



Apollo Medical Holdings

March 2023

Powered by Technology.

Built by Doctors.

For Patients.



Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include any statements about the Company's business, financial condition, operating results, plans, objectives, expectations and intentions, expansion plans, integration of acquired companies and any projections of earnings, revenue, EBITDA, Adjusted EBITDA or other financial items, such as the Company's projected capitation and future liquidity, and may be identified by the use of forward-looking terms such as "anticipate," "could," "can," "may," "might," "potential," "predict," "should," "estimate," "expect," "project," "believe," "plan," "envision," "intend," "continue," "target," "seek," "will," "would," and the negative of such terms, other variations on such terms or other similar or comparable words, phrases or terminology. Forward-looking statements reflect current views with respect to future events and financial performance and therefore cannot be guaranteed. Such statements are based on the current expectations and certain assumptions of the Company's management, and some or all of such expectations and assumptions may not materialize or may vary significantly from actual results. Actual results may also vary materially from forward-looking statements due to risks, uncertainties and other factors, known and unknown, including the risk factors described from time to time in the Company's reports to the U.S. Securities and Exchange Commission (the "SEC"), including without limitation the risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and subsequent Quarterly Reports on Form 10-Q.

Because the factors referred to above could cause actual results or outcomes to differ materially from those expressed or implied in any forward-looking statements, you should not place undue reliance on any such forward-looking statements. Any forward-looking statements speak only as of the date of this presentation and, unless legally required, the Company does not undertake any obligation to update any forward-looking statement, as a result of new information, future events or otherwise.

ApolloMed

is a **physician-centric, tech-powered, value-based** healthcare platform accelerating the transition towards a future where all can get access to high quality healthcare



\$1.14B

TTM Revenue¹

\$140M

TTM Adj. EBITDA¹

1.3M

Patients Managed
in VBC Contracts²

>4.2X

Gross Savings vs. Median
ACO 2017-2021³

(1) For more information, see "Reconciliation of TTM and 12 Months Net Income to EBITDA and Adjusted EBITDA" and "Use of Non-GAAP Financial Measures" slides for more information

(2) As of December 2022. This figure excludes patients that are purely Fee-for-Service.

(3) Gross savings defined as total benchmark expenditures less total aligned beneficiary expenditures



ApolloMed investment highlights



1. Accelerating high quality, value-based care across **all patient populations**¹



2. TAM of **\$2T**, growing across all populations and geographies



3. Scalable approach that empowers entrepreneurial providers to **deliver value-based care** and industry-leading outcomes



4. Purpose-built technology platform leveraging **25+ years** of real-world clinical data



5. **Profitable**, highly replicable unit economics



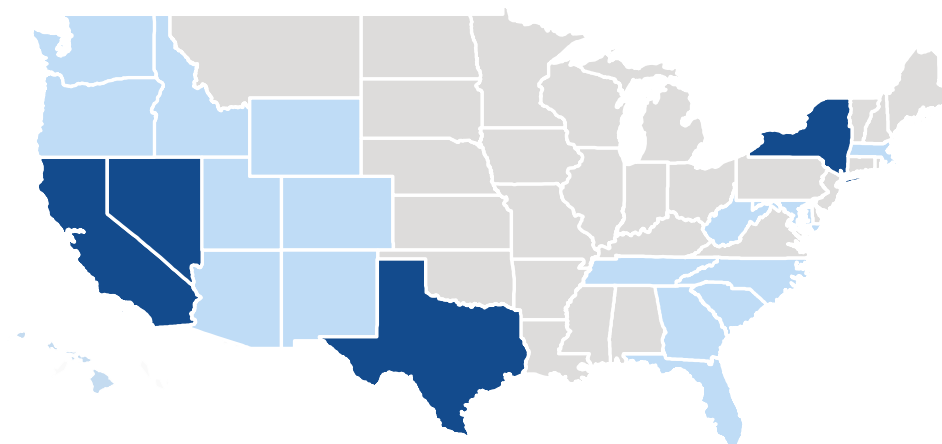
6. **Strong growth** with **4-year CAGR**² for revenue of **26%** and for adj. EBITDA of **27%**

We have laid a solid foundation for rapid growth

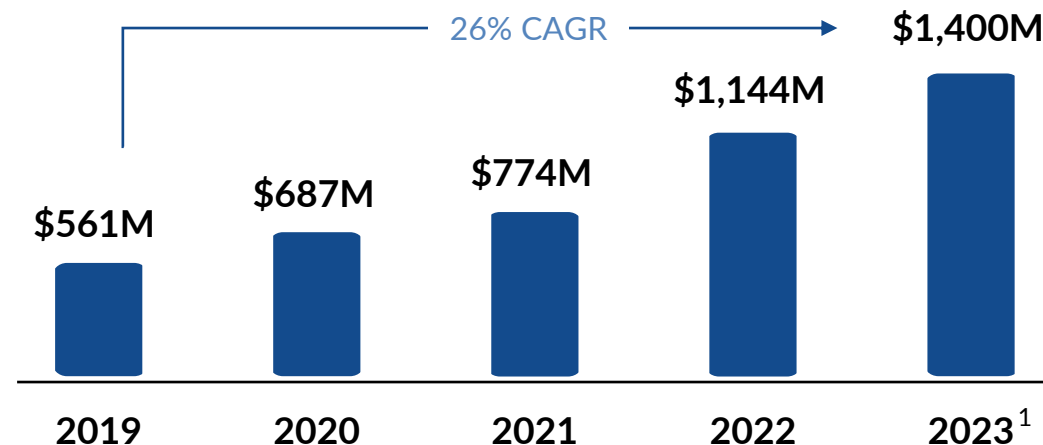
Longstanding Relationships with National and Local Payers



Our Geographic Footprint



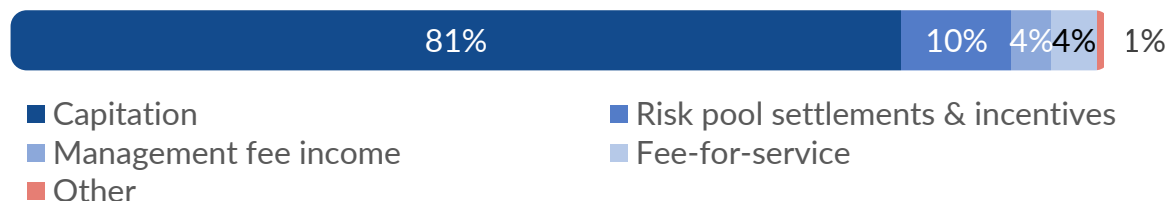
Yearly Revenue



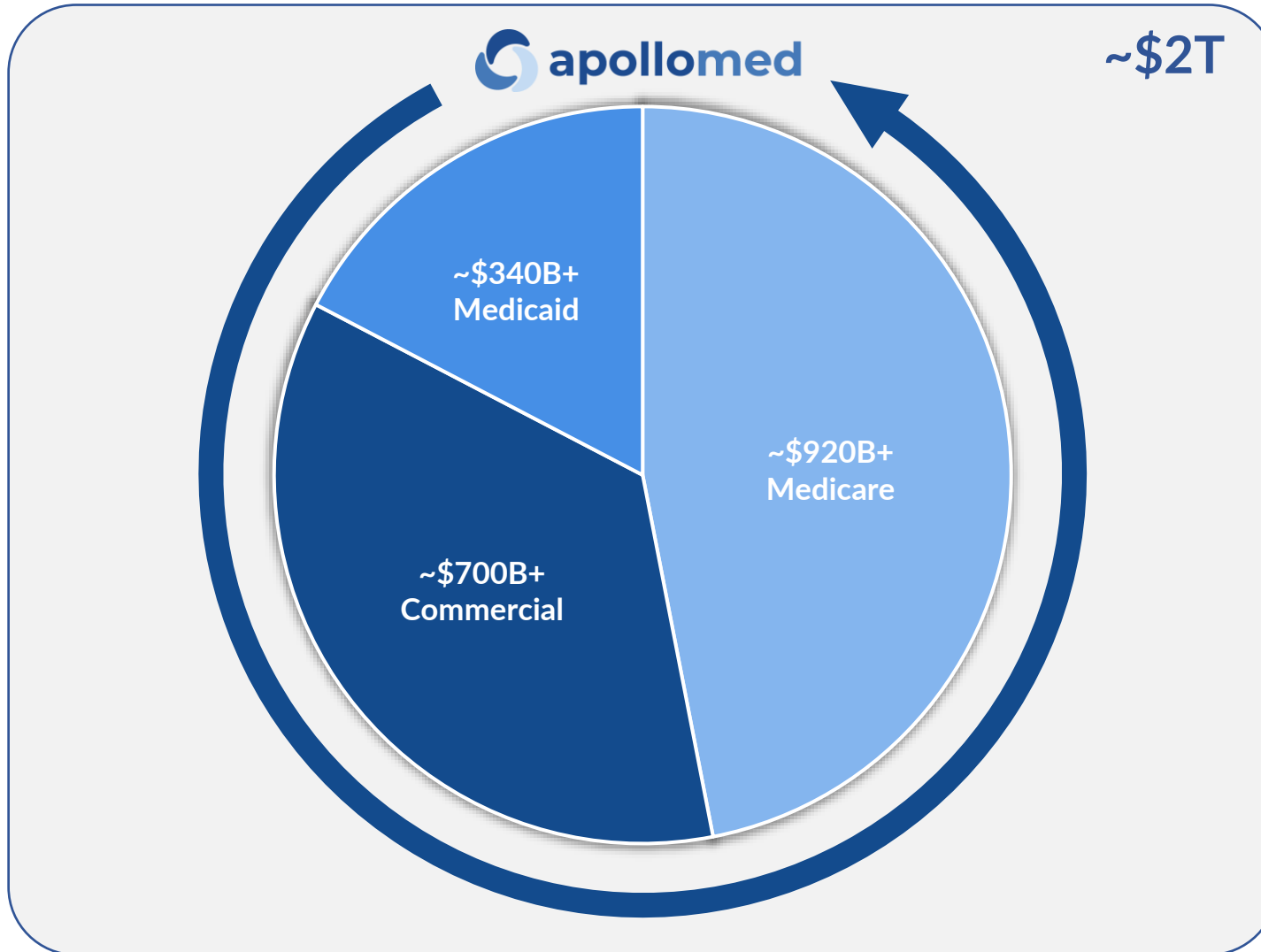
Revenue by Line of Business²



Revenue by Type²



Payer agnostic platform captures outsized TAM and delivers better experience for patients, providers, and payers



Better for patients

- Enhanced patient experience and care continuity across payer, plan, and stage of life

Better for providers

- Can be empowered across their entire panel via ApolloMed platform

Better for payers

- Can partner with ApolloMed across all their lines of business

We are radically transforming how care is delivered at scale, serving...



All Patients

- 1.3M patients managed in value-based contracts
- We serve Medicare Fee-for-Service (Original Medicare), Medicare Advantage (MA), Medicaid, and Commercial patients

All Provider Partners

- 11,000+ contracted providers in our physician network across all specialties
- Our partners include clinics, hospitals, ASCs, SNFs, UCs, labs, and diagnostics centers¹

All Payment Arrangements

- Tech platform supports capitation, shared savings, FFS and other flexible value-based arrangements
- 20+ payer partners, with an average partnership of ~15 years

All Models

- **Value-Based Care (VBC):** We enter risk-bearing partnerships with entrepreneurial providers
- **Value-Based Enablement (VBE):** We offer practice management and payer tools as a service for a percentage of practice collections

VBC infrastructure and tech stack drives highly replicable and scalable results across all patients, allowing providers to grow and succeed across value-based arrangements

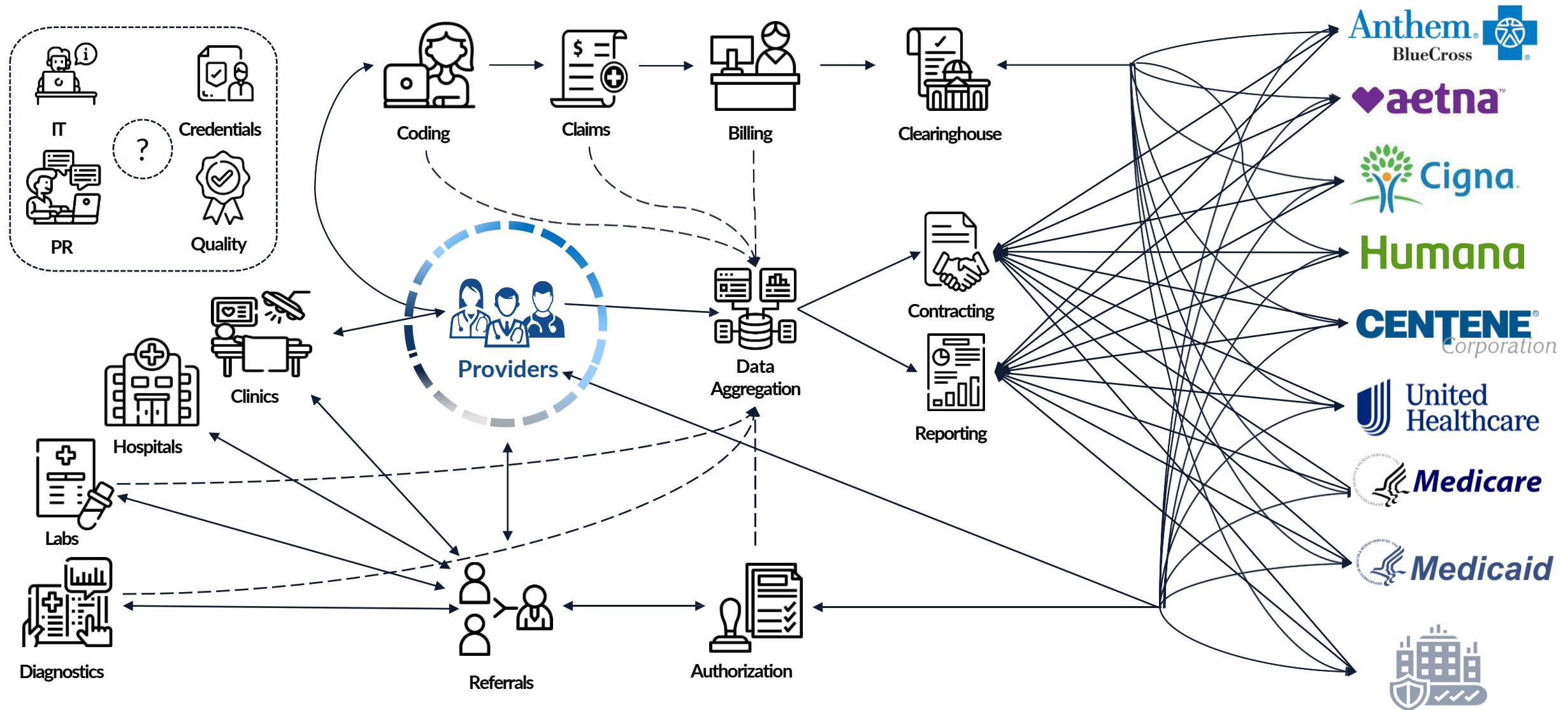


(1) ASC is ambulatory surgical center, i.e., outpatient procedures; SNF is skilled nursing facility; UC is urgent care

Industry Overview and ApolloMed Value Proposition



Providers currently face complex administrative and care coordination hurdles

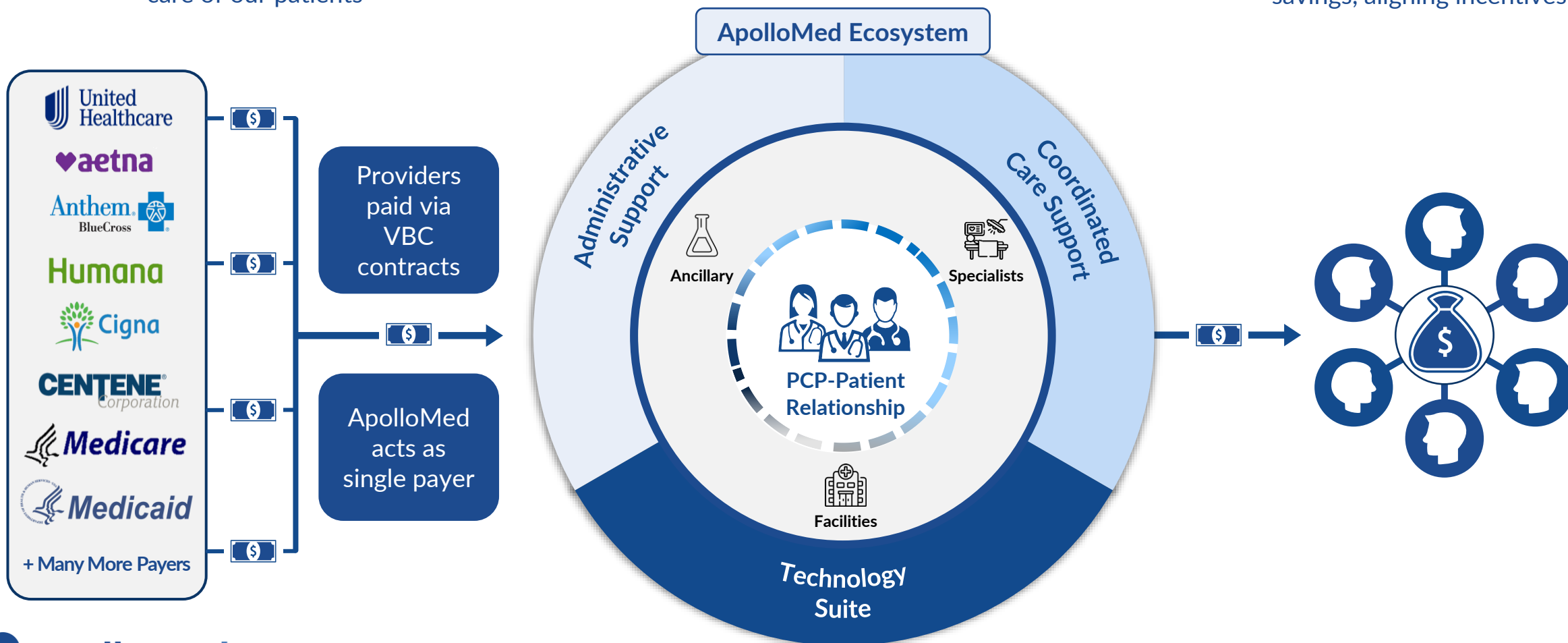


ApolloMed acts as a “single payer,” connects health ecosystem participants, and integrates clinical, tech, and administrative support for providers

1 ApolloMed is paid to assume risk for the care of our patients

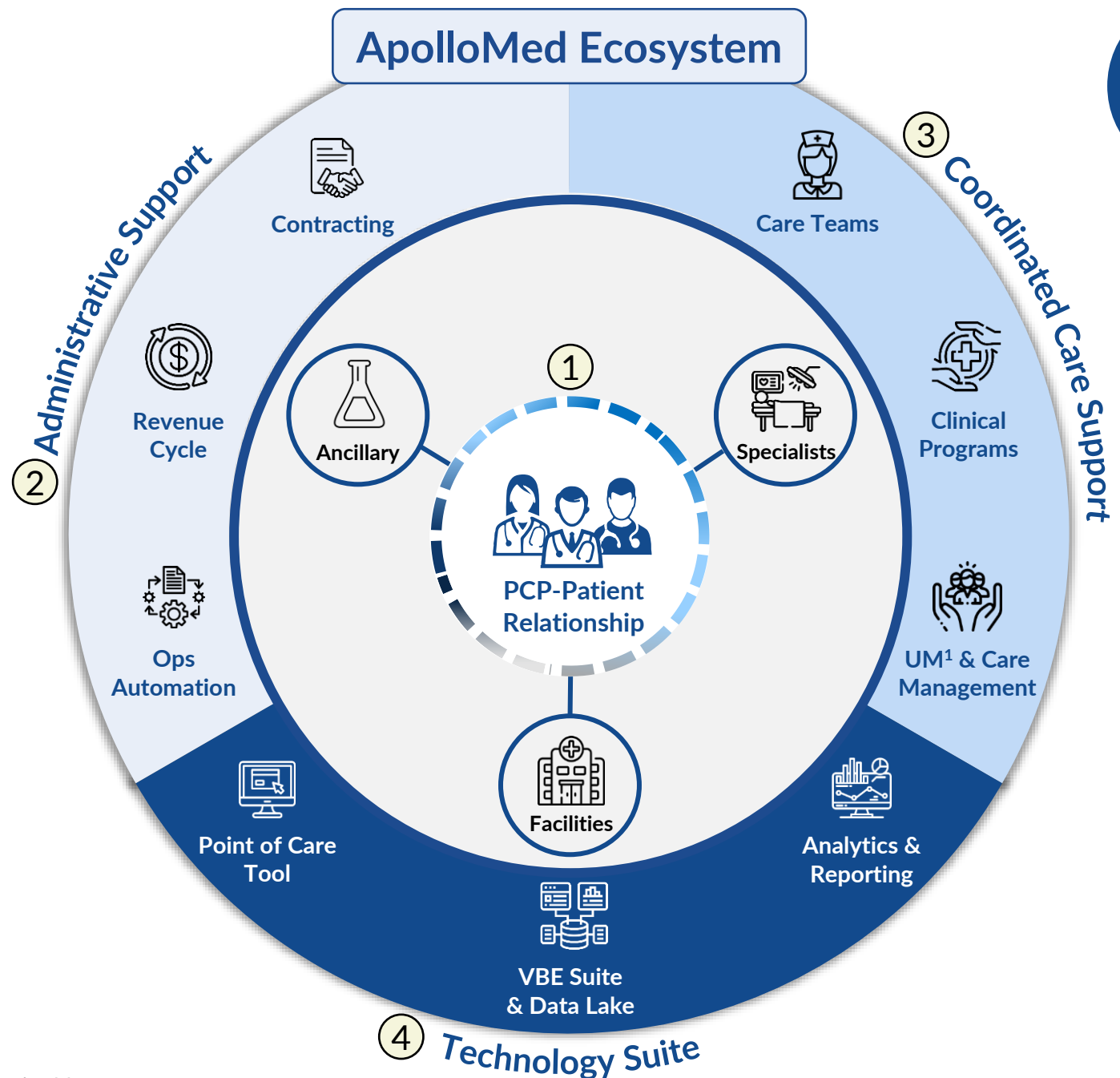
2 We build high-quality networks and enable providers via our care teams and technology platform

3 We reimburse providers in a subscription model and share savings, aligning incentives



The ApolloMed 360° care model seamlessly wraps around our providers' operations, enabling them to thrive in value-based care arrangements

- 1 We build high quality specialist and facility networks around our PCPs
- 2 Our providers leverage ApolloMed's scaled, seamless administrative solutions
- 3 Coordinated care teams create unified care plans for patients and support them throughout healthcare journey
- 4 Our technology suite provides an interoperable, best-in-class experience



We are changing healthcare through a physician-centric approach that provides flexibility and scale for our providers

Industry Status Quo



No unified care plan for patients across multiple visits to a fragmented healthcare system



Physicians must choose to be employed or tackle administrative functions alone



Complex reporting requirements and incongruous incentives from different payers



Many different tech stacks and non-interoperable point solutions



Physicians can only serve limited patients

ApolloMed



Patients supported throughout care journey by our ecosystem and care teams



Entrepreneurial physicians can remain independent and partner with ApolloMed



Capitated reimbursement and value-based incentives with ApolloMed as payer

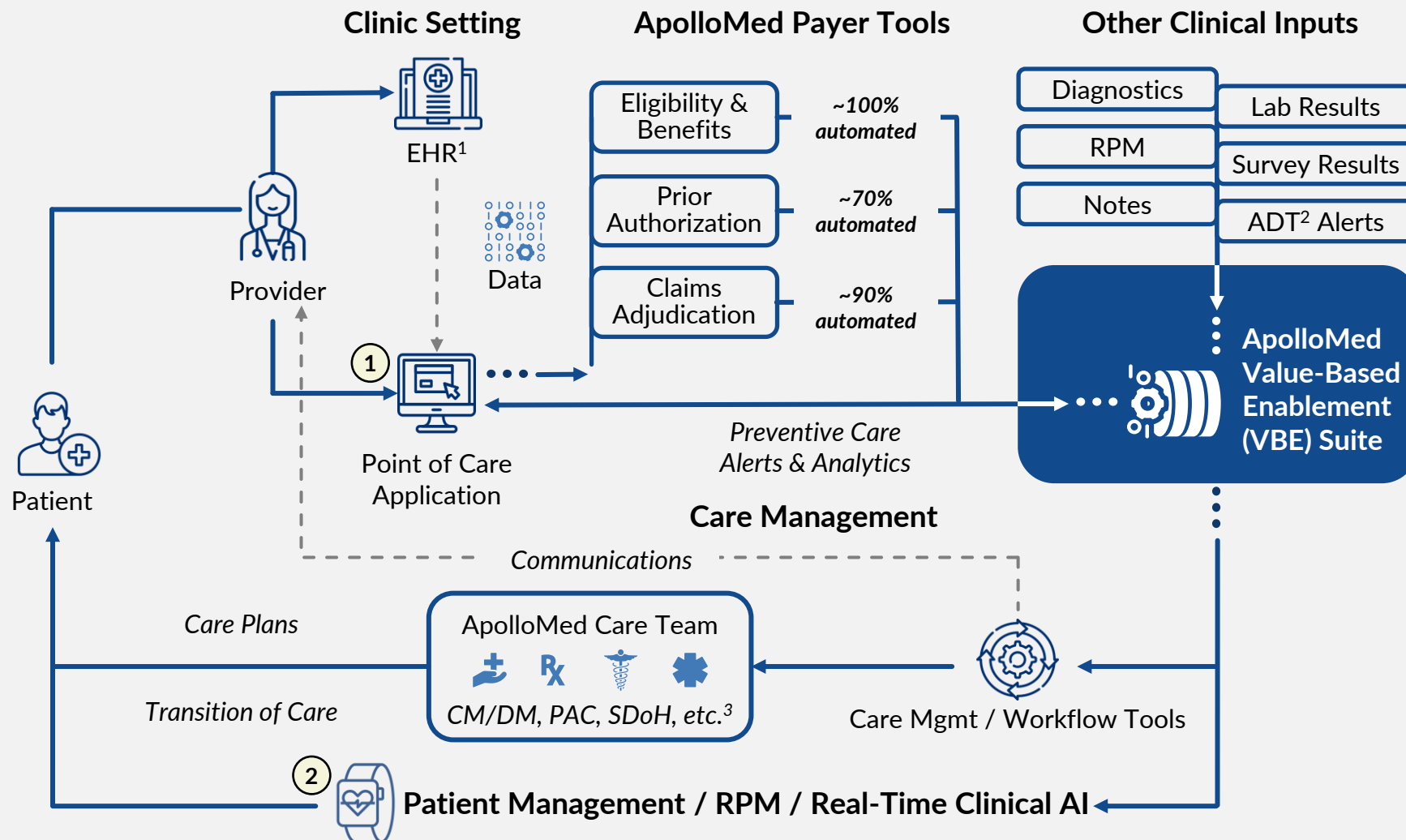


Data aggregated onto interoperable platform; providers leverage ApolloMed tech-suite



Physicians can support patients through different life stages and payer choices

Our platform is powered by our proprietary technology suite, connecting patients, providers, and payers



ApolloMed Provider Portal

- 1 Quality performance
- 2 Member eligibility
- 3 Care plans
- 4 Authorizations and claims
- 5 Gaps in care
- 6 Longitudinal patient record

Provider Portal

Quality Overview

Eligibility

Authorization

Claims

Case Management 7134

New Documents

HCC

Resources

Contact Us

Vendor Portal

Legacy Portal SWITCH

Account Settings

Logout

Quality Overview

PROVIDER

APC - PULPHERIA STREET (MCINTOSH PARK)

Member Overview

Past 3 Months

Year to date

Print

Download

New members 66

Start Date

12/01/2022

12/01/2022

11/01/2022

11/01/2022

01/01/2023

Termed Members 68

Measure Year

2022

Senior Quality Measures Overview

Overall Star Rating: 4.33

AWV Completion Rating: 85.86%

Poor

Best Measures

Needs Improvement

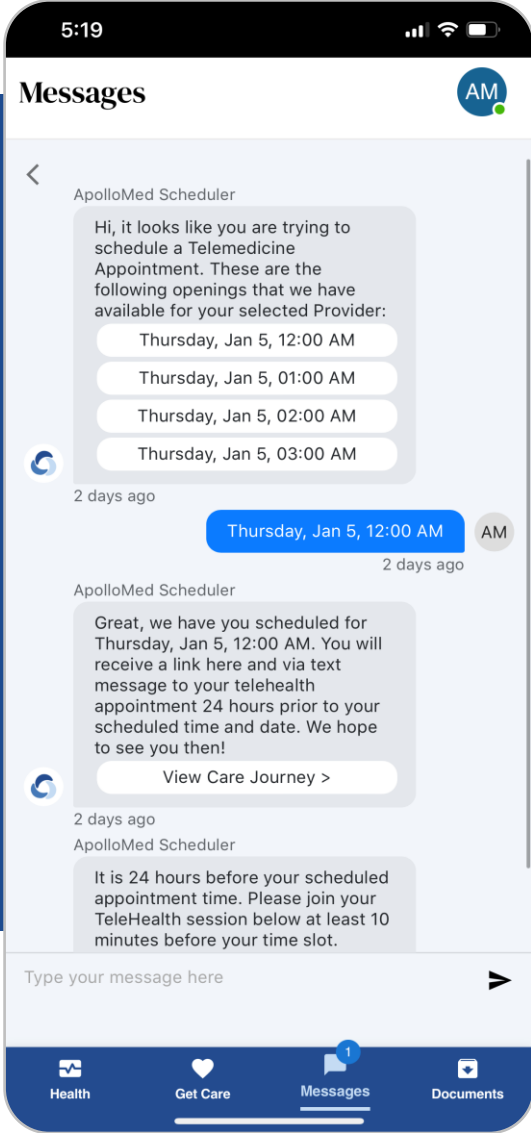
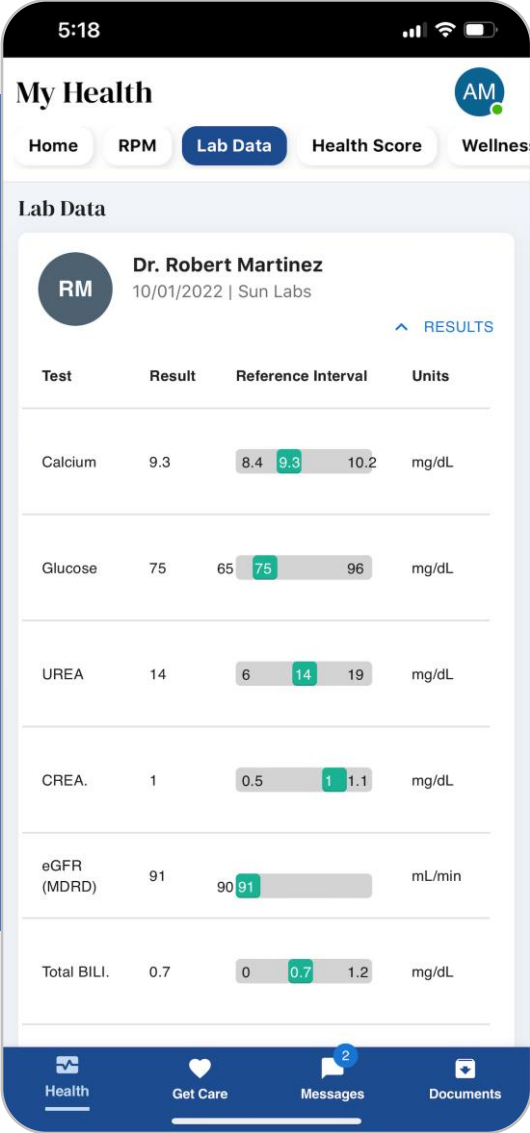
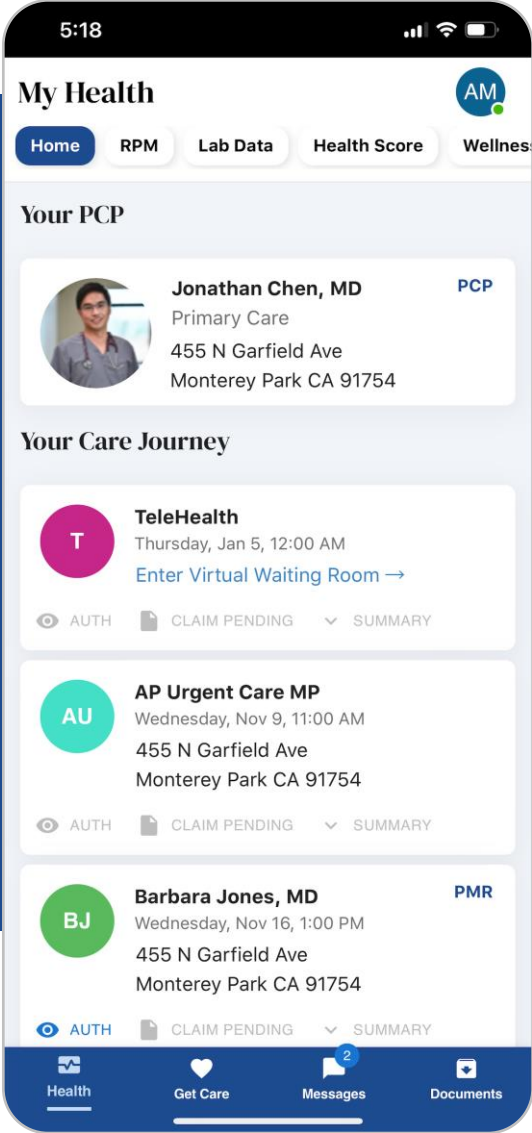
Excellent

Controlling High Blood Pressure (CBP)

Transitions of Care (TRC) Medication Reconciliation Post-Discharge (MRP)

ApolloMed Patient App

- 1 Telehealth scheduling
- 2 Personal health data
- 3 Virtual wellness checks
- 4 Past and upcoming visits

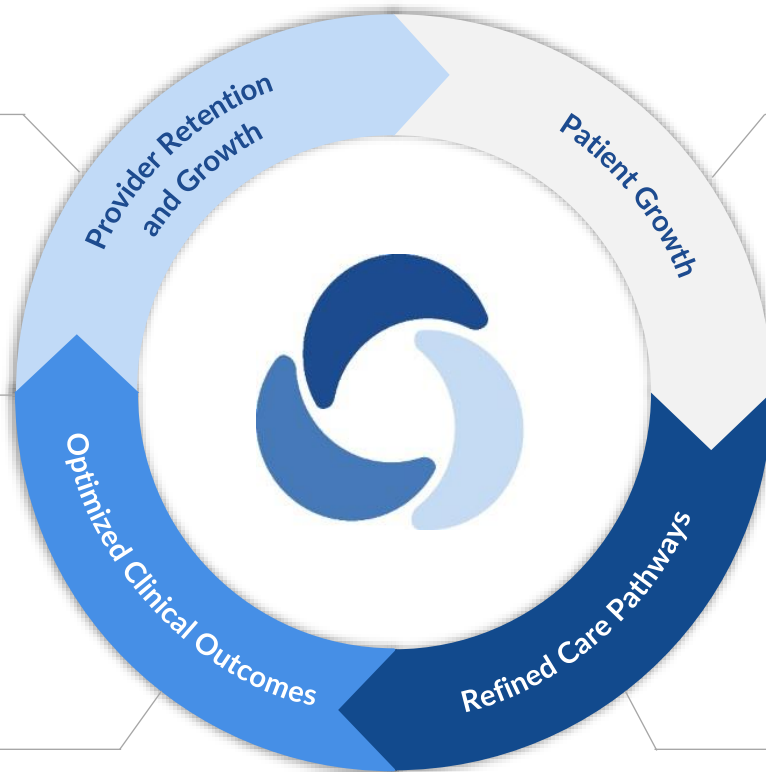


ApolloMed creates a flywheel powered by deep experience, an extensive provider network, and proprietary technology

Existing providers will continue to grow with ApolloMed, and our success will attract more like-minded physicians to our platform

Providers will succeed in value-based arrangements with ApolloMed

Personalized & effective care will engage patients and lower the total cost of care



Patient growth allows for greater investment in resources to support patients

Ongoing investment in technology and analytics capabilities

Improved care pathways and predictive models serve the unique needs of the communities we serve

Our flywheel drives sustainable growth & entrenches us as the platform of choice for providers, payers and patients

Growth Strategy



Two clear levers combine to drive 30%+ growth per year

Expanding membership

Develop clinical excellence and local scale to attract membership

Membership expansion drivers

Core CA	Leveraging our dense, high quality provider network and best-in-class facilities
New CA	Extending our specialist and facility partnerships around existing anchor PCP groups
Ex-CA	Securing nationwide payer contracts and establishing local provider partnerships

Increasing risk in value-based contracts

Take more risk and manage to great clinical outcomes

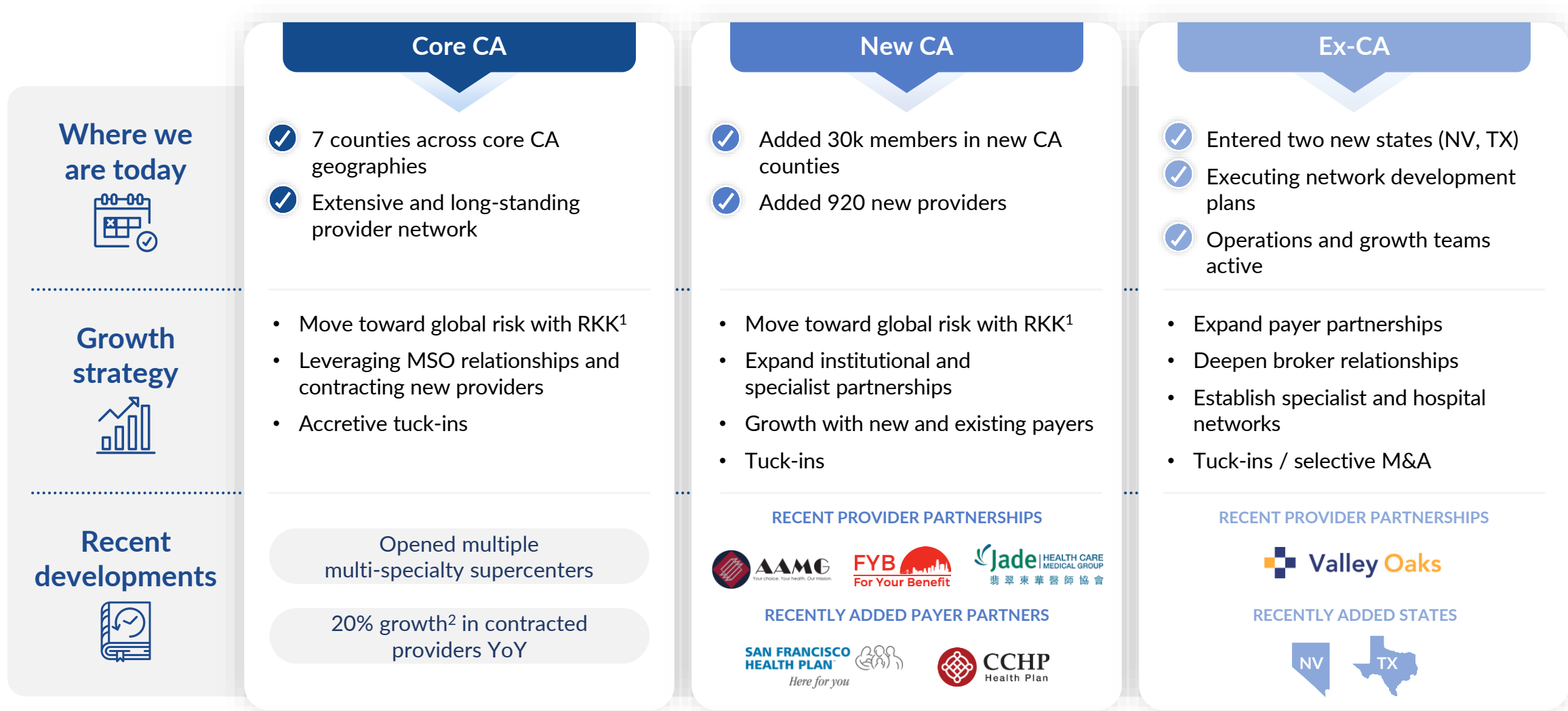
Members by risk type and geography

Lower risk (\$)

Higher risk² (\$)

	FFS	PCP Cap Only ¹	Professional Risk	Full Risk	Global Risk
Core CA	500K+	N/A	250K – 500K	250K – 500K	10K – 100K
New CA	500K+	N/A	5K – 10K	5K - 10K	<5K
Ex-CA	500K+	<5K	N/A	N/A	N/A

Multi-faceted growth strategy across our markets



Outcomes

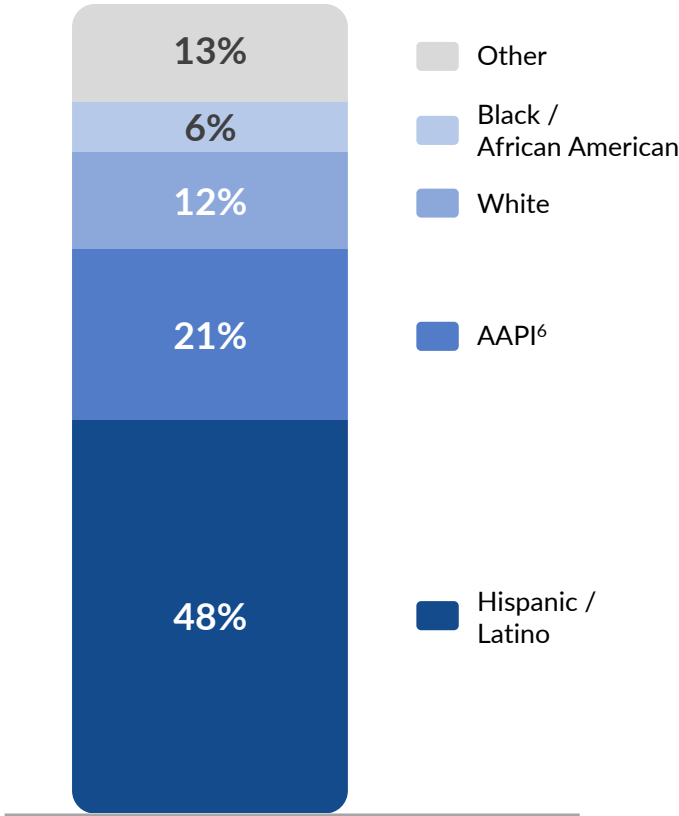


Consistent clinical outcomes across diverse populations and demographics

Medicare Advantage and ACO Clinical Outcomes

	Inpatient Bed Days / K		ER Visits / K		Readmission Rate	
Medicare Advantage ¹	727	54% ³ Lower than benchmark	194	61% ³ Lower than benchmark	6.3%	63% ⁴ Lower than benchmark
ACO ²	751	53% ³ Lower than benchmark	328	34% ³ Lower than benchmark	8.2%	52% ⁴ Lower than benchmark

Ethnicities Served⁵



Purpose-built technology platform enables best-in-class clinical outcomes to be delivered for all Americans



(1) Figures based on analysis of Jan-Sept 2022 internal data from all consolidated IPAs; (2) 2022 GPDC ACO Model, figures based on analysis of internal data from Jan-Sept 2022; (3) Centers for Medicare and Medicaid Services, Office of Enterprise Data and Analytics, CMS Chronic Conditions Data Warehouse; (4) Agency for Healthcare Research and Quality (Department of Health and Human Services); (5) Ethnicities of members across all IPAs, based on analysis of internal data from Dec 2022; (6) Asian American and Pacific Islander

Our ACO has demonstrated sustainable success, proving our ability to deliver savings and quality in value-based agreements

ApolloMed's ACO consistently among top analogous ACOs in country:



2021 gross savings \$

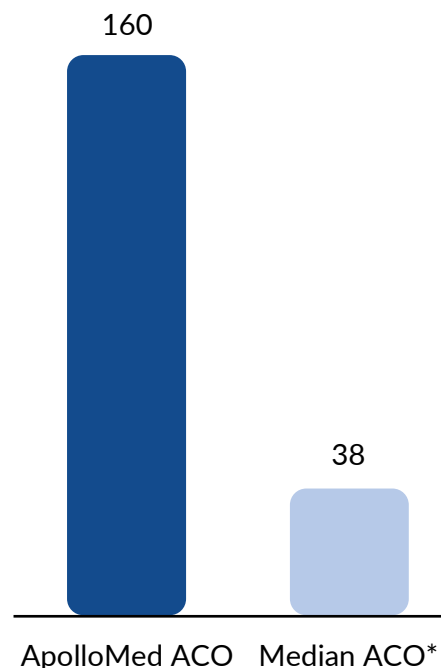


2020 gross savings \$



2019 gross savings \$

Gross savings (\$M)¹, 2017-2021

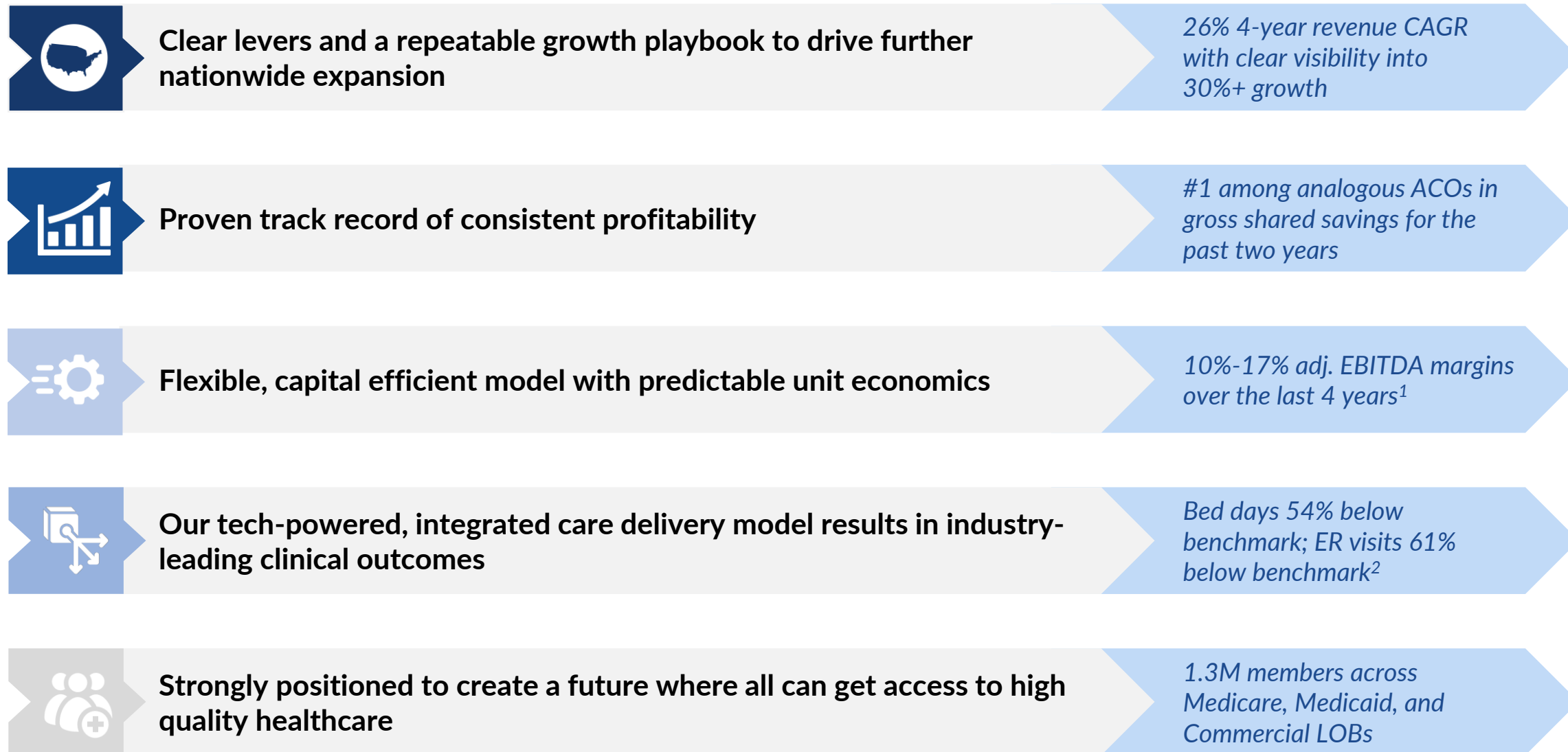


*Median gross savings for ACOs which participated in analogous program during 2017-2021

Transition to DCE in 2022

- ✓ Leveraged extensive ACO and AIPBP experience to seamlessly transition to paying claims and managing global risk in DCE
- ✓ Launched new care coordination initiatives for high-risk populations
- ✓ Created new quality initiatives to improve AWW completion and clinical outcomes

Key takeaways



Appendix



Financial Data

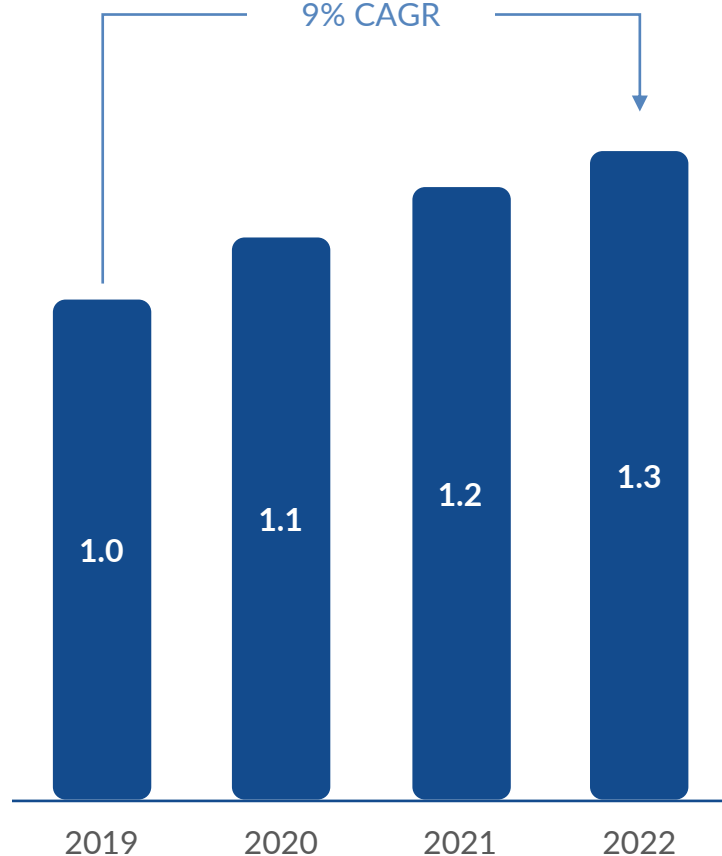


We have a strong track record of revenue growth and a robust EBITDA profile

Membership

(millions)

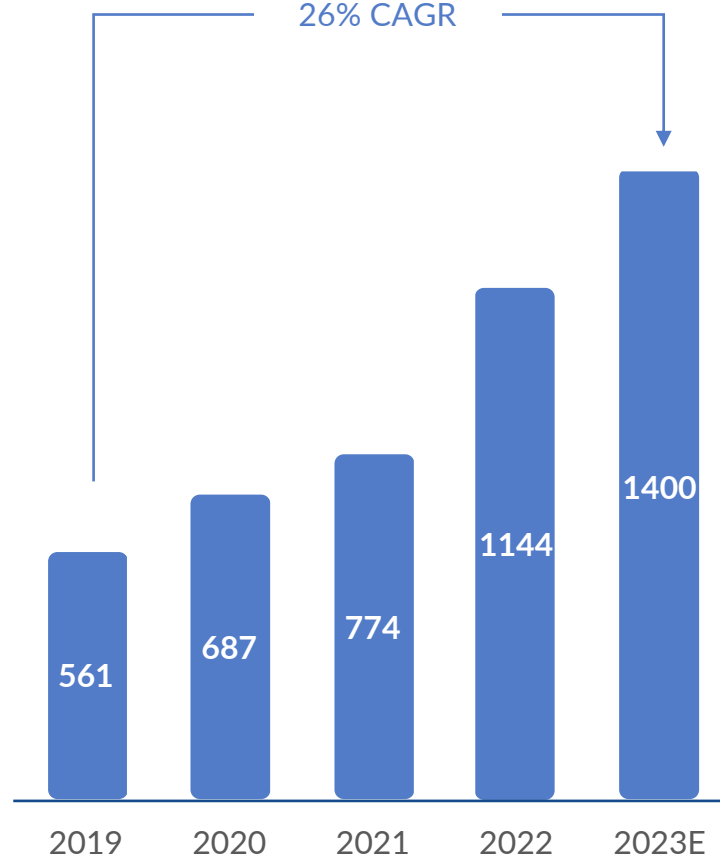
9% CAGR



Revenue

(\$ in millions)

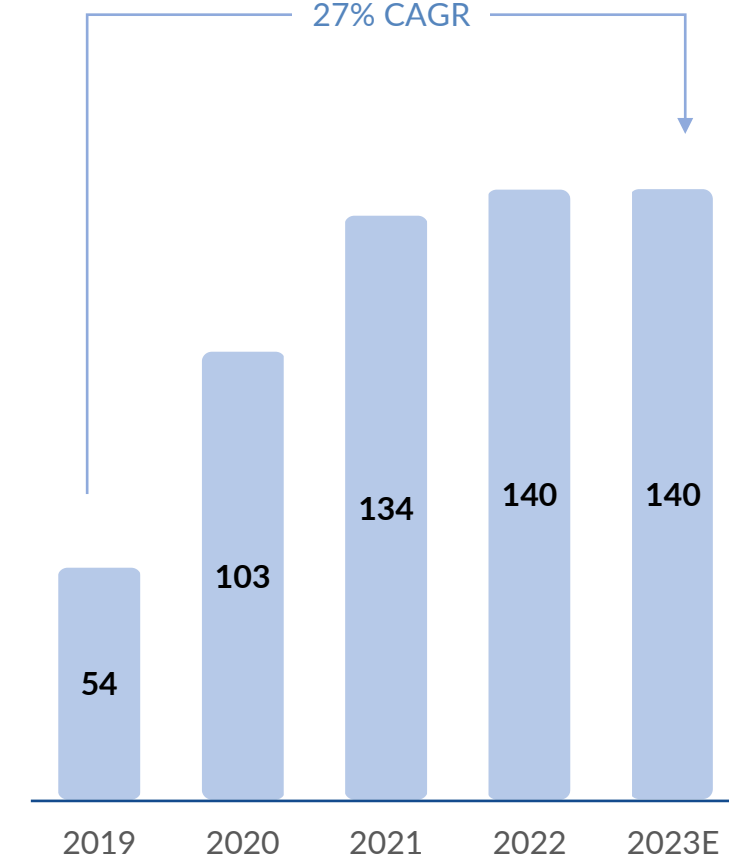
26% CAGR



Adjusted EBITDA¹






(\$ in millions)

27% CAGR



Source: Internal data; (1) Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization, excluding income or loss from equity method investments, non-recurring transactions, stock-based compensation, and APC excluded assets costs. Beginning the third quarter ended September 30, 2022, the Company revised the calculation for Adjusted EBITDA to exclude provider bonus payments and losses from recently acquired IPAs, which it believes to be more reflective of its business. Please refer to the "2023 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA," "Reconciliation of TTM and 12 Months Net Income to EBITDA and Adjusted EBITDA," and "Use of Non-GAAP Financial Measures" slides for more information

ApolloMed is a scaled player with a proven and profitable model

					
Business Model¹	Affiliate-provider model	Affiliate-provider model	Affiliate-provider model	Affiliate-provider Model	Affiliate-provider model
Members Served	1.3M	856k ²	358.6k ³	93.5k ⁴	101k ⁵
Serves All Patient Types^{1,6}	✓	✓	✗	✗	✗
Market Capitalization⁷	\$2.1B	\$3.2B	\$8.7B	\$360.1M	\$46.6M
2023E Revenue⁸	\$1,300M - \$1,500M ⁹	\$1,600M ²	\$4325M ³	\$725M ⁴	\$1,225M ⁵
2023E Adj. EBITDA⁸	\$120M - \$160M ¹⁰	\$72M ²	\$82.5M ³	\$30M ⁴	(\$50M) ⁵

(1) Based on recent company filings or investor presentations; (2) Privia Health Q4-YE 2022 Earnings Release (Feb 2023); (3) agilon health Q4-YE 2022 Earnings Release (Mar 2023); (4) CareMax Q4-YE 2022 Earnings Release (Mar 2023); (5) P3 Health Partners Q3 2022 Press Release (Nov 2022) + 1/11/23 Press Release; (6) Patient types include Medicare (incl. Medicare Advantage), Medicaid, and Commercial members; (7) Diluted shares outstanding as of Q3 2022 10-Qs or 2022 10-Ks, stock prices used to calculate market cap as of 3/1/23; (8) Peer 2023E Revenue and Adj. EBITDA based on midpoint of company provided guidance; (9) ApolloMed 2023E Revenue as reported its Q4-YE 2022 earnings release; (10) Please refer to the "2023 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA" and "Use of Non-GAAP Financial Measures" slides for more information.

2023 Guidance

(\$ in millions, except for per share information)	Actual YE 2022 Results	2023 Guidance Range
Total Revenue	\$1,144.2	\$1,300.0 - \$1,500.0
Net Income ¹	\$50.5	\$49.5 - \$71.5
EBITDA ^{1,2}	\$110.1	\$89.5 - \$129.5
Adjusted EBITDA ²	\$140.0	\$120.0 - \$160.0
EPS - Diluted	\$1.08	\$0.95-\$1.20

(1) Net income and EBITDA forecast includes the impact of APC excluded assets, which assumes no change in value.

(2) See “Reconciliation of Net Income to EBITDA and Adjusted EBITDA,” “2023 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA” and “Use of Non-GAAP Financial Measures” slides for more information. There can be no assurance that actual amounts will not be materially higher or lower than these expectations. See “Forward-Looking Statements” on slide 2.

2023 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)	Year Ending December 31, 2023	
	Low	High
Net income	\$ 49.5	\$ 71.5
Interest expense	1.0	1.0
Provision for income taxes	23.0	38.0
Depreciation and amortization	16.0	19.0
EBITDA¹	\$ 89.5	\$ 129.5
Loss (income) from equity method investments	\$ (0.8)	\$ (0.8)
Other, net	3.3	3.3
Stock-based compensation	16.0	16.0
APC excluded assets costs	12.0	12.0
Adjusted EBITDA¹	\$ 120.0	\$ 160.0

(1) See "Use of Non-GAAP Financial Measures" slide for more information.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income	\$ 0.5	\$ (19.3)	\$ 50.5	\$ 49.3
Interest expense	2.6	1.1	7.9	5.4
Interest income	(1.3)	(0.2)	(2.0)	(1.6)
(Benefit from) provision for income taxes	10.0	(3.1)	36.1	28.5
Depreciation and amortization	4.0	4.4	17.5	17.5
EBITDA ¹	\$ 15.8	\$ (17.2)	\$ 110.1	\$ 99.1
Income from equity method investments	\$ (0.3)	\$ (0.0)	\$ (0.7)	\$ (0.3)
Gain on sale of equity method investment	-	-	-	(2.2)
Other, net	1.9 ²	(0.8) ³	3.3 ⁴	(1.7) ³
Stock-based compensation	5.6	2.4	16.1	6.7
APC excluded assets costs	0.6	31.0	11.3	31.9
Adjusted EBITDA ¹	\$ 23.7	\$ 15.4	\$ 140.0	\$ 133.5

(1) See "Use of Non-GAAP Financial Measures" slide for more information

(2) Other, net for the three months ended December 31, 2022, relates to changes in the fair value of mandatory purchase of investments and contingent considerations.

(3) Other, net for the for the year ended December 31, 2022, relates to transaction costs incurred and changes in the fair value of mandatory purchase of investments and contingent considerations.

(4) Other, net for the three months and year ended December 31, 2021, relates to stimulus checks received in 2021.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (Full Year)

(\$ in millions)	Year ended December 31,			
	2022	2021	2020	2019
Net income	\$50.5	\$49.3	\$122.3	\$17.7
Interest expense	7.9	5.4	9.5	4.7
Interest income	(2.0)	(1.6)	(2.8)	(2.0)
Provision for income taxes	36.1	28.5	56.1	8.2
Depreciation and amortization	17.5	17.5	18.4	18.3
EBITDA¹	110.1	99.1	203.5	46.8
Goodwill impairment	-	-	-	2.0
(Income) loss from equity method investments	(0.7)	(0.3)	(0.0)	0.2
Gain on sale of equity method investment	-	(2.2)	-	-
Other, net	3.3	(1.7)	(0.5)	-
Stock-based compensation	16.1	6.7	3.4	0.9
APC excluded assets costs	11.3	31.9	(103.6)	4.3
Adjusted EBITDA¹	\$140.0	\$133.5	\$102.8	\$54.2

(1) See "Use of Non-GAAP Financial Measures" slide for more information.

Summary of Selected Financial Results – Breaking Out Excluded Assets

\$ in millions		Year Ended December 31, 2022		
		ApolloMed Consolidated	Excluded Assets	ApolloMed Assets
Revenue				
Capitation, net	\$	930.1	-	930.1
Risk pool settlements and incentives		117.3	-	117.3
Management fee income		41.1	-	41.1
Fee-for-service, net		49.5	-	49.5
Other income		6.2	-	6.2
Total revenue		1,144.2	-	1,144.2
Total operating expenses		1,039.9	2.4	1037.6
Income (loss) from operations		104.3	(2.4)	106.6
Total other (expense) income, net	\$	(17.6)	(10.3)	(7.3)
Net income (loss)	\$	50.5	(18.4)	68.9

Summary Balance Sheet – Breaking Out Excluded Assets

\$ in millions	December 31, 2022		
	ApolloMed Consolidated	Excluded Assets	ApolloMed Assets
Current assets			
Cash and cash equivalents	\$ 288.0	30.2	257.8
Investments in marketable securities	5.6	4.5	1.1
Receivables, net	52.6	-	52.6
Receivables - related parties and loan receivable - related party	67.2	-	67.2
Other receivables, prepaid expenses and other current assets	17.6	0.8	16.8
Income taxes receivable	4.0	(1.1)	5.1
Total current assets	435.0	34.4	400.6
Non-current assets			
Land, property, and equipment, net	108.5	101.3	7.2
Goodwill and intangibles	352.6	-	352.6
Loan receivable and loan receivable - related parties, net of current portion	-	-	-
Investments in other entities and privately held entities	41.2	27.6	13.6
Other assets and right-of-use assets	26.5	3.2	23.3
Total non-current assets	528.8	132.1	396.7
Total assets	\$ 963.8	166.5	797.3

Summary Balance Sheet – Breaking Out Excluded Assets (continued)

\$ in millions	December 31, 2022		
	ApolloMed Consolidated	Excluded Assets	ApolloMed Assets
Current liabilities			
Fiduciary payable, accounts payable and accrued liabilities	\$ 57.7	2.8	54.9
Medical liabilities	84.3	-	84.3
Income taxes payable	-	-	-
Dividend payable	0.7	-	0.7
Finance and operating lease liabilities	4.2	-	4.2
Current portion of long-term debt	0.6	0.6	-
Total current liabilities	147.5	3.4	144.1
Non-current liabilities			
Deferred tax liability	3.0	0.9	2.1
Finance and operating lease liabilities, net of current portion	21.2	-	21.2
Other long-term liabilities	20.3	-	20.3
Long-term debt, net of current portion and deferred financing costs	203.4	26.6	176.8
Total non-current liabilities	247.9	27.5	220.4
Total liabilities	395.4	30.9	364.5
Total mezzanine equity and stockholder's equity	\$ 568.4	135.6	432.8

Summary Statement of Cash Flows – Breaking Out Excluded Assets

\$ in millions	December 31, 2022		
	ApolloMed Consolidated	Excluded Assets	ApolloMed Assets
Cash flows from operating activities			
Net income	\$ 50.5	(18.4)	68.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	\$ 17.5	1.3	16.3
Amortization of debt issuance cost	0.9	-	0.9
Share-based compensation	16.1	-	16.1
Gain on sale of investments [?]	(2.3)	-	(2.3)
Unrealized loss on investments [?]	25.5	19.5	6.0
Loss from equity method investments, net [?]	(4.7)	(4.7)	-
Unrealized gain on interest rate swaps [?]	(4.2)	(4.2)	0.0
Deferred tax [?]	(7.7)	0.1	(7.8)
Changes in operating assets and liabilities, net of acquisition amounts: [?]			
Receivable, net, receivable, net - related parties, other receivable, prepaid expenses and other current assets, right of use assets, other assets, fiduciary accounts payable, medical liabilities, and operating lease liabilities	(5.1)	1.6	(6.7)
Accounts payable and accrued liabilities	(0.0)	1.1	(1.1)
Income taxes payable [?]	(4.5)	(1.1)	(3.3)
Net cash provided by (used in) operating activities [?]	\$ 82.1	(4.8)	87.0

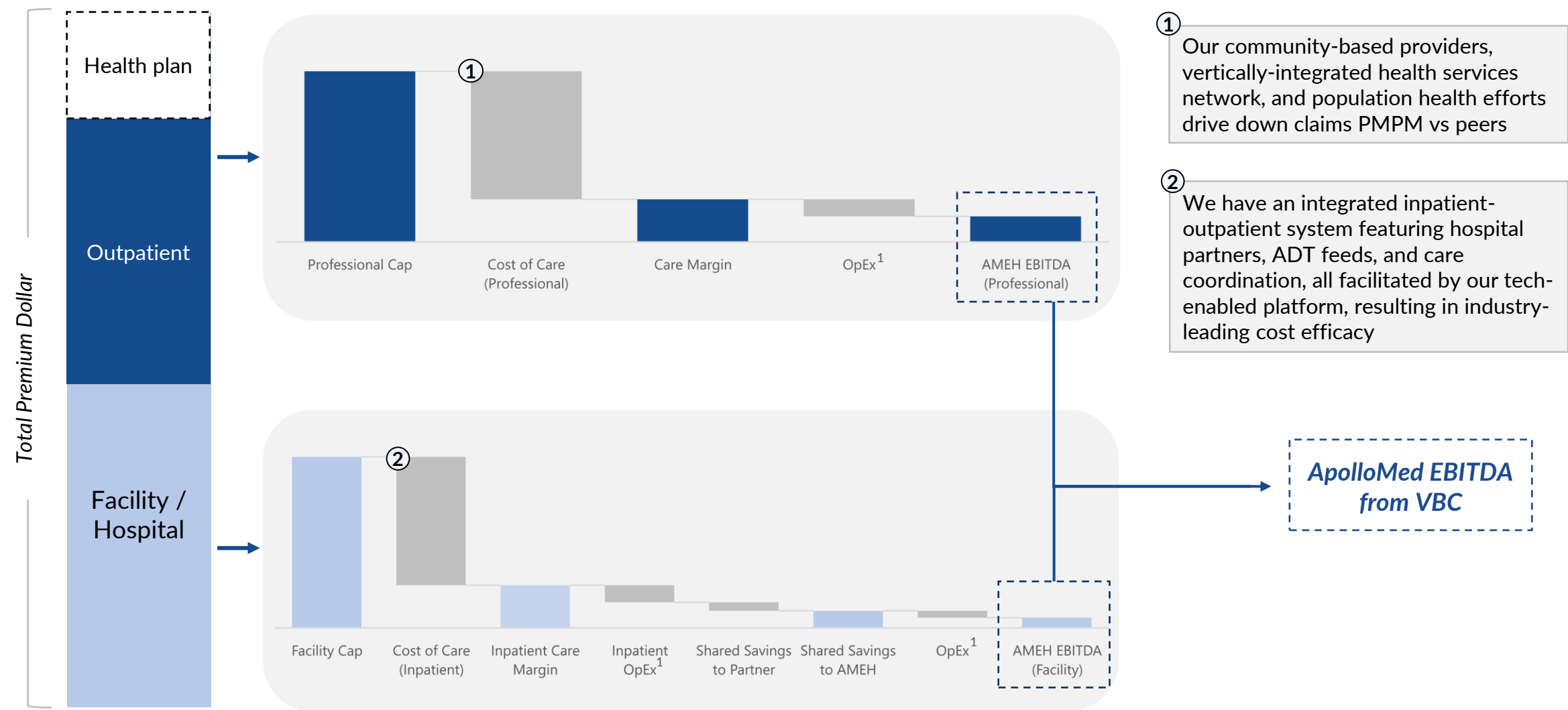
Summary Statement of Cash Flows – Breaking Out Excluded Assets (continued)

\$ in millions	December 31, 2022		
	ApolloMed Consolidated	Excluded Assets	ApolloMed Assets
Cash flows from investing activities			
Payments from business acquisition, net of cash acquired	\$ (16.4)	(4.7)	(11.7)
Proceeds from repayment of loans receivable - related parties	4.1	4.0	0.1
Purchases of marketable securities	(1.9)	(0.1)	(1.8)
Purchases of property and equipment	(22.9)	(22.9)	-
Proceeds from sale of marketable securities	31.7	25.1	6.6
Contribution to investment - equity method	(1.7)	(1.7)	0.0
Net cash (used in) provided by investing activities	\$ (7.1)	(0.3)	(6.8)
Cash flows from financing activities			
Dividends paid	\$ (14.0)	(14.0)	-
Repayments on long-term debt	(3.9)	(3.9)	-
Payment of finance lease obligations	(0.6)	-	(0.6)
Proceeds from exercise of stock options and warrants	8.6	-	8.6
Repurchase of common stock	(9.3)	-	(9.3)
Purchase of non-controlling interest	(5.0)	(4.1)	(0.9)
Proceeds from sale of noncontrolling interest	0.4	0.4	0.0
Borrowings on loans	3.6	3.6	0.0
Amounts due from affiliates	-	(9.1)	9.1
Net cash (used in) provided by financing activities	\$ (20.1)	(27.2)	7.1
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 54.9	(32.4)	87.3
Cash, cash equivalents, and restricted cash, beginning of year	\$ 233.1	62.5	170.6
Cash, cash equivalents and restricted cash, end of year	\$ 288.0	30.2	257.8

Path to Global Risk

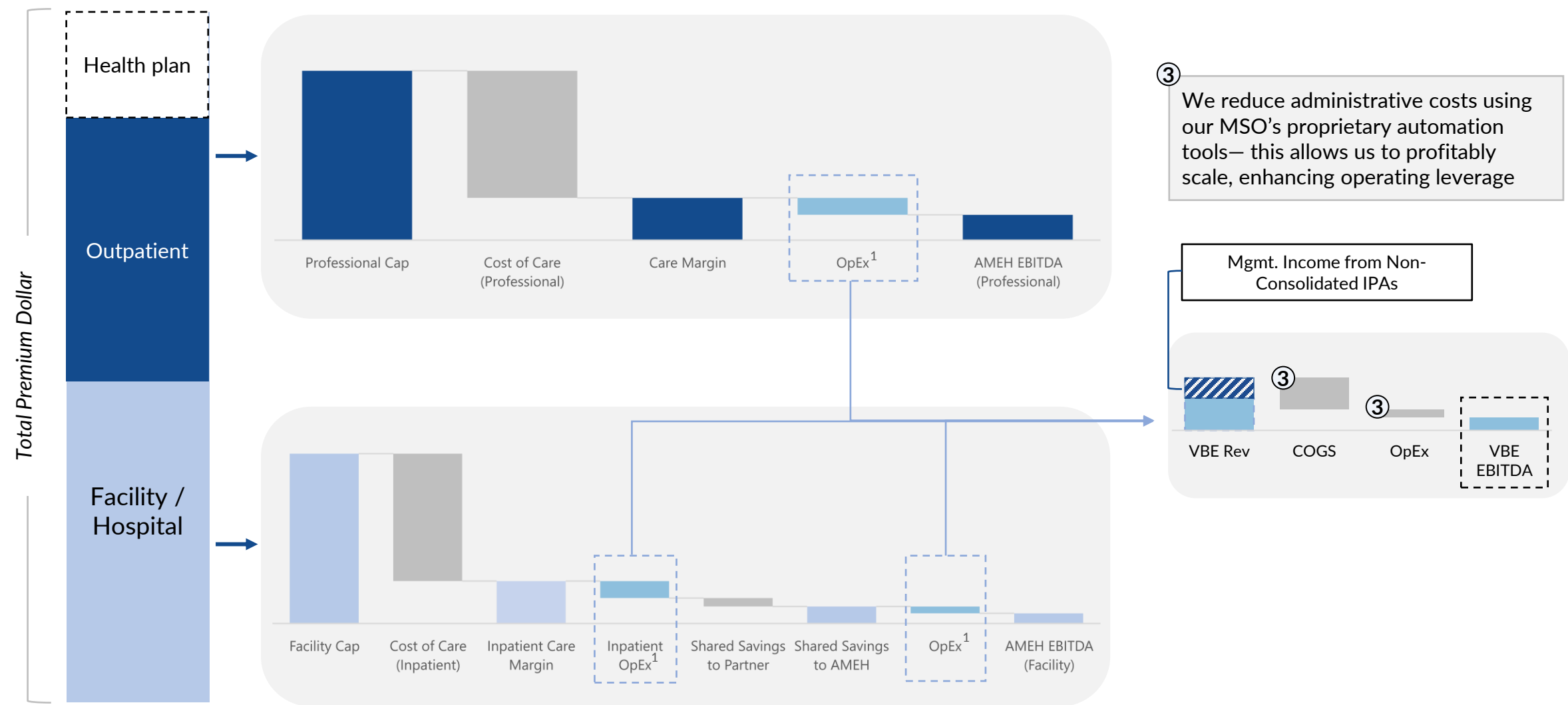


Our ability to succeed at managing care across our outpatient and inpatient risk contracts allows us to capture significantly more upside than our peers (1/2)



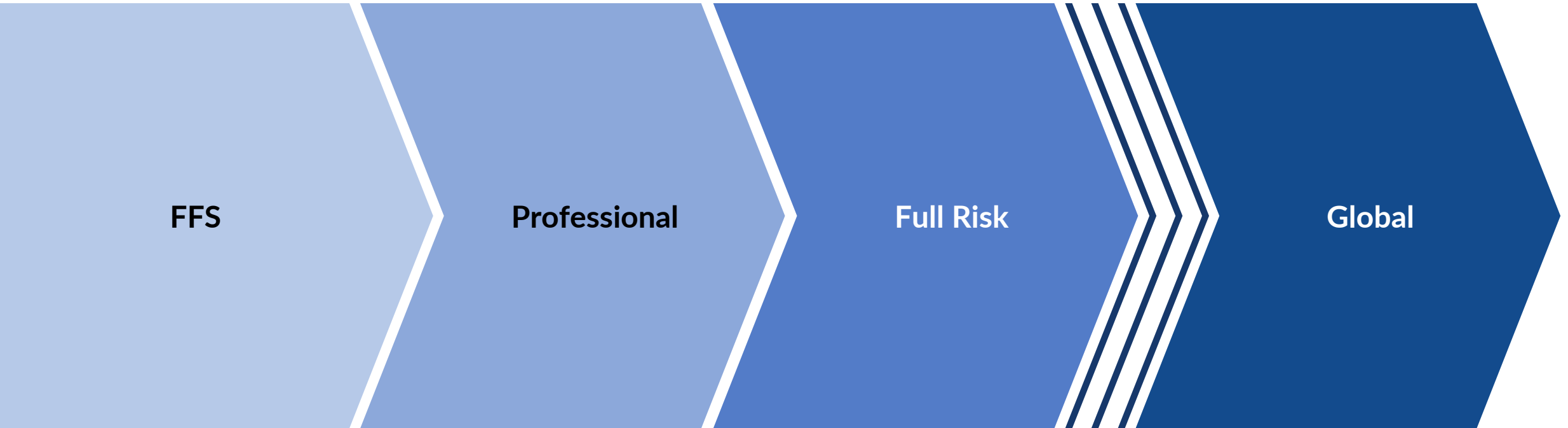
(1) Operating expenses excluding interest, tax, depreciation, and amortization

Our ability to succeed at managing care across our outpatient and inpatient risk contracts allows us to capture significantly more upside than our peers (2/2)

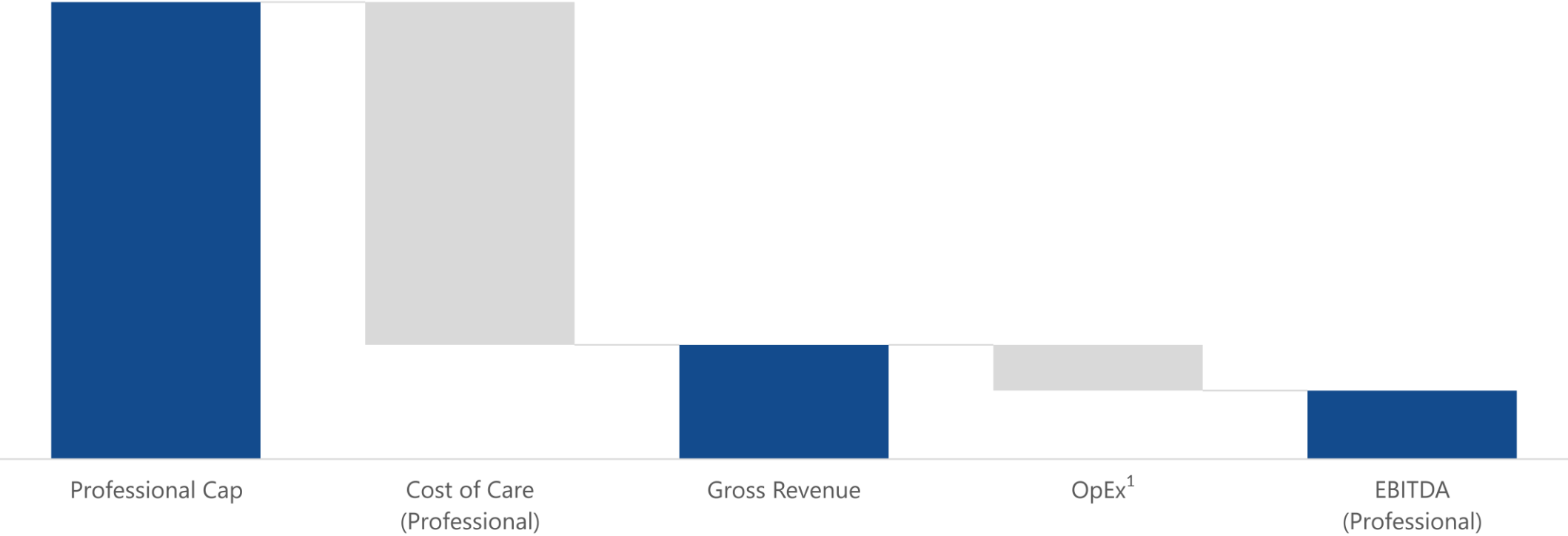


(1) Operating expenses excluding interest, tax, depreciation, and amortization

We see a clear path to success as we continue to move our existing contracts along the risk spectrum and expect to do so in new markets as well

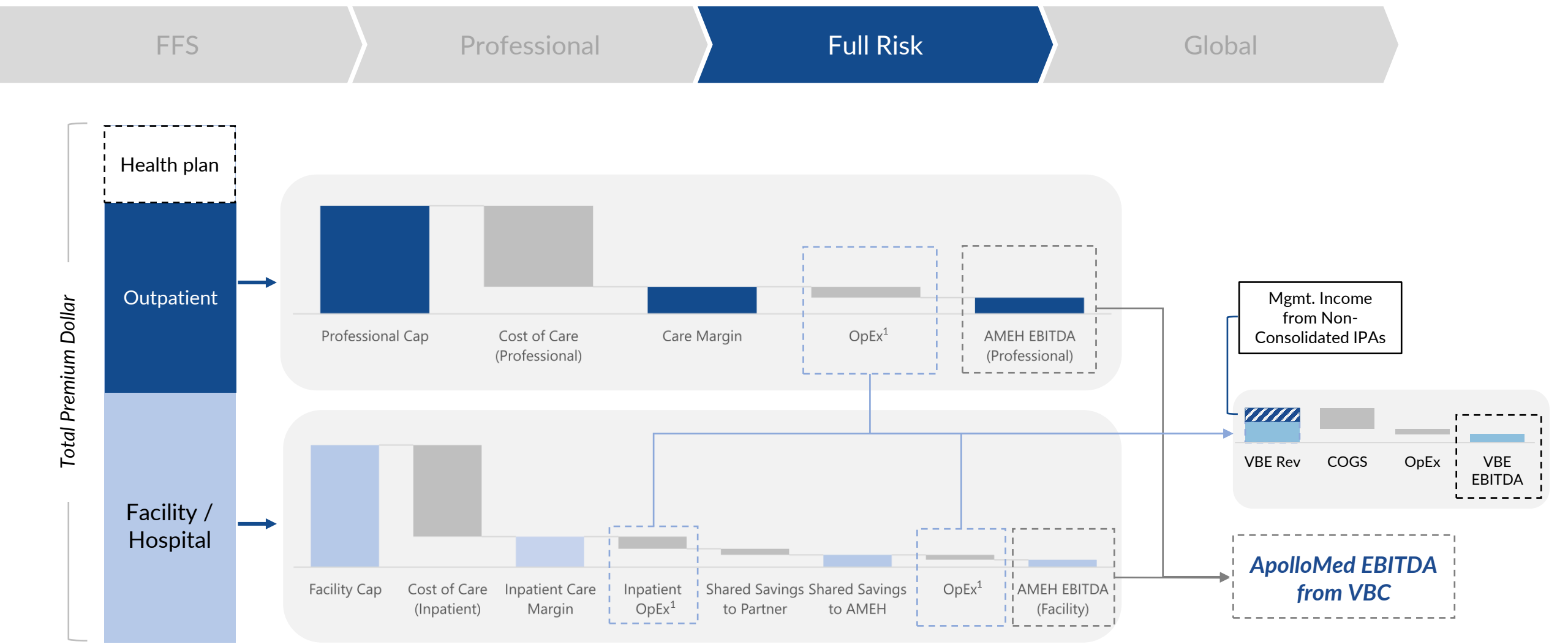


A significant part of our revenue today is generated by capitation from our professional risk contracts



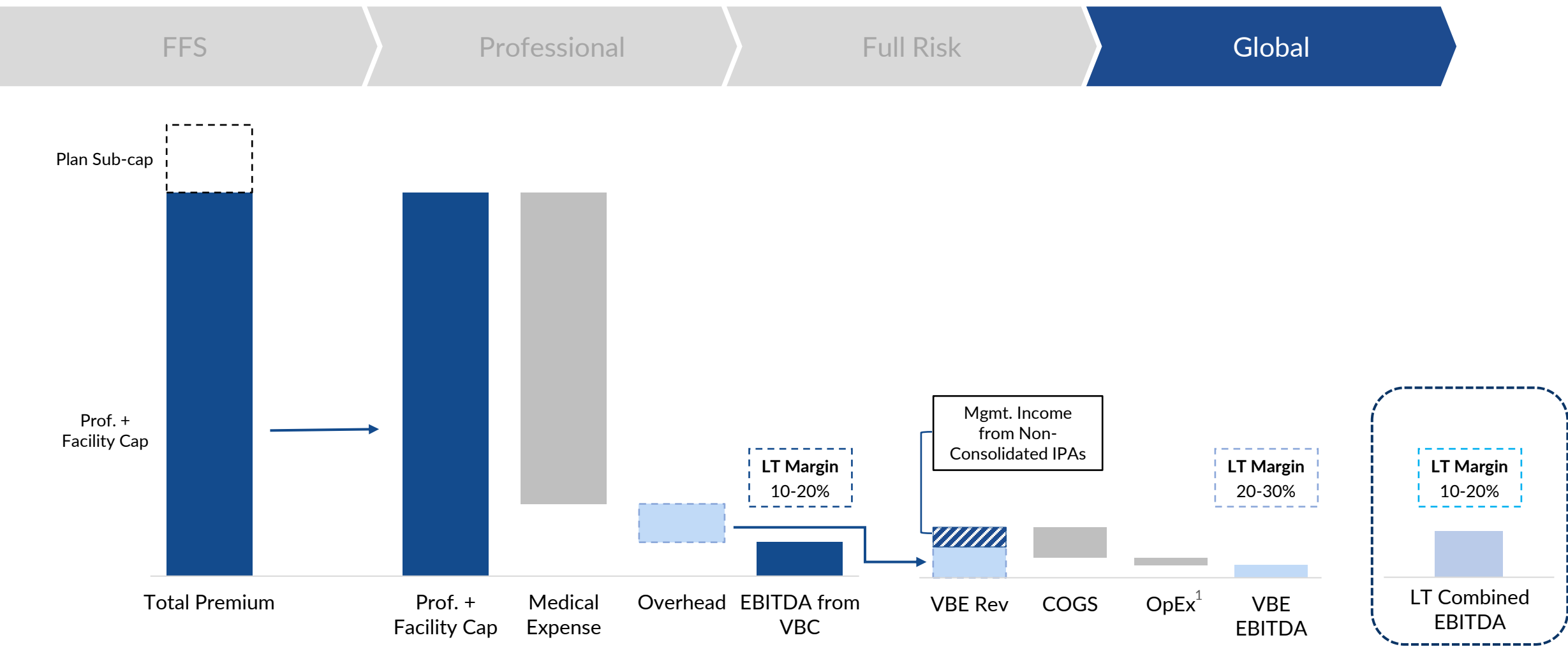
(1) Operating expenses excluding interest, tax, depreciation, and amortization

We also receive additional revenue and upside from full risk contracts that we share with our facility partners



(1) Operating expenses excluding interest, tax, depreciation, and amortization

With an RKK, we will be able to manage the whole professional and facility risk capitation dollar and achieve more downstream synergies and upside



(1) Operating expenses excluding interest, tax, depreciation, and amortization

Key acronyms

- **ACO:** Accountable Care Organization
- **ACO REACH:** Accountable Care Organization Realizing Equity, Access, and Community Health
- **AIPBP:** All-Inclusive Population-Based Payments
- **APC:** Allied Physicians of California IPA
- **CMMI:** Centers for Medicare and Medicaid Innovation Center
- **CMS:** Centers for Medicare and Medicaid Services
- **DC:** Direct Contracting
- **DCE:** Direct Contracting Entity
- **DME:** Durable Medical Equipment
- **Health Plan / Payers:** Health Insurance Companies
- **HMO:** Health Maintenance Organization
- **IPA:** Independent Practice Association
- **NCI:** Non-Controlling Interest
- **NMM:** Network Medical Management, Inc.
- **MSA:** Master Service Agreement
- **MSO:** Management Services Organization
- **NGACO:** Next Generation Accountable Care Organization
- **PCP:** Primary Care Physician
- **PMPM:** Per Member Per Month
- **SNF:** Skilled Nursing Facility
- **VIE:** Variable Interest Entity
- **RKK:** Restricted Knox-Keene

Use of Non-GAAP Financial Measures

This presentation contains the non-GAAP financial measures EBITDA and adjusted EBITDA, of which the most directly comparable financial measure presented in accordance with U.S. generally accepted accounting principles (“GAAP”) is net (loss) income. These measures are not in accordance with, or an alternative to, GAAP, and may be different from other non-GAAP financial measures used by other companies. The Company uses adjusted EBITDA as a supplemental performance measure of the Company’s operations, for financial and operational decision-making, and as a supplemental means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization, excluding income from equity method investments, provider bonuses, stock-based compensation, APC excluded assets costs, impairment of intangibles, provision of doubtful accounts, and other income earned that is not related to the Company’s normal operations. Adjusted EBITDA also excludes non-recurring items, including the effect on EBITDA of certain recently acquired IPAs.

The Company believes the presentation of these non-GAAP financial measures provides investors with relevant and useful information, as it allows investors to evaluate the operating performance of the business activities without having to account for differences recognized because of non-core or non-recurring financial information. When GAAP financial measures are viewed in conjunction with non-GAAP financial measures, investors are provided with a more meaningful understanding of the Company’s ongoing operating performance. In addition, these non-GAAP financial measures are among those indicators the Company uses as a basis for evaluating operational performance, allocating resources, and planning and forecasting future periods. Non-GAAP financial measures are not intended to be considered in isolation from, or as a substitute for, GAAP financial measures. To the extent this release contains historical or future non-GAAP financial measures, the Company has provided corresponding GAAP financial measures for comparative purposes. The reconciliation between certain GAAP and non-GAAP measures is provided above.