



# Apollo Medical Holdings

November 2022

Powered by Technology.

Built by Doctors.

For Patients.



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# ApolloMed investment highlights



1. Proven model for 25+ years with demonstrable clinical outcomes across all populations (Medicare Advantage, Managed Medicaid, Commercial, ACA Exchange, and Medicare FFS)



2. Large and growing TAM with significant whitespace ahead across market segments



3. Creating a differentiated independent provider market by enabling entrepreneurial providers to achieve the same scale and outcomes as an integrated delivery system



4. Proprietary technology platform custom-built for providers, with a data moat



5. Multiple drivers for growth with a scalable and repeatable playbook led by differentiated leadership team



6. Industry-leading unit economics support strong growth, with 3-year revenue CAGR<sup>1</sup> of 25-26% and 3-year adj. EBITDA CAGR<sup>1</sup> of 36-45%

# ApolloMed Overview

**ApolloMed is** a tech-powered, value-based healthcare network for all Americans

**We enable** best in class clinical outcomes within our value-based care provider organizations

**We provide quality care** to traditionally underserved communities and ethnic minorities

**Our value-based enablement (VBE) suite** positions us to scale rapidly nationwide

**1.2M**

Patients Managed in VBC Contracts<sup>1</sup>

**10,600+**

Contracted Physicians

**\$1.05B**

TTM Revenue<sup>2</sup>

**\$132M**

TTM Adj. EBITDA<sup>2</sup>



(1) This figure excludes fee-for-service patients  
(2) Please refer to the “Reconciliation of TTM and 12 Months Net Income to EBITDA and Adjusted EBITDA” and “Use of Non-GAAP Financial Measures” slides for more information.



# Industry Overview & ApolloMed Value Proposition



# The U.S. healthcare landscape is rapidly moving towards value-based care...

## Fee-for-service



Lack of incentives to improve chronic health conditions



Driving a trend of rapidly increasing medical costs



Rising patient dissatisfaction with provider relationship and quality of care



## Value-based care



Providers incentivized to improve general health of patients



Compensation models in place to lower the overall cost of care

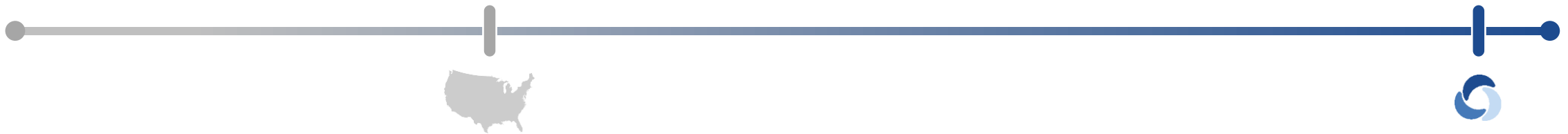


Patients with better access and better care experience

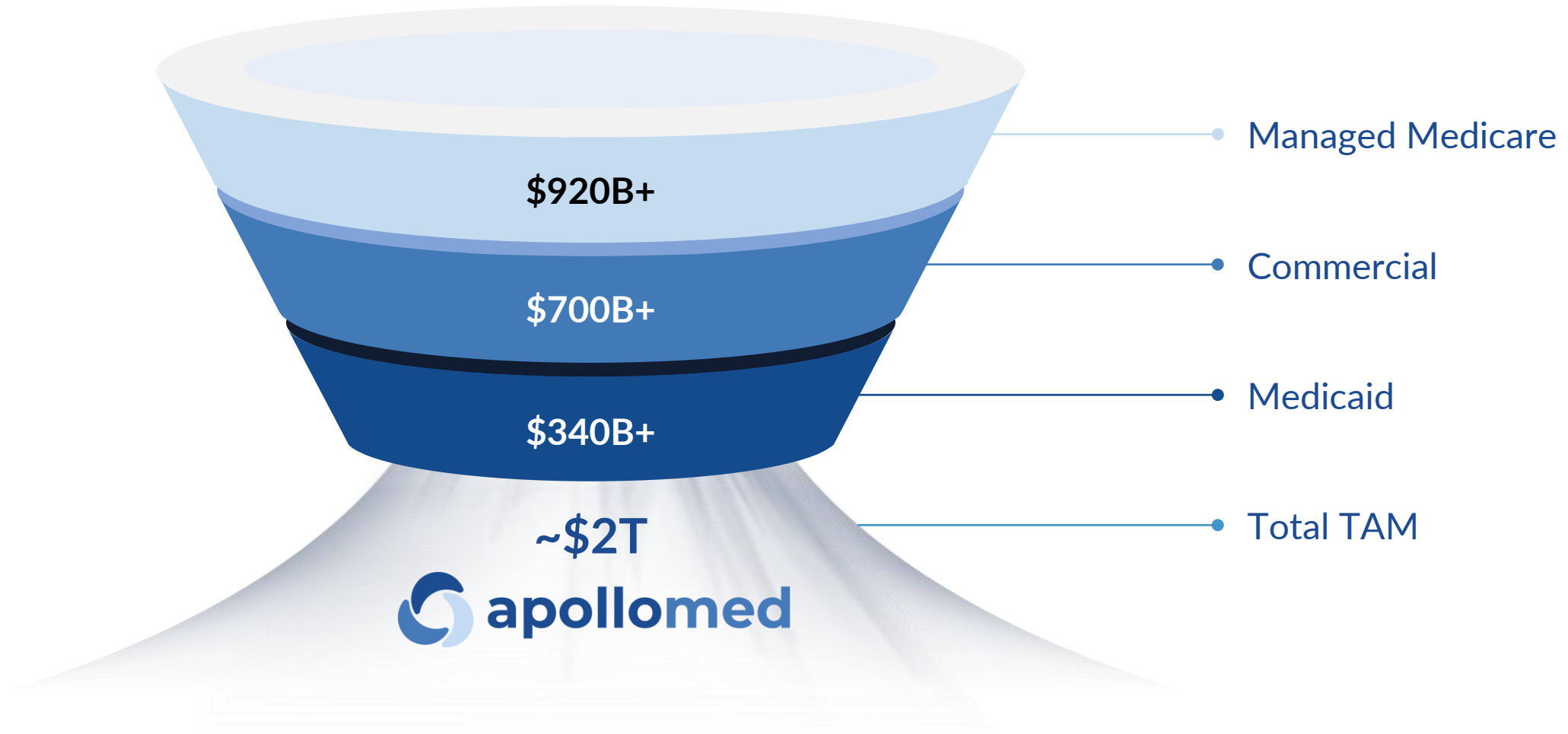
CMS, COVID-19, payer contracting, and focus on quality while lowering total cost are driving shifts in healthcare

Fee-for-service

Value-based care

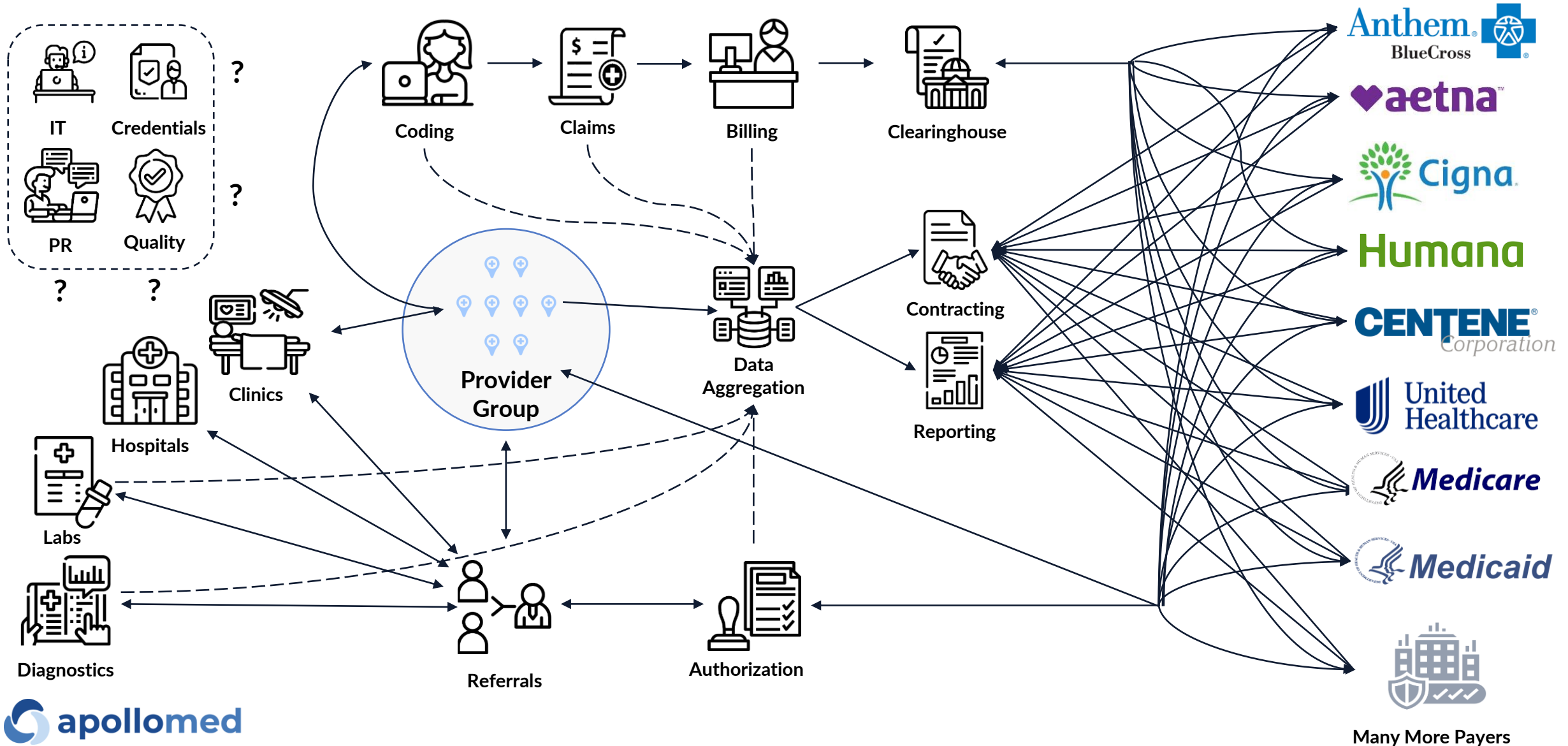


# ... Leading to a significant and growing market opportunity



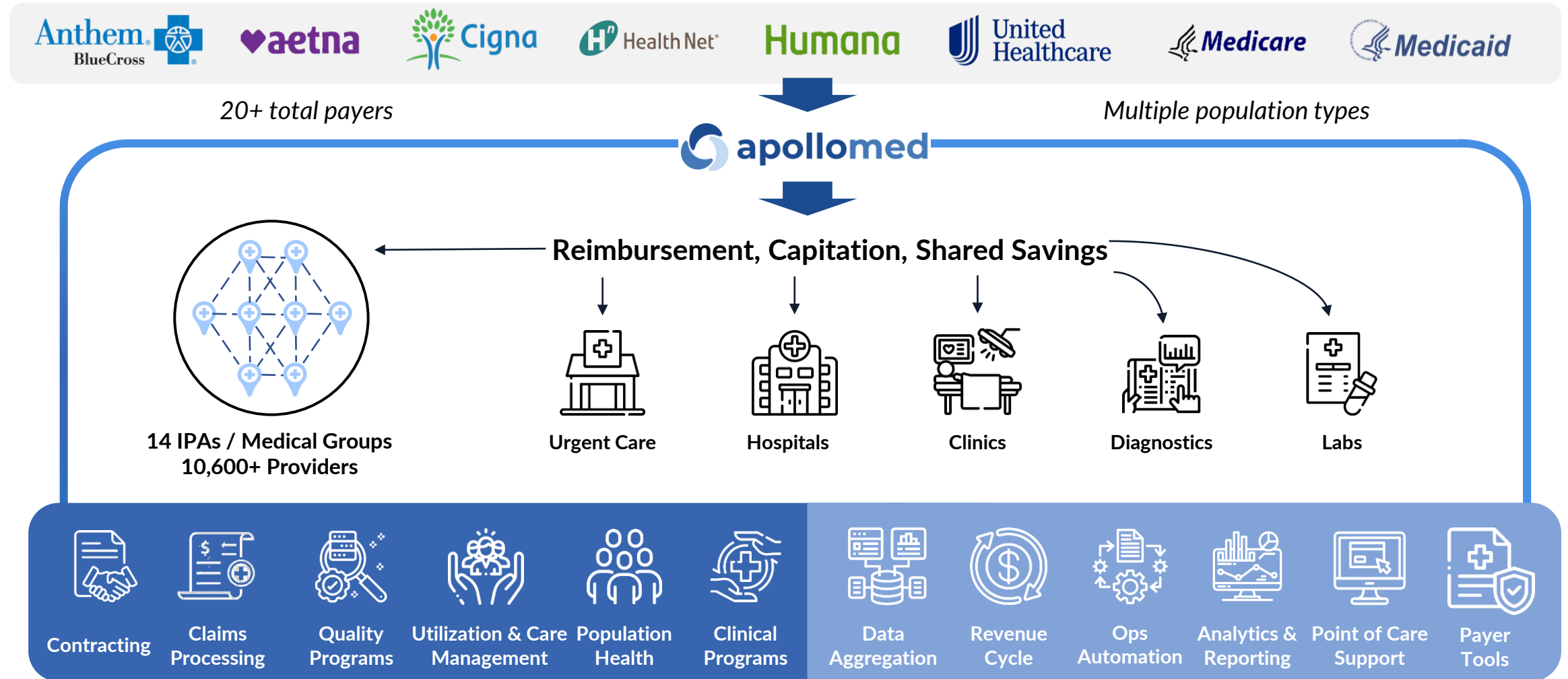
Source: CMS and HCP-LAN (2021)

# Currently, providers are forced to navigate a complex web of administrative functions in order to take on risk-based contracts

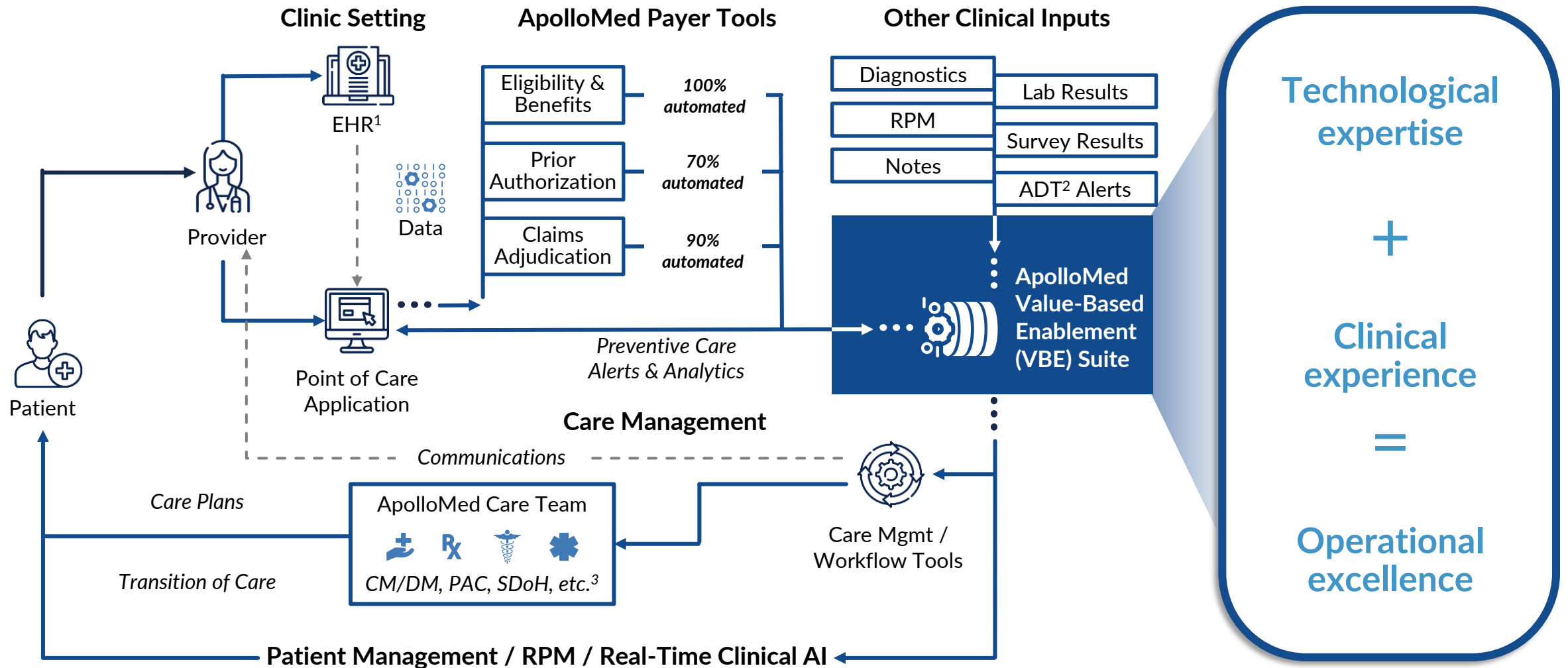




# ApolloMed acts as a “single payer” by taking on risk-based contracts, connecting health ecosystem participants, and holistically supporting the care process



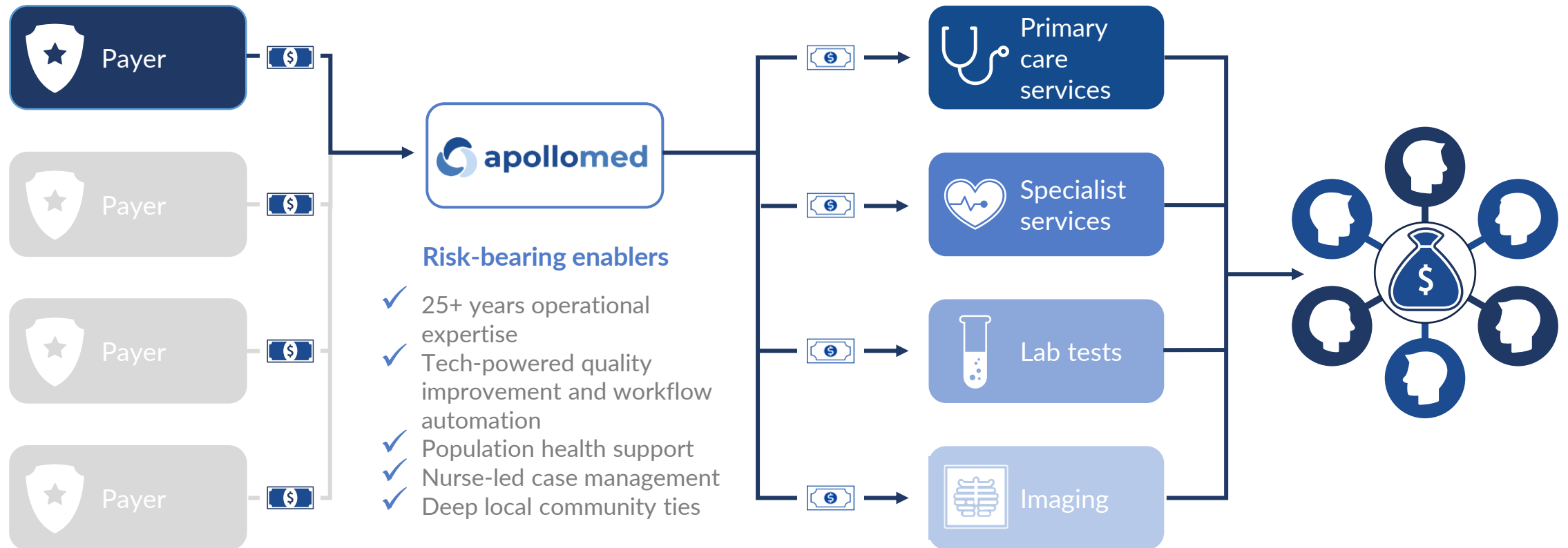
# Our ecosystem is powered by our proprietary Value-Based Enablement (VBE) technology suite, connecting patients, providers, and payers



(1) EHR: Electronic Health Record; (2) Admission, Discharge, and Transfer; (3) CM: Care Management, DM: Data Management, PAC: Post Acute Care, SDoH: Social Determinants of Health

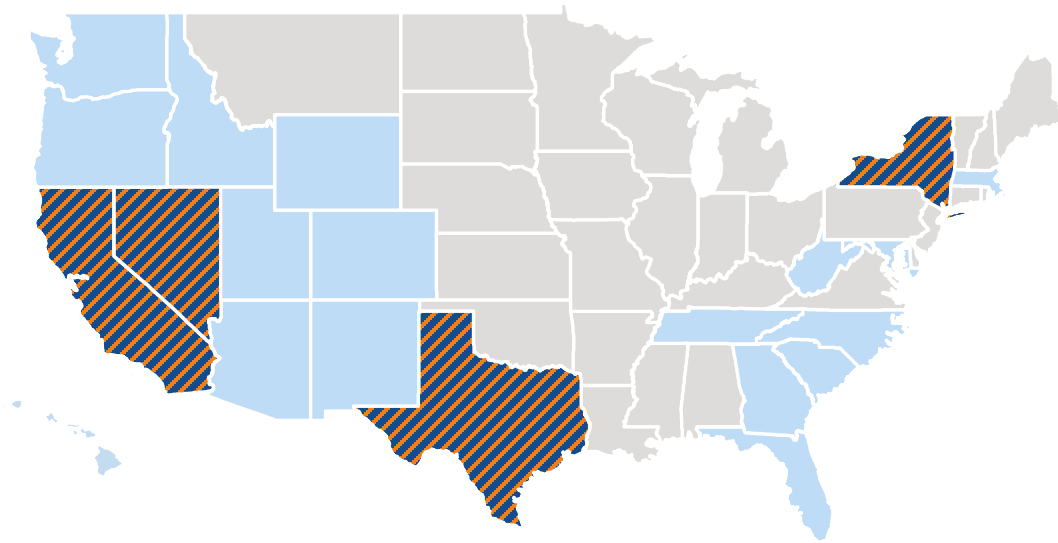
# The ApolloMed platform allows us to successfully manage risk-based payments from payer partners and generate shared savings

- 1 ApolloMed is paid a set rate to assume risk for the care of our patients
- 2 We enable providers to quarterback patient care and improve clinical outcomes
- 3 Providers are paid via value-based contracts, aligning financial & patient outcomes
- 4 Savings shared with providers, remaining retained as profit



# We have a growing nationwide presence and 25 years of healthcare relationships across diversified lines of business

## Our Geographic Footprint

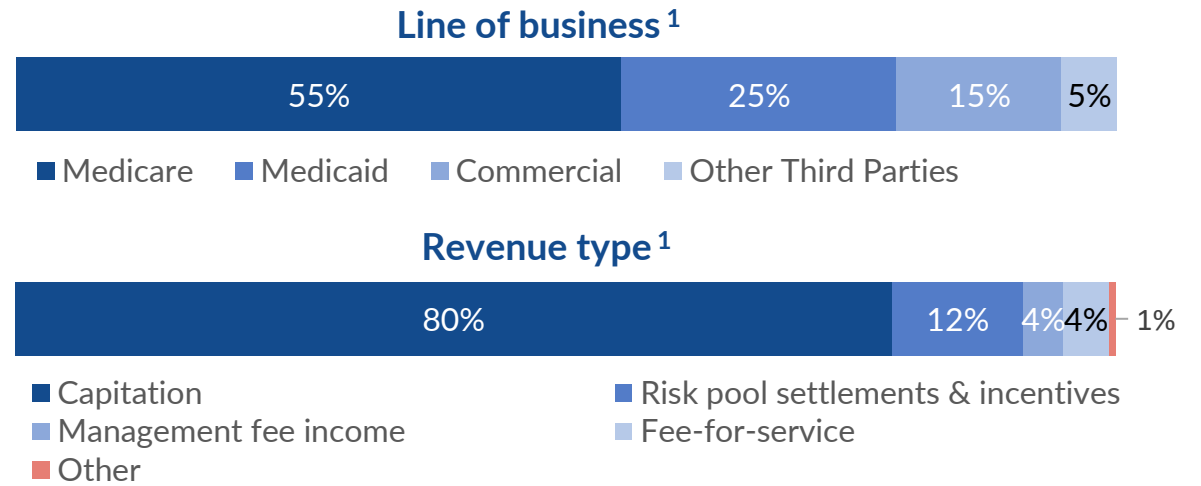


- Served by ApolloMed IPAs and medical groups
- Served by ApolloMed's APA ACO
- Planned expansion

## Key relationships with national and local payers



## Revenue by business and income type



(1) Figures reflect 1Q22-3Q22

# ApolloMed's large provider network and proprietary tech platform drive a virtuous cycle, powering growth and improving patient outcomes

Increased membership enables greater investment in physician performance improvement



Providers succeed in value-based arrangements with ApolloMed

Tech-enabled support for providers helps them provide best-in class primary care

Improved primary & preventive care leads to greater shared savings

# ApolloMed is a scaled player with a proven and profitable model



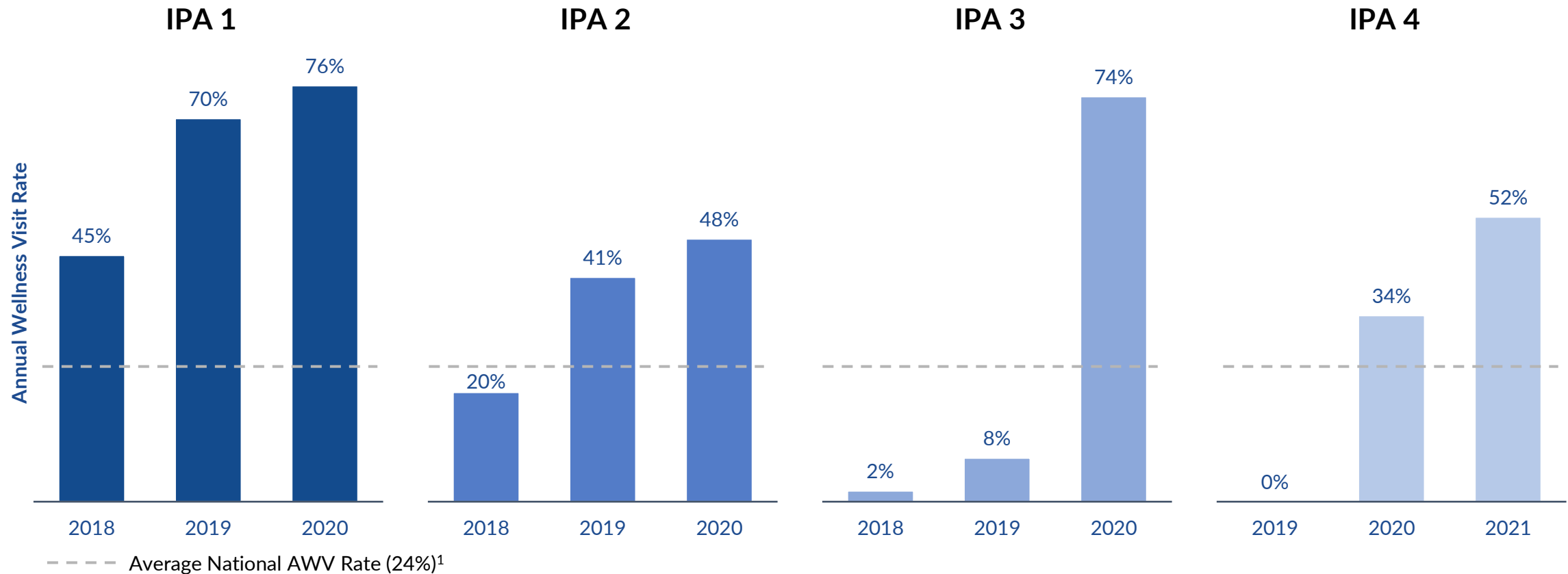
Business Model <sup>1</sup>	Affiliate-provider model	Affiliate-provider model	Affiliate-provider model	Staff / Clinic Model	Affiliate-provider model	Staff / Clinic Model	Staff / Clinic Model
Members Served	1.2M	856k <sup>2</sup>	356k <sup>3</sup>	282k <sup>4</sup>	102k <sup>5</sup>	145k <sup>6</sup>	815k <sup>7</sup>
Serves All Patient Types <sup>1, 8</sup>	✓	✓	✗	✓	✗	✗	✗
Market Capitalization <sup>9</sup>	\$2.0B	\$4.0B	\$8.2B	\$1.6B	\$1.3B	\$5.0B	\$3.5B
2022E Revenue <sup>10</sup>	\$1,095M - \$1,115M <sup>11</sup>	\$1,262.5M <sup>2</sup>	\$2,678.5M <sup>3</sup>	\$2,875M <sup>4</sup>	\$1,050M <sup>5</sup>	\$2,152.5M <sup>6</sup>	N/A <sup>7</sup>
2022E Adj. EBITDA <sup>10</sup>	\$136M - \$166M <sup>12</sup>	\$58.5M <sup>2</sup>	\$4.5M <sup>3</sup>	\$200M <sup>4</sup>	(\$72.5M) <sup>5</sup>	(\$290M) <sup>6</sup>	N/A <sup>7</sup>

(1) Based on recent company filings or investor presentations; (2) Privia Health Q2 2022 Earnings Release (Aug 2022); (3) agilon health Q3 2022 Earnings Release (Nov 2022); (4) Cano Health Q2 2022 Earnings Release (Aug 2022); (5) P3 Health Partners Q2 2022 Press Release (Oct 2022); (6) Oak Street Health Q3 2022 Earnings Release (Nov 2022); (7) One Medical Q3 2022 Earnings Release (Nov 2022); (8) Patient types include Medicare (incl. Medicare Advantage), Medicaid, and Commercial members; (9) Diluted shares outstanding as of Q2/Q3 2022 10-Qs, stock prices used to calculate market cap as of 11/1/22; (10) Peer 2022E Revenue and Adj. EBITDA based on midpoint of company provided guidance; (11) ApolloMed 2022E Revenue as reported its Q3 2022 earnings release; (12) Please refer to the “2022 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA” and “Use of Non-GAAP Financial Measures” slides for more information.

# Clinical Outcomes



# Provider groups consistently demonstrate improvement in patient engagement after joining ApolloMed

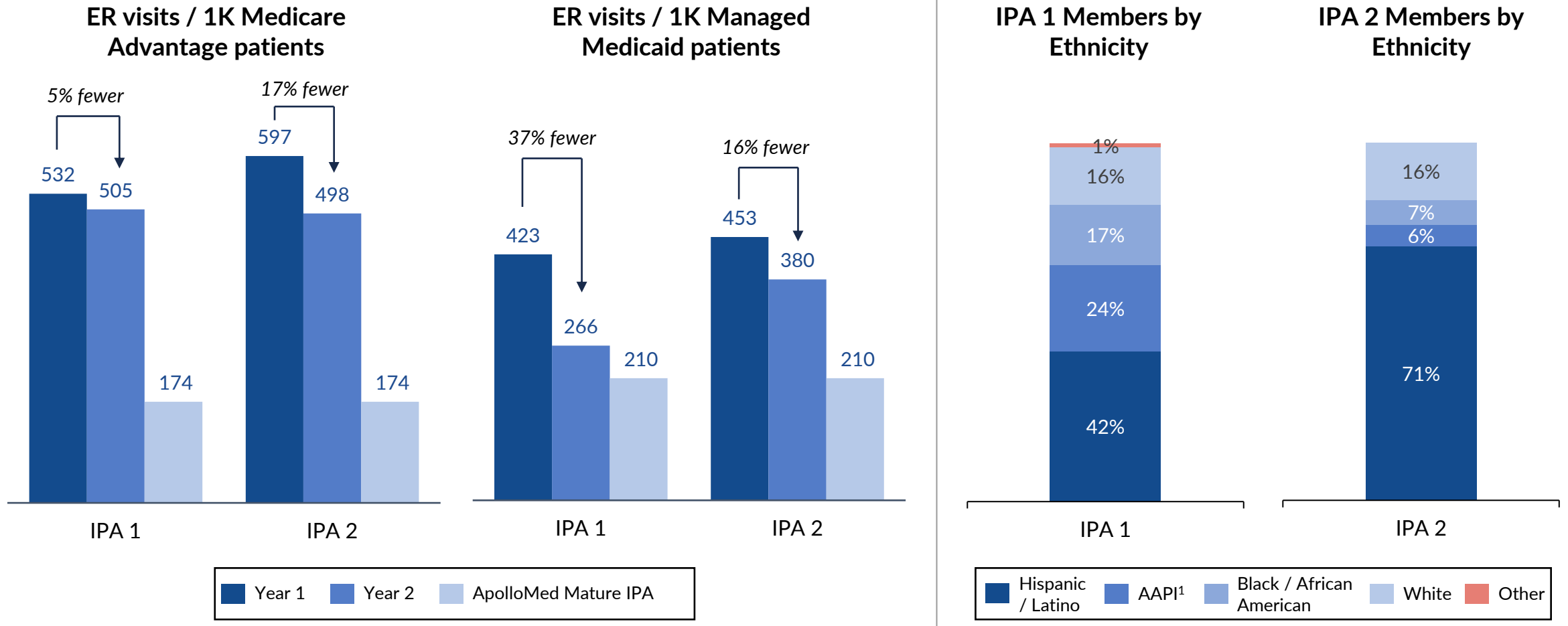


**We have been able to significantly improve our annual wellness visit (AWV) completion across diverse IPAs through our tech-enabled ecosystem that enables our care team to proactively engage our patients through the most effective medium**

(1) The American Journal of Accountable Care, September 2021



# As we expand geographically, culturally competent care has helped us deliver clinical improvements among diverse Medicare and Medicaid populations

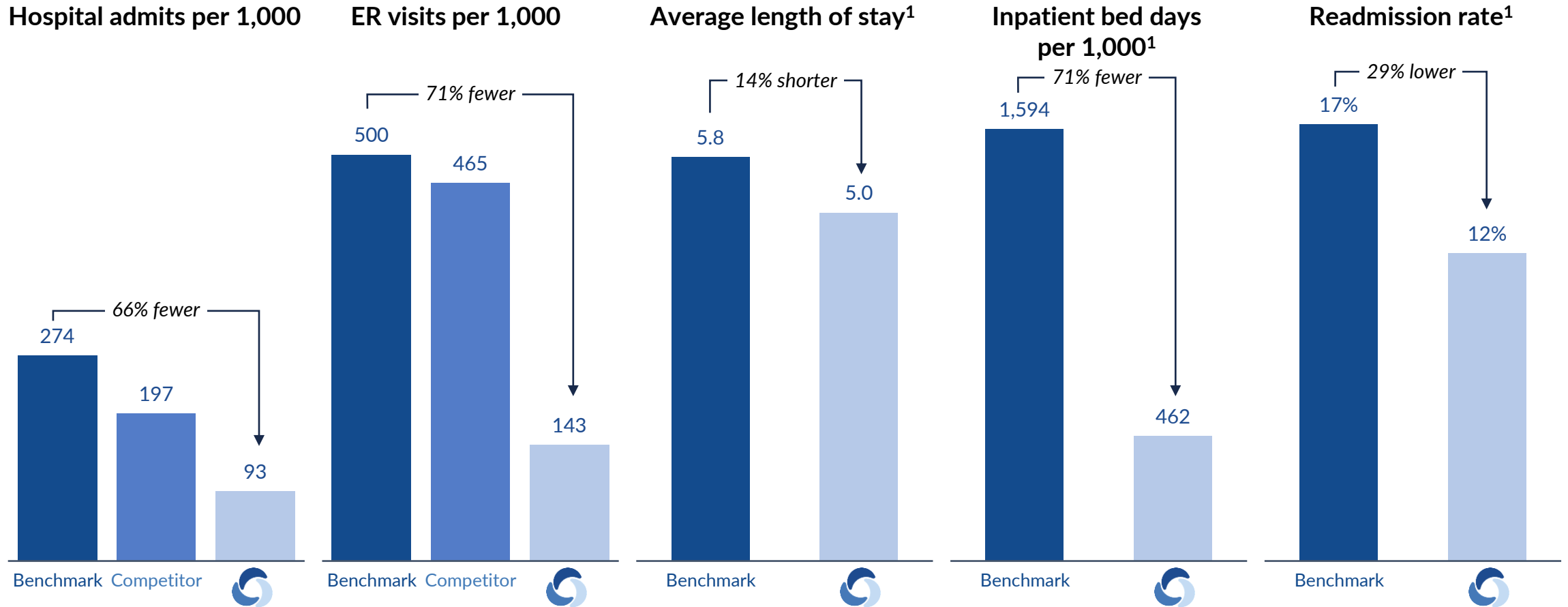


Source: Internal data and analysis

(1) AAPI includes Amerasian, Asian Indian, Asian / Pacific Islander, Cambodian, Chinese, Filipino, Hawaiian, Japanese, Korean, Laotian, Samoan, and Vietnamese

# Overall, ApolloMed IPAs show superior clinical outcomes

## Medicare Advantage inpatient statistics comparison

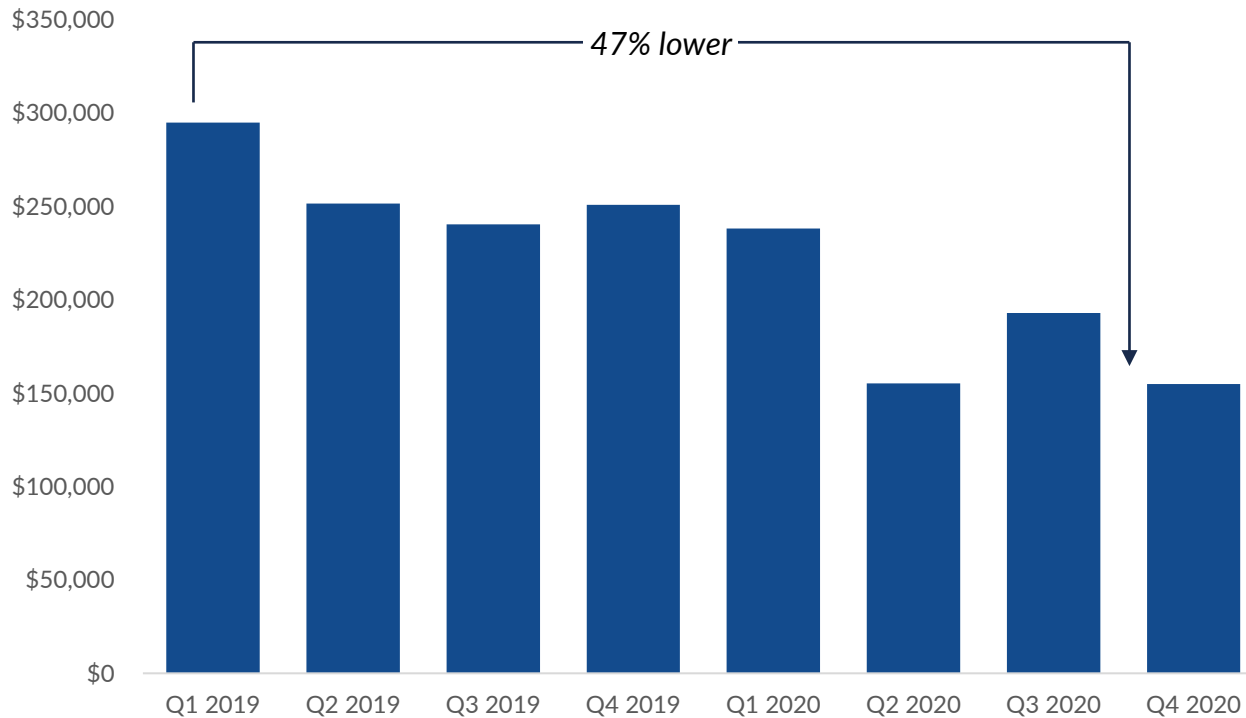


Source: CMS, Chronic Conditions Data Warehouse (CCW), AHRQ, competitors' IR, and internal figures for capitated MA patients from Jan 2021 – Sept 2021; competitor and national information provided is 2019 data unless otherwise noted

(1) Competitor did not provide metrics for average length of stay, inpatient bed days per 1,000, or readmission rates

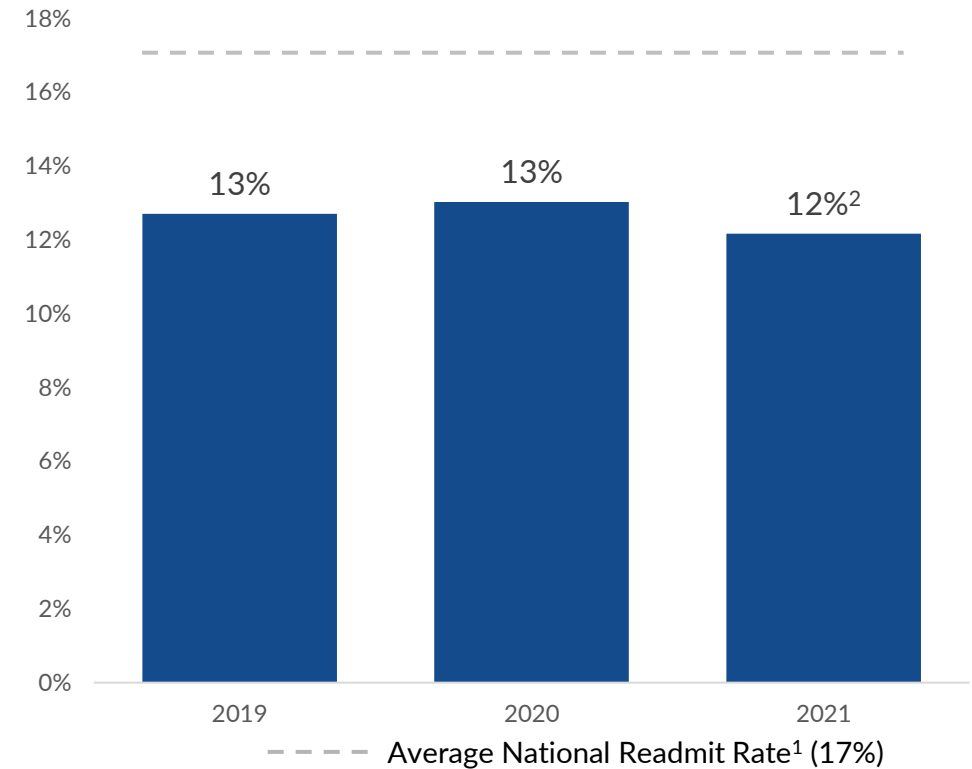
# ApolloMed's model and platform work for both managed care and FFS populations, helping move FFS care into a value-based care framework

Medicare FFS ER Expense per 1,000 Patients



**ER spend down 47% in two years**

Medicare FFS Readmit Rate



**29% lower than the nationwide average for Medicare patients**

(1) Agency for Health Research and Quality, 2021; (2) 2021 Medicare FFS Readmit Rate from 1Q21-3Q21

# 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:

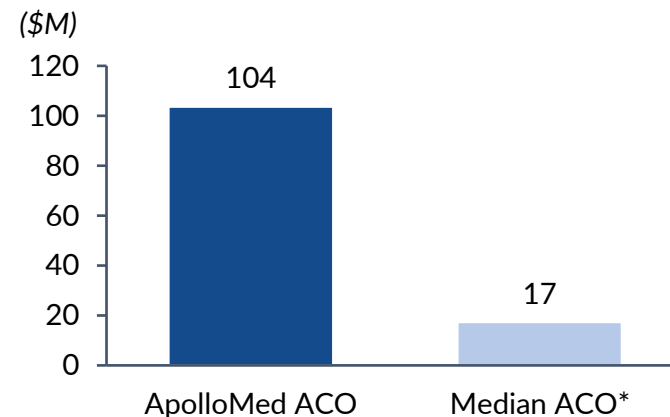


2020 gross savings \$



2019 gross savings \$

## Gross savings<sup>1</sup>, 2017-2020



\*Median gross savings for ACOs which participated in analogous program during 2017-2020

## DCE Opportunity

- ✓ DCE represents a \$450B+ opportunity
- ✓ ApolloMed is uniquely positioned to excel in DC / ACO REACH given its past CMMI program performance
- ✓ Please refer to [GPDC Model Participant Summary](#) for list of DCE participants

Source: CMS, Kaiser Family Foundation, US Census, Internal data and analysis

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

# Growth Strategy



# Growth Strategy by Market

- 1 CA Core Markets

Moving toward global risk via RKK<sup>1</sup> and leveraging MSO relationships will drive growth in core markets in CA
- 2 New CA Markets

Expanding our specialist, facility, and payer partnerships will be the largest growth driver in the Bay Area
- 3 Ex-CA Markets

Existing anchor payer and provider partnerships will allow us to expand and take on more risk outside CA

With a strong track record of managing professional and full risk in our core markets, we are making headway in new markets in and outside CA along the risk spectrum

### Members by risk type and geography

	FFS	PCP Cap	Professional Risk	Full Risk <sup>1</sup>	Global Risk
Core CA	500,000+	N/A	250,000 – 500,000	250,000 – 500,000	10,000 – 100,000
New CA	500,000+	N/A	5,000 – 10,000	5,000 - 10,000	<5,000
Ex-CA	500,000+	<5,000	N/A	N/A	N/A

(1) Full risk refers to professional capitation with a facility risk pool per the California Department of Managed Health Care

# Moving toward global risk via RKK and leveraging MSO relationships will drive growth in core markets in CA

Core CA

New CA

Ex-CA

## Current Presence / Activity

- We are currently in 17 counties across our core CA geographies
- Extensive network and long-term partnerships provide consistent and attractive economics
- Acquired and integrated Sun Clinical Laboratories into our healthcare delivery network

VBC<sup>1</sup> Member Breakdown by Risk Type<sup>2</sup>



## Growth

- In process of acquiring an RKK, which will be used to move toward global risk in additional core CA counties
- 15% growth<sup>3</sup> in contracted providers YoY
- Robust MSO relationships create steady pipeline of M&A targets
- Cost-effective, accretive tuck-ins continually expand and improve our network

## Recent Development

- Added 17,000+ exchange lives from top 5 payer
- Opened new multi-specialty supercenter with ~3,000 visits a month

## Recent M&A

- We completed 1 clinic tuck-in, have 9 in LOI, and 23 total owned clinic assets
- Acquired CLIA-certified lab with 19 draw stations

(1) Value-based care; (2) Member breakdown by risk type excludes FFS members; (3) For core CA region IPAs Sept 2021 – Sept 2022, which include Allied Pacific IPA, Accountable Health Care IPA, and Alpha Care Medical Group



# Expanding our specialist, facility, and payer partnerships will be the largest growth driver in the Bay Area

Core CA

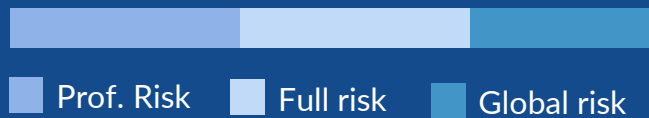
New CA

Ex-CA

## Current Presence / Activity

- Added ~19,000 new members total in new CA counties (including ~5,000 FFS patients)
- Added ~550 new providers in new CA counties

VBC Member Breakdown by Risk Type<sup>1</sup>



## Growth

- In process of acquiring RKK in new CA regions
- Expand our institutional partnerships / contract with additional hospital partners
- Complete tuck-ins, expand specialist networks, improve MLR
- Expanded existing long-standing payer contracts to new regions
- Added 2 new payer partners this year

## Recent acquisitions



## Recently Added Payer Partners



(1) Member breakdown by risk type excludes FFS members

# Existing anchor payer and provider partnerships will allow us to expand and take on more risk outside CA

Core CA

New CA

Ex-CA

## Current Presence / Activity

- Entered 2 new states outside of CA
- Rolled out network development plan for new markets
- Hired regional medical directors and leaders to oversee ops and growth

VBC Member Breakdown by Risk Type<sup>1</sup>



## Growth

- Expand payer partnerships
- Deepen broker relationships to increase organic growth
- Establish specialist networks to take on professional risk
- Create hospital partnerships to build out pathway to full risk
- Execute tuck-ins as needed
- Acquire new platforms

## Recent acquisition



## Recently Added Payer Partners Outside CA



(1) Member breakdown by risk type excludes FFS members

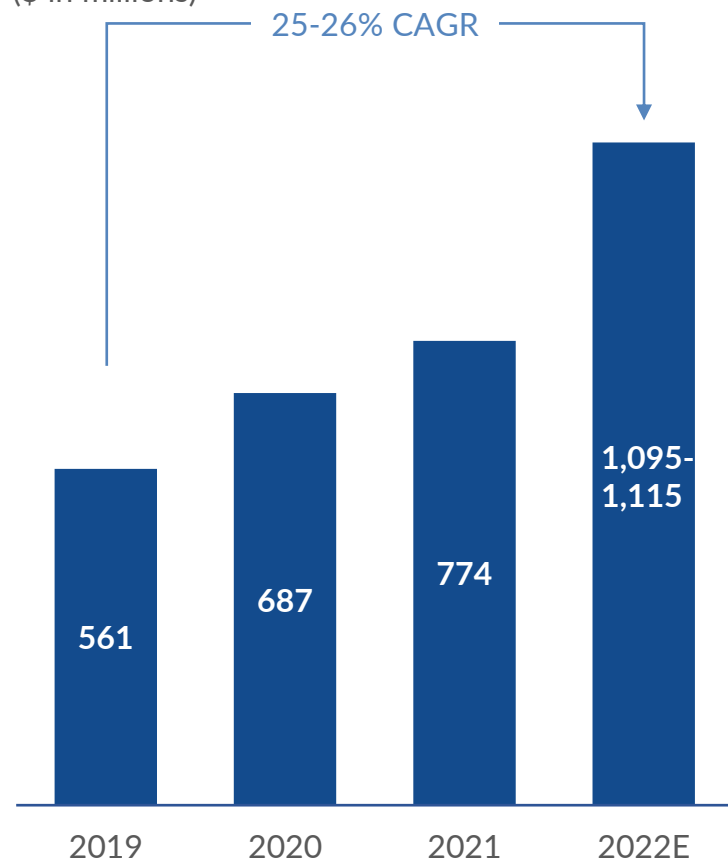
# Financial Overview



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

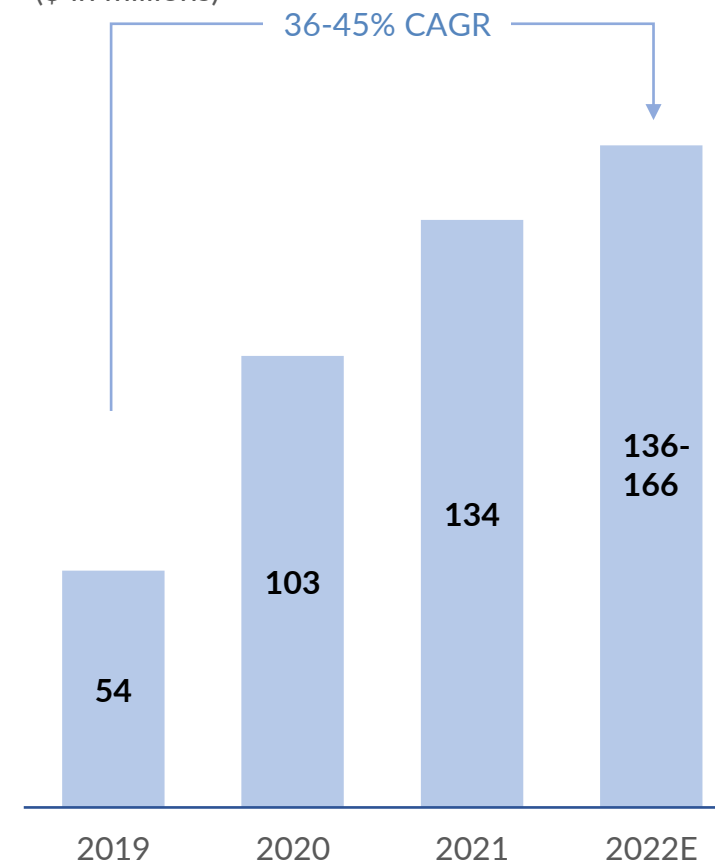
## Revenue

(\$ in millions)



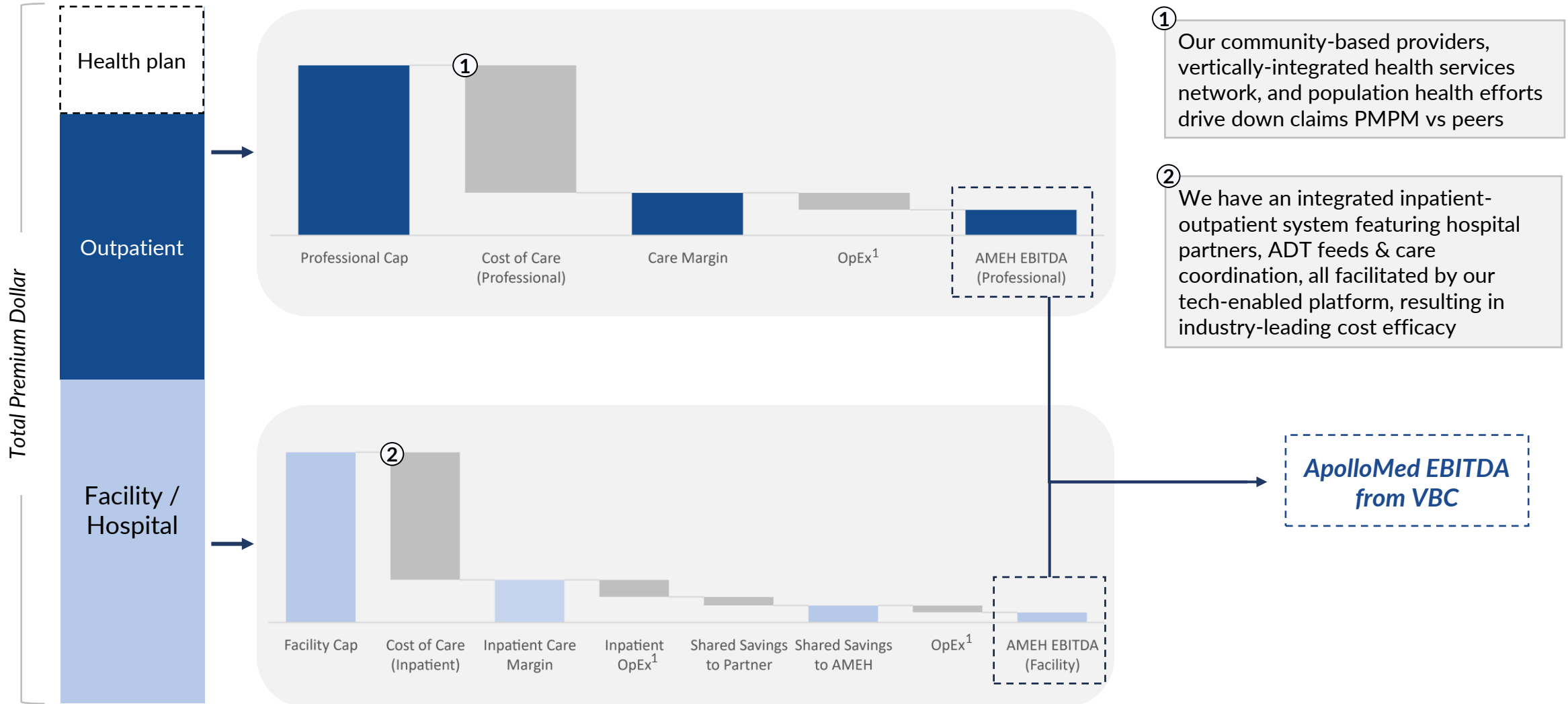
## Adjusted EBITDA<sup>1</sup>

(\$ in millions)

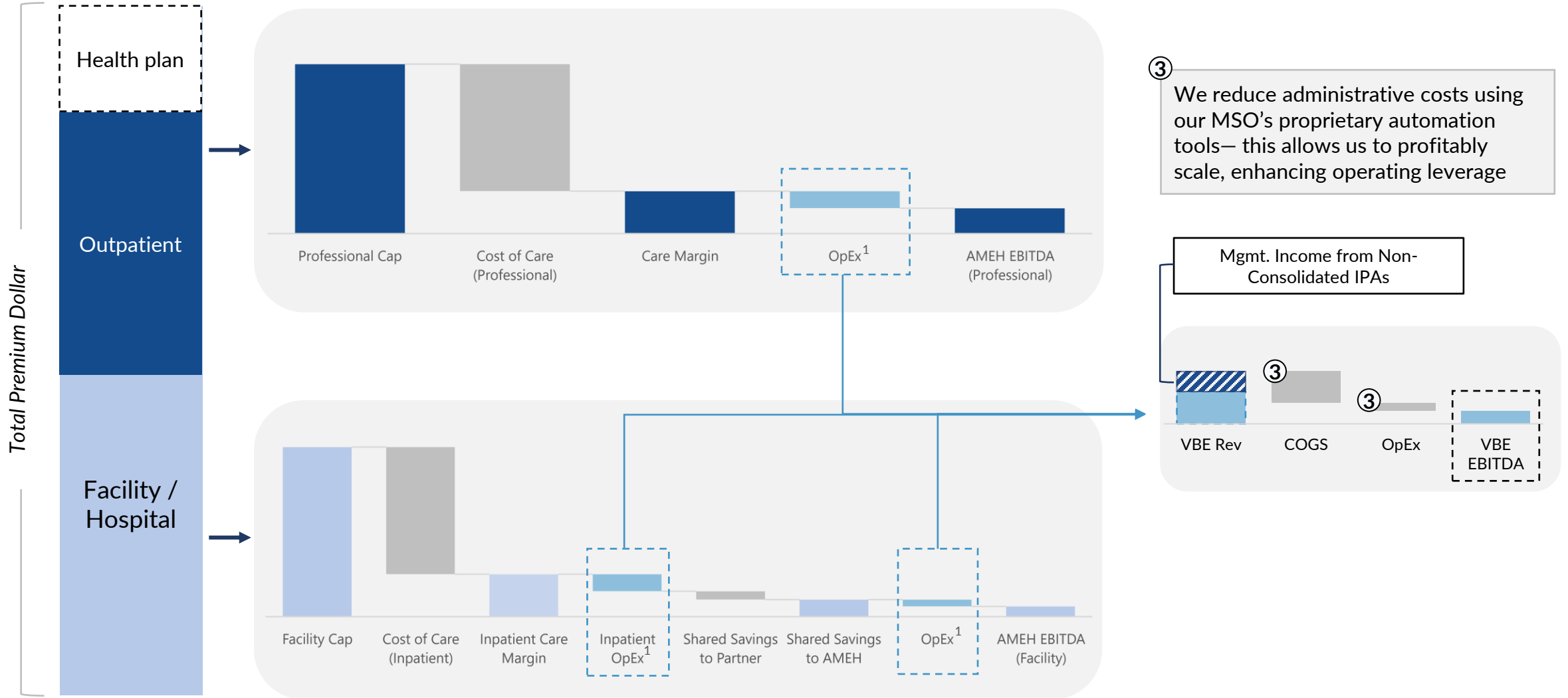


(1) Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization, excluding income or loss from equity method investments, non-recurring transactions, stock-based compensation, and APC excluded assets costs. Beginning in the third quarter ended September 30, 2022, the Company has 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 "2022 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.

# 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)

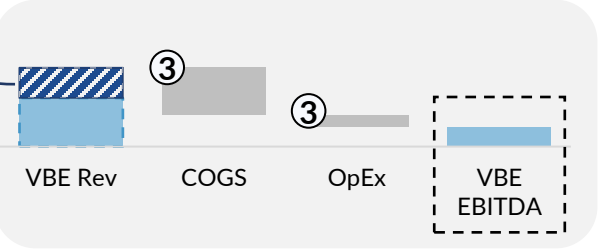


# Our ability to succeed at managing care across our outpatient and inpatient risk contracts allows us to capture significantly more upside than our peers (2/2)

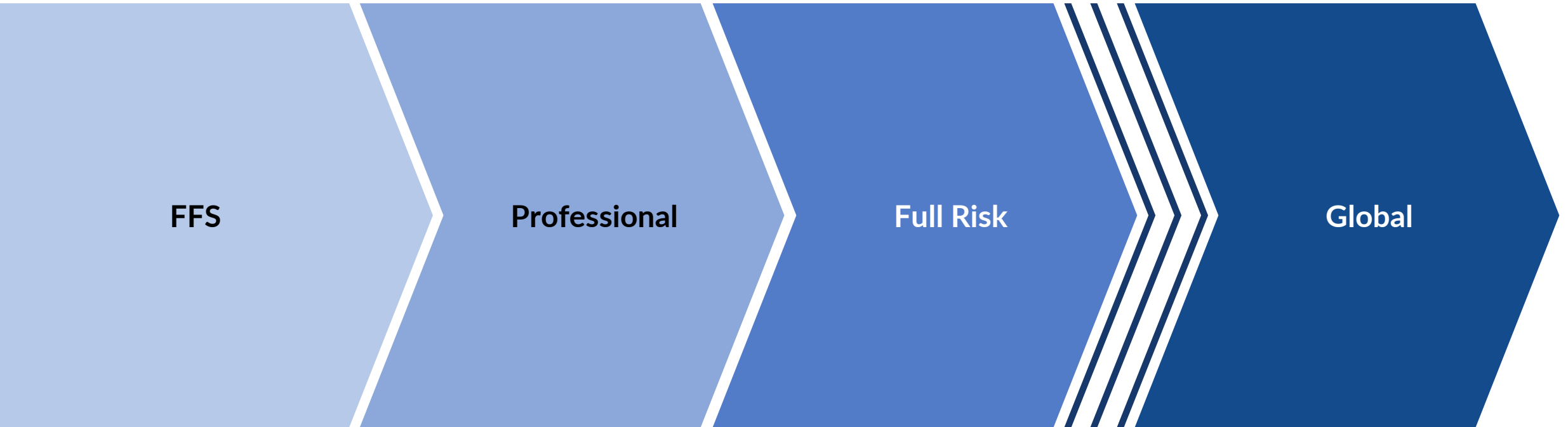


③ We reduce administrative costs using our MSO's proprietary automation tools— this allows us to profitably scale, enhancing operating leverage

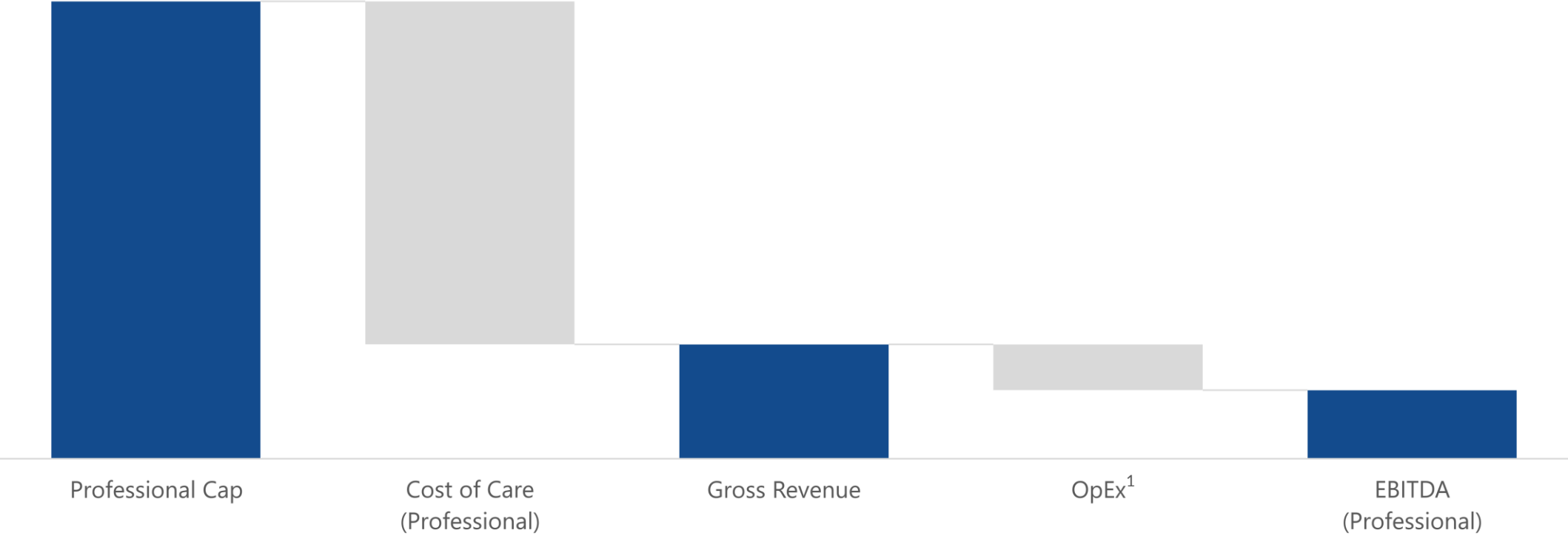
Mgmt. Income from Non-Consolidated IPAs



**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**



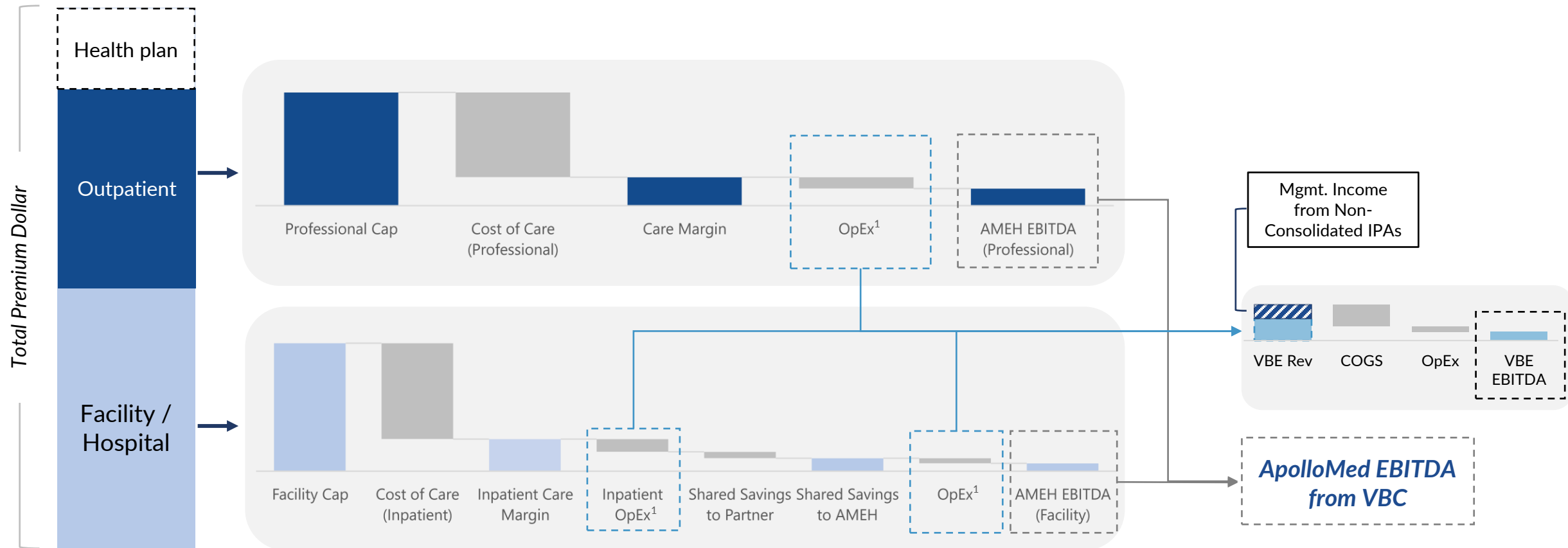
# A significant part of our revenue today is generated by capitation from our professional risk contracts



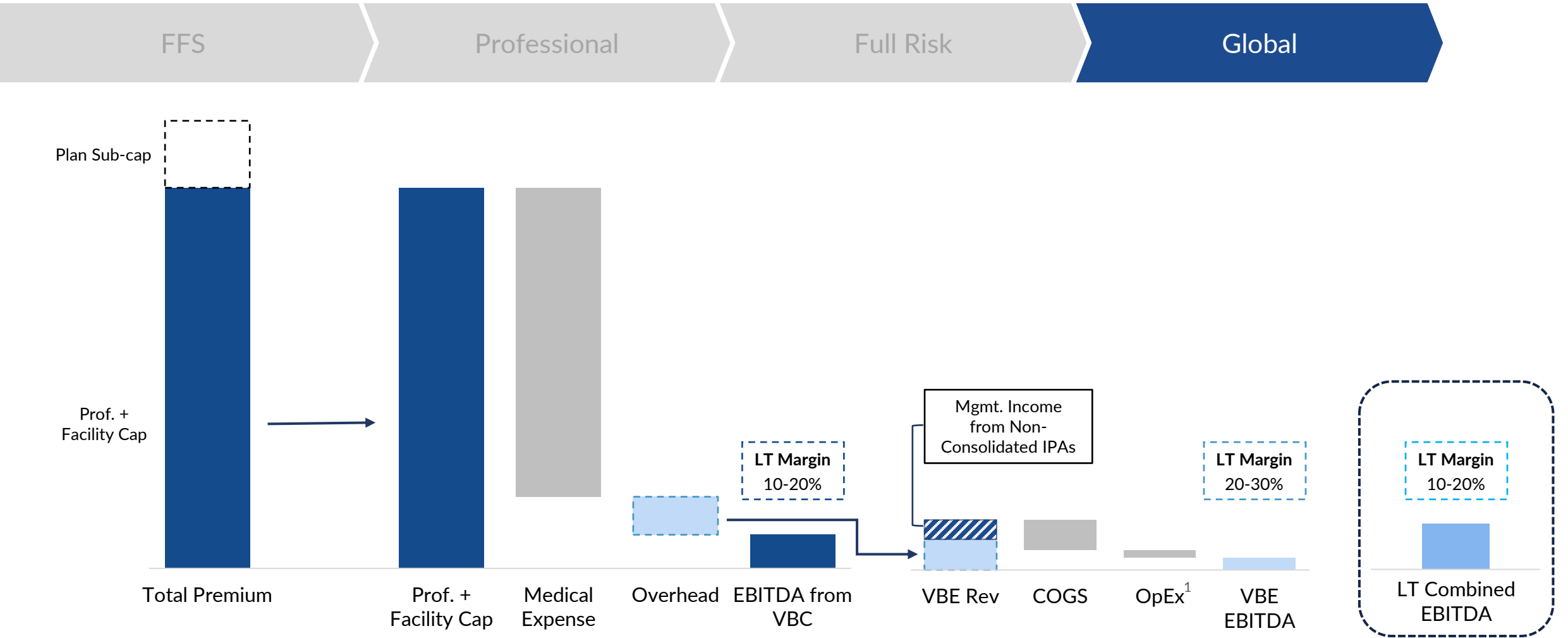
(1) Operating expenses excluding interest, tax, depreciation, and amortization



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



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



# Conclusion



# Key Takeaways

ApolloMed's success and experience in value-based care position the company well to capture a growing \$2T market across all membership populations

With 25+ years of experience, our MSO has a proven track record of handling the challenges that prevent physicians from succeeding in value-based care

Combining in-house engineering and value-based care experience, we have built a technology suite to support operational and clinical excellence

Our model has produced improvements in clinical outcomes across a wide range of geographies and demographics, showing its scalability

ApolloMed's success in value-based care is validated by a robust financial profile, with both rapidly growing revenue and profitable margins

Our management team brings operational, engineering, and clinical expertise to the table, positioning us for continued success in the health care of the future

# Appendix



# Our ApolloMed Leadership team



**Thomas S. Lam,  
MD, MPH**

Co-Chief Executive  
Officer & President



**Brandon Sim**

Co-Chief Executive  
Officer



**Chan Basha**

Chief Strategy Officer,  
Interim Chief Financial Officer



**Allen Hsu**

Chief Growth Officer



**Jeremy R. Jackson,  
MD**

Chief Quality Officer



**Albert Young, MD,  
MPH**

Chief Administrative  
Officer



**Yubin Park**

Chief Analytics Officer

# 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 & 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

# Updated 2022 Guidance

<i>\$ in millions</i>	<b>2022 Guidance Range (as of May 5, 2022)</b>	<b>2022 Guidance Range (as of November 3, 2022)</b>
Total Revenue	\$1,055.0-\$1,085.0	\$1,095.0-\$1,115.0
Net Income <sup>1</sup>	\$38.0-\$57.0	\$50.5-\$67.0
EBITDA <sup>1,2</sup>	\$81.0-\$111.0	\$107.5-\$133.5
Adjusted EBITDA <sup>2</sup>	\$136.0-\$166.0	\$136.0-\$166.0

(1) Net income and EBITDA forecast includes the impact of APC's investment in a payer partner that completed an initial public offering and became publicly traded on June 24, 2021. The revised net income and EBITDA guidance ranges assume the payer partner's stock price of \$1.05.

(2) See "2022 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.



# 2022 Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)	2022 Guidance Range (as of May 5, 2022)		2022 Guidance Range (as of November 3, 2022)	
	Low	High	Low	High
Net income	\$ 38.0	\$ 57.0	\$ 50.5	\$ 67.0
Interest expense	4.0	4.0	8.0	8.0
Provision for income taxes	20.0	31.0	30.0	39.5
Depreciation and amortization	19.0	19.0	19.0	19.0
<b>EBITDA<sup>1</sup></b>	<b>\$ 81.0</b>	<b>\$ 111.0</b>	<b>\$ 107.5</b>	<b>\$ 133.5</b>
Loss (income) from equity method investments	\$ -	\$ -	\$ 1.0	\$ 1.0
Other, net	-	-	1.5	1.5
Provider bonus payments	16.0	16.0	-	-
Stock-based compensation	13.0	13.0	14.0	16.0
APC excluded assets costs	9.0	9.0	12.0	14.0
Net loss adjustment for recently acquired IPAs	17.0	17.0	-	-
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 136.0</b>	<b>\$ 166.0</b>	<b>\$ 136.0</b>	<b>\$ 166.0</b>

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

# 2022 Reconciliation of Three and Nine Months Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 27.4	\$ (5.4)	\$ 50.1	\$ 68.6
Interest expense	2.4	1.0	5.3	4.3
Interest income	(0.2)	(0.4)	(0.7)	(1.3)
Provision for income taxes	13.9	(0.1)	26.1	31.6
Depreciation and amortization	4.8	4.7	13.5	13.1
<b>EBITDA<sup>1</sup></b>	<b>\$ 48.2</b>	<b>\$ (0.3)</b>	<b>\$ 94.3</b>	<b>\$ 116.3</b>
(Income) loss from equity method investments	\$ (0.2)	\$ (0.1)	\$ (0.5)	\$ (0.2)
Gain on sale of equity method investment	-	(2.2)	-	(2.2)
Other, net	1.4 <sup>2</sup>	-	1.4 <sup>2</sup>	(0.9) <sup>3</sup>
Stock-based compensation	3.5	1.4	10.5	4.3
APC excluded assets costs	4.2	64.0	10.7	0.9
<b>Adjusted EBITDA<sup>1,4</sup></b>	<b>\$ 57.1</b>	<b>\$ 62.9</b>	<b>\$ 116.4</b>	<b>\$ 118.2</b>

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

(2) Other, net for the three and nine months ended September 30, 2022 relates to transaction costs incurred, net of the write-off related to APCMG contingent consideration to reflect the fair value as of September 30, 2022.

(3) Other, net for the nine months ended September 30, 2021, relates to stimulus checks received in 2021.

(4) Adjusted EBITDA under the historical method for the three and nine months ended September 30, 2022 is \$68.5 million and \$137.8 million, respectively.

# Reconciliation of TTM and 12 Months Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)	TTM as of Sept 30, 2022	Year ended December 31,		
		2021	2020	2019
<b>Net income</b>	\$30.8	\$49.3	\$122.3	\$17.7
Interest expense	6.4	5.4	9.5	4.7
Interest income	(0.9)	(1.6)	(2.8)	(2.0)
Provision for income taxes	23.0	28.5	56.1	8.2
Depreciation and amortization	17.9	17.5	18.4	18.3
<b>EBITDA<sup>1</sup></b>	<b>77.1</b>	<b>99.1</b>	<b>203.5</b>	<b>46.8</b>
Goodwill impairment	-	-	-	2.0
(Income) loss from equity method investments	(0.5)	(0.3)	(0.0)	0.2
Gain on sale of equity method investment	-	(2.2)	-	-
Other	0.6	(1.7)	(0.5)	-
Stock-based compensation	12.9	6.7	3.4	0.9
APC excluded assets costs	41.7	31.9	(103.6)	4.3
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$131.7</b>	<b>\$133.5</b>	<b>\$102.8</b>	<b>\$54.2</b>

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

# 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.



**For inquiries, please contact:**

ApolloMed Investor Relations  
(626) 943-6491  
[investors@apollomed.net](mailto:investors@apollomed.net)

Carolyn Sohn, The Equity Group  
(408) 538-4577  
[csohn@equityny.com](mailto:csohn@equityny.com)

