended December 31, 2020
Beginning balance	$ 14,581,255	$ 746,079
Additions associated with acquisitions	47,328	13,812,198
Purchase consideration adjustment (see Note 4)	(61,108)	0
Deferred tax adjustment (see Note 15)	(106,532)	0
Cumulative translation adjustment	(6,231)	22,978
Goodwill	$ 14,454,712	$ 14,581,255

Note 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	As of June 30, 2021	As of December 31, 2020
Professional fees	$ 3,214	$ 4,717
Consulting fees/provider fees	19,218	23,167
Client performance guarantees	7,151	7,215
Legal fees	3,419	2,419
Interest payable	1,488	2,049
Income tax payable	6,182	1,627
Insurance	6,170	3,139
Marketing	7,173	2,815
Operating lease liabilities - current	12,996	11,438
Earnout	4,186	4,514
Other	20,412	20,557
Total	$ 91,609	$ 83,657

Note 9. Fair Value Measurements

The carrying value of the Company's cash equivalents, short-term investments, accounts receivable, accounts payable, and accrued liabilities approximates fair value due to their short-term nature.

The Company measures its financial assets and liabilities at fair value at each reporting period using a fair value hierarchy that requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activity.

The Company measures its cash equivalents at fair value on a recurring basis. The Company classifies its cash equivalents within Level 1 because they are valued using observable inputs that reflect quoted prices for identical assets in active markets and quoted prices directly in active markets.

The Company's investments in equity securities without readily determinable fair values are accounted for under the measurement alternative of the FASB ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, with any changes to fair value recognized within other (income) expense, net each reporting period. Under the measurement alternative, equity investments without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar securities of the same issuer; value is generally determined based on a market approach as of the transaction date.

The Company measures its short-term investments at fair value on a recurring basis and classifies such as Level 2. They are valued using observable inputs that reflect quoted prices directly or indirectly in active markets. The short-term investments amortized cost approximates fair value.

The Company measured its contingent consideration at fair value on a recurring basis and classified such as Level 3. The Company estimates the fair value of contingent consideration as the present value of the expected contingent payments, determined using the weighted probability of the possible payments.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis using the above input categories (in thousands):

	June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 783,724	$ 0	$ 0	$ 783,724
Short-term investments	$ 0	$ 2,538	$ 0	$ 2,538
Contingent liability	$ 0	$ 0	$ 4,186	$ 4,186

	December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 733,324	$ 0	$ 0	$ 733,324
Short-term investments	$ 0	$ 53,245	$ 0	$ 53,245
Equity securities without readily determinable fair values	$ 0	$ 5,000	$ 0	$ 5,000
Contingent liability	$ 0	$ 0	$ 4,514	$ 4,514

There were no transfers between fair value measurement levels during the quarter or six months ended June 30, 2021 and 2020.

The change in fair value of the Company's equity securities without readily determinable fair values was as follows:

Fair value and historical cost basis at December 31, 2020	$ 5,000
Upward adjustment due to observable price change in identical securities	5,901
Sale of investment	(10,901)
Fair value at June 30, 2021	$ 0

The change in fair value of the Company's contingent liability is recorded in acquisition, integration and transformation costs in the consolidated statements of operations. The contingent liability is based on future revenue and profitability expectations. The following table reconciles the beginning and ending balance of the Company's Level 3 contingent liability (in thousands):

Fair value at December 31, 2020	$ 4,514
Payments	(187)
Change in fair value	(6)
Currency translation adjustment	(135)
Fair value at June 30, 2021	$ 4,186

Note 10. Leasing Operations

The Company has operating leases for facilities, hosting co-location facilities and certain equipment under non-cancelable leases in the United States and various international locations. The leases have remaining lease terms of 1 to 7 years, with options to extend the lease term from 1 to 5 years. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the arrangement covering the right to use property, plant or equipment for a stated period of time. For new and amended leases beginning in 2020 and after, the Company will separately allocate the lease (e.g., fixed lease payments for right-to-use land, building, etc.) and non-lease components (e.g., common area maintenance) for its leases.

Operating Leases

The Company leases office space under non-cancelable operating leases in the United States and various international locations. As of June 30, 2021, the future minimum lease payments under non-cancelable operating leases are as follows (in thousands):

Operating Leases:	**As of June 30, 2021**
2021	$ 9,810
2022	14,130
2023	12,051
2024	8,529
2025	5,318
2026	5,440
Total future minimum payments	$ 55,278

The Company rents its systems to certain qualified customers under arrangements that qualify as either sales-type lease or operating lease arrangements. Leases have terms that generally range from two to five years.

Note 11. Convertible Senior Notes

Outstanding Convertible Senior Notes

As of June 30, 2021, the Company had three series of convertible senior notes outstanding. The issuances of such notes originally consisted of (i) $1 billion aggregate principal amount of 1.25% convertible senior notes due 2027 (the “2027 Notes”), issued on May 19, 2020 for net proceeds to the Company of $975.9 million after deducting offering costs of approximately $24.1 million, (ii) $287.5 million aggregate principal amount of 1.375% convertible senior notes due 2025 (the “2025 Notes”), issued on May 8, 2018 for net proceeds to the Company of $279.1 million after deducting offering costs of approximately $8.4 million, and (iii) $550.0 million aggregate principal amount of 0.875% convertible senior notes due 2025 that were issued by Livongo on June 4, 2020 for which the Company has agreed to guarantee Livongo’s obligations (the “Livongo Notes;” and together with the 2027 Notes, the 2025 Notes and the 2022 Notes (as defined below), the “Notes”). On June 27, 2017, the Company issued, at par value, $275 million aggregate principal amount of 3% convertible senior notes due 2022 (the “2022 Notes”), which were redeemed during the quarter ended March 31, 2021 as described below.

The following table presents certain terms of the Notes:

	2027 Notes	**2025 Notes**	**Livongo Notes**
Interest Rate Per Year	1.25 %	1.375 %	0.875 %
Fair Value as of June 30, 2021 (in millions)	$ 1,107.0	$ 19.0	$ 843.6
Maturity Date	June 1, 2027	May 15, 2025	June 1, 2025
Optional Redemption Date	June 5, 2024	May 22, 2022	June 5, 2023
Conversion Date	December 1, 2026	November 15, 2024	March 1, 2025
Conversion Rate Per $1,000 Principal Amount as of June 30, 2021	4.1258	18.6621	13.94
Remaining Contractual Life as of June 30, 2021	5.9 years	3.9 years	3.9 years

All of the Notes are unsecured obligations of the Company and rank senior in right of payment to the Company’s indebtedness that is expressly subordinated in right of payment to such Notes; equal in right of payment to the Company’s liabilities that are not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities incurred by the Company’s subsidiaries.

Holders may convert all or any portion of their Notes in integral multiples of $1,000 principal amount, at their option, at any time prior to the close of business on the business day immediately preceding the applicable conversion date only under the following circumstances:

- during any quarter (and only during such quarter), if the last reported sale price of the shares of Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price for the applicable Notes on each applicable trading day;

- during the five business day period after any ten consecutive trading day period (or five consecutive trading day period in the case of the Livongo Notes) in which the trading price was less than 98% of the product of the last reported sale price of Company's common stock and the conversion rate for the applicable Notes on each such trading day;

- upon the occurrence of specified corporate events described under the applicable indenture; or

- if the Company calls the applicable Notes for redemption, at any time until the close of business on the second business day immediately preceding the redemption date.

On or after the applicable conversion date, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of such Notes, regardless of the foregoing circumstances.

The 2027 Notes and the 2025 Notes are convertible into shares of the Company's common stock at the applicable conversion rate shown in the table above. The Livongo Notes are convertible at the applicable conversion rate shown in the table above into "units of reference property," each of which is comprised of 0.5920 of a share of the Company's common stock and $4.24 in cash, without interest. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock (or units of reference property, in the case of the Livongo Notes) or a combination thereof, at the Company's election. If the Company elects to satisfy the conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of the Company's common stock or units of reference property, the amount of cash and shares of the Company's common stock or units of reference property, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each trading day in a 25 consecutive trading days observation period (or 40 days in the case of the Livongo Notes).

The Company may redeem for cash all or part of the Notes, at its option, on or after the applicable optional redemption date shown in the table above (and prior to the 41st scheduled trading day immediately preceding the maturity date in the case of the Livongo Notes) if the last reported sale price of its common stock exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading days ending on, and including, the trading day immediately preceding the date on which the Company provides notice of the redemption. The redemption price will be the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any. In addition, calling any 2027 Note or 2025 Note for redemption on or after the applicable optional redemption date will constitute a make-whole fundamental change with respect to that Note, in which case the conversion rate applicable to the conversion of that Note, if it is converted in connection with the redemption, will be increased in certain circumstances as described in the applicable indenture. If Livongo undergoes a fundamental change (as defined in the applicable indenture) at any time prior to the maturity date, holders will have the right, at their option, to require Livongo to repurchase for cash all or any portion of their Livongo Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Livongo Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

In accounting for the issuance of the 2027 Notes, 2025 Notes and the 2022 Notes, the Company separated the Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the applicable Notes as a whole. The excess of the principal amount of the liability component over its carrying amount, referred to as the debt discount, is amortized to interest expense from the issuance date to the applicable maturity date. The equity component is not re-measured as long as it continues to meet the conditions for equity classification. The equity component related to the 2027 Notes, 2025 Notes and 2022 Notes was $286 million,

$91.4 million and $62.4 million, respectively, net of issuance costs which were recorded in additional paid-in capital on the accompanying condensed consolidated balance sheet. The Company carries the liability component of the Livongo Notes at face value less unamortized debt discount on its condensed consolidated balance sheets and provides the fair value for disclosure purposes only. The Company has reserved an aggregate of 8.8 million shares of common stock for the Notes.

In accounting for the transaction costs related to the issuance of the 2027 Notes, 2025 Notes and 2022 Notes, the Company allocated the total costs incurred to the liability and equity components of the Notes based on their relative values. Transaction costs attributable to the liability component are being amortized to interest expense over the seven-year term of the Notes (or five-and-a-half year term in the case of the 2022 Notes), and transaction costs attributable to the equity component are netted with the equity components in stockholders' equity.

The liability components of the Notes consist of the following (in thousands):

	As of June 30, 2021	As of December 31, 2020
2027 Notes		
Principal	$ 1,000,000	$ 1,000,000
Less: Debt discount, net (1)	(269,694)	(287,916)
Net carrying amount	$ 730,306	$ 712,084
2025 Notes		
Principal	$ 6,098	$ 276,788
Less: Debt discount, net (1)	(1,538)	(65,923)
Net carrying amount	$ 4,560	$ 210,865
Livongo Notes		
Principal	$ 550,000	$ 550,000
Less: Debt discount, net (1)	(83,827)	(93,357)
Net carrying amount	$ 466,173	$ 456,643
2022 Notes		
Principal	$ 0	$ 46,762
Less: Debt discount, net (1)	0	(4,202)
Net carrying amount	$ 0	$ 42,560

(1) Included in the accompanying consolidated balance sheet within convertible senior notes and amortized to interest expense over the expected life of the Notes using the effective interest rate method.

The Company estimates the fair value of its Notes utilizing market quotations for debt that have quoted prices in active markets. Since the Notes do not trade on a daily basis in an active market, the fair value estimates are based on market observable inputs based on borrowing rates currently available for debt with similar terms and average maturities.

The following table sets forth total interest expense recognized related to the Notes (and in the case of the Livongo Notes, subsequent to the acquisition of Livongo) (in thousands):

2027 Notes:	Quarters Ended June 30, 2021	Quarters Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Contractual interest expense	$ 3,125	$ 1,493	$ 6,250	$ 1,493
Amortization of debt discount	9,163	4,033	18,222	4,033
Total	$ 12,288	$ 5,526	$ 24,472	$ 5,526
Effective interest rate of the liability component	3.4 %	3.4 %	3.4 %	3.4 %

2025 Notes:	Quarters Ended June 30, 2021	Quarters Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Contractual interest expense	$ 255	$ 989	$ 1,068	$ 1,977
Amortization of debt discount	1,778	3,142	4,498	6,218
Total	$ 2,033	$ 4,131	$ 5,566	$ 8,195
Effective interest rate of the liability component	7.8 %	7.9 %	7.8 %	7.9 %

Livongo Notes:	Quarters Ended June 30, 2021	Six Months Ended June 30, 2021
Contractual interest expense	$ 1,203	$ 2,406
Amortization of debt discount	4,796	9,530
Total	$ 5,999	$ 11,936
Effective interest rate of the liability component	5.2 %	5.2 %

2022 Notes:	Quarters Ended June 30, 2021	Quarters Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Contractual interest expense	$ (164)	$ 1,286	$ (60)	$ 3,349
Amortization of debt discount	0	2,521	316	6,281
Total	$ (164)	$ 3,807	$ 256	$ 9,630
Effective interest rate of the liability component	3.0 %	10.0 %	3.0 %	10.0 %

Exchanges of Convertible Senior Notes Due 2025

In June 2021, the Company entered into privately negotiated agreements with certain holders of the 2025 Notes to exchange approximately $206.4 million aggregate principal amount of 2025 Notes for an aggregate of approximately 3.9 million shares of the Company’s common stock in private placement transactions pursuant to Section 4(a)(2) of the Securities Act. In addition, certain holders of the 2025 Notes converted their 2025 Notes in exchange for approximately 1.2 million shares of the Company’s common stock during the six months ended June 30, 2021. As a result of the exchanges and conversions, the Company recorded a charge associated with the loss on extinguishment of debt net of transaction fees of $31.4 million and $39.5 million during the quarter and six months ended June 30, 2021, respectively.

Redemption of Convertible Senior Notes Due 2022

In March 2021, the Company completed a redemption of all of the then outstanding 2022 Notes in exchange for approximately $0.1 million in cash (including accrued and unpaid interest). Prior to that redemption, certain holders of the 2022 Notes converted their 2022 Notes in exchange for 1.1 million shares of the Company’s common stock during the quarter ended March 31, 2021. As a result of the redemption and conversions, the Company recorded a charge associated with the loss on extinguishment of debt of $3.4 million during the quarter ended March 31, 2021.

Note 12. Advances from Financing Companies

The Company utilizes a third-party financing company to provide certain Clients with a rental option. The principal portion of these up-front payments are reported as advances from financing companies in the accompanying consolidated balance sheet. Interest rates applicable to the outstanding advances as of June 30, 2021 ranged from 3.35 % to 8.25%.

Client lease payments to third party financing companies will reduce the advances from financing companies as of June 30, 2021 by year as follows (in thousands):

	As of June 30, 2021
2021	$ 7,367
2022	10,732
2023	4,528
2024	553
	$ 23,180

Note 13. Legal Matters

From time to time, Teladoc Health is involved in various litigation matters arising in the normal course of business, including the matters described below. The Company consults with legal counsel on those issues related to litigation and seeks input from other experts and advisors with respect to such matters. Estimating the probable losses or a range of probable losses resulting from litigation, government actions and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve discretionary amounts, present novel legal theories, are in the early stages of the proceedings, or are subject to appeal. Whether any losses, damages or remedies ultimately resulting from such matters could reasonably have a material effect on our business, financial condition, results of operations, or cash flows will depend on a number of variables, including, for example, the timing and amount of such losses or damages (if any) and the structure and type of any such remedies. As of the date of these financial statements, Teladoc Health's management does not expect any litigation matter to have a material adverse impact on its business, financial condition, results of operations or cash flows.

On May 14, 2018, a purported class action complaint (Thomas v. Best Doctors, Inc.) was filed in the United States District Court for the District of Massachusetts against the Company's wholly owned subsidiary, Best Doctors, Inc. The complaint alleges that on or about May 16, 2017, Best Doctors violated the U.S. Telephone Consumer Protection Act (the "TCPA") by sending unsolicited facsimiles to plaintiff and certain other recipients without the recipients' prior express invitation or permission. The lawsuit seeks statutory damages for each violation, subject to trebling under the TCPA, and injunctive relief. The Company will vigorously defend the lawsuit and any potential loss is currently deemed to be immaterial.

On December 12, 2018, a purported securities class action complaint (Reiner v. Teladoc Health, Inc., et.al.) was filed in the United States District Court for the Southern District of New York (the "SDNY") against the Company and certain of the Company's officers and a former officer. The complaint is brought on behalf of a purported class consisting of all persons or entities who purchased or otherwise acquired shares of the Company's common stock during the period March 3, 2016 through December 5, 2018. The complaint asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly false or misleading statements and omissions with respect to, among other things, the alleged misconduct of one of the Company's previous executive officers. The complaint seeks certification as a class action and unspecified compensatory damages plus interest and attorneys' fees. On November 30, 2020, the SDNY granted the Company's motion to dismiss the complaint, but granted the plaintiff the opportunity to refile, which refiling was made on December 30, 2020. The Company believes that the claims against the Company and its officers continue to be without merit, and the Company and its named officers intend to defend the Company vigorously, including filing a motion to dismiss the amended complaint.

In addition, on June 21, 2019, a stockholder derivative lawsuit (Kreutter v. Gorevic, et al.) was filed in the SDNY against certain current and former directors and officers of the Company. The derivative lawsuit alleges that the named directors and officers breached their fiduciary duties to the Company in connection with factual assertions substantially similar to those in the purported securities class action complaint described above. The Company believes that the claims set forth in this stockholder derivative lawsuit are without merit and the Company's motion to dismiss the lawsuit is pending before the SDNY.

Note 14. Common Stock and Stockholders' Equity

Capitalization

Effective October 30, 2020, the authorized number of shares of the Company's common stock was increased from 150,000,000 to 300,000,000 shares.

Warrants

The Company had no warrants outstanding as of June 30, 2021 or December 31, 2020.

Stock Plans

The Company's 2015 Incentive Award Plan, 2017 Employment Inducement Incentive Award Plan and Livongo Acquisition Incentive Award Plan (collectively, the "Plans") provide for the issuance of incentive and non-statutory options and other equity-based awards to its employees and non-employee service providers.

In connection with the closing of the Livongo merger, the Company assumed the Livongo Health, Inc. 2019 Equity Incentive Plan, the Livongo Health, Inc. Amended and Restated 2014 Stock Incentive Plan and the Livongo Health, Inc. Amended and Restated 2008 Stock Incentive Plan (collectively, the "Assumed Plans"). At the effective time of the Livongo merger on October 30, 2020, each outstanding Livongo equity award issued under the Assumed Plans was converted into a corresponding award with respect to the Company's common stock, with the number of shares underlying such award adjusted based on the "Equity Award Adjustment Ratio" (as defined below), and remained outstanding in accordance with the terms that were applicable to such award prior to the Livongo merger. The exercise price of each outstanding Livongo stock option was also adjusted based on the Equity Award Adjustment Ratio. The "Equity Award Adjustment Ratio" means the quotient determined by dividing (i) the volume weighted average closing price of Livongo common stock on the four trading days ending on October 29, 2020, by (ii) the volume weighted average closing price of the Company's common stock on the New York Stock Exchange on the four trading days beginning on October 29, 2020.

All stock-based awards to employees are measured based on the grant-date fair value or replacement grant date fair value in relation to the Livongo transaction, and are generally recognized on a straight line basis in the Company's consolidated statement of operations over the period during which the employee is required to perform services in exchange for the award (generally requiring a four-year vesting period for each stock option and a three-year vesting period for each restricted stock unit ("RSU")).

Stock Options

Options issued under the Plans are exercisable for periods not to exceed ten years, and vest and contain such other terms and conditions as specified in the applicable award document. Options to buy common stock are issued under the Plans, with exercise prices equal to the closing price of shares of the Company's common stock on the New York Stock Exchange on the date of award. The Company had 12,537,677 shares available for grant at June 30, 2021.

Activity under the Plans is as follows (in thousands, except share and per share amounts and years):

	Number of Shares Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance at December 31, 2020	5,826,685	$ 17.19	5.31	$ 1,064,944
Stock option grants	15,672	$ 180.94	N/A	
Stock options exercised	(1,906,565)	$ 9.30	N/A	$ (383,015)
Stock options forfeited	(45,406)	$ 16.45	N/A	
Balance at June 30, 2021	3,890,386	$ 21.72	5.91	$ 563,821
Vested or expected to vest at June 30, 2021	3,890,386	$ 21.72	5.91	$ 563,821
Exercisable at June 30, 2021	3,261,942	$ 18.73	5.67	$ 481,348

The total grant-date fair value of stock options granted during the quarters ended June 30, 2021 and 2020 were $2.4 million and $0.2 million, respectively. The total grant-date fair value of stock options granted during the six months ended June 30, 2021 and 2020 were $2.8 million and $0.5 million, respectively.

The Company estimates the fair value of stock options granted using the Black Scholes option pricing model.

The assumptions used in the Black-Scholes option-pricing model are determined as follows:

Volatility. The expected volatility was derived from the historical stock volatilities of the Company's stock volatility over a period equivalent to the expected term of the stock option grants.

Expected Term. The expected term represents the period that the stock-based awards are expected to be outstanding. When establishing the expected term assumption, the Company utilizes historical data.

Risk-Free Interest Rate. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with terms similar to the expected term on the options.

Dividend Yield. The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future, and therefore, it used an expected dividend yield of zero.

Forfeiture rate. The Company recognizes forfeitures as they occur.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and fair value per share:

	Six Months Ended June 30,	
	2021	2020
Volatility	57.02% - 58.1%	46.1% – 51.0%
Expected term (in years)	4.1	4.3
Risk-free interest rate	0.31% - 0.65%	0.27% - 1.64%
Dividend yield	0	0
Weighted-average fair value of underlying stock options	$ 81.88	$ 49.44

The Company determined that a Monte Carlo valuation model is most suitable for valuation of options for the replaced and replacement awards from the Livongo merger, for the following reasons:

- Options are deeply in-the-money, as such don't qualify as "plain-vanilla" options.
- With the merger, the exercise pattern of the replaced and replacement options might be different from a regular "plain-vanilla" option that assumes the exercise of the option at the end of the option expiration time. A lattice approach can be used to directly model the effect of different expected periods before exercise on the fair-value-based measure of the option, whereas it is assumed under the Black-Scholes-Merton model that exercise occurs at the end of the option's expected term.

For the quarters ended June 30, 2021 and 2020, the Company recorded compensation expense related to stock options of $27.4 million and $4.2 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded compensation expense related to stock options granted of $55.6 million and $8.1 million, respectively.

As of June 30, 2021, the Company had $64.8 million in unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a weighted-average period of approximately 1.0 years.

Restricted Stock Units

In May 2017, the Company commenced issuing RSUs pursuant to the 2015 Incentive Award Plan and to certain employees and members of the Board of Directors under the 2017 Employment Inducement Incentive Award Plan.

The fair value of the RSUs is determined on the date of grant. The Company records compensation expense in the consolidated statement of operations on a straight-line basis over the vesting period for RSUs and on an accelerated tranche by tranche basis for performance-based awards. The vesting period for employees and members of the Board of Directors ranges from one to four years.

Activity under the RSUs is as follows:

	RSUs	Weighted-Average Grant Date Fair Value Per RSU
Balance at December 31, 2020	3,550,595	$ 162.11
Granted	491,823	$ 207.73
Vested and issued	(987,004)	$ 121.45
Forfeited	(523,210)	$ 188.55
Balance at June 30, 2021	2,532,204	$ 177.30
Vested and unissued at June 30, 2021	13,755	$ 50.90
Non-vested at June 30, 2021	2,518,449	$ 177.30

The total grant-date fair value of RSUs granted during the quarters ended June 30, 2021 and 2020 were $13.9 million and $3.5 million, respectively. The total grant-date fair value of RSUs granted during the six months ended June 30, 2021 and 2020 were $101.9 million and $43.0 million, respectively.

For the quarters ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the RSUs of $51.3 million and $11.3 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the RSUs of $102.2 million and $20.7 million, respectively.

As of June 30, 2021, the Company had $394.3million in unrecognized compensation cost related to non-vested RSUs, which is expected to be recognized over a weighted-average period of approximately 2.4 years.

Performance Stock Units

The Company began issuing grants Performance Stock Units (“PSUs”) to employees under the 2015 Incentive Award Plan in 2018. Stock-based compensation costs associated with our PSUs are initially determined using the fair market value of the Company's common stock on the date the awards are approved by the Compensation Committee of the Board of Directors (service inception date). The vesting of these PSUs is subject to certain performance conditions and a service requirement ranging from 1-3 years. Until the performance conditions are met, stock compensation costs associated with these PSUs are re-measured each reporting period based upon the estimated performance attainment on the reporting date. The ultimate number of PSUs that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance conditions and can range from 50% to 225% of the initial grant. Stock compensation expense for PSUs is recognized on an accelerated tranche by tranche basis for performance-based awards. Forfeitures are accounted for at the time the occur consistent with Company policy.

Activity under the PSUs is as follows:

	Shares	Weighted-Average Grant Date Fair Value Per PSU
Balance at December 31, 2020	429,319	$ 76.60
Granted	516,031	$ 131.67
Vested and issued	(268,201)	$ 74.33
Balance at June 30, 2021	677,149	$ 119.47
Vested and unissued at June 30, 2021	0	$ 0
Non-vested at June 30, 2021	677,149	$ 119.47

No PSUs were granted during the quarter ended June 30, 2021 or 2020. The total grant-date fair value of PSUs granted during the six months ended June 30, 2021 and 2020 were $67.9 million and $13.1 million, respectively.

For the quarters ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the PSUs of $5.9 million and $6.2 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the PSUs of $13.1 million and $10.9 million, respectively.

As of June 30, 2021, the Company had $30.1 million in unrecognized compensation cost related to non-vested PSUs, which is expected to be recognized over a weighted-average period of approximately 2.4 years.

Employee Stock Purchase Plan

In July 2015, the Company adopted the 2015 Employee Stock Purchase Plan (“ESPP”) in connection with its initial public offering. A total of 926,109 shares of common stock were reserved for issuance under this plan as of June 30, 2021. The Company’s ESPP permits eligible employees to purchase common stock at a discount through payroll deductions during defined offering periods. Under the ESPP, the Company may specify offerings with durations of not more than 27 months and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of its common stock will be purchased for employees participating in the offering. An offering may be terminated under certain circumstances. The price at which the stock is purchased is equal to the lower of 85% of the fair market value of the common stock at the beginning of an offering period or on the date of purchase.

During the quarters ended June 30, 2021 and 2020, the Company issued 82,088 shares and 35,901 shares, respectively under the ESPP. As of June 30, 2021, 517,015 shares remained available for issuance.

For the quarters ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the ESPP of $1.1 million and $0.5 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense related to the ESPP of $3.3 million and $0.9 million, respectively.

As of June 30, 2021, the Company had $2.0 million in unrecognized compensation cost related to the ESPP, which is expected to be recognized over a weighted-average period of approximately 0.4 year.

Total compensation costs for stock-based awards were recorded as follows (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of revenue (exclusive of depreciation and amortization, which is shown separately)	$ 1,786	$ 0	$ 4,148	$ 0
Advertising and marketing	4,815	1,544	9,897	2,803
Sales	18,953	3,271	40,120	6,190
Technology and development	27,699	2,559	54,425	4,663
General and administrative	29,717	14,554	60,680	26,587
Total stock-based compensation expense (1)	$ 82,970	$ 21,928	$ 169,270	$ 40,243

(1) Excluding the amount capitalized related to internal software development projects.

Note 15. Income Taxes

As a result of the Company's history of net operating losses ("NOL"), the Company had historically provided for a full valuation allowance against its deferred tax assets for assets that are not more-likely-than-not to be realized, which was partially released in the quarter ended December 31, 2020. The Company's income tax expense for the quarter and six months ended June 30, 2021 was $3.2 million and $90.2 million, respectively.

For the quarter ended June 30, 2021, the Company recognized a tax provision related to an increased U.S. valuation allowance since the first quarter, primarily due to the redemption and conversion of debt instruments, as well as discrete charges for a change in a foreign tax rate and the filing of income tax returns.

For the six months ended June 30, 2021, the Company recognized a non-cash income tax charge substantially reflecting a discrete non-cash charge for an additional valuation allowance on excess stock compensation benefits associated with the Livongo merger. This was recorded in the first quarter, and was partially offset by tax benefits on current period losses. This discrete charge also resulted in a $106.5 million measurement period reduction to goodwill.

The Company's income tax benefit for the quarter and six months ended June 30, 2020 of $(2.4) million and $(3.1) million, respectively, was primarily related to the amortization of acquired intangibles and stock compensation deductions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

Many statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as "anticipates", "believes", "suggests", "targets", "projects", "plans", "expects", "future", "intends", "estimates", "predicts", "potential", "may", "will", "should", "could", "would", "likely", "foresee", "forecast", "continue" and other similar words or phrases, as well as statements in the future tense to identify these forward-looking statements. These forward-looking statements and projections are contained throughout this Form 10-Q, including the section entitled" "Management's Discussion and Analysis of Financial Condition and Results of Operations." We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this Form 10-Q, you should understand that these statements are not guarantees of performance or results. The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions and you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections. Factors that may materially affect such forward-looking statements and projections include, but are not limited to, the section entitled "Risk Factors" in the 2020 Form 10-K and in our other reports and SEC filings. These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this Form 10-Q. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks and uncertainties.

Overview

Teladoc, Inc. was incorporated in the State of Texas in June 2002 and changed its state of incorporation to the State of Delaware in October 2008. Effective August 10, 2018, Teladoc, Inc. changed its corporate name to Teladoc Health, Inc. Unless the context otherwise requires, Teladoc Health, Inc., together with its subsidiaries, is referred to herein as "Teladoc Health" or the "Company". The Company's principal executive office is located in Purchase, New York. Teladoc Health is the global leader in providing virtual healthcare services with a focus on high quality, lower costs, and improved outcomes around the world.

Teladoc Health solutions are transforming the access, cost and quality dynamics of healthcare delivery for all of our market participants. Members rely on Teladoc Health to remotely access affordable, on-demand healthcare whenever and wherever they choose. Our Clients on behalf of their employees or beneficiaries as well as direct-to consumer individuals (D2C) purchase our solutions to reduce their healthcare spending and offer convenient, affordable, high-quality healthcare to their employees or beneficiaries. Our network of physicians and other healthcare professionals, or our providers have the ability to generate meaningful income and deliver their services more efficiently with no administrative burden.

COVID-19 Update

We believe that favorable existing macro trends were accelerated by the impacts of the COVID-19 pandemic, driving greater consumer trial and use of virtual care, and increased adoption by employers, health plans, hospitals and health systems, and health care providers. In combination with the expansion of our capabilities, we believe that these trends present significant opportunities for virtual healthcare to address the most pressing, universal healthcare challenges through trusted solutions, such as ours, that deliver convenient, high quality care; empower consumers to manage and improve their health; and enable providers to offer their best care for their patients.

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business. The outbreak of COVID-19 in 2020 increased utilization of our telehealth services, but it is uncertain whether such increase in demand will continue. While the COVID-19 pandemic has not had a material adverse impact on our financial condition and results of operations to date, the future impact on our operational and financial performance will depend on certain developments, including the duration and spread of the pandemic, impact on our Clients and Members, impact on our sales cycles, and effect on our vendors, all of which are uncertain and cannot be predicted. Public and private sector policies and initiatives to reduce the transmission of COVID-19 and disruptions to our operations and the operations of our third-party suppliers, along with any related global slowdown in economic activity, may result in decreased revenues, decreased collections, and increased costs. Further, the economic effects of the COVID-19 pandemic have financially constrained some of our prospective and existing Clients' healthcare spending, which may negatively impact our ability to acquire new Clients and our ability to renew subscriptions with or sell additional solutions to our existing Clients. We also may experience increased Member attrition to the extent our existing Clients reduce their respective workforces in response to economic conditions. In addition, due to our subscription-based business model, the effect of the COVID-19 pandemic may not be fully reflected in our revenue until future periods. It is possible that the COVID-19 pandemic, the measures taken by the governments and businesses affected and any resulting economic impact may materially and adversely affect our business, results of operations, cash flows and financial positions as well as our customers.

We have also taken measures in response to the COVID-19 pandemic, and we may take further actions that alter our business operations as may be required by federal, state, local or foreign authorities or that we determine are in the best interests of our employees, Clients, Members, and stockholders. The effects of these operational modifications are unknown and may not be realized until further reporting periods.

Acquisition History

We have scaled and intend to continue to scale our platform through the pursuit of selective acquisitions. We have completed multiple acquisitions since our inception, which we believe have expanded our distribution capabilities and broadened our service offerings.

On January 4, 2021, we completed the acquisition of the UK-based telemedicine provider Consultant Connect for an aggregate consideration of $56.3 million, net of cash acquired. Consultant Connect provides a platform that specializes in facilitating healthcare professional-to-professional advice and guidance in the United Kingdom.

On October 30, 2020, we completed the merger with Livongo. Upon completion of the merger, each share of Livongo's common stock converted into the right to receive 0.5920 shares of Teladoc Health's common stock and $4.24 in cash, without interest. In addition, in connection with the closing of the merger, Livongo paid a special cash dividend equal to $7.09 per share to shareholders of Livongo as of a record date of October 29, 2020. The total consideration was $13,876.9 million consisting of $380.2 million of net cash, $555.4 million related to the conversion feature of the Livongo Notes guaranteed by the Company and 60.2 million shares of Teladoc Health's common stock valued at approximately $12,941.3 million on October 30, 2020. Livongo is a leading provider to empower people with chronic conditions to live better and healthier lives.

On July 1, 2020, we completed the acquisition of InTouch for aggregate consideration of $1,069.8 million, which was comprised of 4.6 million shares of our common stock valued at $903.3 million on July 1, 2020, and $166.5 million of net cash. InTouch is a leading provider of enterprise telehealth solutions for hospitals and health systems.

Revenue

We have a demonstrated track record of driving growth both organically and through acquisitions. For the quarter ended June 30, 2021, we increased revenue by 109% to $503.1 million, including an incremental $164.2 million from acquired businesses. For the six months ended June 30, 2021 we increased revenue by 127% to $956.8 million, including an incremental $313.3 million from acquired businesses. Excluding the impact of the acquisitions, revenue increased 41% and 53% for the quarter and six months ended June 30, 2021, respectively, reflecting the acceleration of the adoption of virtual care stemming from the COVID-19 pandemic and the Company's broad momentum to transform the healthcare experience.

For both the quarter and six months ended June 30, 2021, 86%, 12% and 2% of our revenue was derived from access fees, visit fees and other, respectively. For both the quarter and six months ended June 30, 2020, 76% and 24% of our revenue were derived from access fees and visit fees, respectively. We believe our continued strong subscription fee revenue is mainly representative of the value proposition we provide the broader healthcare system.

Membership, Visits and Platform Enabled Sessions

We completed approximately 3.5 million and 6.7 million telehealth visits during the quarter and six months ended June 30, 2021, respectively. U.S. Paid Membership was 52.0 million at June 30, 2021. We also completed approximately 1.0 million and 2.1 million platform-enabled sessions associated with InTouch during the quarter and six months ended June 30, 2021, respectively.

Key Factors Affecting Our Performance

We believe that our future performance will depend on many factors, including the following:

Number of Members. Our revenue growth rate and long-term profitability are affected by our ability to increase our number of Members because we derive a substantial portion of our revenue from access and other fees via Client contracts that provide Members access to our professional provider network in exchange for contractual based periodic fees or access fees derived from our D2C Members. Therefore, we believe that our ability to add new Members is a key indicator of our increasing market adoption, the growth of our business and future revenue potential, and that increasing our Membership is an integral objective that will provide us with the ability to continually innovate our services and support initiatives that will enhance Members’ experiences. U.S. Paid Membership was 52.0 million at June 30, 2021.

Number of Visits. We also recognize revenue in connection with the completion of a general medical visit, expert medical service, and other specialty visits for contracts where the service is not part of access fees. Visit fee revenue is driven primarily by the number of Clients, the number of Members in a Client’s population, Member utilization of our provider network services and the contractually negotiated prices of our services. We believe that increasing our current Member utilization rate and increasing penetration further into existing and new health plan Clients is a key objective in order for our Clients to realize tangible healthcare savings with our service. Visits increased by 28%, or 0.8 million, to approximately 3.5 million for the quarter ended June 30, 2021 compared to the same period in 2020. Visits increased by 40%, or 1.9 million, to approximately 6.7 million for the six months ended June 30, 2021 compared to the same period in 2020.

Number Platform Enabled of Sessions. A platform-enabled session is a unique instance in which our licensed software platform has facilitated a virtual voice or video encounter between a care provider and our Client’s patient, or between care providers. We believe platform-enabled sessions are an indicator of the value our Clients derive from the platform they license from us in order to facilitate virtual care. Over time, we expect platform-enabled sessions to outpace overall revenue growth as telehealth becomes a bigger part of our Clients’ care delivery strategy. Our Clients completed 1.0 million and 2.1 million platform-enabled sessions during the quarter and six months ended June 30, 2021, respectively.

Seasonality. We typically experience the strongest increases in consecutive quarterly revenue during the fourth and first quarters of each year, which coincides with traditional annual benefit enrollment seasons. In particular, as a result of many Clients’ introduction of new services at the very end of the current year, or the start of each year, a high concentration of our new Client contracts has an effective date of January 1. Therefore, while Membership increases, utilization is dampened until service delivery ramps up over the course of the year. Additionally, our business has become more diversified across services, channels, and geographies. We continue to see a diversification of Client start dates, resulting from our health plan expansions, cross sales of new services, international growth, and mid-market employer growth, all of which are not constrained by a calendar year start.

As a result of national seasonal cold and flu trends, we typically experience our highest level of visit fees during the first and fourth quarters of each year. Conversely, the second quarter of the year has historically been the period of lowest utilization of our provider network services relative to the other quarters of the year. However, during the COVID-19 pandemic in 2021 and 2020, we did not experience the typical seasonality associated with national cold and flu outbreaks. See “Risk Factors—Risks Related to Our Business—Our quarterly results may fluctuate significantly, which could adversely impact the value of our common stock.” included in our Form 10-K for the year ended December 31, 2020 filed with the SEC.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations, liquidity and capital resources are based on our condensed consolidated financial statements which have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities.

On an ongoing basis, we evaluate our estimates and judgments, including those related to the allowance for doubtful accounts, the carrying value of long-lived assets (including goodwill and intangible assets), capitalization and amortization of software development costs, the finalization of purchase accounting adjustments, Client performance guarantees, the calculation of a contingent liability in connection with an acquisition earn-out, the provision for income taxes and related deferred tax accounts, revenue recognition, contingencies, and other items. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates and could have a significant adverse effect on our results of operations and financial position. For a discussion of our critical accounting policies and estimates see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the year ended December 31, 2020 filed with the SEC.

Consolidated Results of Operations

The following table sets forth our consolidated statement of operations data for the quarters and six months ended June 30, 2021 and 2020 and the dollar and percentage change between the respective periods (in thousands):

	Quarter Ended June 30,				Six Months Ended June 30,			
	2021 $	2020 $	Variance	%	2021 $	2020 $	Variance	%(a)
Revenue	$ 503,139	$ 241,030	$ 262,109	109 %	$ 956,814	$ 421,829	$ 534,985	127 %
Expenses:								
Cost of revenue (exclusive of depreciation and amortization, which is shown separately below)	160,273	90,780	69,493	77 %	306,232	163,162	143,070	88 %
Operating expenses:								%
Advertising and marketing	103,221	47,578	55,643	117 %	192,660	80,093	112,567	141 %
Sales	63,856	18,687	45,169	242 %	128,649	36,627	92,022	251 %
Technology and development	80,759	23,029	57,730	251 %	158,767	42,286	116,481	275 %
Acquisition, integration and transformation costs	11,421	1,627	9,794	N/M %	17,744	5,291	12,453	235 %
General and administrative	111,216	56,615	54,601	96 %	216,388	102,957	113,431	110 %
Depreciation and amortization	51,341	9,893	41,448	419 %	100,000	19,603	80,397	410 %
Total expenses	582,087	248,209	333,878	135 %	1,120,440	450,019	670,421	149 %
Loss from operations	(78,948)	(7,179)	(71,769)	N/M %	(163,626)	(28,190)	(135,436)	480 %
Loss on extinguishment of debt	31,419	7,751	23,668	305 %	42,878	7,751	35,127	453 %
Other (income) expense, net	(217)	(111)	(106)	96 %	(5,869)	574	(6,443)	N/M %
Interest expense, net	20,473	13,262	7,211	54 %	42,598	21,880	20,718	95 %
Net loss before taxes	(130,623)	(28,081)	(102,542)	365 %	(243,233)	(58,395)	(184,838)	317 %
Income tax expense (benefit)	3,196	(2,399)	5,595	(233)%	90,235	(3,110)	93,345	N/M %
Net loss	$ (133,819)	$ (25,682)	$ (108,137)	421 %	$ (333,468)	$ (55,285)	$ (278,183)	N/M %

EBITDA and Adjusted EBITDA

The following is a reconciliation of net loss, the most directly comparable U.S. GAAP financial measure, to EBITDA and Adjusted EBITDA for the quarters and six months ended June 30, 2021 and 2020 (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net loss	$ (133,819)	$ (25,682)	$ (333,468)	$ (55,285)
Add:				
Loss on extinguishment of debt	31,419	7,751	42,878	7,751
Other (income) expense, net	(217)	(111)	(5,869)	574
Interest expense, net	20,473	13,262	42,598	21,880
Income tax expense (benefit)	3,196	(2,399)	90,235	(3,110)
Depreciation and amortization	51,341	9,893	100,000	19,603
EBITDA(1)	(27,607)	2,714	(63,626)	(8,587)
Stock-based compensation	82,970	21,928	169,270	40,243
Acquisition, integration and transformation costs	11,421	1,627	17,744	5,291
Adjusted EBITDA(1)	$ 66,784	$ 26,269	$ 123,388	$ 36,947

(1) Non-GAAP Financial Measures:

To supplement our financial information presented in accordance with U.S. GAAP, we use EBITDA and Adjusted EBITDA, which are non-U.S. GAAP financial measures, to clarify and enhance an understanding of past performance. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance. We further believe that these financial measures are useful financial metrics to assess our operating performance from period-to-period by excluding certain items that we believe are not representative of our core business. We use certain financial measures for business planning purposes and in measuring our performance relative to that of our competitors. We utilize Adjusted EBITDA as the primary measure of our performance.

EBITDA consists of net loss before interest; other (income) expense, net, including foreign exchange gain or loss; taxes; depreciation and amortization; and loss on extinguishment of debt. Adjusted EBITDA consists of net loss before interest; other (income) expense, net, including foreign exchange gain or loss; taxes; depreciation and amortization; loss on extinguishment of debt; stock-based compensation; and acquisition, integration and transformation costs. We believe that making such adjustments provides investors meaningful information to understand our results of operations and the ability to analyze financial and business trends on a period-to-period basis.

We believe the above financial measures are commonly used by investors to evaluate our performance and that of our competitors. However, our use of the terms EBITDA and Adjusted EBITDA may vary from that of others in our industry. Neither EBITDA nor Adjusted EBITDA should be considered as an alternative to net loss before taxes, net loss, loss per share or any other performance measures derived in accordance with U.S. GAAP as measures of performance.

EBITDA and Adjusted EBITDA have important limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect the significant interest expense on our debt;
- EBITDA and Adjusted EBITDA eliminate the impact of income taxes on our results of operations;
- EBITDA and Adjusted EBITDA do not reflect the loss on extinguishment of debt;
- EBITDA and Adjusted EBITDA do not reflect other (income) expense, net;
- Adjusted EBITDA does not reflect the significant acquisition, integration and transformation costs. Acquisition, integration and transformation costs include investment banking, financing, legal, accounting, consultancy, integration, fair value changes related to contingent consideration and certain other transaction

costs related to mergers and acquisitions. It also includes costs related to certain business transformation initiatives focused on integrating and optimizing various operations and systems, including upgrading our customer relationship management (CRM) and enterprise resource planning (ERP) systems. These transformation cost adjustments made to our results do not represent normal, recurring, operating expenses necessary to operate the business but rather, incremental costs incurred in connection with our acquisition and integration activities;

- Adjusted EBITDA does not reflect the significant non-cash stock compensation expense which should be viewed as a component of recurring operating costs; and

- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting the usefulness of these measures as comparative measures.

In addition, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and both EBITDA and Adjusted EBITDA do not reflect any expenditures for such replacements.

We compensate for these limitations by using EBITDA and Adjusted EBITDA along with other comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance. Such U.S. GAAP measurements include net loss, net loss per share and other performance measures.

In evaluating these financial measures, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Consolidated Results of Operations

We completed our acquisitions of Consultant Connect on January 4, 2021, Livongo on October 30, 2020, and InTouch on July 1, 2020 (the “acquisitions”). The results of operations of the aforementioned acquisitions have been included in our unaudited consolidated financial statements included in this Quarterly Report from the date of each acquisition.

Revenue. Total revenue was $503.1 million for the quarter ended June 30, 2021, compared to $241.0 million during the quarter ended June 30, 2020, an increase of $262.1 million, or 109%. Excluding the impact from acquisitions of $164.2 million, revenue increased 41%. The increase in revenue was driven primarily by the generation of additional access fees by our Membership base, particularly among behavorial health specialities. Revenue from U.S. subscription access fees was $396.6 million for the quarter ended June 30, 2021 compared to $152.0 million for the quarter ended June 30, 2020, an increase of $244.6 million, or 161%. In addition, revenue from international access fees was $37.4 million for the quarter ended June 30, 2021 compared to $30.2 million for the quarter ended June 30, 2020, an increase of $7.2 million, or 24%.

Total revenue was $956.8 million for the six months ended June 30, 2021, compared to $421.8 million for the six months ended June 30, 2020, an increase of $535.0 million, or 127%. Excluding the impact from acquisitions of $313.1 million, revenue increased 53%. Similar to the quarterly results, these increases were driven primarily by the generation of additional access fees by our Membership base. Revenue from U.S. access fees was $747.5 million for the six months ended June 30, 2021 compared to $260.0 million for the six months ended June 30, 2020, an increase of $487.5 million, or 188%. In addition, international access fees, visit fees and other revenues increased by $15.4 million, $11.2 million and $20.8 million, respectively, on a year-to-date basis.

Cost of Revenue (exclusive of depreciation and amortization, which is shown separately below). Cost of revenue (exclusive of depreciation and amortization, which is shown separately below) was $160.3 million for the quarter ended June 30, 2021 compared to $90.8 million for the quarter ended June 30, 2020, an increase of $69.5 million, or 77%. Cost of revenue increased by $143.1 million, or 88%, on a year-to-date basis. The increase for both the quarter and year-to-date periods were primarily due to the impact of acquisitions, growth in visits associated with higher revenue which resulted in increased provider fees, and increased physician network operation center costs.

Advertising and Marketing Expenses. Advertising and marketing expenses were $103.2 million for the quarter ended June 30, 2021 compared to $47.6 million for the quarter ended June 30, 2020, an increase of $55.6 million, or 117%. The increase was driven by a $38.7 million increase in Member engagement initiatives, digital and media advertising, sponsorship of professional organizations and trade shows; the impact from acquisitions; and a $1.4 million impact driven by the hiring of additional personnel.

On a year-to-date basis, advertising and marketing expenses increased by $112.6 million, or 141%, driven by a $78.7 million increase in Member engagement initiatives, digital and media advertising, sponsorship of professional organizations and trade shows, the impact of acquisitions, and a $3.5 million impact driven by the hiring of additional personnel.

Sales Expenses. Sales expenses were $63.9 million for the quarter ended June 30, 2021 compared to $18.7 million for the quarter ended June 30, 2020, an increase of $45.2 million, or 242%. On a year-to-date basis, sales expense increased $92.0 million, or 251%. The increases for both the quarter and year-to-date periods substantially reflect the impact from acquisitions.

Technology and Development Expenses. Technology and development expenses were $80.8 million for the quarter ended June 30, 2021 compared to $23.0 million for the quarter ended June 30, 2020, an increase of $57.7 million, or 251%. On a year-to-date basis, technology and development expenses increased by $116.5 million, or 275%. In addition to substantially reflecting the impact of acquisitions, the increases for the quarter and year-to-date periods were driven by increases of $3.5 million and $8.9 million, respectively, due to the hiring of additional personnel and increases of $4.3 million and $9.4 million, respectively, due to ongoing projects to continuously improve our technology portfolio and other similar items.

Acquisition, Integration and Transformation Costs. Acquisition, integration and transformation costs include investment banking, financing, legal, accounting, consultancy, integration, fair value changes related to contingent consideration and certain other transaction costs related to mergers and acquisitions. It also includes costs related to certain internal business transformation initiatives focused on integrating and optimizing various operations and systems, including upgrading our customer relationship management (CRM) and enterprise resource planning (ERP) systems.

Acquisition, integration and transformation costs were $11.4 million for the quarter ended June 30, 2021 compared to $1.6 million for the quarter ended June 30, 2020, an increase of $9.8 million, primarily driven by acquisition related and transformation costs. These costs, which also increased by $12.5 million on a year-to-date basis, were incurred primarily to drive integration and transformation activities resulting from the InTouch, Livongo and Consultant Connect acquisitions.

General and Administrative Expenses. General and administrative expenses were $111.2 million for the quarter ended June 30, 2021 compared to $56.6 million for the quarter ended June 30, 2020, an increase of $54.6 million, or 96%. The increase primarily reflects the impact of acquisitions and a $5.3 million increase in employee-related expenses reflecting the acceleration of the adoption of virtual care stemming from the COVID-19 pandemic. Other expenses, including office-related charges, bank charges, therapist recruiting, liability insurance, legal and bad debt expenses, increased a combined total of $19.6 million, reflecting the overall impact of growth on the business.

On a year-to-date basis, general and administrative expenses increased by $113.4 million, or 110%. The increase primarily reflects the impact of acquisitions and a $12.0 million increase in employee-related expenses reflecting the acceleration of the adoption of virtual care stemming from the COVID-19 pandemic. Other expenses, including office-related charges, bank charges, therapist recruiting, liability insurance, legal and bad debt expenses, increased a combined total of $32.7 million, reflecting the overall impact of growth on the business.

Depreciation and Amortization. Depreciation and amortization was $51.3 million for the quarter ended June 30, 2021 compared to $9.9 million for the quarter ended June 30, 2020, an increase of $41.4 million. Depreciation and amortization was $100.0 million for the six months ended June 30, 2021 compared to $19.6 million, an increase of $80.4 million on a year-to-date basis. This increase was due to additional amortization expense substantially related to acquisition-related intangible assets that increased from $325.9 million at June 30, 2020 to $2,220.7 million at June 30, 2021 and an increase in depreciation expense on an increased base of depreciable fixed assets that increased from $26.7 million at June 30, 2020 to $56.0 million at June 30, 2021.

Loss on Extinguishment of Debt. Loss on extinguishment of debt was $31.4 million for the quarter ended June 30, 2021 compared to $7.8 million for the quarter ended June 30, 2020, an increase of $23.7 million. On a year-to-date basis, loss on extinguishment of debt increased by $35.1 million. This increase was primarily due to the exchanges and conversions of the 2025 Notes.

Other (Income) Expense, Net. Other (income) expense, net was $(0.2) million for the quarter ended June 30, 2021 compared to $(0.1) million for the quarter ended June 30, 2020 and consisted primarily of foreign exchange remeasurements. Other (income) expense, net was $(5.9) million for the six months ended June 30, 2021, compared to $0.6 million for the six months ended June 30, 2020. The year-to-date change consisted primarily of a $5.7 million gain on sale of a non-marketable equity security.

Interest Expense, Net. Interest expense, net consists of interest costs and amortization of debt discount associated with advances from financing companies, our convertible senior notes, interest income from cash and cash equivalents and short-term investments in marketable securities. Interest expense, net was $20.5 million and $13.3 million for the quarters ended June 30, 2021 and 2020, respectively. Interest expense, net was $42.6 million for the six months ended June 30, 2021 compared to $21.9 million for the six months ended June 30, 2020. The increase in interest expense primarily is associated with the 2027 Notes issued in May 2020 and Livongo Notes that the Company agreed to guarantee in October 2020.

Income tax expense (benefit). Income tax expense was $3.2 million for the quarter ended June 30, 2021 compared to $(2.4) million for the quarter ended June 30, 2020. Income tax expense was $90.2 million for the six months ended June 30, 2021 compared to $(3.1) million benefit for the six months ended June 30, 2020. In the first quarter 2021, we recognized a non-cash income tax expense of $87.0 million, substantially reflecting the discrete charge for additional valuation allowance on excess stock compensation benefits associated with the Livongo merger.

Liquidity and Capital Resources

The following table presents a summary of our cash flow activity for the periods set forth below (in thousands):

	Six Months Ended June 30,	
	2021	**2020**
Consolidated Statements of Cash Flows Data		
Net cash provided by operating activities	$ 34,191	$ 29,230
Net cash used in investing activities	(18,198)	(21,590)
Net cash provided by financing activities	33,538	788,278
Total	$ 49,531	$ 795,918

Our principal sources of liquidity were cash and cash equivalents, comprised of money market funds and marketable securities, totaling $783.7 million, including restricted cash of $3.8 million as of June 30, 2021. Additionally, we had short-term marketable securities of $2.5 million as of June 30, 2021.

We believe that our existing cash and cash equivalents and short-term marketable securities will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, contract renewal activity, number of visits, the timing and extent of spending to support product development efforts, our expansion of sales and marketing activities, the introduction of new and enhanced services offerings and the continuing market acceptance of telehealth. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations would be adversely affected.

Historically, we have financed our operations primarily through sales of equity securities, debt issuance and bank borrowings.

On January 4, 2021, we completed the acquisition of the UK-based telemedicine provider Consultant Connect for an aggregate consideration of $56.3 million, net of cash acquired. Consultant Connect provides a platform that specializes in facilitating healthcare professional-to-professional advice and guidance in the United Kingdom.

On October 30, 2020, we completed the merger with Livongo. Upon completion of the merger, each share of Livongo's common stock converted into the right to receive 0.5920 shares of our common stock and $4.24 in cash, without interest. In addition, in connection with the closing of the merger, Livongo paid a special cash dividend equal to $7.09 per share of Livongo's common stock to shareholders of Livongo as of a record date of October 29, 2020. The total consideration was $13,876.9 million consisting of $380.2 million of net cash, $555.4 million related to the conversion feature of the Livongo Notes guaranteed by the Company and 60.2 million shares of Teladoc Health's common stock valued at approximately $12,941.3 million on October 30, 2020. Livongo is a leading provider to empower people with chronic conditions to live better and healthier lives.

On October 30, 2020, as part of the Livongo merger, we agreed to guarantee Livongo's obligations under its $550.0 million aggregate principal amount of convertible senior notes due 2025, which had been issued by Livongo on June 4, 2020, prior to our acquisition of Livongo. The Livongo Notes bear cash interest at a rate of 0.875% per year, payable semi-annually in arrears on June 1 and December 1 of each year. The Livongo Notes will mature on June 1, 2025.

On July 1, 2020, we completed the acquisition of InTouch for aggregate consideration of $1,069.8 million, which was comprised of 4.6 million shares of our common stock valued at $903.3 million on July 1, 2020 and $166.5 million of net cash. InTouch is a leading provider of enterprise telehealth solutions for hospitals and health systems.

On May 19, 2020, we issued, at par value, $1 billion aggregate principal amount of 1.25% convertible senior notes due 2027. The 2027 Notes bear cash interest at a rate of 1.25% per year, payable semi-annually in arrears on June 1 and December 1 of each year. The 2027 Notes will mature on June 1, 2027. The net proceeds to us from the offering were $975.9 million after deducting offering costs of approximately $24.1 million.

See Note 11, "Convertible Senior Notes" of the Notes to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information on the Notes.

Cash Provided by (Used in) Operating Activities

For the six months ended June 30, 2021 cash flows provided by operating activities consisted of net loss adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating activities was $34.2 million for the six months ended June 30, 2021 compared to cash provided by operating activities of $29.2 million for the prior year period. The year-over-year increase was primarily driven by higher revenues, offset by the timing of payments for bonuses and payroll taxes, increase in prepaid expenses substantially related to deferred device costs and acquisition, integration and transformation costs, and other net working capital reductions.

Our primary uses of cash from operating activities are for the payment of cash compensation expenses, provider fees, inventory, insurance, office expenses, technology costs, market data costs, legal and professional fees, interest expense and acquisition, integration and transformation costs. Historically, the payment of cash for compensation and benefits is at its highest level in the first quarter when we pay discretionary employee compensation related to the previous fiscal year.

Cash Used in Investing Activities

Cash used in investing activities was $18.2 million for the six months ended June 30, 2021. Cash used in investing activities consisted of acquisition of businesses of $56.3 million, net of cash acquired, investment in capital expenditures totaling $4.4 million, investments in capitalized software development costs of $21.5 million, and partially offset by proceeds from short-term marketable securities of $50.0 million and sale of investment of $10.9 million.

Cash used in investing activities was $21.6 million for the six months ended June 30, 2020. Cash used in investing activities consisted of the purchases of property and equipment totaling $1.6 million, investments in internally developed capitalized software of $6.5 million, and $13.5 million of pre-funding associated with the InTouch acquisition.

Cash Provided by Financing Activities

Cash provided by financing activities for the six months ended June 30, 2021 was $33.5 million. Cash provided by financing activities primarily consisted of $17.8 million of proceeds from the exercise of employee stock options, $11.0 million of proceeds withheld from participants in the employee stock purchase plan, $7.9 million of proceeds from advances from financing companies and $4.9 million of timing associated with net cash proceeds for tax withholding for stock-based compensation and redemption of the 2022 Notes and $8.1 million from a net change in payments from customers against advances from financing companies.

Cash provided by financing activities for the six months ended June 30, 2020 was $788.3 million. Cash provided by financing activities consisted of $975.9 million of net cash proceeds from the issuance of the 2027 Notes, $33.5 million of proceeds from the exercise of employee stock options, $2.5 million of proceeds from employee stock purchase plan, and $4.5 million of timing associated with net cash proceeds for tax withholding for stock-based compensation, offset by $228.1 million of cash used in the repurchase of the 2022 Notes.

Contractual Obligations and Commitments

The following summarizes our contractual obligations as of June 30, 2021 (in thousands):

	Payment Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 Years
Operating leases	$ 55,278	$ 9,810	$ 26,180	$ 13,848	$ 5,440
Non-cancelable purchase commitments	0	0	0	0	0
Debt obligations under the Convertible Notes	1,556,098	0	0	556,098	1,000,000
Interest associated with the Convertible Notes	94,574	17,396	36,637	29,083	11,458
Total	$ 1,705,950	$ 27,206	$ 62,817	$ 599,029	$ 1,016,898

Our existing office and hosting co-location facilities lease agreements provide us with the option to renew and generally provide for rental payments on a graduated basis. Our future operating lease obligations would change if we entered into additional operating lease agreements as we expand our operations and if we exercised the office and hosting co-location facilities lease options. The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions and the approximate timing of the transaction. Non-cancelable purchase commitments include inventory purchases, cloud-based software contracts and other goods and services. Obligations under contracts that we can cancel without a significant penalty are not included in the table above. For abandoned facilities, the above contractual obligation schedule does not reflect any realized or potential sublease revenue.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to the financing, liquidity, market, or credit risk that could arise if we had engaged in those types of relationships.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk and Foreign Exchange Risk

Cash equivalents that are subject to interest rate volatility represent our principal market risk. We do not expect cash flows to be affected to any significant degree by a sudden change in market interest rates. We do not enter into investments for trading or speculative purposes.

We operate our business primarily within the United States and currently execute approximately 92% of our transactions in U.S. dollars. We have not utilized hedging strategies with respect to any foreign exchange exposure. This limited foreign currency translation risk is not expected to have a material impact on our consolidated financial statements.

Concentrations of Risk and Significant Clients

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. Although we deposit our cash with multiple financial institutions in the U.S. and in foreign countries, our deposits, at times, may exceed federally insured limits. Our short-term investments are comprised of a portfolio of diverse high credit rating instruments with maturity durations of one year or less.

No Client represented over 10% of revenues for the quarters or six months ended June 30, 2021 or 2020.

No Client represented over 10% of accounts receivable at June 30, 2021 or December 31, 2020.

Revenues are reported by location of the client for our business to business activities and by location of where our operations are primarily located for direct to consumer activities. Revenue from Clients located in the United States for the quarters ended June 30, 2021 and 2020 were $465.2 million and $210.5 million, respectively. Revenue from Clients located outside the United States for the quarters ended June 30, 2021 and 2020 were $37.9 million and $30.5 million, respectively. Revenue from Clients located in the United States for the six months ended June 30, 2021 and 2020 were $881.1 million and $362.0 million, respectively. Revenue from Clients located outside the United States for the six months ended June 30, 2021 and 2020 were $75.7 million and $59.9 million, respectively.

Item 4. Controls and Procedures

Management's Report on Internal Control over Financial Reporting

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to legal proceedings, claims and litigation arising in the ordinary course of our business. Descriptions of certain legal proceedings to which we are a party are contained in Note 13, “Legal Matters”, to our consolidated financial statements included in this Quarterly Report on Form 10-Q and are incorporated by reference herein.

Item 1A. Risk Factors

For a discussion of potential risks and uncertainties related to our Company see the information in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in the “Special Note Regarding Forward-Looking Statements” section in Part I, Item 2, of this Quarterly Report on Form 10-Q.

Item 6. Exhibits

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Sixth Amended and Restated Certificate of Incorporation of Teladoc Health, Inc.	8-K	001-37477	3.1	5/31/17	
3.2	Certificate of Amendment of Sixth Amended and Restated Certificate of Incorporation of Teladoc, Inc.	8-K	001-37477	3.1	6/01/18	
3.3	Second Certificate of Amendment of Sixth Amended and Restated Certificate of Incorporation of Teladoc Health, Inc.	8-K	001-37477	3.1	8/10/18	
3.4	Certificate of Amendment of the Sixth Amended and Restated Certificate of Incorporation of Teladoc Health, Inc.	8-K	001-37477	3.1	10/30/20	
3.5	Fifth Amended and Restated Bylaws of Teladoc Health, Inc.	8-K	001-37477	3.1	2/19/21	
10.1	Teladoc Health, Inc. 2015 Employee Stock Purchase Plan (as amended and restated effective May 9, 2021).					*
31.1	Chief Executive Officer—Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Chief Financial Officer—Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Chief Executive Officer—Certification pursuant to Rule13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Chief Financial Officer—Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	XBRL Taxonomy Extension Schema Document.					*

101.CAL	XBRL Taxonomy Calculation Linkbase Document.	*
101.DEF	XBRL Definition Linkbase Document.	*
101.LAB	XBRL Taxonomy Label Linkbase Document.	*
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	*
104	Cover Page Interactive Data File – The Cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	

* Filed herewith.
** Furnished herewith.

Signatures

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 thereunto duly authorized.

	TELADOC HEALTH, INC.	
Date: August 2, 2021	By:	/s/ JASON GOREVIC
	Name:	Jason Gorevic
	Title:	Chief Executive Officer
Date: August 2, 2021	By:	/s/ MALA MURTHY
	Name:	Mala Murthy
	Title:	Chief Financial Officer

Exhibit 10.1

TELADOC HEALTH, INC.
2015 EMPLOYEE STOCK PURCHASE PLAN
(as amended and restated effective May 9, 2021)

ARTICLE I.
PURPOSE

The purposes of this Teladoc Health, Inc. 2015 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the "***Plan***") are to assist Eligible Employees of Teladoc Health, Inc., a Delaware corporation (the "***Company***"), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

ARTICLE II.
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 "***Administrator***" shall mean the entity that conducts the general administration of the Plan as provided in Article XI. The term "Administrator" shall refer to the Committee unless the Board has assumed the authority for administration of the Plan as provided in Article XI.

2.2 "***Applicable Laws***" shall mean the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

2.3 "***Board***" shall mean the Board of Directors of the Company.

2.4 "***Change in Control***" shall mean and include each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of paragraph (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.4(a) or 2.4(c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.4(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.5 "***Code***" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder.

2.6 "***Common Stock***" shall mean the common stock of the Company and such other securities of the Company that may be substituted therefor pursuant to Article VIII.

2.7 "***Company***" shall mean Teladoc Health, Inc., a Delaware corporation.

2.8 "***Compensation***" of an Eligible Employee shall mean the gross base compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, excluding overtime payments, sales commissions, bonuses, incentive compensation, expense reimbursements, fringe benefits and other special payments.

2.9 "***Designated Subsidiary***" shall mean any Subsidiary designated by the Administrator in accordance with Section 11.3(b).

2.10 "***Effectiv*e *Date***" shall mean the day prior to the Public Trading Date.

2.11 "***Eligible Employee***" shall mean an Employee: (a) who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code); (b) whose customary employment is for more than twenty hours per week; and (c) whose customary employment is for more than five months in any calendar year. For purposes of the foregoing clause (a), the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee; provided, however, that the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period if: (i) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code; and/or (ii) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years), and/or (iii) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (i), (ii) or (iii) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

2.12 "***Employee***" shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. "Employee" shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three (3)-month period.

2.13 "***Enrollment Date***" shall mean the first Trading Day of each Offering Period.

2.14 “***Exchange Act***” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.15 “***Fair Market Value***” means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (iii) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

2.16 “***Offering Document***” shall have the meaning given to such term in Section 4.1.

2.17 “***Offering Period***” shall have the meaning given to such term in Section 4.1.

2.18 “***Parent***” shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.19 “***Participant***” shall mean any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

2.20 “***Plan***” shall mean this Teladoc Health, Inc. 2015 Employee Stock Purchase Plan, as it may be amended from time to time.

2.21 “***Public Trading Date***” shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.22 “***Purchase Date***” shall mean the last Trading Day of each Offering Period.

2.23 “***Purchase Price***” shall mean the purchase price designated by the Administrator in the applicable Offering Document (which purchase price shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.24 "***Securities Act***" shall mean the Securities Act of 1933, as amended from time to time.

2.25 "***Share***" shall mean a share of Common Stock.

2.26 "***Subsidiary***" shall mean any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

2.27 "***Trading Day***" shall mean a day on which national stock exchanges in the United States are open for trading.

ARTICLE III.
SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to Article VIII, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be 364,407 Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on January 1, 2016 and ending on and including January 1, 2025, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the least of (a) 93,617 Shares, (b) 0.25% of the Shares outstanding on the final day of the immediately preceding calendar year and (c) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for issuance under the Plan.

3.2 Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

ARTICLE IV.
OFFERING PERIODS; OFFERING DOCUMENTS

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Common Stock under the Plan to Eligible Employees during one or more periods (each, an "***Offering Period***") selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an "***Offering Document***" adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan and shall be attached hereto as part of the Plan. The provisions of separate Offering Periods under the Plan need not be identical.

4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

(a) the length of the Offering Period, which period shall not exceed twenty-seven months;

(b) the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be 25,000 Shares;

(c) such other provisions as the Administrator determines are appropriate, subject to the Plan.

ARTICLE V.
ELIGIBILITY AND PARTICIPATION

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and the limitations imposed by Section 423(b) of the Code.

5.2 Enrollment in Plan.

(a) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan. An Eligible Employee may designate any whole percentage of Compensation that is not less than 1% and not more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 25% in the absence of any such designation) as payroll deductions. The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may increase or decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed one change to his or her payroll deduction elections during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following five business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document, payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in Section 5.2 and Section 5.6, respectively.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or ceases to be an Eligible Employee.

5.5 Limitation on Purchase of Common Stock. An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds $25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the

United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal payday equal to his or her authorized payroll deduction.

ARTICLE VI.
GRANT AND EXERCISE OF RIGHTS

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (a) such Participant’s payroll deductions accumulated prior to such Purchase Date and retained in the Participant’s account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the last day of the Offering Period.

6.2 Exercise of Rights. On each Purchase Date, each Participant’s accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be credited to a Participant’s account and carried forward and applied toward the purchase of whole Shares for the next following Offering Period. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Common Stock are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations.

6.5 Conditions to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges, if any, on which the Common Stock is then listed; and

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and

(e) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

ARTICLE VII.
WITHDRAWAL; CESSATION OF ELIGIBILITY

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than one week prior to the end of the Offering Period. All of the Participant's payroll deductions credited to his or her account during an Offering Period shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such

Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated.

ARTICLE VIII.
ADJUSTMENTS UPON CHANGES IN STOCK

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 <u>No Adjustment Under Certain Circumstances</u>. No adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 <u>No Other Rights</u>. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

ARTICLE IX.
AMENDMENT, MODIFICATION AND TERMINATION

9.1 <u>Amendment, Modification and Termination</u>. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; <u>provided</u>, <u>however</u>, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII); (b) change the corporations or classes of corporations whose employees may be granted rights under the Plan; or (c) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld from the Participant's Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld from the Participant's Compensation in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in a properly completed subscription agreement in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

(c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon.

ARTICLE X.
TERM OF PLAN

The Plan shall be effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the stockholders of the Company within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

ARTICLE XI.
ADMINISTRATION

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "***Committee***"). The Board may at any time vest in the Board any authority or duties for administration of the Plan.

11.2 Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other Employee, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To determine when and how rights to purchase Common Stock shall be granted and the provisions of each offering of such rights (which need not be identical).

(b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.

(c) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(d) To amend the Plan as provided in Article IX.

(e) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

11.4 Decisions Binding. The Administrator's interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE XII.
MISCELLANEOUS

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant's rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any Shares and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to a Purchase Date on which the Participant's rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the Participant's rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant's spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of this Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to participating Eligible Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or affect the right of the Company or any Parent or Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.12 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

Exhibit 31.1

Certification

I, Jason Gorevic, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Teladoc Health, Inc. (the “registrant”) for the period ended June 30, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2021

/s/ JASON GOREVIC
Jason Gorevic
Chief Executive Officer

Exhibit 31.2

Certification

I, Mala Murthy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Teladoc Health, Inc. (the “registrant”) for the period ended June 30, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2021

/s/ MALA MURTHY

Mala Murthy
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Teladoc Health, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jason Gorevic, Chief Executive Officer of the Company, certify, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2021

/s/ JASON GOREVIC
Jason Gorevic
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Teladoc Health, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mala Murthy, Chief Financial Officer of the Company, certify, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2021

/s/ MALA MURTHY
Mala Murthy
Chief Financial Officer