

April 2, 2018



# Apollo Medical Holdings Reports Its Fiscal Year 2017 Financial Results

ALHAMBRA, Calif. and GLENDALE, Calif., April 2, 2018 /PRNewswire/ --**Apollo Medical Holdings, Inc.** ("ApolloMed" or "the Company") (NASDAQ: AMEH), an integrated population health management company, today announced its fiscal year financial results for the year ended December 31, 2017.

## Financial Highlights for the Year Ended December 31, 2017:

- Net revenue of \$357.7 million as compared to net revenue of \$305.9 million in the comparable period of 2016, an increase of 17%.
- Income from operations of \$35.1 million as compared to \$11.7 million in the comparable period of 2016, an increase of 201%.
- Net income attributable to Apollo Medical Holdings, Inc. of \$25.8 million as compared to \$11.5 million in the comparable period of 2016, an increase of 125%.
- As of December 31, 2017, the Company had total assets of \$490.6 million, including cash and cash equivalents of \$99.7 million.

## Notes to the Financial Highlights for the Year Ended December 31, 2017:

- On December 8, 2017, the Company consummated its merger with Network Medical Management ("NMM"), one of the largest healthcare Management Services Organizations (MSOs) in the United States.
- As a result of the merger, for accounting purposes, NMM is considered the accounting acquirer, and therefore NMM's historical results of operations replace ApolloMed's historical results of operations for all periods prior to the merger, and the results of operations of both companies will be included in the Company's consolidated financial statements for all periods following the merger. Accordingly, the consolidated financial results in this Annual Report on Form 10-K for the year ended December 31, 2017 reflects 12 months consolidated financial results of NMM and only 23 days of ApolloMed.
- In December 2017, the Company's common stock was listed on The Nasdaq Capital Market under the ticker symbol "AMEH".
- The Company's Board of Directors approved a change in the Company's fiscal year end from March 31 to December 31 upon the closing of the merger to correspond with the fiscal year end of NMM prior to the merger. As a result, the Company's first fiscal year end following the merger was December 31, 2017.

"We are now poised to advance to the next stage of the Company's lifecycle," stated Warren Hosseinion, M.D., Co-Chief Executive Officer of Apollo Medical Holdings. "After years of innovation and hard work, we believe we have the critical pieces in place to achieve continued success. We are firmly focused on future growth and on optimizing shareholder value."

"The shift from fee-for-service to value-based contracts is accelerating nationally," stated

Thomas Lam, M.D., Co-Chief Executive Officer of Apollo Medical Holdings. "Our company is well-positioned to facilitate the adoption of valued-based contracting and the optimization of clinical and financial metrics across the entire continuum of care. We believe there are very few companies who are delivering a comparable breadth of both clinical and advanced technology capabilities in population health management."

"We are very pleased with our fiscal year end financial results," stated Kenneth Sim, M.D., Executive Chairman of Apollo Medical Holdings. "Our significant free cash flow and robust balance sheet give us the flexibility to invest strategically in our existing businesses and also to make disciplined acquisitions. We are confident in our future and believe we are well-positioned for continued growth."

For more details on ApolloMed's December 31, 2017 year end results, please refer to the Company's Annual Report on Form 10-K filed with the U.S. Securities Exchange Commission and accessible at [www.sec.gov](http://www.sec.gov).

**APOLLO MEDICAL HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)**

<i>December 31,</i>	2017	2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 99,749,199	\$ 54,824,580
Restricted cash – short-term	18,005,661	101,132
Fiduciary cash	2,017,437	1,050,739
Investment in marketable securities	1,143,095	1,051,807
Receivables, net	20,117,304	22,275,896
Prepaid expenses and other current assets	3,126,866	1,852,144
Total current assets	144,159,562	81,156,298
<b>Noncurrent assets</b>		
Land, property and equipment, net	13,814,306	10,373,333
Intangible assets, net	103,533,558	108,094,049
Goodwill	189,847,202	103,407,351
Loans receivable – related parties	5,000,000	5,200,000
Loan receivable	10,000,000	-
Investments in other entities – equity method	21,903,524	24,256,065
Investments in other entities – cost method	-	10,575,002
Restricted cash – long-term	745,235	-
Derivative asset – warrants	-	5,338,886
Other assets	1,632,406	1,597,978
Total noncurrent assets	346,476,231	268,842,664
<b>Total assets</b>	<b>\$ 490,635,793</b>	<b>\$ 349,998,962</b>
<b>Liabilities, Mezzanine Equity and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Lines of credit	\$ 5,025,000	\$ -
Accounts payable and accrued expenses	13,279,620	8,083,277
Incentives payable	21,500,000	19,621,645
Fiduciary accounts payable	2,017,437	1,050,739
Medical liabilities	63,972,318	18,957,465
Income taxes payable	3,198,495	2,810,357
Bank loan, short-term	510,391	-
Capital lease obligations	98,738	102,348
Total current liabilities	109,601,999	50,625,831

<b>Noncurrent liabilities</b>		
Deferred tax liability	24,916,598	46,932,207
Liability for unissued equity shares	1,185,025	1,997,650
Dividend payable	18,000,000	-
Capital lease obligations, net of current portion	619,001	-
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Total noncurrent liabilities	44,720,624	48,929,857
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<b>Total liabilities</b>	154,322,623	99,555,688
<b>Commitments and Contingencies</b> (Note 14)		
<b>Mezzanine equity</b>		
Noncontrolling interest in Allied Pacific of California IPA	172,129,744	162,855,554
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<b>Shareholders' equity</b>		
Series A Preferred stock, par value \$0.001; 5,000,000 shares authorized (inclusive of Series B Preferred stock); 1,111,111 issued and zero outstanding	-	-
Series B Preferred stock, par value \$0.001; 5,000,000 shares authorized (inclusive of Series A Preferred stock); 555,555 issued and zero outstanding	-	-
Common stock, par value \$0.001; 100,000,000 shares authorized, 32,304,876 and 25,067,953 shares outstanding, excluding 1,682,110 Treasury shares, at December 31, 2017 and 2016, respectively	32,305	25,068
Additional paid-in capital	158,181,192	87,954,346
Retained earnings (accumulated deficit)	1,734,531	(773,311)
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	159,948,028	87,206,103
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Noncontrolling interest	4,235,398	381,617
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Total stockholders' equity	164,183,426	87,587,720
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<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>\$ 490,635,793</b>	<b>\$ 349,998,962</b>
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*See accompanying notes to consolidated financial statements.*

**APOLLO MEDICAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**(UNAUDITED)**

<i>Year ended December 31,</i>	2017	2016
<b>Revenue</b>		
Capitation, net	\$ 272,921,240	\$ 247,639,181
Risk pool settlements and incentives	44,598,373	22,641,884
Management fee income	26,983,695	24,774,941
Fee-for-service, net	11,712,965	9,163,970
Other income	1,531,137	1,714,939
Total revenue	357,747,410	305,934,915
<b>Expenses</b>		
Cost of services	274,656,697	254,774,585
General and administrative expenses	26,437,602	21,032,971
Depreciation and amortization	19,075,353	18,114,440
Impairment of goodwill and intangibles	2,431,791	324,306
Total expenses	322,601,443	294,246,302
<b>Income from operations</b>	35,145,967	11,688,613
<b>Other income (expense)</b>		
(Loss) income from equity method investments	(1,112,541)	4,748,542
Interest expense	(79,689)	(61,589)
Interest income	1,015,204	504,696
Change in fair value of derivative instrument	(44,886)	1,722,221
Gain on settlement of preexisting note receivable from ApolloMed	921,938	-
Gain from investments— fair value adjustments	13,697,018	-
Other income	168,102	233,726
Total other income, net	14,565,146	7,147,596
<b>Income before provision for income taxes</b>	49,711,113	18,836,209
<b>Provision for income taxes</b>	3,886,785	8,816,412
<b>Net income</b>	45,824,328	10,019,797
Net income (loss) attributable to noncontrolling interests	20,022,486	(1,433,730)
<b>Net income attributable to Apollo Medical Holdings, Inc.</b>	<b>\$ 25,801,842</b>	<b>\$ 11,453,527</b>
<b>Earnings per share – basic</b>	<b>\$ 1.01</b>	<b>\$ 0.46</b>
<b>Earnings per share – diluted</b>	<b>\$ 0.90</b>	<b>\$ 0.41</b>
<b>Weighted average shares of common stock outstanding – basic</b>	25,525,786	24,673,081
<b>Weighted average shares of common stock outstanding – diluted</b>	28,661,735	27,970,431

**About Apollo Medical Holdings, Inc. (ApolloMed)**

ApolloMed is a leading physician-centric integrated population health management company, which, together with its subsidiaries, including a Next Generation Accountable Care Organization ("NGACO"), and its affiliated Independent Physician Associations (each, an "IPA"), are working to provide coordinated, outcomes-based high-quality medical care for patients, particularly senior patients and patients with multiple chronic conditions, in a cost-effective manner. Led by a management team with over two decades of experience, ApolloMed is addressing the healthcare needs of its patients by leveraging its integrated health management and healthcare delivery platform that includes: Network Medical

Management (MSO), Apollo Medical Management (MSO), ApolloMed Hospitalists, APA ACO (Next Generation ACO), Allied Physicians of California (IPA), Maverick Medical Group (IPA), Apollo Care Connect (Digital Population Health Management Platform) and Apollo Palliative Care Services (Hospice/Palliative Care and Home Health Care). ApolloMed strives to improve medical outcomes with high-quality, cost-efficient care. For more information, please visit [www.apollomed.net](http://www.apollomed.net).

## **Forward Looking Statements**

*This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, such as statements about the future growth of the Company and its future business model, financial conditions and strategic transactions including acquisitions. 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, associated with such statements, many of which are beyond the control of the Company, which could cause the actual results, performance or achievements of the Company and its subsidiaries and variable interest entities to be materially different than those that may be anticipated on the basis of historical trends. Examples of such risks and uncertainties include but are not limited to the impact of emerging and existing competitors, the effect of new legislation on the Company's industry and business, the effectiveness of the Company's compliance and control initiatives, the success of the Company's focus on next generation accountable care organization ("NGACO"), including whether the Company can continue to participate in the All-Inclusive Population-Based Payment ("AIPBP") Mechanism of the NGACO Model, as well as other factors described from time to time in the Company's reports to the U.S. Securities and Exchange Commission (including without limitation the "Risk Factors" discussed in the Company's Annual Report on Form 10-K filed on April 2, 2018). Should one or more of these risks or uncertainties materialize, or should any expectations or assumptions underlying the relevant forward-looking statements prove incorrect, the Company's actual results, performance or achievements may vary materially from those described in such statements as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Investors and other readers, therefore, should not place reliance on any forward-looking statements or use any historical trends to anticipate or predicate results or trends in future periods. Any statements included herein are made only as of the date hereof. The Company undertakes no obligation to update or revise any statement to reflect the impact of circumstances or events that arise after the date hereof, except as required by law, and also undertakes no obligation to correct or update information prepared by third parties.*

## **For More Information, PLEASE CONTACT:**

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