

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2022**

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: **001-39515**

American Well Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

20-5009396
(I.R.S. Employer
Identification Number)

75 State Street, 26th Floor
Boston, MA 02109
(Address of registrant's principal executive offices)
(617) 204-3500
(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
Class A common stock, par value of \$0.01 per share	AMWL	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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 October 31, 2022, the number of shares of the registrant's Class A common stock outstanding was 242,463,684, the number of shares of the registrant's Class B common stock outstanding was 27,390,397 and the number of shares of the registrant's Class C common stock outstanding was 5,555,555.

American Well Corporation

QUARTERLY REPORT ON FORM 10-Q
For the period ended September 30, 2022

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 332,601	\$ 746,416
Investments	249,008	—
Accounts receivable (\$164 and \$2,054, from related parties and net of allowances of \$1,568 and \$1,809, respectively)	45,730	51,375
Inventories	7,969	7,530
Deferred contract acquisition costs	1,338	1,697
Prepaid expenses and other current assets	20,598	20,278
Total current assets	657,244	827,296
Restricted cash	795	795
Property and equipment, net	1,079	2,235
Goodwill	425,196	442,761
Intangible assets, net	127,291	152,409
Operating lease right-of-use asset	14,412	16,422
Deferred contract acquisition costs, net of current portion	3,064	2,028
Other assets	1,920	1,722
Investment in minority owned joint venture	773	168
Total assets	\$ 1,231,774	\$ 1,445,836
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 6,175	\$ 12,156
Accrued expenses and other current liabilities	45,181	58,711
Operating lease liability, current	3,623	1,918
Deferred revenue (\$338 and \$1,860 from related parties, respectively)	50,151	68,841
Total current liabilities	105,130	141,626
Other long-term liabilities	2,673	5,136
Contingent consideration liabilities, net of current portion	—	16,450
Operating lease liability, net of current portion	12,208	14,694
Deferred revenue, net of current portion (\$13 and \$22 from related parties, respectively)	6,914	7,055
Total liabilities	126,925	184,961
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 100,000,000 shares authorized, no shares issued or outstanding as of September 30, 2022 and as of December 31, 2021	—	—
Common stock, \$0.01 par value; 1,000,000,000 Class A shares authorized, 242,304,366 and 229,402,453 shares issued and outstanding, respectively; 100,000,000 Class B shares authorized, 27,390,397 and 26,913,579 shares issued and outstanding, respectively; 200,000,000 Class C shares authorized 5,555,555 issued and outstanding as of September 30, 2022 and as of December 31, 2021	2,753	2,620
Additional paid-in capital	2,133,614	2,054,275
Accumulated other comprehensive loss	(31,056)	(6,353)
Accumulated deficit	(1,020,865)	(811,284)
Total American Well Corporation stockholders' equity	1,084,446	1,239,258
Non-controlling interest	20,403	21,617
Total stockholders' equity	1,104,849	1,260,875
Total liabilities and stockholders' equity	\$ 1,231,774	\$ 1,445,836

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share amounts)
(unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue				
(\$729, \$698, \$3,106 and \$11,005 from related parties, respectively)	\$ 69,209	\$ 62,223	\$ 197,957	\$ 180,039
Costs and operating expenses:				
Costs of revenue, excluding depreciation and amortization of intangible assets	41,507	35,184	\$ 114,769	104,778
Research and development	36,254	27,399	\$ 110,802	72,817
Sales and marketing	18,493	16,370	\$ 58,368	44,891
General and administrative	37,682	34,380	\$ 105,309	79,946
Depreciation and amortization expense	6,397	4,340	\$ 19,719	9,330
Total costs and operating expenses	<u>140,333</u>	<u>117,673</u>	<u>408,967</u>	<u>311,762</u>
Loss from operations	(71,124)	(55,450)	(211,010)	(131,723)
Interest income and other (expense) income, net	<u>1,237</u>	<u>(382)</u>	<u>\$ 2,109</u>	<u>(97)</u>
Loss before expense from income taxes and loss from equity method investment	(69,887)	(55,832)	(208,901)	(131,820)
Benefit (Expense) from income taxes	(95)	5,454	\$ (224)	5,042
Loss from equity method investment	(593)	(554)	\$ (1,355)	(2,095)
Net loss	(70,575)	(50,932)	(210,480)	(128,873)
Net loss attributable to non-controlling interest	(491)	562	\$ (1,214)	(332)
Net loss attributable to American Well Corporation	<u>\$ (70,084)</u>	<u>\$ (51,494)</u>	<u>\$ (209,266)</u>	<u>\$ (128,541)</u>
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.25)	\$ (0.20)	\$ (0.77)	\$ (0.51)
Weighted-average common shares outstanding, basic and diluted	277,389,730	257,283,961	272,846,985	250,115,414
Net loss	\$ (70,575)	\$ (50,932)	\$ (210,480)	\$ (128,873)
Other comprehensive loss, net of tax:				
Unrealized gain (loss) on available-for-sale investments	1,002	0	(360)	(85)
Foreign currency translation	(11,213)	(2,377)	(24,343)	(2,449)
Comprehensive loss	(80,786)	(53,309)	(235,183)	(131,407)
Less: Comprehensive (loss) income attributable to non-controlling interest	(491)	562	(1,214)	(332)
Comprehensive loss attributable to American Well Corporation	<u>\$ (80,295)</u>	<u>\$ (53,871)</u>	<u>\$ (233,969)</u>	<u>\$ (131,075)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount						
Balances as of January 1, 2022	261,871,587	\$ 2,620	\$ 2,054,275	\$ (6,353)	\$ (811,284)	\$ 1,239,258	\$ 21,617	\$ 1,260,875
Exercise of common stock options	976,644	10	2,455	—	—	2,465	—	2,465
Vesting of restricted stock units	1,398,305	14	(14)	—	—	—	—	—
Issuance of stock under employee stock purchase plan	425,114	4	1,497	—	—	1,501	—	1,501
Issuance of common stock related to Conversa earn-out settlement	1,020,964	10	4,288	—	—	4,298	—	4,298
Stock-based compensation expense	—	—	12,085	—	—	12,085	—	12,085
Capital contributed by selling shareholders of acquired businesses	—	—	2,019	—	—	2,019	—	2,019
Currency translation adjustment	—	—	—	(2,951)	—	(2,951)	—	(2,951)
Unrealized losses on available-for-sale securities, net of tax	—	—	—	(1,251)	—	(1,251)	—	(1,251)
Net loss	—	—	—	—	(70,037)	(70,037)	(216)	(70,253)
Balances as of March 31, 2022	265,692,614	2,658	2,076,605	(10,555)	(881,321)	1,187,387	21,401	1,208,788
Exercise of common stock options	1,083,571	10	1,916	—	—	1,926	—	1,926
Vesting of restricted stock units	1,606,976	16	(16)	—	—	—	—	—
Issuance of common stock related to SilverCloud earn-out settlement	4,959,856	50	12,895	—	—	12,945	—	12,945
Receipt of Section 16(b) disgorgement	—	—	295	—	—	295	—	295
Stock-based compensation expense	—	—	14,907	—	—	14,907	—	14,907
Capital contributed by selling shareholders of acquired businesses	—	—	1,974	—	—	1,974	—	1,974
Currency translation adjustment	—	—	—	(10,179)	—	(10,179)	—	(10,179)
Unrealized losses on available-for-sale securities, net of tax	—	—	—	(111)	—	(111)	—	(111)
Net loss	—	—	—	—	(69,145)	(69,145)	(507)	(69,652)
Balances as of June 30, 2022	273,343,017	\$ 2,734	\$ 2,108,576	\$ (20,845)	\$ (950,466)	\$ 1,139,999	\$ 20,894	\$ 1,160,893
Exercise of common stock options	464,622	5	853	—	—	858	—	858
Vesting of restricted stock units	1,249,647	12	(12)	—	—	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2022	(85,002)	(1)	(44)	—	(315)	(360)	—	(360)
Issuance of stock under employee stock purchase plan	278,034	3	999	—	—	1,002	—	1,002
Stock-based compensation expense	—	—	21,312	—	—	21,312	—	21,312
Capital contributed by selling shareholders of acquired businesses	—	—	1,930	—	—	1,930	—	1,930
Currency translation adjustment	—	—	—	(11,213)	—	(11,213)	—	(11,213)
Unrealized losses on available-for-sale securities, net of tax	—	—	—	1,002	—	1,002	—	1,002
Net loss	—	—	—	—	(70,084)	(70,084)	(491)	(70,575)
Balances as of September 30, 2022	275,250,318	\$ 2,753	\$ 2,133,614	\$ (31,056)	\$ (1,020,865)	\$ 1,084,446	\$ 20,403	\$ 1,104,849

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Common Stock		Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount							
Balances as of January 1, 2021	235,604,10								
	5	\$ 2,357	\$ (37,568)	\$ 1,841,405	\$ 297	\$ (582,359)	\$ 1,224,132	\$ 22,065	\$ 1,246,197
Exercise of common stock options	3,474,375	34	—	10,096	—	—	10,130	—	10,130
Vesting of restricted stock units	853,842	9	—	(9)	—	—	—	—	—
Retirement of treasury stock purchased in 2020	—	—	37,568	(15)	—	(37,553)	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2021	(402,060)	(4)	—	4	—	(9,771)	(9,771)	—	(9,771)
Stock-based compensation expense	—	—	—	8,642	—	—	8,642	—	8,642
Currency translation adjustment	—	—	—	—	(52)	—	(52)	—	(52)
Unrealized gains on available-for-sale securities, net of tax	—	—	—	—	34	—	34	—	34
Net loss	—	—	—	—	—	(39,188)	(39,188)	(617)	(39,805)
Balances as of March 31, 2021	239,530,26								
	2	2,396	—	1,860,123	279	(668,871)	1,193,927	21,448	1,215,375
Exercise of common stock options	1,812,491	18	—	6,656	—	—	6,674	—	6,674
Vesting of restricted stock units	844,900	9	—	(9)	—	—	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2021	(68,750)	(1)	—	1	—	(1,857)	(1,857)	—	(1,857)
Stock-based compensation expense	—	—	—	10,726	—	—	10,726	—	10,726
Currency translation adjustment	—	—	—	—	(20)	—	(20)	—	(20)
Unrealized gains on available-for-sale securities, net of tax	—	—	—	—	(119)	—	(119)	—	(119)
Net loss	—	—	—	—	—	(37,859)	(37,859)	(277)	(38,136)
Balances as of June 30, 2021	242,118,90								
	3	2,422	—	1,877,497	140	(708,587)	1,171,472	21,171	1,192,643
Exercise of common stock options	491,598	5	—	1,872	—	—	1,877	—	1,877
Vesting of restricted stock units	3,989,239	40	—	(40)	—	—	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2021	(211,494)	(2)	—	2	—	(2,360)	(2,360)	—	(2,360)
Issuance of stock under employee stock purchase plan	178,021	2	—	1,597	—	—	1,599	—	1,599
Issuance of common stock in acquisitions	12,798,992	128	—	143,979	—	—	144,107	—	144,107
Stock-based compensation expense	—	—	—	12,388	—	—	12,388	—	12,388
Capital contributed by selling shareholders of acquired businesses	—	—	—	717	—	—	717	—	717
Currency translation adjustment	—	—	—	—	(2,377)	—	(2,377)	—	(2,377)
Net loss	—	—	—	—	—	(51,494)	(51,494)	562	(50,932)
Balances as of September 30, 2021	259,365,25								
	9	\$ 2,595	\$ —	\$ 2,038,012	\$ (2,237)	\$ (762,441)	\$ 1,275,929	\$ 21,733	\$ 1,297,662

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share and per share amounts)
(unaudited)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (210,480)	\$ (128,873)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	19,543	9,330
Provisions for credit losses	63	401
Amortization of deferred contract acquisition costs	1,295	1,254
Amortization of deferred contract fulfillment costs	452	535
Accretion of contingent consideration	—	600
Noncash compensation costs incurred by selling shareholders	5,923	717
Stock-based compensation expense	48,419	31,756
Loss on equity method investment	1,355	2,095
Deferred income taxes	(1,390)	(4,184)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	4,796	11,325
Inventories	(439)	28
Deferred contract acquisition costs	(2,035)	(1,053)
Prepaid expenses and other current assets	(924)	946
Other assets	(276)	319
Accounts payable	(5,797)	(1,332)
Accrued expenses and other current liabilities	1,166	(1,564)
Other long-term liabilities	(25)	(1,784)
Deferred revenue	(18,023)	(17,130)
Net cash used in operating activities	(156,377)	(96,614)
Cash flows from investing activities:		
Purchases of property and equipment	(2)	(221)
Investment in less than majority owned joint venture	(1,960)	(2,548)
Purchases of investments	(499,223)	—
Proceeds from sales and maturities of investments	249,855	100,000
Acquisitions of business, net of cash acquired	—	(156,526)
Net cash used in and provided by investing activities	(251,330)	(59,295)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	5,323	18,539
Proceeds from employee stock purchase plan	2,503	1,599
Payments for the purchase of treasury stock	(360)	(13,988)
Payment of deferred offering costs	—	(1,613)
Proceeds from Section 16(b) disgorgement	295	—
Payment of contingent consideration	(11,790)	—
Net cash used in and provided by financing activities	(4,029)	4,537
Effect of exchange rates changes on cash, cash equivalents, and restricted cash	(2,079)	(142)
Net decrease in cash, cash equivalents, and restricted cash	(413,815)	(151,514)
Cash, cash equivalents, and restricted cash at beginning of period	747,211	942,711
Cash, cash equivalents, and restricted cash at end of period	\$ 333,396	\$ 791,197
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	332,601	790,402
Restricted cash	795	795
Total cash, cash equivalents, and restricted cash at end of period	\$ 333,396	\$ 791,197
Supplemental disclosure of cash flow information:		
Cash (refunded) paid for income taxes	\$ 1,167	\$ 1,414
Supplemental disclosure of non-cash investing and financing activities:		
Additions to property and equipment included in accrued expenses and accounts payable	\$ —	\$ 312
Issuance of common stock in settlement of earnout	\$ 17,243	\$ —
Receivable related to exercise of common stock options	\$ —	\$ 142

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

1. Organization and Description of Business

Description of Business

American Well Corporation (the “Company”) was incorporated under the laws of the State of Delaware in June 2006. The Company is headquartered in Boston, Massachusetts. The Company is a leading enterprise software company enabling digital delivery of care for healthcare’s key stakeholders. The Company empowers our clients with the core technology and services necessary to successfully develop and distribute virtual care programs that meet their strategic, operational, financial and clinical objectives under their own brands.

Acquisitions

On August 9, 2021 and August 27, 2021, the Company completed the acquisitions of Conversa Health Inc. (“Conversa”) and SilverCloud Health Holdings, Inc. (“SilverCloud”), respectively (together, the “Acquisitions”). Conversa is a leader in automated virtual healthcare. SilverCloud is a leading digital mental health platform. See Note 7 “Business Combinations”.

Liquidity and Capital Resources

The Company expects that its cash, cash equivalents and investments balance as of September 30, 2022 of \$581,609 will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next twelve months.

2. Summary of Significant Accounting Policies

There have been no material changes to the significant accounting policies described in the Company’s Form 10-K for the fiscal year ended December 31, 2021, that have had a material impact on the consolidated financial statements and related notes.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary for the fair statement of the Company’s the financial position, results of operations and cash flows at the dates and for the periods indicated. The interim results for the three and nine months ended September 30, 2022 are not necessarily indicative of results for the full 2022 calendar year or any other future interim periods. The information included in the interim financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in the Form 10-K.

The unaudited condensed consolidated financial statements include the accounts of American Well Corporation, its wholly-owned subsidiaries, those of professional corporations, which represent variable interest entities in which American Well has an interest and is the primary beneficiary (“PC”), and National Telehealth Network (“NTN”), an entity in which American Well controls fifty percent or more of the voting shares (see Note 4). Intercompany accounts and transactions have been eliminated in consolidation.

The Company’s reporting currency is the U.S. dollar. The Company determines the functional currency of each subsidiary based on the currency of the primary economic environment in which each subsidiary operates. Items included in the financial statements of such subsidiaries are measured using that functional currency. Foreign currency denominated monetary assets and liabilities are remeasured into U.S. dollars at current exchange rates and foreign currency denominated nonmonetary assets and liabilities are remeasured into U.S. dollars at historical exchange rates. Gains or losses from foreign currency remeasurement and settlements are included in interest income and other income (expense), net in the condensed consolidated statements of operations and comprehensive loss.

For consolidated entities where American Well owns or is exposed to less than 100% of the economics, the net loss attributable to noncontrolling interests is recorded in the condensed consolidated statements of operations and comprehensive loss equal to the percentage of the economic or ownership interest retained in each entity by the respective non-controlling party. The noncontrolling interests are presented as a separate component of stockholders’ deficit in the condensed consolidated balance sheets.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reported periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, revenue recognition, the estimated customer relationship period that is used in the amortization of deferred contract acquisition costs, the valuation of assets and liabilities acquired in business combinations, the useful lives of intangible assets and property and equipment and the valuation of common stock. The Company bases its estimates on historical experience, known trends, and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates, as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

Due to the COVID-19 global pandemic, the global economy and financial markets have been disrupted and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. The Company has considered information available to it as of the date of issuance of these financial statements and has not experienced any significant impact to its estimates and assumptions as a result of the COVID-19 pandemic. On an ongoing basis, the Company will continue to closely monitor the COVID-19 impact on its estimates and assumptions.

Segment Information

The Company's chief operating decision makers (CODMs), its two Chief Executive Officers, review financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company operates and manages its business as one reportable and operating segment. In addition, substantially all of the Company's revenue and long-lived assets are attributable to operations in the United States for all periods presented.

Variable Interest Entities

The Company evaluates its ownership, contractual and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its condensed consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

The aggregate carrying value of total assets and total liabilities included on the condensed consolidated balance sheets for the PCs after elimination of intercompany transactions were \$30,171 and \$1,587, respectively, as of September 30, 2022 and \$29,770 and \$1,485, respectively as of December 31, 2021.

Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was \$17,296 and \$18,356 for the three months ended September 30, 2022 and 2021, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the three months ended September 30, 2022 and 2021. Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was \$53,088 and \$53,511 for the nine months ended September 30, 2022 and 2021, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the nine months ended September 30, 2022 and 2021.

Investment in Minority Owned Joint Venture

The Company and Cleveland Clinic partnered to form a joint venture, under the name CCAW, JV LLC, to provide broad access to comprehensive and high acuity care services via digital care delivery. The Company does not have a controlling financial interest in CCAW, JV LLC, but it does have the ability to exercise significant influence over the operating and financial policies of CCAW, JV LLC. Therefore, the Company accounts for its investment in CCAW, JV LLC using the equity method of accounting. The joint venture is considered a variable interest entity under ASC 810-10, but the Company is not the primary beneficiary as it does not have the power to direct the activities of the joint venture that most significantly impact its performance. The Company's evaluation of ability to impact performance is based on Cleveland Clinic's managing directors and Cleveland Clinic's ability to appoint and remove the chairperson who has the ability to cast the tie breaking vote on the most significant activities.

In 2020 the Company contributed \$2,940 as its initial investment for a 49% interest in CCAW, JV LLC. The agreement also requires aggregate total capital contributions by the Company up to an additional \$11,800 in two phases, which is yet to be defined. During the three months ended March 31, 2021, the Company made a capital contribution of \$2,548, related to a portion of the phase one capital commitment. In April 2022 the Company made a capital contribution of \$1,960 related to a portion of the phase one capital commitment.

For the three months ended September 30, 2022 and 2021, the Company recognized a loss of \$593 and \$554 as its proportionate share of the joint venture's results of operations, respectively. For the nine months ended September 30, 2022 and 2021, the Company recognized a loss of \$1,355 and \$2,095, respectively. Accordingly, the carrying value of the equity method investment as of September 30, 2022 and December 31, 2021 was \$773 and \$168, respectively.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments and accounts receivable. The Company invests its excess cash with large financial institutions that the Company believes are of high credit quality. Cash and cash equivalents are invested in highly rated money market funds. At times, the Company's cash balances with individual banking institutions are in excess of federally insured limits. The Company's investments are invested in U.S. government agency bonds. The Company has not experienced any losses on its deposits of cash, cash equivalents or investments. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company performs ongoing assessments and credit evaluations of its customers to assess the collectability of the accounts based on a number of factors, including past transaction experience, age of the accounts receivable, review of the invoicing terms of the contracts, and recent communication with customers. The Company has not experienced significant credit losses from its accounts receivable. As of September 30, 2022 and December 31, 2021, one customer accounted for 21% and 19% of outstanding accounts receivable, respectively.

During the three months ended September 30, 2022 and 2021, sales to one customer represented 22% and 26% of the Company's total revenue, respectively. During the nine months ended September 30, 2022 and 2021, sales to one customer (which was a related party during the 2021 period) represented 24% and 25% of the Company's total revenue, respectively.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes by removing certain exceptions and clarifying and amending existing guidance. The guidance was adopted effective January 1, 2021 and did not have a material impact on the condensed consolidated financial statements and disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"), which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements. The guidance was adopted effective July 1, 2021 and impacted the accounting of acquired deferred revenue for the Conversa and SilverCloud acquisitions that occurred in August 2021.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes may result in earlier recognition of credit losses. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which narrowed the scope and changed the effective date for non-public entities for ASU 2016-13. The FASB subsequently issued supplemental guidance within ASU No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief* (“ASU 2019-05”). ASU 2019-05 provides an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. The Company adopted ASU 2016-13 and the related clarifications in 2021. The adoption did not have a material effect on the Company’s consolidated financial statements.

3. Revenue

The following table presents the Company’s revenues disaggregated by revenue source:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Platform subscription	\$ 31,912	\$ 26,736	\$ 90,195	\$ 78,112
Visits	28,807	30,042	89,293	85,395
Other	8,490	5,445	18,469	16,532
Total Revenue	<u>\$ 69,209</u>	<u>\$ 62,223</u>	<u>\$ 197,957</u>	<u>\$ 180,039</u>

Accounts Receivable, Net

Accounts receivable primarily consist of amounts billed currently due from customers. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. In determining the amount of the allowance at each reporting date, the Company makes judgments about general economic conditions, historical write-off experience and any specific risks identified in customer collection matters, including the aging of unpaid accounts receivable and changes in customer financial conditions. Account balances are written off after all means of collection are exhausted and the potential for non-recovery is determined to be probable. Adjustments to the allowance for credit losses are recorded as general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

Changes in the allowance for credit losses were as follows:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
Allowance for credit losses, beginning of the period	\$ 1,809	\$ 1,556
Provisions	63	714
Write-offs	(304)	(461)
Allowance for credit losses, end of the period	<u>\$ 1,568</u>	<u>\$ 1,809</u>

The Company has rights to consideration for services completed but not billed at the reporting date. Unbilled receivables are classified as receivables when the Company has the right to invoice the customer. The amount of unbilled accounts receivable included within accounts receivable on the consolidated balance sheet was \$3,292 and \$5,697 as of September 30, 2022 and December 31, 2021, respectively. The amount of unbilled accounts receivable included within other assets on the consolidated balance sheet was zero as of September 30, 2022 and \$781 as of December 31, 2021, respectively.

Deferred Revenue

Contract liabilities consist of deferred revenue and include billings in advance of performance under the contract. Such amounts are recognized as revenue over the contractual period. For the three months ended September 30, 2022 and 2021, the Company recognized revenue of \$9,368 and \$16,912, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented. For the nine months ended September 30, 2022 and 2021, the Company recognized revenue of \$49,360 and \$56,085, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented.

Changes in the Company's deferred revenue balance for the nine months ended September 30, 2022 and December 31, 2021 were as follows:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
Total deferred revenue, beginning of the period	\$ 75,896	\$ 74,800
Additions	75,549	123,717
Recognized	(94,380)	(122,621)
Total deferred revenue, end of the period	<u>\$ 57,065</u>	<u>\$ 75,896</u>
Current deferred revenue	50,151	68,841
Non-current deferred revenue	6,914	7,055
Total	<u>\$ 57,065</u>	<u>\$ 75,896</u>

Transaction Price Allocated to Remaining Performance Obligations

As of September 30, 2022 and December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was \$171,781 and \$219,893, respectively. The substantial majority of the unsatisfied performance obligations will be satisfied over the next three years.

As it pertains to the September 30, 2022 amount, the Company expects to recognize 44% of the transaction price in the 12 month period ended September 30, 2023, in its condensed consolidated statement of operations and comprehensive loss with the remainder recognized thereafter.

4. National Telehealth Network

In 2012, the Company and an affiliate of Anthem, Inc. (now doing business as Elevance Health) formed NTN to expand the availability and adoption of telemedicine. The Company did not have a controlling financial interest in NTN, but it had the ability to exercise significant influence over the operating and financial policies of NTN. Therefore, the Company accounted for its investment in NTN using the equity method of accounting through December 31, 2015.

On January 1, 2016, the Company made an additional investment in NTN, which increased its ownership percentage above 50%. The Company also obtained the right to elect the Chairman of NTN, who has the ability to cast the tie-breaking vote in all decisions. Therefore, on January 1, 2016, the Company obtained control over NTN and has the power to direct the activities that most significantly impact NTN's economic performance. This step-acquisition was accounted for as a business combination and the results of the operations of NTN from January 1, 2016, have been included in the Company's condensed consolidated financial statements. However, because the Company owns less than 100% of NTN, the Company recognizes net loss attributable to non-controlling interest in the condensed consolidated statements of operations and comprehensive loss equal to the percentage of the ownership interest retained in NTN by the respective non-controlling party.

The proportionate share of the (income)/loss attributed to the non-controlling interest amounted to \$491 and \$(562) for the three months ended September 30, 2022 and 2021, respectively. The proportionate share of the loss attributed to the non-controlling interest amounted to \$1,214 and \$332 for the nine months ended September 30, 2022 and 2021, respectively.

The carrying value of the non-controlling interest was \$20,403 and \$21,617 as of September 30, 2022 and December 31, 2021, respectively.

5. Fair Value Measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The following tables presents the Company's fair value hierarchy for its assets and liabilities that are measured at fair value on a recurring basis and indicate the level within the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 243,538	\$ —	\$ —	\$ 243,538
U.S government securities	—	249,008	—	\$ 249,008
Total financial assets:	\$ 243,538	\$ 249,008	\$ —	\$ 492,546

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 671,107	\$ —	\$ —	\$ 671,107
Total financial assets:	\$ 671,107	\$ —	\$ —	\$ 671,107
Contingent consideration	\$ —	\$ —	\$ 16,450	\$ 16,450
Total financial liabilities:	\$ —	\$ —	\$ 16,450	\$ 16,450

The Company's cash equivalents were invested in money market funds and were valued based on Level 1 inputs. The Company's investments consisted of U.S. government agency bonds and were valued based on Level 2 inputs. In determining the fair value of its U.S. government agency bonds, the Company relied on quoted prices for similar securities in active markets or other inputs that are observable or can be corroborated by observable market data.

The Company has classified its net liability for contingent earnout considerations relating to the Acquisitions within Level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which included the Monte Carlo method that uses key assumptions to model future revenue and costs of goods sold projections. A description of the Acquisitions is included within Note 7. The contingent earnout payments for each acquisition are based on the achievement of certain revenue thresholds. During the nine months ended September 30, 2022 the fair value of the contingent earnout consideration decreased due to the Company signing an amendment to the agreement accelerating the determination of the Conversa revenue earn-out as of March 31, 2022 that resulted in the issuance of 1,020,964 shares of Class A Common Stock, and signing an amendment to the agreement accelerating the determination of the SilverCloud revenue earn-out as of May 11, 2022 that resulted in the issuance of 4,959,856 shares of Class A Common Stock, which resulted in a net accretion to the contingent considerations of \$793.

	Nine Months Ended September 30, 2022
Beginning Balance as of January 1	\$ 16,450
Accretion of contingent consideration	793
Fair value adjustment	—
Earned amount issued to shareholders in Class A Common Stock	(17,243)
Ending Balance	\$ —

During the nine months ended September 30, 2022, there were no transfers between fair value measurement levels.

6. Investments

As of September 30, 2022 and December 31, 2021, the fair value of the Company's investments by type of security was as follows:

	September 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S government securities	\$ 249,368	—	\$ (360)	\$ 249,008
	<u>\$ 249,368</u>	<u>\$ —</u>	<u>\$ (360)</u>	<u>\$ 249,008</u>

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S government securities	\$ —	\$ —	\$ —	\$ —
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

7. Business Combinations

On August 27, 2021, the Company completed the acquisition of SilverCloud through a merger in which SilverCloud became a wholly-owned subsidiary of the Company. The cash consideration paid was \$105,195 net of cash acquired of \$12,239. The stock consideration was comprised of 8.1 million shares of the Company's Class A common stock valued at \$85,571, and escrow share consideration of \$6,376. SilverCloud is a leading digital mental health platform. The Company is obligated to pay an earn-out of up to \$40,000 contingent upon SilverCloud achieving certain revenue thresholds for the year ending December 31, 2022. The Company estimated the fair value of the contingent consideration as of the acquisition date to be \$29,360. The contingent consideration is subject to remeasurement at each reporting date until December 31, 2022, with the remeasurement adjustment reported in the consolidated statement of operations and comprehensive loss. The Company signed an amendment to the agreement accelerating the determination of the SilverCloud revenue earn-out as of May 11, 2022, which resulted in the issuance of 4,959,856 shares of Class A Common Stock. 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 \$4,854 which included transaction costs from financial and legal advisors and other transaction related fees and were recognized as incurred in the Company's consolidated statement of operations and comprehensive loss in general and administrative expenses.

On August 9, 2021, the Company completed the acquisition of Conversa through a merger in which Conversa became a wholly-owned subsidiary of the Company. The cash consideration paid was \$51,331 net of cash acquired of \$9,735. The stock consideration was comprised of 4.7 million shares of the Company's Class A common stock valued at \$52,160. Conversa is a leader in automated virtual healthcare. The Company is obligated to pay an earn-out of up to \$30,000 contingent upon Conversa achieving certain integration thresholds in the first quarter of 2022, and certain revenue thresholds for the year ending December 31, 2022. The Company estimated the fair value of the contingent consideration as of the acquisition date to be \$15,230. The contingent consideration is subject to remeasurement at each reporting date until December 31, 2022, with the remeasurement adjustment reported in the consolidated statement of operations and comprehensive loss. The integration milestone was achieved in December 2021 and \$15,000 was paid in January 2022. The Company signed an amendment to the agreement accelerating the determination of the Conversa revenue earn-out as of March 31, 2022, which resulted in the issuance of 1,020,964 shares of Class A Common Stock. 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 \$2,435 which included transaction costs from financial and legal advisors and other transaction related fees and were recognized as incurred in the Company's consolidated statement of operations and comprehensive loss in general and administrative expenses.

The Acquisitions 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 integrated within the consolidated financial statements commencing on the aforementioned acquisition dates. Actual revenue and losses of the Acquisitions since the acquisition date as well as pro forma combined results of operations for the Acquisitions have not been presented because the effect of the Acquisitions was not material to the Company's consolidated financial results for the periods presented.

The following table summarizes the fair value estimates of the assets acquired and liabilities assumed for the SilverCloud and Conversa acquisitions at the respective acquisition dates. 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. In the third quarter of 2022, the Company recorded a \$522 decrease in goodwill related to the assessment of the tax attributes of the business combination for SilverCloud. The allocation of the consideration transferred to the assets acquired and liabilities assumed for the Acquisitions is final.

Identifiable assets acquired and liabilities assumed:

	<u>SilverCloud</u>	<u>Conversa Health</u>
Purchase consideration:		
Cash consideration, net of cash acquired	\$ 105,195	\$ 51,331
Stock consideration	85,571	52,160
Contingent consideration	29,360	15,230
Escrow share consideration	6,376	
Working capital adjustment	(300)	(127)
Total consideration transferred	\$ 226,202	\$ 118,594
Allocation of consideration transferred:		
Accounts receivable	\$ 2,630	\$ 3,651
Identifiable intangible assets	78,146	34,700
Other assets	491	4,604
Total assets acquired	81,267	42,955
Current liabilities	2,155	8,463
Deferred revenue	5,813	4,655
Other long-term liabilities	11,035	115
Total liabilities assumed	19,003	13,233
Goodwill	\$ 163,938	\$ 88,872
	<u>\$ 226,202</u>	<u>\$ 118,594</u>

The amount allocated to goodwill reflects the benefits the Company expects to realize from post-acquisition cross selling opportunities from integrating customer relationships and from the growth of the respective acquisitions' operations.

The following are the identifiable intangible assets acquired in the Acquisitions and their respective weighted average useful lives, as determined based on initial valuations. The estimated fair value of the Technology and Tradename was determined using a relief from royalty method and the estimated fair value of the Customer relationships was determined using the excess earnings method:

	<u>SilverCloud</u>	<u>Weighted Average Life (Years)</u>	<u>Conversa Health</u>	<u>Weighted Average Life (Years)</u>
Technology	\$ 34,996	5.0	\$ 20,400	5.0
Tradename	10,800	7.0	4,200	5.0
Customer relationships	32,350	10.0	10,100	10.0
Total	\$ 78,146		\$ 34,700	

8. Goodwill and Intangible Assets

Goodwill consisted of the following:

	<u>Nine Months Ended September 30, 2022</u>
Beginning Balance as of January 1	\$ 442,761
Goodwill acquired	—
Purchase accounting adjustment	(522)
Currency translation adjustments	(17,043)
Ending Balance	<u>\$ 425,196</u>

Identified intangible assets consisted of the following:

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
September 30, 2022				
Customer relationships	\$ 79,445	\$ (22,805)	\$ 56,640	7.6
Contractor relationships	535	(278)	257	6.3
Tradename	13,002	(2,239)	10,763	5.2
Technology	86,328	(26,697)	59,631	4.5
	<u>\$ 179,310</u>	<u>\$ (52,019)</u>	<u>\$ 127,291</u>	
December 31, 2021				
Customer relationships	\$ 81,053	\$ (16,842)	\$ 64,211	8.2
Contractor relationships	535	(247)	288	7.0
Trade name	14,435	(706)	13,729	5.8
Technology	90,464	(16,283)	74,181	5.0
	<u>\$ 186,487</u>	<u>\$ (34,078)</u>	<u>\$ 152,409</u>	

Amortization expense related to intangible assets for the three months ended September 30, 2022 and 2021 was \$6,045 and \$3,819, respectively. Amortization expense related to intangible assets for the nine months ended September 30, 2022 and 2021 was \$18,559 and \$7,675, respectively. Estimated future amortization expense of the identified intangible assets as of September 30, 2022, is as follows:

2022	\$ 5,945
2023	23,733
2024	23,749
2025	23,733
2026	19,624
Thereafter	30,507
	<u>\$ 127,291</u>

9. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	September 30, 2022	December 31, 2021
Employee compensation and benefits	\$ 18,360	\$ 21,572
Professional services	11,420	8,766
Earned contingent consideration	—	15,000
Provider services	5,872	5,473
Other	9,529	7,900
Total	<u>\$ 45,181</u>	<u>\$ 58,711</u>

10. Stockholders' Equity

Undesignated Preferred Stock

The Company's Amended and Restated Certificate of Incorporation authorizes the issuance of 100,000,000 shares of undesignated preferred stock, par value of \$0.01 per share, with rights and preferences, including voting rights, designated from time to time by the board of directors. No shares of preferred stock were issued or outstanding as of September 30, 2022 and December 31, 2021.

Common Stock

The Company's Amended and Restated Certificate of Incorporation which authorizes capital stock of 1,000,000,000 shares of Class A common stock, par value \$0.01 per share, 100,000,000 shares of Class B common stock, par value \$0.01 per share, and 200,000,000 shares of Class C common stock, par value \$0.01 per share. Except for the rights noted below, each share of Class A, Class B and Class C common stock have the same rights, are equal in all respects and are treated by us as one class of shares. Each share of Class A and Class C common stock is entitled to one vote per share on all matters presented for a vote, except that Class C common stock does not have the right to vote for elections of directors. Subject to certain conditions, Class B common stock is collectively entitled to a number of votes equal to the product of (x) 1.0408163 and (y) the total number of votes that would be cast at such time by the holders of the Class A and Class C common stock and any other preferred stock entitled to vote under the certificate of incorporation at such time (resulting in the Class B common stock collectively holding 51% of the total outstanding voting power), and each share of Class B common stock will be entitled to a number of votes equal to the total number of votes held by all Class B common stock divided by the total number of then outstanding shares of Class B common stock. Shares of Class B and Class C common stock will be converted into shares of Class A common stock on a one-for-one basis upon the occurrence of certain events. Shares of Class B common stock will automatically convert on the first business day (i) after the date on which the outstanding shares of Class B common stock constitutes less than 5% of the aggregate number of shares of common stock then outstanding, (ii) after the date on which neither founder is serving as an executive officer or (iii) following seven years after the date the amended and restated certificate of incorporation becomes effective, provided that, such period may, to the extent permitted by law and applicable stock exchange rules, be extended for three years upon the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A common stock entitled to vote thereon, voting separately as a class. Shares of Class C common stock will be convertible at the option of the holder upon determination that a Hart-Scott-Rodino Antitrust Improvements Act ("HSR") filing is not necessary prior to the holder's conversion of such shares or, if required, upon expiration or termination of the HSR waiting period.

In the three and nine months ended September 30, 2022, no shares of Class B common stock were converted to Class A common stock. As of September 30, 2022, the par value of the Class A, Class B and Class C shares was \$2,422, \$275, and \$56, respectively.

	<u>Shares Authorized</u>	<u>Shares Issued</u>	<u>Shares Outstanding</u>
Class A	1,000,000,000	242,304,366	242,304,366
Class B	100,000,000	27,390,397	27,390,397
Class C	200,000,000	5,555,555	5,555,555
	<u>1,300,000,000</u>	<u>275,250,318</u>	<u>275,250,318</u>

As of September 30, 2022 and December 31, 2021, the Company had reserved 69,899,299 and 61,989,749 shares of common stock for the exercise of outstanding stock options, the vesting of restricted stock units, the vesting of performance-based market condition share awards, and the number of shares remaining available for future grant, respectively.

Stock Plans and Stock Options

The Company maintains the 2006 Employee, Director and Consultant Stock Plan as amended and restated (the "2006 Plan") and 2020 Equity Incentive Plan (the "2020 Plan" together, the "Plans") under which it has granted incentive stock options, non-qualified stock options, and restricted stock units to employees, officers, and directors of the Company. In connection with the adoption of the 2020 Plan, the then-remaining shares of common stock reserved for grant or issuance under the 2006 Plan became available for issuance under the 2020 Plan, and no further grants will be made under the 2006 Plan. The 2020 Plan is administered by the board of directors with respect to awards to non-employee directors and by the compensation committee, with respect to other participants, are collectively, referred to as the plan administrator. The exercise prices, vesting and other restrictions are determined at the discretion of the plan administrator.

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.

Activity under the Plans is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2022	15,893,755	\$ 4.81	5.9	\$ 23,876
Granted	—	—		
Forfeited	(1,779,566)	6.13		
Expired	(49,542)	5.63		
Exercised	(2,524,837)	2.08		
Outstanding as of September 30, 2022	11,539,810	\$ 4.81	5.7	\$ 6,198
Vested and expected to vest as of December 31, 2021	15,395,398	\$ 4.61	5.8	\$ 23,752
Vested and expected to vest as of September 30, 2022	11,405,421	\$ 5.00	5.7	\$ 2,823
Options exercisable as of December 31, 2021	13,407,882	\$ 4.38	5.5	\$ 23,120
Options exercisable as of September 30, 2022	10,658,813	\$ 4.92	5.6	\$ 2,826

No options were granted in the nine months ended September 30, 2022 and 2021.

Restricted Stock Units

Activity for the restricted stock units is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	11,718,813	\$ 19.63
Granted	12,880,812	4.21
Vested	(4,254,928)	12.04
Forfeited	(2,012,379)	8.70
Unvested as of September 30, 2022	18,332,318	\$ 7.20

The total grant date fair value of RSU's granted for the nine months ended September 30, 2022 was \$54,282. Restricted stock units vest over the service period of one to four years. The aggregate intrinsic value of restricted stock units vested for the nine months ended September 30, 2022 and 2021 was \$18,304 and \$77,949, respectively.

Restricted Stock Units with a Market Condition

In the nine months ended September 30, 2022 the Company granted performance-based market condition share awards to certain members of the Company's management team, which entitle these employees with the right to receive shares of common stock, upon achievement of certain market capitalization milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. The performance-based market condition share awards for management (other than the co-CEOs) consist of six tranches with six separate specified award values that become payable upon the achievement of certain market capitalization milestones, which can result in a vesting range of up to 12,275,886 shares. Also in 2022 the Company granted performance-based market condition share awards to the co-CEOs, which entitle these employees with the right to receive shares of common stock, upon achievement of certain market capitalization milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. The performance-based market condition share awards for the co-CEOs consist of eight tranches with eight separate specified award values that become payable upon the achievement of certain market capitalization milestones (subject to specified vesting caps during each of the first two years of the performance period), which can result in a vesting range of up to 7,500,000 shares for each co-CEO. As of September 30, 2022, no portion of the performance-based market condition share awards have satisfied both the applicable market capitalization milestones and the service vesting conditions and, as such, no awards have vested. These performance-based market condition share awards have a performance period of three years.

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	—	\$ —
Granted	27,275,886	2.32
Vested	—	—
Cancelled/Forfeited	(1,568,889)	2.62
Unvested as of September 30, 2022	<u>25,706,997</u>	<u>\$ 2.30</u>

The total grant-date fair value of performance-based market condition share awards granted during the nine months ended September 30, 2022 was \$63,157 and no performance-based market condition share awards were granted during the nine months ended September 30, 2021.

The weighted average estimated fair value of the performance-based market condition share awards granted during the nine months ended September 30, 2022 was determined using a Monte-Carlo valuation simulation, with the following most significant weighted-average assumptions:

	Nine Months Ended September 30, 2022
Risk-free rate	2.34%
Term to end of performance period (yrs)	3 years
Valuation date stock price	\$ 3.50
Expected volatility	75%
Expected dividend yield	0%

2020 Employee Stock Purchase Plan

During the nine months ended September 30, 2021, the Company had 178,021 issued any shares under the ESPP. During the nine months ended September 30, 2022, the Company issued 703,148 shares under the ESPP. As of September 30, 2022 4,501,960 shares remained available for issuance.

Stock-Based Compensation

Stock-based compensation expense was classified in the condensed consolidated statements of operations and comprehensive loss as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of revenues	\$ 427	\$ 436	\$ 1,188	\$ 1,346
Research and development	2,750	2,173	7,631	5,851
Selling and marketing	2,045	2,033	5,144	6,022
General and administrative	16,090	7,746	34,341	18,537
Total	<u>\$ 21,312</u>	<u>\$ 12,388</u>	<u>\$ 48,304</u>	<u>\$ 31,756</u>

As of September 30, 2022, the unrecognized stock-based compensation expense related to unvested common stock-based awards was \$112,729, which is expected to be recognized over a weighted-average period of 2.7 years.

11. Commitments and Contingencies

Indemnification

The Company's arrangements generally include certain provisions for indemnifying customers against third-party claims asserting infringement of certain intellectual property rights in the ordinary course of business. The Company also regularly indemnifies customers against third-party claims that the company's products or services breach applicable law or regulation or from claims resulting from a breach of the business associate agreement in place with the customer. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their capacities. Through September 30, 2022 and December 31, 2021, there have been no claims under any indemnification provisions.

Litigation

From time to time, and in the ordinary course of business, the Company may be subject to various claims, charges, and litigation. On September 14, 2020, the Company received a letter from Teladoc Health, Inc. ("Teladoc") alleging that certain of the Company's cart products and associated peripherals infringe upon their patents. On October 12, 2020, Teladoc filed a claim against the Company related to these allegations. On June 30, 2022, the claim was dismissed pursuant to a confidential settlement between the parties. As of September 30, 2022 and December 31, 2021, the Company did not have any pending claims, charges or litigation that it expects would have a material adverse effect on its consolidated financial position, results of operations or cash flows.

12. Income Taxes

As a result of the Company's history of net operating losses ("NOL"), the Company continues to maintain a full valuation allowance against its domestic net deferred tax assets. For the three and nine months ended September 30, 2022, the Company recognized an income tax expense of \$95 and \$224, primarily due to state and foreign income tax. During the three and nine months ended September 30, 2021, the Company recorded income tax benefit of \$5,454 and \$5,042, primarily due to a partial release of valuation allowance in the U.S resulting from the deferred tax liabilities established as part of the Acquisitions consummated during the quarter.

13. Related-Party Transactions

Philips Holding USA, Inc.

Philips Holding USA, Inc. ("Philips") was determined to be a related party through June 2021, because a member of the Company's board of directors was the Business Leader of Philips Population Health Management. Prior to the board member's departure from Philips in June 2021, the Company recognized revenue of \$1,658, from contracts with this customer.

Anthem Inc.

Anthem Inc. (“Anthem”) was determined to be a related party through February 2021, because a member of the Company’s board of directors served as the Vice President of Anthem. Prior to that director’s departure from Anthem in February 2021 the Company recognized revenue of \$7,218 from contracts with this customer.

Cleveland Clinic

Cleveland Clinic is a related party because a member of the Company’s board of directors is an executive advisor to Cleveland Clinic. As of September 30, 2022 and December 31, 2021, the Company held total deferred revenue of \$132 and \$456, respectively from contracts with this customer. As of September 30, 2022 and December 31, 2021, amounts due from Cleveland Clinic were \$164 and \$441, respectively.

During the three months ended September 30, 2022 and 2021, the Company recognized revenue of \$310 and \$286, respectively, from contracts with this customer. During the nine months ended September 30, 2022 and 2021, the Company recognized revenue of \$1,764 and \$816, respectively, from contracts with this customer.

CCAW, JV LLC

CCAW, JV LLC is a related party because it is a joint venture formed between the Company and Cleveland Clinic for which the Company has a minority owned interest in. During the year ended December 31, 2020, the Company made an initial investment in CCAW, JV LLC of \$2,940 for its less than 50% interest in the joint venture. During the nine months ended September 30, 2021, the Company made a capital contribution of \$2,548, related to a portion of the phase one capital commitment. During the nine months ended September 30, 2022 the Company made a capital contribution of \$1,960 related to a portion of the phase one capital commitment.

During the three months ended September 30, 2022 and 2021 the Company recognized revenue of \$419 and \$412 from contracts with this customer, respectively. During the nine months ended September 30, 2022 and 2021, the Company recognized revenue of \$1,342 and \$1,286 from contracts with this customer, respectively.

As of September 30, 2022 and December 31, 2021, the Company held total deferred revenue of \$219 and \$1,426, respectively, from contracts with this customer. As of September 30, 2022 and December 31, 2021, amounts due from CCAW, JV LLC were zero and \$1,613.

14. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Numerator:				
Net loss	\$ (70,575)	\$ (50,932)	\$ (210,480)	\$ (128,873)
Net loss attributable to non-controlling interest	(491)	562	(1,214)	(332)
Net loss attributable to American Well Corporation	<u>\$ (70,084)</u>	<u>\$ (51,494)</u>	<u>\$ (209,266)</u>	<u>\$ (128,541)</u>
Denominator:				
Weighted-average common shares outstanding —basic and diluted	<u>277,389,730</u>	<u>257,283,961</u>	<u>272,846,985</u>	<u>250,115,414</u>
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.25)</u>	<u>\$ (0.20)</u>	<u>\$ (0.77)</u>	<u>\$ (0.51)</u>

The Company’s potential dilutive securities, which include stock options, unvested restricted stock units and unvested performance market-based stock units, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common

shares equivalents presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Unvested restricted stock units	16,178,486	7,162,432	16,178,486	7,162,432
Unvested performance market-based stock units	25,706,997	—	25,706,997	—
Options to purchase shares of common stock	11,539,810	17,002,356	11,539,810	17,002,356
	<u>53,425,293</u>	<u>24,164,788</u>	<u>53,425,293</u>	<u>24,164,788</u>

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

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations, including descriptions of our business plan and strategies, are forward-looking statements. These statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," or the negative of these terms, and other similar expressions, although not all forward-looking statements contain these words.

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.

Important factors that may materially affect such forward-looking statements and projections include the following:

- weak growth and increased volatility in the telehealth market;
- our history of losses and the risk we may not achieve profitability;
- inability to adapt to rapid technological changes;
- our customers' acceptance of the Converge platform and our ability and the costs to further develop this platform;
- our limited number of significant clients and the risk that we may lose their business;
- increased competition from existing and potential new participants in the healthcare industry;
- changes in healthcare laws, regulations or trends and our ability to operate in the heavily regulated healthcare industry;
- compliance with regulations concerning personally identifiable information and personal health industry;
- slower than expected growth in patient adoption of telehealth and in platform usage by either clients or patients;
- inability to grow our base of affiliated and non-affiliated providers sufficient to serve patient demand;
- our ability to comply with federal and state privacy regulations and the significant liability that could result from a cybersecurity breach or our failure to comply with such regulations;
- our ability to establish and maintain strategic relationships with third parties;
- our ability to complete, integrate and realize the anticipated benefits of strategic acquisitions;
- the impact of the COVID-19 pandemic on our business or on our ability to forecast our business's financial outlook; and
- the risk that the insurance we maintain may not fully cover all potential exposures.

The foregoing list of factors is not exhaustive and does not necessarily include all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. The information in this Quarterly Report should be read carefully in conjunction with other uncertainties and potential events described in our Form 10-K filed with the SEC on February 28, 2022 (the "Form 10-K").

The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this Quarterly Report. Except as required by law or regulation, we do not undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances

Overview

We are a leading enterprise software company enabling digital delivery of care for healthcare’s key stakeholders. We empower our clients with the core technology and services necessary to successfully develop and distribute virtual care programs that meet their strategic, operational, financial and clinical objectives under their own brands. The Amwell Platform is a complete digital care delivery solution that equips our health system, health plan, government, and innovator clients with the tools to enable new models of care for their patients and members. Our scalable technology integrates with our clients’ existing offerings and clinical workflows, spanning the continuum of care and enabling care delivery across a wide variety of clinical, retail, school and home settings. Our client-focused approach drives our success as one of the largest global digital healthcare enterprise software companies. As of December 31, 2021, we powered the digital care programs of over 55 health plans, which collectively represent more than 80 million covered lives, as well as approximately 150 of the nation’s largest health systems, encompassing more than 2,000 hospitals. Since inception, we have powered over 19.1 million telehealth visits for our clients, including more than 4.7 million in the nine months ended September 30, 2022.

We believe Amwell makes digital care transformation possible for the healthcare ecosystem. The Amwell telehealth platform ("Amwell Platform") enables virtual and automated care delivery across the full healthcare continuum – from primary and urgent care in the home to high acuity specialty consults, such as telestroke and telepsychiatry, in the hospital. We support both on-demand and scheduled consultations and offer pre-packaged care modules and programs that power over 100 unique use cases today. The Amwell Platform can be fully integrated into our clients’ patient/member portals and provider workflows. Providers can launch telehealth directly from their native EHRs, with seamless integration to their payer eligibility and claims systems. Providers, patients and members can access this care through a full range of Carepoints™, including via mobile, web, phone and our proprietary carts that support multi-way video, phone or secure messaging interactions. Through our recent acquisitions of Conversa Health, Inc. ("Conversa") and SilverCloud Health Holdings, Inc ("SilverCloud") (together, the "August 2021 Acquisitions"), we enable automated care touchpoints, support ongoing treatment and care through digital engagements, and escalate care when needed to a live clinician. As of September 30, 2022, approximately 100,000 of our clients’ providers use the Amwell Platform to serve their patients and members. When needed, we augment and extend our clients’ clinical capabilities with Amwell Medical Group ("AMG"), a nationwide network of clinical entities with over 6,500 multi-disciplinary providers covering 50 states with 24/7/365 coverage.

Converge™ is the latest version of the Amwell Platform and is designed to be reliable, flexible, scalable, secure and fully integrated with other healthcare software systems. Converge offers state-of-the-art data architecture and video capabilities, flexibility and scalability, and a user experience focused on the needs of patients and providers. The virtual care of today has grown to encompass hybrid care models, asynchronous and automated care, remote patient monitoring, patient and provider engagement — and the flow of data that drives all of the above. Converge has been designed from the ground up with the holistic understanding that the future care of any one patient will inevitably blend a mix of physical, digital, and automated experiences.

With Converge, the digital care capabilities that health systems and health plans care about — for example virtual primary care, post-discharge follow-up, chronic condition management, remote patient monitoring — are aligned into a single digital care operating system that aggregates all of the data from these care experiences to provide real-time insight. By providing a single platform for the digital distribution of care, Converge will accelerate innovation and interoperability for health system and health plan clients as well as other healthcare innovators, who aim to offer a seamless experience for providers, patients and members.

Our Business Model

The Amwell Platform is a complete digital care delivery solution that equips our health system, health plan and innovator partners with the tools to enable new models of care for their patients and members. We sell the Amwell Platform on a subscription basis, which with our modular platform architecture allows our clients to introduce innovative digital health use cases over time, expanding our subscription revenue opportunity. To support the Amwell Platform, we offer professional services on a fee-for-service basis and a range of patient and provider access Carepoints that support hospital and home use cases and access to AMG. The combination of the Platform, services and Carepoints allows our clients to deploy telehealth solutions across their full enterprise, deepening their relationships with existing and new patients and members through improved care access and coordination, cost, and quality. Our contracts are typically three years in length but may be longer for our largest strategic customer partners.

Total subscription fees received were \$31.9 million and \$26.7 million for the three months ended September 30, 2022 and 2021, respectively, and \$90.2 million and \$78.1 million for the nine months ended September 30, 2022 and 2021, respectively.

Health Systems

For our health system customers, the Amwell Platform's primary function is to facilitate consultations between patients and providers affiliated with the health system. Our typical contracts with health systems are mainly the platform subscription, but also include services delivered by AMG to complement the health system provider resources, services for technology integration, marketing and Carepoints. Subscription fees are recurring and are determined based on the initial forecasted number of overall consultations throughout the entire health system on the Amwell Platform and net patient revenue of the health system. Subscriptions include a maximum number of consultations that can be delivered on the platform and similar to a cellular phone plan, when consultations exceed the contractual maximum, overages result in higher subscription fees in the following annual period. As the health system expands its use of the Amwell Platform through additional modules, there is a corresponding increase in subscription fees.

To supplement a health system's own network of healthcare providers, health systems often choose to purchase clinical services from AMG to deliver care for certain specialties such as telepsychiatry, behavioral health therapy and general urgent care, or to simply operate as backup providers on nights and weekends. AMG services are provided on a fee-for-service basis.

Health Plans

For our health plan clients, the Amwell Platform functions to expand member access to care, improve health outcomes and the member experience, and reduce costs through care coordination and the ability to contain follow-up care to a health plan's own network. Currently, our typical health plan contract includes a recurring subscription fee based on the number of members who have access to the Amwell Platform plus additional subscription fees associated with add-on programs that extend from urgent care services to longitudinal care. As the health plan expands its offerings on the Amwell Platform through additional programs or additional covered lives, there is a corresponding increase in subscription fees.

Our health plan clients mainly purchase clinical services that leverage our AMG network. These visit consultations are charged on a fee-for-service basis and range in price based on the type of consultation and the specialty of the provider. We have also recently launched digital programs with SilverCloud, Conversa, and our third-party partners, SWORD Health and DermatologistOnCall. These programs are each priced differently, with some including recurring subscription fees and others including volume-based and visit fees.

Innovators

Amwell has a number of unique customers that use our Platform in various ways to support their products. For example, we support: (i) Philips' sleep apnea products and programs, (ii) a joint-venture with Cleveland Clinic and Amwell, (iii) Meuhedet's advanced, hybrid-virtual international health plan and (iv) in the future, we plan to deliver virtual care capabilities delivered through Converge to LG devices and peripheral technologies within the walls of hospitals.

Our contracts with our innovator customers vary from simple subscription fee-only contracts, where an innovator customer embeds our technology within their product, to broad subscription fee and services contracts that resemble a blend of our health system and health plan profile contracts.

Visits

Amwell's clinical affiliate AMG has built a network of over 6,500 providers who are registered and credentialed to deliver care on the Amwell Platform. This clinical network is designed and operated in a way that allows us to meet the aggregate visit demand requirements of our health plan and health system clients, spanning a broad mix of specialties including, for example, internal medicine, Family Medicine, Psychiatry, Gynecology, Anesthesiology, Nutritionist, Sleep Medicine, Pain Management, Psychology, Pulmonology, Urology, Health Coach, Orthopedic Surgery, Case Manager, Emergency Medicine, Gastroenterology, Nephrology, Pediatrician, Lactation Consultant, Social Worker, Vascular Surgery.

AMG earns fee-for-service revenue for each episode of care delivered on the Amwell Platform by its providers with fees varying by physician specialty or clinical program. These clinical fees vary significantly from \$59 to more than \$800 per consultation or case based on the specialty and may require an additional module subscription, as in the case of telepsychiatry.

Fees received from AMG-related visits were \$28.8 million and \$30.0 million for the three months ended September 30, 2022 and 2021, respectively, and \$89.3 million and \$85.4 million for the nine months ended September 30, 2022 and 2021, respectively.

Services & Carepoints

We offer a full suite of paid, supporting services to our clients to enable their telehealth offerings, including professional services to facilitate telehealth implementation, workflow design, systems integration and service expansion. To help our clients promote adoption and utilization, we offer patient and provider engagement services through our internal digital engagement agency.

Our customers often deploy telemedicine through a variety of our proprietary Carepoints, which are medical carts and kiosks designed for various clinical and community settings. These Carepoints enable providers to deliver digital care into clinical care locations, such as the ED and clinics, as well as into community settings such as retail stores, community centers, employer sites, skilled nursing facilities and schools. Carepoints consist of hardware integrated into our Platform but can also be deployed independent of our software solution. Our Carepoints are designed by our product development teams and manufactured through partner and contract relationships.

Fees received from the provision of services and Carepoints were \$8.5 million and \$5.4 million for the three months ended September 30, 2022 and 2021, respectively, and \$18.5 million and \$16.5 million for the nine months ended September 30, 2022 and 2021, respectively.

Acquisitions

We have expanded and intend to continue to expand our Platform through research and development as well as the pursuit of selective acquisitions. We have completed multiple acquisitions since our inception, which we believe have expanded the channels that we serve and our distribution capabilities as well as broadening our service offering. Our acquisitions of SilverCloud and Conversa add proven longitudinal care and behavioral healthcare capabilities to our digital care enablement platform. SilverCloud is a leading digital mental health platform. Conversa is a leader in automated virtual healthcare. Acquisition costs and integration costs are an additional one time cost incurred as part of the acquisitions and investment in the future growth of the business.

Key Factors Affecting Our Performance

We believe our future growth, success and performance are dependent on many factors, including those set forth below. While these factors present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve our results of operations.

Telehealth Utilization

Telehealth utilization is a key driver of our business. A client's overall utilization of its telehealth platform provides an important measure of the value they derive. Telehealth utilization drives our business in three important ways. First, to the extent a client succeeds with its telehealth program and sees good usage, they are more likely to renew and potentially expand their contract with us. Second, our health systems agreements typically include a certain number of visits conducted by their own providers annually and provide that as certain volume thresholds are exceeded, its annual license fees will rise to reflect this growing value. Third, to the extent that clients utilize provider services from AMG, Amwell derives revenue from clinical fees. We expect that our future revenues will be driven by the growing adoption of telehealth and our ability to maintain and grow market share within that market.

COVID-19 has dramatically accelerated telehealth adoption seen in both overall volumes and embracement of delivering higher acuity care in a virtual medium. Peak COVID-19 pandemic visit growth reflected several factors. Many patients needed assessment for respiratory or other COVID-19-like symptoms and sought to be assessed for possible referral to hospital or testing facilities. In addition, many patients, especially those with health vulnerabilities, sought to avoid going into brick and mortar facilities – and indeed our health systems' clients preferred wherever possible to treat patients remotely at home for non-COVID-19 related ongoing healthcare needs. Finally, we saw significant expansion of reimbursement for telehealth during the COVID-19 crisis, which made telehealth more affordable for many people.

We continue to experience these levels of telehealth adoption and usage of our Platform and products. In the nine months ended September 30, 2022, our clients completed a total of 4.7 million visits on the Amwell Platform, while in the nine months ended September 30, 2021 4.3 million visits were completed. AMG providers accounted for 24% and 25% of total visits performed on the Amwell Platform during the nine months ended September 30, 2022 and 2021, respectively. We demonstrated that virtual care goes beyond urgent care pandemic needs through the increase in scheduled visits. Scheduled visits increased to 3.5 million from 3.1 million during the nine months ended September 30, 2022 and 2021, respectively.

Quarter Ended	Total Overall Quarterly Visits	
	Overall Visits	Performed by Customer Providers
September 30, 2022	1,450,000	75 %
June 30, 2022	1,525,000	76 %
March 31, 2022	1,775,000	78 %
December 31, 2021	1,525,000	75 %
September 30, 2021	1,425,000	75 %
June 30, 2021	1,300,000	75 %

Active Providers

An important indicator of the value of our Amwell Platform to our clients is the number of non-AMG providers that are active on the Amwell Platform. We define “Active Providers” as providers that have delivered a visit on the Amwell Platform at least once in the last 12 months. Active Providers demonstrate the prevalence of telehealth within our clients in both home and hospital environments. We believe Active Providers is a measure of our success in delivering on our mission of enabling access to care. We expect that the overall number of Active Providers will increase over time as a result of several factors:

- the number of modules and use cases deployed within health systems
- the adoption of telehealth by providers across the spectrum of care
- the expansion of modules and programs through acquisitions, including Conversa Health and SilverCloud
- the number of programs offered through health plans
- the continued improvement in the regulatory environment for telehealth, including reimbursement for telehealth services
- the ongoing consumerization of healthcare

We continued to experience growth in core Active Providers in the current year, in which approximately 7,000 Active Providers were added to the Amwell Platform all coming from our Health System and Health Plan customers.

Quarter Ended	Total Active Providers		
	Total Active Providers	Customer Providers	AMG
September 30, 2022	98,500	95,000	3,500
June 30, 2022 ⁽¹⁾	103,500	100,000	3,500
March 31, 2022 ⁽¹⁾	102,000	98,500	3,500
December 31, 2021	91,500	88,000	3,500
September 30, 2021	80,000	76,000	4,000
June 30, 2021	71,000	67,000	4,000

- (1) In the quarter ended September 30, 2022, we changed our methodology of calculating Active Providers as part of our efforts to account for unique providers who conduct visits on multiple platforms and products. This change resulted in an insignificant decrease in the number of active providers reported as of June 30, 2022 and March 31, 2022. The numbers calculated using the updated methodology decreased the number of active providers to 96,000 and 96,500 as of June 30, 2022 and March 31, 2022, respectively. The impact on the prior period active providers has been deemed insignificant.

Regulatory Environment

Our operations are subject to comprehensive United States federal, state and local and international regulation in the jurisdictions in which we do business. Our ability to operate profitably will depend in part upon our ability, and that of our affiliated providers, to maintain all necessary licenses and to operate in compliance with applicable laws and rules. The COVID-19 pandemic has resulted in a reduction of regulatory and reimbursement barriers for telehealth, including removing the originating site restrictions for fee for service Medicare; the expansion of Medicare and commercial reimbursement for telehealth and an easing of state licensure policies for providers. However, it is uncertain how long the relaxed policies will remain in effect, and there can be no guarantee that once the COVID-19 pandemic is over that such restrictions will not be reinstated or changed in a way that adversely affects our business.

Seasonality

Visit volumes typically follow the annual flu season, rising during quarter four and quarter one and falling in the summer months. COVID-19 has altered these historical trends as the precautions being taken to prevent the spread of COVID-19 have essentially flattened the spike traditionally experienced related to the flu season. The future impact of COVID-19 on seasonality is unknown as there could be additional surges and demand on telehealth visits. While we sell to and implement our solutions to clients year-round, we experience some seasonality in terms of when we enter into agreements with our clients and when we launch our solutions to members.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we believe adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial measure, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of adjusted EBITDA is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison. A reconciliation is provided below for our non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measure and the reconciliation of this non-GAAP financial measure to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA

Adjusted EBITDA is a key performance measure that our management uses to assess our operating performance. Because adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes and in evaluating acquisition opportunities.

We calculate adjusted EBITDA as net loss adjusted to exclude (i) interest income and other income, net, (ii) tax benefit and expense, (iii) depreciation and amortization, (iv) stock-based compensation expense, (v) public offering expenses, (vi) acquisition-related expenses, (vii) litigation expenses related to the defense of our patents in the patent infringement claim filed by Teladoc and (viii) other items affecting our results that we do not view as representative of our ongoing operations, including noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.

The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss, for the three and nine months ended September 30, 2022 and 2021:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net loss	\$ (70,575)	\$ (50,932)	\$ (210,480)	\$ (128,873)
Add:				
Depreciation and amortization	6,397	4,340	19,719	9,330
Interest income and other (expense) income, net	(1,237)	382	(2,109)	97
Benefit (Expense) from income taxes	95	(5,454)	224	(5,042)
Stock-based compensation	21,312	12,388	48,304	31,756
Public offering expenses ⁽¹⁾	—	—	—	1,223
Acquisition-related expenses	—	7,419	—	8,006
Noncash expenses and contingent consideration adjustments ⁽²⁾	1,930	—	6,926	—
Litigation expense	176	371	5,575	1,918
Adjusted EBITDA	\$ (41,902)	\$ (31,486)	\$ (131,841)	\$ (81,585)

- (1) Public offering expenses include non-recurring expenses incurred in relation to our secondary offering for the nine months ended September 30, 2021.
- (2) Noncash expenses and contingent consideration adjustments include, noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.

Some of the limitations of adjusted EBITDA include (i) adjusted EBITDA does not properly reflect capital commitments to be paid in the future, and (ii) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and adjusted EBITDA does not reflect these capital expenditures. Our public offering expenses, including legal, accounting and other professional expenses, reflect cash expenditures and we expect such expenditures to recur from time to time. Our adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate adjusted EBITDA in the same manner as we calculate the measure, limiting its usefulness as a comparative measure. In evaluating adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. Adjusted EBITDA should not be considered as an alternative to loss before benefit from income taxes, net loss, earnings per share, or any other performance measures derived in accordance with U.S. GAAP. When evaluating our performance, you should consider adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results.

Components of Statement of Operations

Revenue

The Company has demonstrated continued revenue growth as a direct result of increasing acceptance of telehealth, our penetration of the market, and the successful launch of new or expanded products that enable broadened applications of settings for care delivered virtually. Revenue performance is reflective of the strong foundation that has been built, focused around health plans, health systems, our provider network and a consistently increasing visit base.

We generate revenues from the use of the Amwell Platform in the form of recurring subscription fees for use of our Platform, and related services and Carepoint sales. We also generate revenue from the performance of AMG patient visits.

Cost of Revenues, Excluding Amortization of Intangible Assets

Cost of revenue primarily consists of hosting fees paid to our hosting providers, costs incurred in connection with our professional services, technical and hosting support, and costs for running our affiliated provider network operations team. These costs primarily include employee-related expenses (including salaries, bonuses, benefits, stock-based compensation and travel).

Cost of revenues are primarily driven by the size of our provider network and the hosting and technical support required to service our Platform customers. Our business models are designed to be scalable and to leverage fixed costs to generate higher revenues. While we currently expect increased investments to support accelerated growth, we also expect increased efficiencies and economies of scale. Our quarterly cost of revenues as a percentage of revenues is expected to fluctuate from period to period depending on the interplay of these aforementioned factors.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses.

Research and Development Expenses

Research and development expenses include personnel and related expenses for software and hardware engineering, information technology infrastructure, security and compliance and product development (inclusive of stock-based compensation for our research and development employees). Research and development expenses also include the periodic outsourcing of similar functions to third party specialists. Due to the quarantine and isolation strategies employed by governmental authorities, health systems and health plans to deal with the COVID-19 pandemic, a significant portion of healthcare was forced to be delivered virtually. Our health plan and health system customers believe that overall utilization of telemedicine and care delivered virtually will continue to increase during and after the COVID-19 crisis. By partnering with our customers during the crisis, we understand the increased volume and additional types of care they intend to deliver virtually on the Amwell Platform. We originally expected this increase in volume, evolution and advancement of telemedicine usage to occur over the next few years but we have now adjusted our research and development strategies to match the views of our customer partners, thus accelerating the expansion of our Platform volume capacity and the development of additional functionality through new programs and modules. We have also expanded the use of offshore resources to provide more efficient rates which are designed to offset the increased research and development spend. While we have recognized an increase in the research and development expense throughout the current year, the corresponding future revenue growth is expected to result in lower expenses as a percentage of revenue. This increased spend represents an investment in a more scalable and economically beneficial solution that will properly position the Company to benefit in the long term. We believe the increase in spend is temporary and we expect to see a gradual decline during 2023.

Our research and development expenses may also fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our research and development expenses. We are accelerating our multiyear technology investment to accommodate the anticipated significant growth in market demand for increasingly broad and sophisticated telehealth enablement infrastructure following COVID-19.

Sales and Marketing Expenses

Sales expenses consist primarily of employee-related expenses, including salaries, benefits, commissions, travel and stock-based compensation costs for our employees engaged in sales. We expect our sales expenses to increase as we continue to invest in the expansion of our business. We expect to hire additional sales personnel and related account management and sales support personnel to properly service our growing client base and to identify and capitalize on new strategic market opportunities.

Marketing expenses consist primarily of personnel and related expenses (inclusive of stock-based compensation) for our marketing staff, including costs of communications materials that are produced to generate greater awareness and utilization of the Amwell Platform among our clients and their users. Marketing costs also include third-party independent research, participation in trade shows, brand messaging, and public relations costs.

Our sales and marketing expenses will fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our advertising and marketing expenses.

General and Administrative Expenses

General and administrative expenses include personnel and related expenses, and professional fees incurred by finance, legal, human resources, information technology, our executives, and executive administration staff. They also include stock-based compensation for employees in these departments and expenses related to auditing, consulting, legal, and corporate insurance.

We expect our general and administrative expenses to increase for the foreseeable future as we continue to grow our business. However, we expect our general and administrative expenses to decrease as a percentage of our total revenue over the next several years. Our general and administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our general and administrative expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense includes the amortization of intangible assets and depreciation related to our fixed assets. Amortization of intangible assets consists of the amortization of acquisition-related intangible assets, which are customer relationships, contractor relationships, technology and trade names.

Interest Income and Other Income (Expense), Net

The balance of interest income and other income (expense), net, consists predominantly of interest income on our money-market and short-term investments. We did not incur material interest expenses in the period as there were no outstanding debts or notes payables.

Provision for Income Taxes

The income tax provision and benefit were primarily due to state and foreign income tax expense, and benefit related to release of the valuation allowance as a result of our acquisitions.

Deferred tax assets are reduced by a valuation allowance to the extent management believes it is not more likely than not to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management makes estimates and judgments about future taxable income based on assumptions that are consistent with our plans and estimates.

Consolidated Results of Operations

The following table sets forth our summarized condensed consolidated statement of operations data for the three and nine months ended September 30, 2022 and 2021 and the dollar and percentage change between the respective periods:

(in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change	%	2022	2021	Change	%
Revenue	\$ 69,209	\$ 62,223	\$ 6,986	11 %	\$ 197,957	\$ 180,039	\$ 17,918	10 %
Costs and operating expenses:								
Costs of revenue, excluding depreciation and amortization of intangible assets	41,507	35,184	6,323	18 %	114,769	104,778	9,991	10 %
Research and development	36,254	27,399	8,855	32 %	110,802	72,817	37,985	52 %
Sales and marketing	18,493	16,370	2,123	13 %	58,368	44,891	13,477	30 %
General and administrative	37,682	34,380	3,302	10 %	105,309	79,946	25,363	32 %
Depreciation and amortization expense	6,397	4,340	2,057	47 %	19,719	9,330	10,389	111 %
Total costs and operating expenses	140,333	117,673	22,660	19 %	408,967	311,762	97,205	31 %
Loss from operations	(71,124)	(55,450)	(15,674)	28 %	(211,010)	(131,723)	(79,287)	60 %
Interest income and other (expense) income, net	1,237	(382)	1,619	(424)%	2,109	(97)	2,206	(2,274)%
Loss before expense from income taxes and loss from equity method investment	(69,887)	(55,832)	(14,055)	25 %	(208,901)	(131,820)	(77,081)	58 %
Benefit (Expense) from income taxes	(95)	5,454	(5,549)	(102)%	(224)	5,042	(5,266)	(104)%
Loss from equity method investment	(593)	(554)	(39)	7 %	(1,355)	(2,095)	740	(35)%
Net loss	(70,575)	(50,932)	(19,643)	39 %	(210,480)	(128,873)	(81,607)	63 %
Net loss attributable to non-controlling interest	(491)	562	(1,053)	(187)%	(1,214)	(332)	(882)	266 %
Net loss attributable to American Well Corporation	\$ (70,084)	\$ (51,494)	\$ (18,590)	36 %	\$ (209,266)	\$ (128,541)	\$ (80,725)	63 %

Revenue

For the three months ended September 30, 2022, subscription revenue increased by \$5.2 million. Subscription revenue increase was driven by the expanded use of the Amwell Platform by existing customers. The increase in other revenue was related to marketing services provided for customers. These increases were partially offset by a decrease in visit revenue due to a shift in visit mix towards urgent care (which has a lower rate per visit) and away from behavioral services. This temporary shift in mix is believed to be driven by the impact of seasonal viruses as well as the Omicron variants.

For the nine months ended September 30, 2022, subscription revenue increased by \$12.1 million. This was a result of new customers subscribing to the Amwell Platform and existing customers expanding their use of the Amwell Platform. In addition, visit revenue increased by \$3.9 million due to increased visit volume in urgent care, primarily associated with the Omicron variant.

Costs of Revenue, Excluding Amortization of Acquired Intangible Assets

For the three months ended September 30, 2022, the increase in cost of revenue was primarily due to an increase of \$0.6 million related to employee-related costs due to increased headcount. There was also an increase in marketing services provided for customers of \$4.6 million.

For the nine months ended September 30, 2022, the increase in cost of revenue was primarily due to an increase of \$2.8 million related to employee-related costs due to increased headcount. There was also an increase in provider costs of \$0.9 million due to increased visits, increase in marketing costs of \$4.0 million related to marketing services provided for customers, and an increase in \$1.0 million related to the cost of hosting services.

Research and Development Expenses

For the three months ended September 30, 2022, the increase in research and development expense was primarily driven by an increase of \$4.1 million in consulting services primarily for Converge and \$4.4 million in employee-related costs (inclusive of stock compensation expense) due to increased headcount.

For the nine months ended September 30, 2022, the increase in research and development expense was primarily driven by an increase of \$24.4 million in consulting services for Converge and \$11.5 million in employee-related costs (inclusive of stock compensation expense) due to increased headcount.

Sales and Marketing Expenses

For the three months ended September 30, 2022, the increase in sales and marketing expense primarily consisted of \$1.7 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. There was also an increase of \$0.5 million related to meals and travel that did not occur in the prior year.

For the nine months ended September 30, 2022, the increase in sales and marketing expense primarily consisted of \$6.9 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. There was also an increase in marketing expenses of \$1.4 million related to conferences and company meetings that did not occur in the prior year. In addition, there was an increase in consulting expense of \$2.2 million mainly related to marketing campaigns and services for system integration.

General and Administrative Expenses

For the three months ended September 30, 2022, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of \$8.3 million of stock compensation expense) of approximately \$11.0 million, due to additional equity awards granted in 2022 and headcount increase. The increase was partially offset by a decrease in consulting expense of \$4.0 million as there were no acquisitions in the three months ended September 30, 2022, and two acquisitions in the three months ended September 30, 2021. There was also a decrease of \$2.9 million in legal costs mainly due to the Teladoc litigation settlement in the second quarter of 2022.

For the nine months ended September 30, 2022, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of \$15.8 million of stock compensation expense) of approximately \$25.3 million, due to additional equity awards granted in 2022 and headcount increase. There was an increase of \$1.6 million in system costs to enhance administrative processing. In addition, there was an increase in contingent consideration adjustments recorded of \$1.0 million related to the Conversa and SilverCloud revenue earnouts. There was also a decrease of \$5.0 million in consulting costs as there were no acquisitions in the nine months ended September 30, 2022, and two acquisitions in the nine months ended September 30, 2021.

Depreciation and Amortization Expense

Depreciation expense remained consistent for the three months ended September 30, 2022. Amortization expense increased by \$2.2 million for the three months ended September 30, 2022. The increase in amortization was related to the intangible assets acquired in 2021.

Depreciation expense remained consistent for the nine months ended September 30, 2022. Amortization expense increased by \$10.9 million nine months ended September 30, 2022. The increase in amortization was related to the intangible assets acquired in 2021.

Interest Income and Other (Expense) Income, net

For the three and nine months ended September 30, 2022 and 2021, interest income and other (expense) income, net consist entirely of interest income and gains from our cash equivalents and short-term investments.

Expense from Income Taxes

Income tax expense was \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2022, compared to income tax benefit of \$5.5 million and \$5.0 million for the three and nine months ended September 30, 2021.

Loss from Equity Method Investment

The Company and Cleveland Clinic partnered to form a joint venture, under the name CCAW, JV LLC, to provide broad access to comprehensive and high acuity care services via telehealth. The Company does not have a controlling financial interest in CCAW, JV LLC, but it does have the ability to exercise significant influence over the operating and financial policies of CCAW, JV LLC. Therefore, the Company accounts for its investments in CCAW, JV LLC using the equity method of accounting.

During the three months ended September 30, 2022 and 2021, the Company recognized a loss of \$0.6 million and \$0.6 million, respectively, as its proportionate share of the joint venture results of operations. During the nine months ended September 30, 2022 and 2021, the Company recognized a loss of \$1.4 million and \$2.1 million, respectively, as its proportionate share of the joint venture results of operations.

Liquidity and Capital Resources

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

	Nine Months Ended September 30,	
	2022	2021
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	\$ (156,377)	\$ (96,614)
Net cash used in and provided by investing activities	(251,330)	(59,295)
Net cash used in and provided by financing activities	(4,029)	4,537
Total	\$ (411,736)	\$ (151,372)

Sources of Financing

Our principal sources of liquidity were cash, cash equivalents and short-term investments totaling \$581.6 million and \$746.4 million as of September 30, 2022 and December 31, 2021, respectively, which were held for a variety of growth initiatives and investments as well as working capital purposes. Our cash, cash equivalents and short-term investments are comprised of money market funds and marketable securities including U.S. Treasury bills.

As shown in the accompanying condensed consolidated financial statements, the Company incurred a loss from operations of \$211.0 million and a net loss of \$210.5 million for the nine months ended September 30, 2022 and had an accumulated deficit of \$1,020.9 million as of September 30, 2022.

The Company has no debt as of September 30, 2022 or December 31, 2021 and expects to generate operating losses in future years.

We believe that our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months from the issuance date of the financial statements. Our future capital requirements will depend on many factors including our growth rate, contract renewal activity, number of consultations on our Platform, 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 services. 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.

Nine months ended September 30, 2022, vs. nine months ended September 30, 2021

Cash Used in Operating Activities

For the nine months ended September 30, 2022, cash used in operating activities was \$156.4 million. The primary driver of this use of cash was our net loss of \$210.5 million. The net loss was reflective of the investments made back into the Company (from a

technology perspective), partially offset by the overall growth of our business including expansion of business with existing clients. The net loss was partially offset by non-cash expenses of \$75.7 million (primarily stock-based compensation of \$48.4 million and depreciation and amortization of \$19.5 million).

For the nine months ended September 30, 2021, cash used in operating activities was \$96.6 million. The primary driver of this use of cash was our net loss of \$128.9 million. The net loss for the year was reflective of the investments made back into the Company (from both a personnel and technology perspective), partially offset by the overall growth of our business including an increase in new clients and expansion of business with existing clients. The net loss was partially offset by non-cash expenses of \$42.5 million (primarily stock-based compensation of \$31.8 million and depreciation and amortization of \$9.3 million).

Cash Used in Investing Activities

Cash used in investing activities was \$251.3 million for the nine months ended September 30, 2022. Cash used in investing activities consisted of purchases of short-term investments of \$499.2 million and \$2.0 million investment in the less than majority owned joint venture, partially offset by sales and maturities of investments of \$249.9 million.

Cash used in investing activities was \$59.3 million for the nine months ended September 30, 2021. Cash used in investing activities consisted of \$156.5 million in acquisitions of businesses, a \$2.5 million investment in the CCAW, JV LLC joint venture with Cleveland Clinic and \$0.2 million in the purchases of property and equipment offset by proceeds from maturities of investments of \$100.0 million.

Cash Used in and Provided by Financing Activities

Cash used in financing activities for the nine months ended September 30, 2022, was \$4.0 million. Cash used in financing activities consisted of \$11.8 million related to the payment of the Conversa integration earnout, partially offset by \$7.8 million of proceeds from the exercise of employee stock options and employee stock purchase plan.

Cash provided by financing activities for the nine months ended September 30, 2021, was \$4.5 million. Cash provided by financing activities consisted of \$18.5 million of proceeds from the exercise of employee stock options. These proceeds were offset by cash payments primarily for the purchase of treasury stock of \$14.0 million.

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.

Contractual Obligations and Commitments

As of September 30, 2022, there have been no material changes from the contractual obligations and commitments previously disclosed in our Form 10-K.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed 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 consider 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 condensed 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.

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, to our condensed consolidated financial statements in our Form 10-K and Note 2, Summary of Significant Accounting Policies to our condensed

consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no significant changes to these policies during the nine months ended September 30, 2022.

Recently Issued Accounting Pronouncements Adopted

For more information on recently issued accounting pronouncements, see Note 2 to our condensed consolidated financial statements covered under Part I, Item 1 of this Quarterly Report on Form 10-Q.

New Accounting Pronouncements Not Yet Adopted

For more information on new accounting pronouncements not yet adopted, see Note 2 to our condensed consolidated financial statements covered under Part I, Item 1 in this Quarterly Report on Form 10-Q.

Item 3. Qualitative and Quantitative Disclosure about Market Risk

Interest Rate Risk

We had cash and cash equivalents totaling \$332.6 million, and \$746.4 million as of September 30, 2022 and December 31, 2021, respectively. The Company also held investments totaling \$249.0 million as of September 30, 2022. The Company held no investments as of December 31, 2021. These amounts were primarily invested in money markets and U.S. Treasury bills. The cash and cash equivalents are held for a variety of growth and investments as well as working capital purposes. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes. All our investments are denominated in U.S. dollars.

We do not believe that an increase or decrease of 100 basis points in interest rates would have a material effect on our business, financial condition or results of operations. However, our cash equivalents are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates.

Fluctuations in the value of our money market funds caused by a change in interest rates (gains or losses on the carrying value) are recorded in other income and are realized only if we sell the underlying securities.

Foreign Currency Exchange Risk

To date, a substantial majority of our revenue from customer arrangements has been denominated in U.S. dollars. We have limited operations outside the United States. As of September 30, 2022 and December 31, 2021, we had four foreign subsidiaries with functional currencies of the Euro, British pound, Australian dollars and New Israeli Shekel. As of September 30, 2021 the Company had one foreign subsidiary in Israel, the functional currency of that subsidiary is the U.S. dollar, and Company had a branch with a functional currency of the New Israeli Shekel. The activity for these entities in the nine months ended September 30, 2022 and 2021 was not considered significant. Accordingly, we believe we do not have a material exposure to foreign currency risk. We may choose to focus on international expansion, which may increase our exposure to foreign currency exchange risk in the future.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last two years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition or results of operations.

Item 4. Controls and Procedures

Managements 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 principal executive officers and principal financial officer, has evaluated 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, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on

this evaluation, our principal executive officers and principal financial officer concluded that as of September 30, 2022, our disclosure controls and procedures were effective. Disclosure controls and procedures are our controls and other procedures that are designed to ensure 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 principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2022, 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

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, financial condition, results of operations or cash flows. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

On September 14, 2020, we received a letter from Teladoc Health, Inc. ("Teladoc") alleging that certain of our cart products and associated peripherals infringe upon their patents. On October 12, 2020, Teladoc filed a claim against the Company related to these allegations. On June 30, 2022, the claim was dismissed pursuant to a confidential settlement between the parties.

Item 1A. Risk Factors

Other than the risk factor set forth below, there have been no material changes to the risk factors previously disclosed in our Form 10-K. For a discussion of potential risks and uncertainties related to our Company see the information in our Form 10-K in the section entitled "Risk Factors."

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.

We may make adjustments to our historical Active Providers metrics as a result of changes in our methodology

While we believe that our Active Providers metrics are reasonable, we do not tag each provider using our platform. We base the Active Providers metrics on internal estimates that involve judgment, assumptions and sampling. We are continually seeking to improve the accuracy of our Active Providers metrics. As a result of improvements or changes in our methodology, we may make adjustments to our historical Active Providers metrics.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities during the quarter ended September 30, 2022.

Issuer Purchases of Equity Securities

The following table provides information about the Company's purchases of its common stock for each month during this quarterly period covered by this report:

Period	(a) Total number of shares (or units) purchased*	(b) Average price paid per share (or unit)*	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
July 1 to July 31	68,051	\$ 4.25	—	—
August 1 to August 31	7,421	4.47	—	—
September 1 to September 30	9,530	3.90	—	—
Total	85,002	\$ 4.23	—	—

* Shares withheld to cover tax withholding obligations under the net settlement provision upon vesting of restricted stock units and exercising of options.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The documents listed below are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

- 10.1#* [Amendment No1 Employment Agreement by and between Kurt Knight and American Well Corporation, dated August 26, 2020](#)
- 10.2#* [Amendment No1 Employment Agreement by and between Robert Shepardson and American Well Corporation, dated September 15, 2021](#)
- 10.3#* [Amendment No1 Employment Agreement by and between Phyllis Gotlib and American Well Corporation, dated April 8, 2022](#)
- 10.4* [Amendment No. 8 to the Restated Vendor Agreement dated January 1, 2022, by and among American Well Corporation and Anthem, Inc.](#)
- 10.5* [Amendment No. 9 to the MSA Agreement, dated October 1, 2022, by and among American Well Corporation and Elevance Health, Inc.](#)
- 10.6* [Amendment No. 10 to the Amended Restated Vendor Agreement, dated November 4, 2022, by and among American Well Corporation and Elevance Health, Inc. \(Anthem, Inc.\)](#)
- 31.1* [Chief Executive Officers Certifications](#)
- 31.2* [Chief Financial Officer Certification](#)
- 32.1* [CEO Certification of Quarterly Report](#)
- 32.2* [CFO Certifications of Quarterly Report](#)

- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

Indicates a management contract or compensatory plan

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.

AMERICAN WELL CORPORATION

Date:	<u>November 8, 2022</u>	By:	<u>/s/ Ido Schoenberg, MD</u> Co-Chief Executive Officer <i>(Principal Executive Officer)</i>
Date:	<u>November 8, 2022</u>	By:	<u>/s/ Roy Schoenberg, MD, MPH</u> Co-Chief Executive Officer <i>(Principal Executive Officer)</i>
Date:	<u>November 8, 2022</u>	By:	<u>/s/ Robert Shepardson</u> Chief Financial Officer <i>(Principal Financial Officer)</i>
Date:	<u>November 8, 2022</u>	By:	<u>/s/ Paul McNeice</u> Vice President of Accounting <i>(Principal Accounting Officer)</i>

**AMENDMENT NO. 1
EMPLOYMENT AGREEMENT**

THIS AMENDMENT NO. 1 (this “**Amendment**”) to the Employment Agreement by and between Kurt Knight (“**Executive**”) and American Well Corporation, a Delaware corporation (the “**Company**”), dated as of August 26, 2020 (the “**Original Agreement**”), is entered into by and between the Company and Executive as of the last date set forth on the signature page below.

WITNESSETH:

WHEREAS, the Company and Executive desire to amend the Original Agreement as provided herein to reflect Executive’s new title of EVP and Chief Operating Officer and changes to the vesting of outstanding equity awards on certain terminations of employment;

WHEREAS, the Company and Executive desire that the amendments set forth herein be considered to be effective immediately;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to modify the Original Agreement as set forth below. Defined terms used herein and not otherwise defined in their context have the meanings set forth in the Original Agreement.

1. **AMENDMENT TO THE ORIGINAL AGREEMENT.**

a. Section 2(a) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Executive shall be employed as EVP and Chief Operating Officer of the Company and Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.”

b. Section 8(c)(5) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Each unvested equity award held by Executive at the time of termination shall (i) vest as to the portion that would have vested had Executive remained employed by the Company through the first anniversary of the termination date and (ii) otherwise be governed by the terms of the applicable plan and/or award agreement; and”

2. **RATIFICATION AS AMENDED.** Except as amended by this Amendment, the terms and conditions of the Original Agreement are confirmed in all other

respects, and the Original Agreement, as amended by this Amendment, shall continue in full force and effect. Any reference to the Agreement in the Original Agreement as amended by this Amendment shall mean the Original Agreement as amended by this Amendment. In the event of any inconsistency between the terms of the Original Agreement and the terms of this Amendment, the terms of this Amendment shall control to the extent necessary to resolve the inconsistency.

3. **OTHER PROVISIONS.** Section 16(g) (Arbitration), Section 16(i) (Governing Law) and Section 18 (Counterparts), of the Original Agreement are incorporated by reference into this Amendment *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Original Agreement to be executed as of the day and year first set forth below.

AMERICAN WELL CORPORATION

By: s/o Bradford Gay _____
Name: Bradford Gay
Title: SVP & General Counsel

August 9, 2022 _____
Date

EXECUTIVE

By: s/o Kurt Knight _____

8/4/22 _____
Date

**AMENDMENT NO. 1
EMPLOYMENT AGREEMENT**

THIS AMENDMENT NO. 1 (this “**Amendment**”) to the Employment Agreement by and between Robert Shepardson (“**Executive**”) and American Well Corporation, a Delaware corporation (the “**Company**”), dated as of September 15, 2021 (the “**Original Agreement**”), is entered into by and between the Company and Executive as of the last date set forth on the signature page below.

WITNESSETH:

WHEREAS, the Company and Executive desire to amend the Original Agreement as provided herein to reflect Executive’s new title of EVP and Chief Financial Officer and changes to the vesting of outstanding equity awards on certain terminations of employment;

WHEREAS, the Company and Executive desire that the amendments set forth herein be considered to be effective immediately;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to modify the Original Agreement as set forth below. Defined terms used herein and not otherwise defined in their context have the meanings set forth in the Original Agreement.

1. **AMENDMENT TO THE ORIGINAL AGREEMENT.**

- a. Section 2(a) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Executive shall be employed as EVP and Chief Financial Officer of the Company and Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.”

- b. Section 8(c)(5) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Each unvested equity award held by Executive at the time of termination shall (i) vest as to the portion that would have vested had Executive remained employed by the Company through the first anniversary of the termination date and (ii) otherwise be governed by the terms of the applicable plan and/or award agreement; and”

2. **RATIFICATION AS AMENDED.** Except as amended by this Amendment, the terms and conditions of the Original Agreement are confirmed in all other

respects, and the Original Agreement, as amended by this Amendment, shall continue in full force and effect. Any reference to the Agreement in the Original Agreement as amended by this Amendment shall mean the Original Agreement as amended by this Amendment. In the event of any inconsistency between the terms of the Original Agreement and the terms of this Amendment, the terms of this Amendment shall control to the extent necessary to resolve the inconsistency.

3. **OTHER PROVISIONS.** Section 16(g) (Arbitration), Section 16(i) (Governing Law) and Section 18 (Counterparts), of the Original Agreement are incorporated by reference into this Amendment *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Original Agreement to be executed as of the day and year first set forth below.

AMERICAN WELL CORPORATION

By: s/o Bradford Gay _____

Name: Bradford Gay

Title: SVP & General Counsel

August 9, 2022 _____

Date

EXECUTIVE

By: s/o Robert Shepardson _____

8/4/22 _____

Date

**AMENDMENT NO. 1
EMPLOYMENT AGREEMENT**

THIS AMENDMENT NO. 1 (this “**Amendment**”) to the Employment Agreement by and between Phyllis Gotlib (“**Executive**”) and American Well Corporation, a Delaware corporation (the “**Company**”), dated as of April 8, 2022 (the “**Original Agreement**”), is entered into by and between the Company and Executive as of the last date set forth on the signature page below.

WITNESSETH:

WHEREAS, the Company and Executive desire to amend the Original Agreement as provided herein to reflect Executive’s new title of EVP and President, American Well International and changes to the vesting of outstanding equity awards on certain terminations of employment;

WHEREAS, the Company and Executive desire that the amendments set forth herein be considered to be effective immediately;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to modify the Original Agreement as set forth below. Defined terms used herein and not otherwise defined in their context have the meanings set forth in the Original Agreement.

1. **AMENDMENT TO THE ORIGINAL AGREEMENT.**

a. The first sentence of Section 2(a) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Executive shall be employed as EVP and President, American Well International of the Company and Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken, and exercised by persons situated in similar executive capacities.”

b. Section 8(c)(5) of the Original Agreement is hereby amended and restated in its entirety as follows:

“Each unvested equity award held by Executive at the time of termination shall (i) vest as to the portion that would have vested had Executive remained employed by the Company through the first anniversary of the termination date and (ii) otherwise be governed by the terms of the applicable plan and/or award agreement.”

2. **RATIFICATION AS AMENDED.** Except as amended by this Amendment, the terms and conditions of the Original Agreement are confirmed in all other

respects, and the Original Agreement, as amended by this Amendment, shall continue in full force and effect. Any reference to the Agreement in the Original Agreement as amended by this Amendment shall mean the Original Agreement as amended by this Amendment. In the event of any inconsistency between the terms of the Original Agreement and the terms of this Amendment, the terms of this Amendment shall control to the extent necessary to resolve the inconsistency.

3. **OTHER PROVISIONS.** Section 18(h) (Governing Law) and Section 19 (Entire Agreement/Counterparts) of the Original Agreement are incorporated by reference into this Amendment *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Original Agreement to be executed as of the day and year first set forth below.

AMERICAN WELL CORPORATION

By: s/o Bradford Gay _____

Name: Bradford Gay

Title: SVP & General Counsel

August 9, 2022 _____

Date

EXECUTIVE

By: s/o Phyllis Gotlib _____

Date

AMENDMENT NO. 8

TO AMENDED AND RESTATED VENDOR AGREEMENT

This Amendment No. 8 (“Amendment”), effective as of January 1, 2022 (“Amendment 8 Effective Date”), is made to that certain Amended and Restated Vendor Agreement (the “Agreement”), dated December 23, 2014, by and among **American Well Corporation**, a Delaware corporation (“Vendor”), and **Anthem, Inc.** (“Anthem”), on behalf of itself and its affiliates, as amended. Unless otherwise defined, capitalized terms used herein shall have the meanings given to such terms in the Agreement.

WHEREAS, Anthem and Vendor desire to amend the Agreement to revise their commercial arrangement.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the Parties agree as follows:

1. Amendment. A new Section 4.6 (c) of the Agreement, under “Reports and Reporting”, is hereby added, as follows:

“4.6 (c). Medicare CMS Direct Member Complaints, Grievances and Appeals (whether by a Member, Member representative or by a Provider or/and Practice on behalf of a Member)

- i. Should Anthem receive a Member complaint, grievance or appeal related to Vendor Services, Vendor agrees to assist Anthem in researching and finding resolution to such complaint, grievance or appeal.
 - (a) Notwithstanding the foregoing, Anthem shall send Vendor a copy of the complaint, grievance or appeal regarding Vendor Services in writing via the following email address: _____. Vendor shall acknowledge receipt of the complaint, grievance or appeal within one (1) calendar day of receipt from Anthem.
 - (b) Notwithstanding the foregoing, Vendor shall perform a review and provide a detailed response to Anthem related to such complaint, grievance or appeal regarding Vendor Services within five (5) calendar days of receipt of a standard complaint/grievance, within three (3) calendar days of receipt of a standard appeal, and within four (4) hours or less of receipt of an urgent/expedited complaint, grievance or appeal from Anthem. Vendor’s detailed response shall consist of a summary of the case, Vendor’s determination and any other necessary information as outlined in a mutually agreed upon policy and procedure developed by Vendor and Anthem.
 - ii. Grievances – In the event Anthem receives a complaint, grievance or appeal regarding Vendor Services, Anthem shall provide a copy to Vendor in writing the following email address: _____. In turn, Vendor shall provide the information outlined below within five (5) calendar days of receipt; unless information is required sooner.
-

Grievance - when receipt of a member issue received by the plan.	
1	Grievance received by the plan.
2	Resolution attempted at point of contact.
3	Plan's Customer Service Agent will attempt to resolve the issue at the point of contact and may reach out to the Vendor's Customer Service area.
4	If resolution is not obtained, forward the Grievance to the MCAG Department.
5	The MCAG team will log the grievance into the plan's database and investigate the matter.
6	Vendor/Delegate is forwarded a copy of the member's complaint.
7	If additional information is needed from the Vendor/Delegate, the MCAG Analyst will call/contact the parties identified on the Vendor/Delegate contact form.
8	Response to request for information (RFI) & medical record request should be faxed to: 1-800-861-0574 [MCAG Medical Records Response Unit] within 5 calendar days for standard requests. <i>*If information is due sooner, the MCAG associate will advise of the revised due date.</i>
9	Once Resolution is obtained, the MCAG associate will notify the member of the outcome.

- iii. Should Vendor or Anthem receive complaints direct from CMS related to Vendor Services, Vendor shall comply with the CMS requirements outlined in the CTM and Grievance Tables below, including but not limited to: review of issue and provide a resolution path within five (5) calendar days for low issue level; two (2) calendar days for urgent level issues; four (4) business hours for immediate need issues. Grievances shall be handled within five (5) calendar days unless information is required sooner.
- iv. The Complaints Tracking Module ("CTM") is a module within the Health Plan Management System (HPMS), which is the Centers for Medicare and Medicaid Services' (CMS) central repository for complaints received from various CMS sources. Anthem and its Affiliates are required to resolve complaints in the CTM for which they will be held accountable on various complaint performance measures. These member or provider complaints about their adverse experience with Anthem are submitted directly to CMS. CTM complaints are received by CMS and then entered in the CTM for resolution by either Anthem or by CMS.

On a monthly basis, a summary of CTM's directly related to Vendor Services will be provided to Vendor and be broken up into two categories: (1) CTM's solely caused by the Vendor, and (2) CTM's caused by both Anthem and the Vendor. CTM's caused by Anthem will be withheld from the monthly reporting to the Vendor. If the Parties do not agree upon the cause of the CTM being the Vendor or caused by Anthem and Vendor, then the Parties will defer to the CTM tracking tool and the entity or entities named by the complainant. Vendor will participate in the Company's CTM fault assignment process. Without prejudice to the dispute resolution provisions under the Agreement, Vendor shall have the right to participate in dispute resolution meetings with the Company if the Vendor determines that CTM fault assigned is not their responsibility.

In the event a CTM is finally determined to be Vendor Fault or both Anthem and Vendor Fault, Anthem shall receive a service level credit against future invoices under the Agreement submitted by Vendor in the applicable amounts set forth below:

	Per CTM Service Level Credit
Vendor Fault	\$ \$5,000
Both Anthem and Vendor fault	\$ \$2,500

- v. If Vendor exceeds 7 CTM's on a quarterly basis, Anthem reserves the right to increase the per CTM service level credits set forth above by up to 100% of the current penalty value. Vendor will provide the Service Level Penalty/Credit against future invoices issued after the month when the CTM report is issued and the CTM fault is finally determined. Vendor shall be forwarded a copy of member complaint.
2. No Other Modifications. Except as provided herein, the terms and conditions of the Agreement shall remain the same, in full force and effect.

**Amendment 9 to
the MSA Agreement
Between Anthem, Inc. and American Well**

This 9 Amendment (“Amendment”) dated and effective as of October 1, 2022 (“Amendment Effective Date”) is by and between **Elevance Health, Inc.**, on behalf of itself and its Affiliates (“Elevance Health”) and American Well (“Supplier”) and amends that certain MSA Agreement between the parties dated June 10, 2010 (the “Master Agreement”).

RECITALS

WHEREAS, Anthem, Inc. changed its name to Elevance Health, Inc. on June 28, 2022; and

WHEREAS, the parties desire to amend the Master Agreement to update the contracting party names.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and undertakings described in this Amendment, the parties, intending to be legally bound, hereby agree to amend the Master Agreement as follows:

1. **Exhibit (Medicaid OH Exhibit).** Medicaid OH Exhibit, attached hereto, is hereby incorporated into this Agreement. Notwithstanding the foregoing, the parties hereto acknowledge that (i) neither American Well nor Amwell Medical Group entities are health plans, and (ii) American Well is not a downstream entity as defined in HIPAA and its applicable regulations. As such, the parties hereto further acknowledge that all provisions contained in the Exhibit may not be applicable to certain services provided by Supplier. Only those provisions applicable to the specific services provided by Supplier shall be deemed to be incorporated into the Agreement. State-specific regulatory requirements may be added/updated from time to time without need for additional amendment. American Well reserves the right, in its sole discretion, to terminate the Ohio Regulatory Exhibit upon thirty (30) days written notice if such changes adversely impact American Well.
2. Identity of Elevance Health, Inc. Elevance Health, Inc. hereby replaces Anthem, Inc. as a party under the Master Agreement. All references to Anthem are hereby replaced with Elevance Health.
3. No Other Modifications. Except as provided herein, the terms and conditions of the Master Agreement shall remain the same, in full force and effect.

IN WITNESS WHEREOF, the parties have caused this 9 Amendment to be duly executed as of the Amendment Effective Date indicated above.

American Well (“Supplier”)

signature s/o Bradford Gay

print name Bradford Gay

title SVP, General Counsel

Elevance Health, Inc. (“Elevance Health”)

signature s/o Anar Pathak

print name Anar Pathak

title Director Sourcing

EXHIBIT G
OHIO REGULATORY EXHIBIT

This Ohio Regulatory Exhibit (the "Exhibit") will supplement the Agreement (the "Agreement") between Community Insurance Company d/b/a Anthem Blue Cross and Blue Shield ("Anthem") and Subcontractor ("Subcontractor") effective upon approval, and will run concurrently with the terms of the Agreement. This Exhibit is limited to the terms and conditions governing the provision of services in the fulfillment of contractual responsibilities to the State of Ohio ("State") in the provision of health care services. The provisions set forth in this Exhibit shall be deemed to be part of the Program Contract, and are intended to comply with legislative and Regulatory Requirements of the State. To the extent that such laws and regulations are applicable and/or are not otherwise preempted by federal law, the provisions set forth in this Exhibit shall apply. The provisions of this Exhibit apply with respect to individuals who are enrolled in the Ohio Medicaid Program (hereinafter collectively referred to as "Members").

1. For purposes of this Exhibit, the following terms shall have the meanings set forth below with respect to services furnished under the Ohio Medicaid Program. Any capitalized terms in this Exhibit not otherwise defined shall have the meaning ascribed in the Program Contract.

(a) Agency shall mean a federal, state, or local agency, administration, board or other governing body responsible for the governance or administration of a Program. With respect to the operation of the Ohio Medicaid Program, as used herein, Agency also means the Ohio Department of Medicaid ("ODM").

(b) Program shall mean any federal or state funded program under Title XVIII, Title XIX or Title XXI of the Social Security Act, and any other federal or state funded program or product as designated by Anthem.

(c) Program Contract shall mean the contract between Anthem and an applicable party, such as an Agency, which governs the delivery of health care services to Program beneficiaries.

(d) Regulatory Requirements shall mean any requirements imposed by applicable federal, state, or local laws, rules, regulations, a Program Contract, or otherwise imposed by the Agency, acting within its jurisdiction in connection with the operation of the

Program or the performance required by either party under this Exhibit.

(e) Subcontractor shall mean as defined in OAC rule 5160-26-01, any party that has entered into a subcontract to perform a specific part of the obligations specified under the Program Contract.

2. Compliance with Regulatory Requirements and the Program Contract.

(a) Subcontractor, including its employees and any subcontractors, shall comply with state and federal program requirements, rules, and regulations (e.g., Code of Federal Regulations, Ohio Revised Code, Ohio Administrative Code,) and the Program Contract. Subcontractor, employees, and any subcontractors shall comply with changes and modifications to state and federal program requirements, regulations, rules without the necessity of a written amendment.

(b) Subcontractor shall fully assist and cooperate with Anthem in the fulfilling of Anthem's obligations under the Program Contract.

(c) Subcontractor, its employees and if applicable contracted providers are subject to the applicable provider qualifications in OAR rule 5160.26-05.

(d) Outside United States/Offshoring. Anthem and Subcontractor must comply with Executive Order 2019-12D. A copy of Executive Order 2019-12D can be found at:

<https://governor.ohio.gov/wps/portal/gov/governor/media/executive-orders/2019-12d>

This Executive Order prohibits the use of public funds to purchase services provided outside of the United States except under certain circumstances. Such services include the use of offshore programming or call centers. Additionally, Anthem and the Subcontractor shall not transfer personal health information to any location outside the United States or its territories.

3. Smoke Free/Drug Free Workplace. Subcontractor shall ensure that the Subcontractor, its officers, employees, members, any subcontractors, and any independent contractors (including all field staff) associated with this Agreement comply with all Regulatory Requirements regarding a smoke-free and drug-free workplace. Subcontractor will make a good faith effort to ensure that all Subcontractor officers, employees, members, and subcontractors will not purchase, transfer, use, or possess illegal drugs or alcohol, or abuse prescribed drugs in any way while performing their duties under the Program Contract.

4. Fraud, Waste and Abuse. Subcontractor must abide by Anthem's written policies regarding false claims and the detection and prevention of fraud, waste and abuse.

5. Screening and Disclosure. Subcontractor shall adhere to all screening and disclosure requirements as required in Regulatory Requirements and the Program Contract.

6. Exclusion of Providers. If Subcontractors is providing services that result in the selection or contracting of providers, Anthem retains the right to approve, suspend or terminate any such selection.

7. Non-Discrimination. When providing services under the Program Contract, Subcontractor shall not discriminate in the performance or employment of an individual who is qualified and available to perform the services under the Program Contract or discriminate against, intimidate, or retaliate against any employee hired for the performance of services under the Program Contract on the basis of race, color, religion, gender, gender identity, sexual orientation, age, disability, national origin, veteran status, military status, health status, genetic information, or ancestry. For purposes of this article, "members" does not include individuals whose sole connection with Anthem or the Subcontractor is the receipt of services through a health care program offered by the Anthem or the Subcontractor. Subcontractor, its officers, employees, members, and subcontractors hereby affirm current and ongoing compliance with all federal civil rights laws, including (i) Title VII of the Civil Rights Act of 1964 (Pub. L. 88-352); (ii) Title VI of the Civil Rights Act of 1964 (42 USC 2000d, et seq.); (iii) the Americans with Disabilities Act of 1990 (42 USC 12101, et seq.) and Section 504 of the Rehabilitation Act of 1973; and (iv) the Age Discrimination Act of 1975 (42 USC 6101, et seq.).

(a) Subcontractor shall not participate in, condone, or tolerate any form of sexual harassment against any employee, subcontractor, or other person or entity with which it is associated in performance of this Agreement that is considered a form of sex discrimination prohibited by Title VII of the Civil Rights Act of 1964, ORC section 4112.02, OAC 123:1-49, the Anti-Discrimination Policy in State Government Executive Order 2019-05D, or Agency policy.

(b) In addition to requirements imposed upon subcontractors in accordance with OAC Chapter 5160-26, Anthem and Subcontractor must hold all subcontractors and persons acting on behalf of Anthem in the performance of services under the Program Contract responsible for adhering to the requirements of the above.

paragraphs. Anthem and Subcontractor must include these above requirements in all contracts and agreements that result from the Program Contract.

8. Record Keeping and Audits. Pursuant to ORC Chapter 117, Subcontractor acknowledges that these records, including those of any subcontractors and other delegated entities, may be a part of any audit conducted by Ohio Auditor of State. Subcontractor must allow ODM, CMS, the U.S. Department of Health and Human Services Office of Inspector General, the Comptroller General, the Ohio Auditor of State, the Ohio Inspector General, or any of designees of any of the foregoing to inspect and audit, at any time, any records books, contracts or documents of the Subcontractor or its subcontractors, and/or to inspect the premises, physical facilities, computer or other electronic systems and equipment related to Members or where Medicaid-related activities or work is conducted. The right to audit under this article shall survive the termination of the Agreement and remain in effect for ten (10) years from the termination or expiration of the Agreement or from the date of completion of any audit, whichever is later.

9. ODM Requirements

(a) Anthem must notify ODM of a Subcontractor Agreement at least thirty (30) calendar days prior to execution and respond to ODM questions and modify the Agreement per ODM feedback.

(b) Anthem must notify ODM of changes to or termination of Subcontractor Agreement no less than fifteen (15) calendar days prior to the effective date.

(c) Subcontractor shall communicate and meet with ODM at ODM's request. If ODM requests a meeting with Subcontractor, Subcontractor may meet with ODM without approval by Anthem.

(d) Anthem and the Subcontractor shall cooperate fully in any investigation or prosecution by any state or federal authority, whether administrative, civil, or criminal at no charge to the requestor. This includes but is not limited to (i) actively participating in meetings (ii) providing requested information and access to requested records; (iii) providing access to interview employees, subcontractors, and consultants; and (iv) providing qualified individuals to testify at or be a witness at any hearings, trials, or other judicial or administrative proceedings.

(e) All provisions of the Agreement in regards to services rendered under the Program Contract must be consistent with the provisions of the Program Contract. If an applicable provision within the Agreement contradicts or is incompatible with an applicable provision of the Program Contract it is rendered null and void, unenforceable and without effect. Without limitation, ODM

has the right and authority to designate part or the whole of the Agreement incompatible with either the Program Contract, the Ohio Medicaid state plan, federal authorities or Regulatory Requirements as unacceptable to ODM for any other reason, without limitation. If ODM determines that a part or the whole of the Agreement is unacceptable or incompatible as stated above, Anthem must amend the Agreement to ODM's satisfaction or seek a new Agreement.

(f) In the event that Subcontractor is determined by ODM or Anthem to not be fulfilling their obligations satisfactorily or if ODM or Anthem determine that the Agreement is not in the best interest of Members, ODM or Anthem has the right to revoke the Agreement or use other such remedies as applicable, to maintain continuity of administrative functions.

(g) Upon ODM's request, the Anthem must disclose to ODM all financial terms and arrangements for payment of any kind that apply between Anthem, the Subcontractor, and/or any provider of a Medicaid service, except where Regulatory Requirements restricts disclosing the terms and arrangements.

10. Member Rights and Services.

(a) In accordance with 42 CFR 438.206(c)(3), Subcontractor and if applicable their contracted providers shall provide physical access, reasonable accommodations, and accessible equipment for members with physical or mental disabilities.

(b) When providing services to Members, Subcontractor and if applicable, their contracted providers shall adhere to all Regulatory Requirements regarding Member rights.

(c) If Subcontractor has direct contact with a Medicaid-eligible member, Subcontract must meet the member information requirements as stated in Program Contract. As applicable, Subcontractor must also provide the following at no cost to the Member or Agency (i) sign language services (ii) oral interpretation; and (iii) auxiliary aids and services.

(d) Hold Harmless. Members and ODM are not liable for any cost, payment, co-payment, cost-sharing, down payment, or similar charge, refundable or otherwise for services performed, including in the event that Subcontractor or Anthem cannot or will not pay for the services. This provision does not prohibit waiver entities from collecting patient liability payments from Members as specified in OAC rule 5160:1-6-07.1. In addition, pursuant to OAC rule 5160-26-05, if permitted Subcontractor or if applicable, its contracted providers shall not bill Members any amount greater than would be owed if the entity provided the services directly (i.e., no balance billing).

11. Reporting. Subcontractor must release to the Anthem and if applicable ODM any information necessary for Anthem to perform any of its obligations under the Program Contract, including compliance with reporting and quality assurance requirements.

12. Insurance. Until all obligations under this Agreement or any order are satisfied, and without limiting Subcontractor's indemnification obligations, Subcontractor shall provide and maintain the insurance policies set forth below. All commercial insurance required shall be provided by insurers with a rating of not less than A-VII from AM Best or a comparable rating agency. Coverage shall be at least as broad as:

(a) Commercial General Liability (CGL). Written on an "occurrence" basis with no premises restrictions, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$5,000,000 per occurrence, \$10,000,000 aggregate. If a general aggregate limit applies, either the general aggregate limit must apply separately to this Agreement or the general aggregate limit must be twice the required occurrence limit. Defense costs shall be outside the policy limits.

(b) Automobile Liability Insurance. Covering, Code 1 (any auto), or if Subcontractor has no owned autos, Code 8 (hired) and 9 (non-owned), with a limit no less than \$1,000,000 per accident for bodily injury and property damage.

(c) Workers' Compensation Insurance. As required by the State or the state in which the work will be performed, with statutory limits, and employer's liability insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease. If Subcontractor is a sole proprietor, partnership or has no statutory requirement for workers' compensation, Subcontractor must provide a letter stating that it is exempt and agreeing to hold the State harmless from loss or liability for such.

(d) Professional Liability (Errors and Omissions, Malpractice) Insurance. Covering all staff with a minimum limit of \$1,000,000 per incident and a minimum aggregate of \$3,000,000. If the Subcontractor's policy is written on a "claims made" basis, the Subcontractor's must provide Anthem with proof of continuous coverage at the time the policy is renewed. If for any reason the policy expires, or coverage is terminated, Subcontractor's must purchase and maintain "tail" coverage through the applicable statute of limitations.

(e) Cyber Liability (first and third party). With limits not less than \$5,000,000 per claim, \$10,000,000 aggregate, must be sufficiently broad to respond to the duties and obligations as is undertaken by the Subcontractor for the services provided under the Program Contract and must include but not be limited to claims

involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security. The coverage must provide for breach response costs, as well as regulatory fines and penalties and credit monitoring expenses, with limits sufficient to respond to these obligations.

(f) The insurance obligations under Program Contract shall be the minimum insurance coverage requirements and/or limits shown in this Program Contract. Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of Program Contract are sufficient to cover the obligations of the Subcontractor under the Agreement.

(g) The insurance policies are to contain, or be endorsed to contain, the following provisions:

i. Additional Insured Status. Except for workers' compensation and professional liability insurance, the State, its officers, officials, and employees are to be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of the Subcontractor including materials, parts, or equipment furnished in connection with such work or operations. Coverage can be provided in the form of an endorsement to the Subcontractor's insurance.

ii. Primary Coverage. For any claims related to the Program Contract, the Subcontractor's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the State, its officers, officials, and employees shall be excess of the Subcontractor's insurance and shall not contribute to it.

iii. Umbrella or Excess Insurance Policies. Umbrella or excess commercial liability policies may be used in combination with primary policies to satisfy the limit requirements above. Such umbrella or excess commercial liability policies shall apply without any gaps in the limits of coverage, be at least as broad as and follow the form of the underlying primary coverage required above.

iv. Notice of Cancellation. Subcontractor shall provide Anthem within thirty (30) days' written notice of cancellation or material change to any insurance policy required above, except for non-payment cancellation. Material change shall be defined as any change to the insurance limits, terms, or conditions that would limit or alter the State's available recovery under any of the policies required above. A lapse in any required insurance coverage during this Agreement shall be a breach of this Agreement.

v. Waiver of Subrogation. Subcontractor hereby grants to the State a waiver of any right to subrogation, which any insurer of said Subcontractor may acquire against the State by virtue of the payment of any loss under such insurance. Subcontractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the State has received a waiver of subrogation endorsement from the insurer.

vi. Deductibles and Self-Insured Retentions. Deductibles and self-insured retentions must be declared to and approved by Anthem and the Agency. Agency may require the Subcontractor to provide proof of ability to pay losses and related investigations, claims administration and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the deductible or self-insured retention may be satisfied by either the named insured or the State.

vii. Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

1. The retroactive date must be shown and must be before the date of the Agreement or the beginning of work defined in the Agreement.

2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the work defined in the Agreement.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Agreement effective date, the Subcontractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work defined in the Agreement. The discovery period must be active during the extended reporting period.

viii. Verification of Coverage. Subcontractor shall furnish Anthem and the Agency with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by Anthem and/or the Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Subcontractor's obligation to provide them. The Agency reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

ix. Subcontractor. As stated in the Program Contract, Anthem is required to verify that all subcontractors maintain insurance meeting all the requirements stated herein, and ensure

that the State is an additional insured on insurance required from subcontractors.

13. General Confidentiality Requirements. Subcontractor shall treat all information, including medical records and any other health and enrollment information that identifies a particular Member or that is obtained or viewed by Subcontractor or through its employees as confidential information, consistent with the confidentiality requirements of 45 CFR parts 160 and 164. Subcontractor will comply with all confidential information requirements in the Program Contract. Subcontractor shall not use any information so obtained in any manner, except as may be necessary for the proper discharge of its obligations. Subcontractor who has a reasonable need to know such information for purposes of performing its duties under this Agreement shall use personal or patient information, provided that Subcontractor has first signed an appropriate non-disclosure agreement that has been approved and maintained by Anthem.

14. Indemnity. Without limiting Anthem rights under the Indemnification provision within the Agreement, Subcontractor will indemnify the State for any and all claims, damages, law suits, costs, judgments, expenses, and any other liabilities resulting from bodily injury to any person (including injury resulting in death) or damage to property that may arise out of or are related to Subcontractor's performance under the Program Contract, providing such bodily injury or property damage is due to the negligence of the Subcontractor, its employees, agents, or subcontractors.

15. Delegated Services. In the event that any services under the Program Contract are delegated, Anthem must;

13.1 Specific Confidentiality Requirements.

(a) Subcontractor agrees that it shall not use any information, systems, or records made available to it for any purpose other than to fulfill the obligations specified herein. Subcontractor specifically agrees to comply with state and federal confidentiality and information disclosure laws, rules, and regulations applicable to programs under which the Program Contract exists, including, but not limited to:

i. United States Code, 42 USC 1320d through 1320d-8 (HIPAA);

ii. Code of Federal Regulations, 42 CFR 431.300, 431.302, 431.305, 431.306, 435.945, 45 CFR 164.502(e), 164.504(e), and 162.100;

iii. Ohio Revised Code, ORC 173.20, 173.22, 2305.24, 2305.251, 3701.243, 3701.028, 4123.27, 5101.26, 5101.27, 5160.39, 5168.13, and 5165.88; and

iv. Corresponding Ohio Administrative Code rules.

(b) Subcontractor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the paper and/or electronic protected personal data and health information that it creates, receives, maintains, or transmits on behalf of ODM against use or disclosure not provided for by the Program Contract.

(c) Subcontractor agrees that access to the records and data provided by ODM or Anthem will be restricted to only those authorized employees, officials, subcontractors, and other persons who need it to perform duties related to the Program Contract. Upon request, Subcontractor agrees to provide Anthem or ODM with a complete listing of any and all such persons who shall have access to the above referenced records and/or data as needed.

(d) Subcontractor agrees that the above records and/or data and any records, reports, databases, and/or other derivative documents created from the information provided under the Program Contract shall be stored in an area that is physically safe from access from unauthorized persons during duty and non-duty hours. Information provided under the Program Contract shall be protected electronically to prevent unauthorized access by computer, remote access, or any other means. Subcontractor expressly agrees that no records will be accessed, tested, maintained, backed up or stored outside of the United States.

(e) Subcontractor shall not disclose any of the above referenced information to any third party not involved in specific written authorization of the Director of ODM.

(a) Monitor Subcontractor's performance on an ongoing basis and conduct a formal review at least annually to identify any deficiencies or areas for improvement;

(b) Communicate the results of the performance review to the Subcontractor and impose corrective action on the Subcontractor as necessary;

(c) Notify ODM and submit a corrective action plan to ODM if at any time the Subcontractor is found to be in noncompliance with Anthem's delegated contractual obligations;

(d) Report the results of the annual performance review and any corrective action plan to ODM; and

(e) Ensure there is no disruption in meeting the Anthem's contractual obligations to ODM, if Subcontractor or Anthems terminates the Agreement.

AMENDMENT NO. 10
TO THE
AMENDED AND RESTATED VENDOR AGREEMENT
BETWEEN ANTHEM, INC. AND AMERICAN WELL CORPORATION

This Amendment No. 10 (“Amendment No. 10”), dated and effective as of October 1, 2022 (“Amendment Effective Date”), is by and between Elevance Health, Inc., (“ANTHEM”) on behalf of itself and its Affiliates (“Elevance Health”) and American Well Corporation (“Supplier”), and amends that certain AMENDED AND RESTATED VENDOR AGREEMENT, between the Parties dated June 10, 2010 (the “Agreement”).

WHEREAS, ANTHEM and Supplier are parties to the Agreement; and

WHEREAS, ANTHEM and Supplier elect to amend the terms of the Agreement as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual agreements set forth below and other good and valuable consideration, intending to be legally bound, ANTHEM and Supplier hereby agree as follows:

1. **Exhibit H (Additional Required Clauses).** Exhibit H, attached hereto, is hereby incorporated into this Agreement.
 2. **Data Use Restrictions.** Supplier agrees that it shall not access, use, or disseminate any data or information provided by Anthem, in whatever form, for any purpose other than the performance of Supplier’s obligations under this Agreement. Notwithstanding the foregoing, Anthem acknowledges and agrees that, to the extent permitted by applicable law, Supplier may for the Permitted Purposes defined below collect, create, use, aggregate, and disclose (i) digital usage and performance data with respect to the use and performance of the Vendor Services that does not identify Members or Anthem and (ii) de-identified data about Members collected or generated by the Vendor Services as long as such data is devoid of any information that identifies Members or Anthem, or with regard to which there is a reasonable basis to believe that the information could be used to identify individuals. "Permitted Purposes" means (i) for statistical and marketing analysis, (ii) to analyze use of the Vendor services, (iii) to improve efficiency and service tools for the use of the Services, and to analyze how Vendor might improve the Vendor Services; (iv) for secondary research or clinical audit purposes, and (v) and for its internal business purposes provided they are consistent with the terms of this Agreement.
 3. **Inspection of Books and Records** In accordance with the standards set out in 42 C.F.R. 422.504(i) and/or 42 C.F.R. 423.505(i), irrespective of whether the line of business being inspected its Medicare Advantage or not, Vendor acknowledges that Company, Federal and/or State Agencies, or their designees have the right to timely access to inspect, evaluate and audit any books, contracts, medical records, patient care documentation, and other records of Vendor, or its downstream delegated, including but not limited to Subcontractors or transferees involving transactions related to Company’s contract through ten (10) years from the final date of the contract period or from the date of the completion of any audit, or for such longer period provided for in 42 CFR §422.504(e)(4) or other applicable law, whichever is later. For the purposes specified in this provision, Vendor agrees to make available Vendor’s premises, physical facilities and equipment, records relating to Company’s Covered Individuals, including access to Vendor’s computer and electronic systems and any additional relevant information that vendor, Federal and/or State auditors may require upon reasonable notice.
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4. **Compliance Program Effectiveness** The company maintains an effective Compliance Program and Standards of Business Conduct and requires its employees to act in accordance therewith. The Company will provide a copy of its then current Code of Conduct to Vendor upon request. Consistent with the preceding and to the extent applicable to performance under this Agreement, Company and its Subcontractors may be required to monitor for Fraud, Waste, and Abuse consistent with Federal and State guidance. Vendor acknowledges that certain guidance on Fraud, Waste and Abuse may be applicable to the Vendor's provision of the Services and agrees to take appropriate actions to identify and/or monitoring for such activities, including but not limited to producing Vendor's plan to monitor for Fraud, Waste, and Abuse. Company agrees that Vendor's Fraud Waste and Abuse Policies and Procedures may be provided as proof of satisfaction of these requirements.
5. **Adherence to New Compliance Requirements** Should Federal and/or State agencies enact new requirements that impact the Services being provided by Vendor or its Subcontractors, Vendor will provide written evidence of its/their or its/their Subcontractors compliance prior to the implementation date of the new requirement
6. **Identity of Elevance Health, Inc.** Elevance Health, Inc. hereby replaces Anthem, Inc. as a party under the Master Agreement. All references to Anthem are hereby replaced with Elevance Health.
7. **No Other Modifications**. Except as provided herein, and as previously amended, the terms and conditions of the original Agreement and prior amendments thereto shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, each of ANTHEM and Supplier has executed or caused to this Amendment No. 10 to be executed as of the date set forth above by its duly authorized representative.

SUPPLIER.

ANTHEM, INC.

By: s/o Brad Gay _____
 Printed Name Brad Gay
 Title: General Counsel
 Date: 11/4/22 _____

By: s/o Anar Pathak _____
 Printed Name:
 Title: Director, Sourcing _____
 Date: 11/4/22 _____

1. **INCORPORATED CLAUSES.** The Federal Acquisition Regulation (FAR) clauses and Code of Federal Regulations (CFR) provisions referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text:
 - (i) FAR 52.204-23, Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities (NOV 2021) (Section 1634 of Pub. L. 115-91).
 - (ii) FAR 52.204-25, Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment. (NOV 2021) (Section 889(a)(1)(A) of Pub. L. 115-232).
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- (iii) **41 CFR: Contractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a), when monetary threshold requirements contained therein apply. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, national origin, or for inquiring about, discussing, or disclosing information about compensation. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. Contractor additionally agrees to comply with the employee notice provisions set forth in 29 CFR Part 471, Appendix A to Subpart A (Executive Order 13496), when applicable.**

END OF EXHIBIT H

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICERS PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Ido Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended September 30, 2022;
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 officers 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(e) 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 officers 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: November 8, 2022

By: /s/ Ido Schoenberg
Ido Schoenberg
Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation. for the period ended September 30, 2022;
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 officers 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(e) 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 officers 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: November 8, 2022

By: /s/ Roy Schoenberg
Roy Schoenberg
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Shepardson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended September 30, 2022;
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 officers 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(e) 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 officers 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: November 8, 2022

By: /s/ Robert Shepardson
Robert Shepardson
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICERS PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ido Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended September 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: November 8, 2022

By: /s/ Ido Schoenberg
Name: Ido Schoenberg
Title: Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended September 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: November 8, 2022

By: /s/ Roy Schoenberg
Name: Roy Schoenberg
Title: Chief Executive Officer
(Principal Executive Officer)

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

I, Robert Shepardson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended September 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: November 8, 2022

By: /s/ Robert Shepardson
Name: Robert Shepardson
Title: Chief Financial Officer
(Principal Financial Officer)
