

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 16, 2020 (December 10, 2020)

APOLLO MEDICAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37392
(Commission File
Number)

95-4472349
(I.R.S. Employer
Identification Number)

1668 S. Garfield Avenue, 2nd Floor, Alhambra, CA 91801
(Address of principal executive offices) (zip code)

(626) 282-0288
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Precommencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Precommencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	AMEH	Nasdaq Capital Market

Item 8.01 Other Events.

Apollo Medical Holdings, Inc. (the “Company”) will conduct meetings with members of the investment community in December 2020 as a part of a non-deal roadshow, and has prepared presentation materials that the Company intends to use in this regard. A copy of the presentation materials to be used is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 - [Investor Presentation](#)

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APOLLO MEDICAL HOLDINGS, INC.

Dated: December 16, 2020

By: /s/ Thomas S. Lam
Name: Thomas S. Lam, M.D, M.P.H.
Title: Co - Chief Executive Officer & President







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 filed with the SEC on March 16, 2020 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.

Company Overview

Apollo Medical Holdings, Inc. ("ApolloMed") is a leading physician-centric, technology-powered, risk-bearing healthcare management company. Leveraging its proprietary population health management and healthcare delivery platform, ApolloMed operates an integrated, value-based healthcare model, which aims to empower the providers in its network to deliver the highest quality of care to its patients in a cost-effective manner.

 25+ years of operation	 7,000+ contracted physicians
 14 managed IPAs	 1.1+ million managed lives

ApolloMed At-A-Glance	
Ticker	NASDAQ: AMEH
Headquarters	Alhambra, California
Employees <small>(as of 12/31/2019)</small>	500+
Recent Stock Price <small>(as of 12/8/2020)</small>	\$17.98
Market Cap <small>(as of 12/8/2020)</small>	\$976 million
Common Shares Outstanding	54.3 million
Book Value Per Common Share	\$4.22
TTM Revenues	\$689 million

Information as of 9/30/2020 unless otherwise noted

Investment Highlights

Track Record of Strong Financial Performance

Physician-led organization with proven track record of **profitably managing risk** and **growing member enrollment**

Compelling financial model supported by **highly predictable unit economics** with **upside potential** from risk-bearing arrangements

A Leading Physician-Centric, Technology-Powered Care Provider

Value-based care model supported by **proprietary integrated health management & healthcare delivery platform**

Combines **innovative technologies** with **clinical expertise** for operational excellence and efficiencies

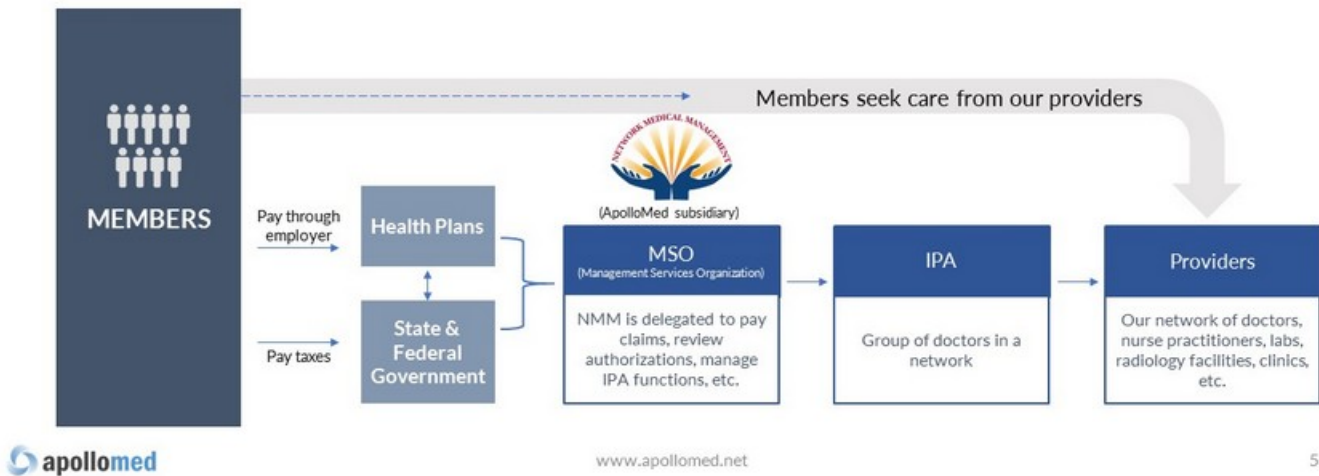
Experienced Leadership Driving Strategic Growth

Multifaceted growth strategy driven by **national shift to value-based care**, creating large market opportunity

Margin expansion through proprietary technologies

Where ApolloMed Fits in the U.S. Healthcare Ecosystem

Through its MSO, consolidated IPAs, and ACO, ApolloMed is one of the nation's largest population health management companies and one of few that provides **full spectrum of care**.



Our Service Offerings & Revenue Model

Across all aspects of care delivery, our offerings provide a steady revenue stream.

Service Offering	Description	% of Revenue ¹
Consolidated Independent Practice Associations (IPAs)	<ul style="list-style-type: none"> • Network of primary and specialty physicians • Deliver care under risk-bearing and capitated arrangements with payors 	~82%
Next Generation ACO / Risk Model	<ul style="list-style-type: none"> • Negotiates discounts and manages claims for a network of physicians in 15 U.S. states and territories that deliver coordinated care to set beneficiaries under a risk-bearing capitated arrangement with CMS² 	~11%
Management Services Organization (MSO)	<ul style="list-style-type: none"> • Provides non-medical services, such as billing, collection and administrative tasks, to medical companies and IPAs 	~5%
Commercial EPO	<ul style="list-style-type: none"> • Deliver care under risk-bearing and capitated arrangements with employers • Members must utilize doctors and hospitals within the EPO network 	New offering
Commercial ACO	<ul style="list-style-type: none"> • Provide care coordination for aligned members 	New offering

1. For nine months ended 9/30/2020. Remaining 2% of revenue are related to fee-for-service offerings rendered by our contracted physicians at our outpatient centers.
 2. Centers for Medicare & Medicaid Services

Organizational Overview

Together with our affiliated physician groups and consolidated entities, ApolloMed manages the medical lives of approximately 1.1 million members.



How ApolloMed Provides Value-Based Care

We created a technology-powered platform to deliver value-based care through our horizontally and vertically integrated physician-centric model.

Traditional Fee-for-Service Model

- Siloed care with little coordination among providers
- Volume-based system results in redundant, contradictory care
- Limited integration and data sharing
- Reactive care
- Little sensitivity to cost
- Poor patient experience

ApolloMed's Value-Based Care Model

- Integrated healthcare ecosystem
- Reduce redundant and/or unnecessary testing
- Actionable data allows providers to make informed decisions
- Emphasize preventative/chronic care management
- Incentive to deliver better care at lower cost
- Improved patient experience and outcomes

Our Value-Based Care Model Benefits all Stakeholders

PATIENTS

- Improved health outcomes
- Improved patient experience
- Reduced out-of-pocket expenses for patients

PAYORS

- Improved population health and higher quality scoring
- Increased membership
- Significant savings (capitation arrangements align financial incentives with proactive and preventative healthcare)

PROVIDERS

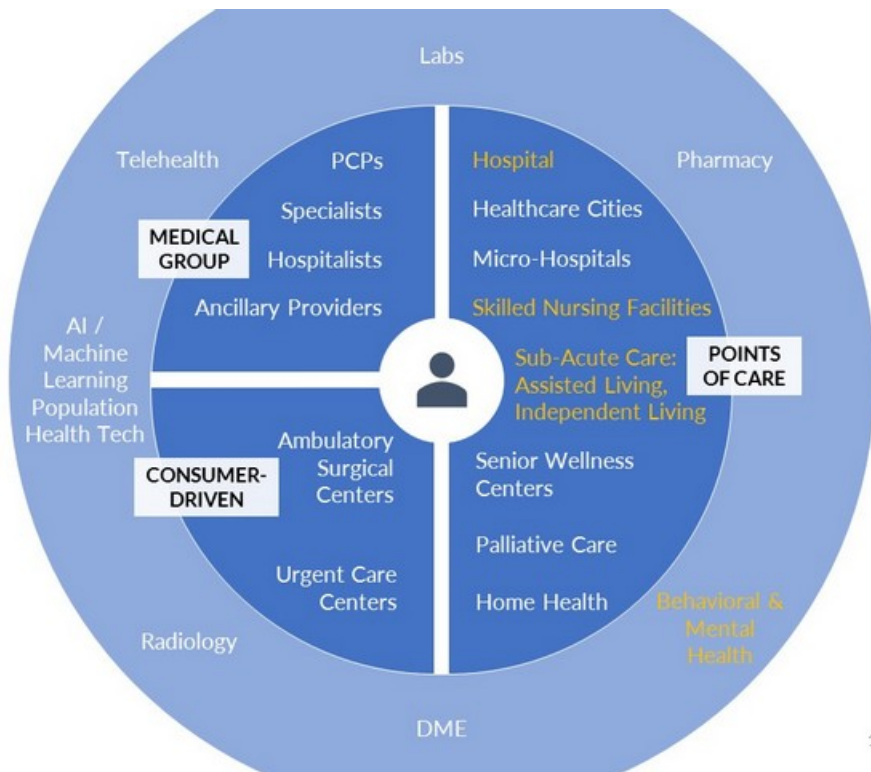
- Reduced burn-out with flexible schedules and greater work-life balance
- Relief of administrative burden
- Customized technology-powered clinical support
- Compensation driven by quality

PARTNERS

- Increased utilization of facilities
- Focuses care in the most cost-effective setting while enabling ApolloMed and hospital partners to share in risk pool dollars



Our next-generation integrated healthcare platform is centered around the **patient**.



ApolloMed entities
Strategic & Preferred Contractual Partners



Select ApolloMed Points of Care



Why Physicians Partner with ApolloMed

ApolloMed empowers its physicians to cost-effectively deliver the highest quality of care to its patients by aligning financial incentives around proactive and preventative healthcare.


Financial Compensation

- PMPM payments and incentives to physicians
- Opportunity for equity awards; aligns incentives and offers a chance to participate in Company's financial success


Work Environment and Culture

- Flexible physician schedules to promote work-life balance
- Focus on high quality care, offering sufficient time with patients tailored to local community needs


Industry-Leading MSO Capabilities

- Combination of clinical, administrative, and technology capabilities enable physicians to focus on patients while retaining a greater share of their capitated income stream


Business Transparency

- Only publicly traded population health management system in Southern California
 - Recruiting/retention tool
- Physicians offered opportunity to join a publicly traded MSO and IPA company, which provides transparency through public reporting

Long-Term Relationships with a Diversified Payor Mix

15
years

Average tenure
with key payors

<15%
total net
revenue

Contribution from
each top payor



Proprietary Technology Platform

ApolloMed combines technology and data analytics, powered by machine learning and artificial intelligence, with clinical expertise.



Proprietary Technology Platform

Our solutions address three key pain points in managed healthcare delivery:

Automated Medical Claims Adjudication



- Has processed >2.5 million claims with no human intervention across 14 IPAs and all lines of business
- Saved >20,000 hours of manual claims examiner effort

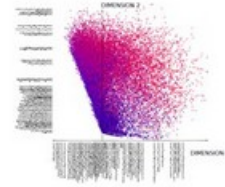
Utilization Management Automation

- Has processed >150,000 authorization requests with no human intervention across 14 IPAs and all lines of business
- Saved >1,000 hours of UM examiner effort



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Population Health Platform



- Real-time value-based care KPI's (HEDIS measures, HCC capture)
- Real-time, actionable notifications for providers
- Machine-learning model for population risk stratification

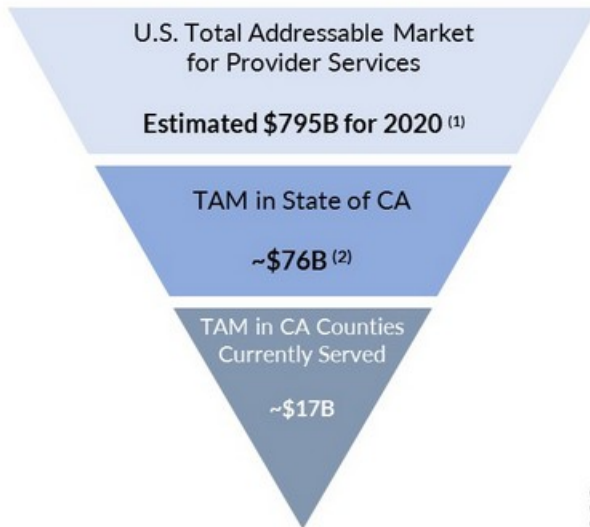


The Market Opportunity

ApolloMed is at the intersection of provider services and healthcare technology.

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A Significant Market Opportunity in Provider Services



Provider services population includes:

Medicare, Medicaid, Commercial and Other Third-Party spending

Potential membership in the State of California:

~21M ⁽³⁾

Potential membership in CA counties currently served:

~14M ⁽⁴⁾

(1) Source: CMS.gov - NHE Fact Sheet, physician and clinical services expenditures
(2) Source: CHCF.org - California Personal Health Core Spending, 2017 - Quick Reference Guide
(3) Source: Cattaneo & Stroud, Inc. - The Active California Medical Group Market report, March 31, 2019.
(4) Source: Cattaneo & Stroud, Inc. - Total of Medical Groups HMO Enrollment by Lines Business, 2004-2018, March 15, 2019.



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Industry Peers



Ticker	NASDAQ: AMEH	NYSE: OSH	NASDAQ: ONEM	NYSE: EVH
Business	A leading physician-centric, technology-powered, risk-bearing healthcare management company	A network of value-based, primary care centers for adults on Medicare	A membership-based and technology-powered primary care platform with seamless digital health and inviting in-office care	A health care company that delivers proven clinical and administrative solutions to payers and providers
# of Members Served	1.1M	89,500	511,000	3.5M
Market Cap	\$976M	\$12.4B	\$4.0B	\$1.0B
TTM Revenue	\$689M	\$729M	\$303.8M	\$942.6M
EV/Revenue	1.6 ⁽³⁾	17.5	12.1	1.3
TTM EBITDA	\$180.7M ⁽¹⁾⁽²⁾	(\$103.5M)	(\$67.1M)	(\$458.2M)
EV/EBITDA	6.2 ⁽³⁾	(123.3)	(54.8)	(2.8)

Note: Peer stats sourced from Yahoo Finance, TTM info is as of 9/30/2020

(1) Refer to TTM EBITDA reconciliation on slide 37

(2) Includes approx. \$99.6 million gain on sale of Universal Care Acquisition Partners, LLC's ("UCAP") 48.9% investment in Universal Care, Inc. ("UCI") to Bright Health Company of California, Inc. ("Bright"), which closed on April 30, 2020. UCAP is a 100% owned subsidiary of Allied Physicians of California, a Professional Corporation ("APC"). UCAP's 48.9% investment in UCI is an excluded asset that remains solely for the benefit of APC and its shareholders. As such, the gain on sale does not affect the net income and adjusted EBITDA attributable to Apollomed.

(3) See "Current Capitalization" (slide 30) for more information.



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ApolloMed is Executing Clear Growth Strategy

Consolidate additional IPAs

Enter new markets and geographies, expand outreach through current ACO program presence in 15 states

Continue to invest in technology, preventative care and automation to further drive clinical care capabilities and margin expansion

Expand physician network and membership

Establish new and deepen existing partnerships



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Integration of Acquired IPAs

ApolloMed continues to implement processes to fully integrate the IPAs acquired in 2019 into its framework with expected completion within 3 years of closing.

Strategic Growth – Undervalued IPAs in contiguous areas

Culture Change – Improvement needed in utilization management and population health practices

Contracting – Payor contracts cannot be amended immediately



APC acquired for approx. \$45M in May 2019
~170,000 members
340+ primary care physicians



ACCOUNTABLE
HEALTH CARE IPA
"A Healthcare Partnership you can depend on."

APC acquired remaining 75% stake not already held for approx. \$7.25M in August 2019
~89,000 members
400+ primary care physicians

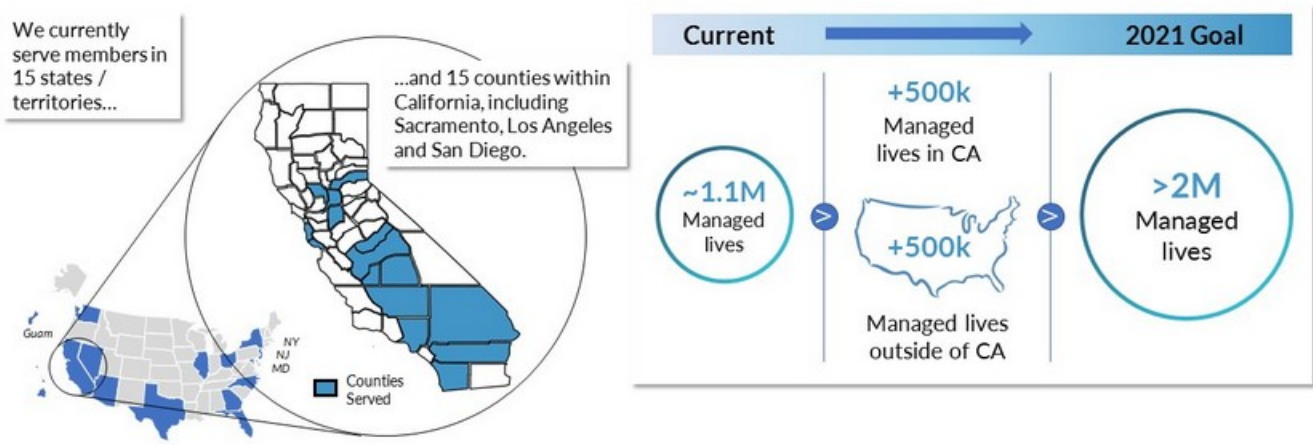


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Expanding Nationwide

ApolloMed is well positioned to increase our existing presence in California while exploring opportunities to expand our geographic footprint beyond the state.



Our Response to COVID-19

ApolloMed has implemented measures to support our members, physicians and employees during the ongoing COVID-19 pandemic.



Members

- Drive-thru testing stations
- Increased testing capabilities
- Immediate access
- Telehealth options



Independent Providers

- Access to critical supplies
- Reduced patient loads
- Relief of administrative burdens
- Knowledge sharing



Employees

- Flexible work arrangements
- Digital workspaces
- Priority telehealth access

Prioritizing the health and safety of our community

Investment Summary

Large and rapidly growing market opportunity focused on value-based care

A value-based care model supported by proprietary care management technologies

A compelling financial model with predictable unit economics and potential upside from risk-sharing


Multifaceted growth strategy driven by the shift to value-based care

Combination of innovative technologies and clinical expertise for operational excellence and efficiencies (margin expansion)

Clinically experienced management team committed to enhancing shareholder value



Financial Overview
A History of Profitable Growth

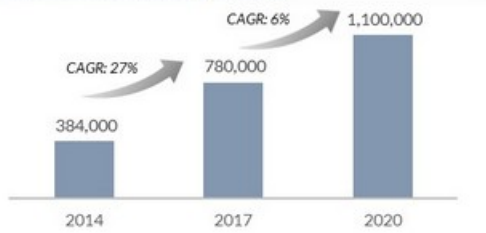
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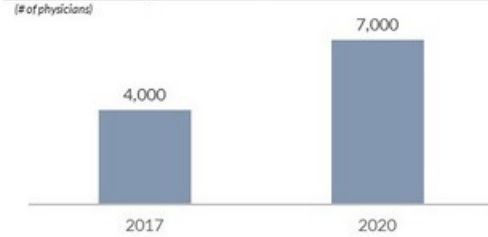
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Historical Financial Profile

Consistent Membership Growth



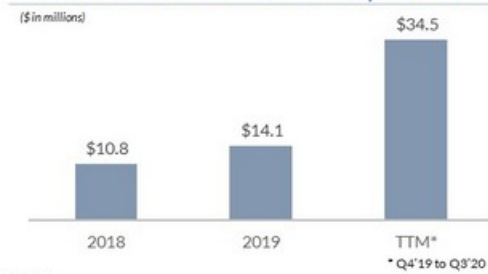
Contracted Physicians Growth



Historical Revenue Growth



Historical Net Income Attributable to ApolloMed Growth



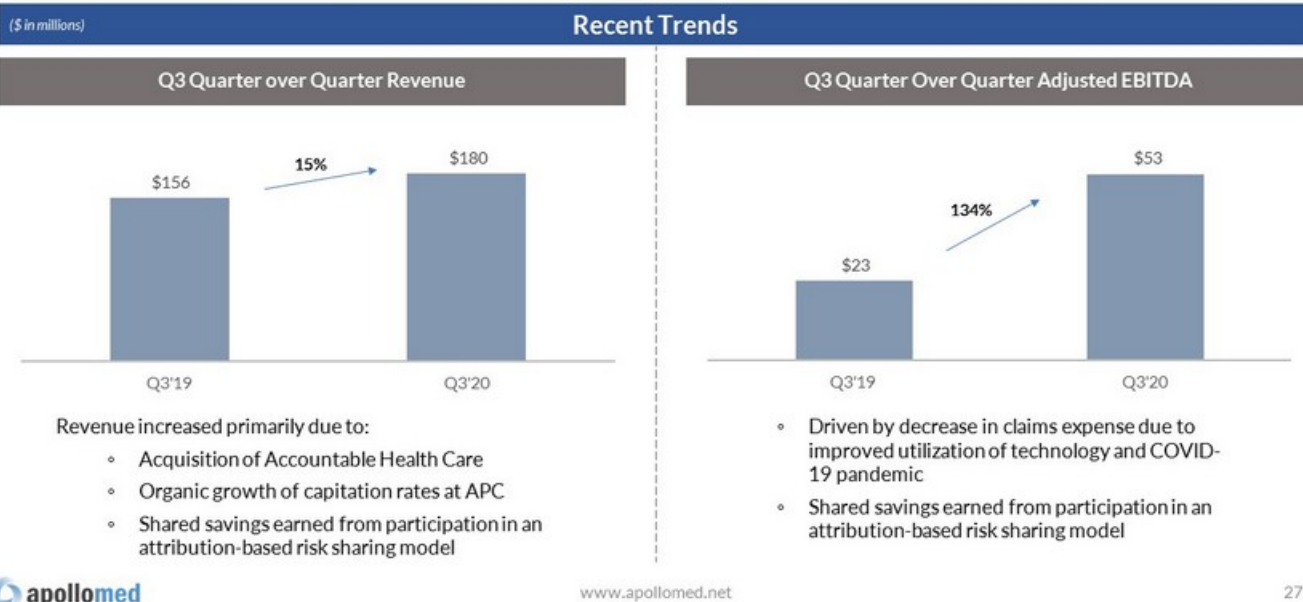
2020 Guidance

\$ in millions	Q3 2020 YTD Results	2020 Guidance Range
Total Revenue	\$510.4	\$665.0-\$675.0
Net Income	\$109.4 ⁽¹⁾	\$110.0-\$120.0
EBITDA ⁽²⁾	\$173.1 ⁽¹⁾	\$182.0-\$194.0
Adjusted EBITDA ⁽²⁾	\$90.8	\$97.0-\$112.0

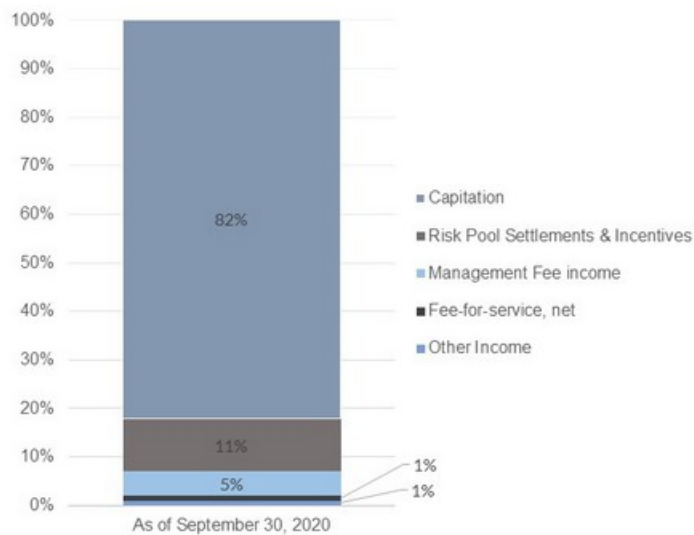
(1) Q3 2020 YTD net income includes pre-tax gain on sale of UCI of \$99.6M.

(2) See "Reconciliation of Net Income to EBITDA and Adjusted EBITDA" and "Use of Non-GAAP Financial Measures" below 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" above.

Quarterly Performance



Revenue Breakdown



- A Capitation** - Capitated fees for medical services via direct arrangements with managed care providers
 - Typically pre-paid monthly based on number of enrollees
- B Risk Pool Settlements & Incentives** - Full and shared risk capitation arrangements with certain health plans, local hospitals and Next Generation Accountable Care Organizations
- C Management Fee Income** - Fees earned from providing management, physician advisory, healthcare staffing, administrative and other non-medical services
- D Fee-for-service** - Professional component of charges for medical services rendered by our contracted physicians at outpatient centers

Balance Sheet Highlights

<i>\$ in millions</i>	9/30/2020	12/31/2019	\$ Change	% Change
Cash and cash equivalents and investments in marketable securities	\$284.4	\$219.7	\$64.7	↑ 29.4%
Working capital	\$235.2	\$223.6	\$11.6	↑ 5.2%
Total stockholders' equity	\$229.4	\$192.3	\$37.1	↑ 19.2%

Current Capitalization

<i>(\$ in millions, except per share price)</i>	
Recent Share Price (as of 12/8/2020)	\$ 17.98
Common Shares Outstanding	54.3
Market Capitalization	\$ 976.3
Plus: Total Bank Debt	240.5
Less: Cash and Cash Equivalents ⁽¹⁾	(99.0)
Implied Enterprise Value	\$ 1,117.8
Notes:	
Availability on Revolving Credit Facility	\$ 16.8

Note: See appendix for EBITDA reconciliation. Balance sheet data as of 9/30/2020.
 (1) Excludes restricted cash of \$67mm.

Outstanding Shares Explained

36.8M

Shares outstanding used to calculate GAAP EPS for 9/30/2020 period

+

17.5M

Treasury shares (owned by APC) as of 9/30/2020

=

54.3M

Total issued and outstanding shares as of 11/2/2020

APC, an affiliated IPA, holds approx. 17.5 million ApolloMed shares, approx. 15.0 million (\$300 million) of which, it received as consideration from ApolloMed as part of the 2019 transaction to more fully integrate APC's financial results into ApolloMed. Approx. 2.5 million shares were previously owned by APC or purchased in the open market.

For accounting purposes, shares of ApolloMed held by APC are treated as treasury stock in consolidation and therefore not included in GAAP EPS calculation.

Outstanding Shares Explained

41.8M⁽¹⁾

Expected shares outstanding to be used to calculate GAAP EPS for 2021 periods

+

12.5M

Treasury shares (owned by APC) after APC's in-kind dividend

=

54.3M

Total issued and outstanding shares as of 11/2/2020

In December 2020, approx. 5 million of APC's shares of ApolloMed common stock will be distributed through an in-kind dividend on a pro rata basis to APC's individual shareholders.

As a result, the number of shares outstanding used to calculate EPS will increase in future periods, but will be offset by a corresponding proportionate increase in net income attributable to ApolloMed as a result of this transaction. As a result, the Company does not expect this distribution (or future similar distributions) to have a material impact on GAAP EPS.

The remaining approx. 12.5 million APC shares will continue to be treated as treasury stock and therefore not included in shares outstanding for GAAP EPS calculation.

Appendix

Management – A Team of Industry Veterans



Kenneth Sim, MD



Thomas S. Lam, MD, MPH



Eric Chin



Adrian Vazquez, MD



Albert Young, MD



Brandon Sim

Executive Chairman & Co-CEO

- Joined AMEH in 2006
- Currently serves as Chairman of APC, Chairman of NMM since 2013 and director of NMM since 2006
- Fellow of the American College of Surgeons
- General surgeon

Co-CEO & President

- Joined AMEH in 2005
- AMEH director since 2016
- 15 years as CEO and director of NMM
- Chairman & CEO of APC from 2006-2014
- 30 years as a practicing physician/gastroenterologist

CFO & Interim Co-CEO

- Joined AMEH in 2018
- Also CFO of NMM
- 17+ years of financial experience
- B.A. from UCLA, licensed CPA

Chief Medical Officer

- Joined AMEH in 2001
- Served as AMEH President and Chairman of the Board from 2008-2011, prior to NMM's merger with AMEH
- Co-founder of AMEH Hospitalists
- Internal medicine specialist

Chief Administrative Officer





- Joined AMEH in 2006
- 25+ years as pulmonology specialist
- M.D. from West Virginia University School of Medicine and a Master's in Public Health from UCLA

Chief Technology Officer & Interim Co-CEO

- Joined AMEH in 2019
- Quantitative Researcher at Citadel Securities and CTO at Theratech
- B.A. in Statistics and Physics and M.S. in Computer Science and Engineering from Harvard University

U.S. Value-Based Landscape – Providers

The value-based care landscape continues to broaden as more companies enter the market to take capitation risk directly or assist physicians in the transition to risk-based arrangements.

Payor Owned	Investor Owned	Independent	Other
<ul style="list-style-type: none"> Large payor-owned provider groups primarily pursuing payor-agnostic strategy Minimal recent platform integration Focus on acquisitions 	<ul style="list-style-type: none"> ApolloMed, Oakstreet Health and One Medical are the only publicly traded companies Other entrants are eyeing access to public markets 	<ul style="list-style-type: none"> Several platforms considering strategic alternatives, e.g., PMA, Millennium, Genuine Health New platforms continue to enter the market Increased competition 	<ul style="list-style-type: none"> Continued investment by sponsors and payors into cost management tools and services Other value-based enablers such as Agilon are partnering with large multi-specialty groups to help take risk 



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Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	\$ 25.4	\$ 10.7	\$ 109.4	\$ 19.0
Depreciation and amortization	4.7	4.9	14.0	13.8
Provision for income taxes	10.8	3.7	44.2	6.5
Interest expense	2.5	0.8	8.0	1.3
Interest income	(0.8)	(0.5)	(2.5)	(1.3)
EBITDA	\$ 42.6	\$ 19.6	\$ 173.1	\$ 39.3
Income from equity method investments	\$ (0.4)	\$ (2.1)	\$ (3.3)	\$ (1.2)
Gain on sale of equity method investment	-	-	(99.7)	-
Other income	(0.1)	(2.6)	(1.5)	(2.8)
Provider bonus payments	6.5	2.1	8.5	12.0
Impairment of intangibles	-	2.0	-	2.0
Provision for doubtful accounts	-	-	-	(1.4)
Net loss adjustment for recently acquired IPAs	4.8	3.7	13.7	5.6
Adjusted EBITDA	\$ 53.4	\$ 22.7	\$ 90.8	\$ 53.5



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TTM EBITDA Reconciliation

(\$ in millions)

	Three Months Ended					TTM 2020
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020		
Net (loss) income	\$ (1.3)	\$ 3.0	\$ 81.0	\$ 25.4	\$ 108.1	
Depreciation and amortization	4.5	4.7	4.6	4.7	18.5	
Provision for income taxes	1.7	1.6	31.9	10.8	46.0	
Interest expense	3.4	2.9	2.7	2.5	11.5	
Interest income	(0.7)	(1.0)	(0.9)	(0.8)	(3.4)	
EBITDA	\$ 7.6	\$ 11.2	\$ 119.3	\$ 42.6	\$ 180.7	
Loss (income) from equity method investments	\$ 8.0	\$ (2.1)	\$ (0.8)	\$ (0.4)	\$ 4.7	
Gain on sale of equity method investment	-	-	(99.7)	-	(99.7)	
Other (income) expense	(0.2)	(0.1)	(1.3)	(0.1)	(1.7)	
Provider bonus payments	-	-	2.0	6.5	8.5	
Impairment of intangibles	-	-	-	-	-	
Provision for doubtful accounts	-	-	-	-	-	
Net loss adjustment for recently acquired IPAs	5.5	4.8	4.1	4.8	19.2	
Adjusted EBITDA	\$ 20.9	\$ 13.8	\$ 23.6	\$ 53.4	\$ 111.7	

Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$ in millions)

	Year Ending December 31, 2020	
	Low	High
Net income ⁽¹⁾	\$ 110.0	\$ 120.0
Depreciation and amortization	19.0	20.0
Provision for income taxes	46.0	47.0
Interest expense	10.0	11.0
Interest income	(3.0)	(4.0)
EBITDA	\$ 182.0	\$ 194.0
Income from equity method investments ⁽²⁾	\$ (100.0)	\$ (99.0)
Net loss adjustment for recently acquired IPAs	15.0	17.0
Adjusted EBITDA	\$ 97.0	\$ 112.0

⁽¹⁾ Net income and earnings before income tax, depreciation and amortization ("EBITDA") include the gain on sale of UCAP's 48.9% investment in UCI to Bright, which closed on April 30, 2020. UCAP is a 100% owned subsidiary of APC and its 48.9% investment in UCI is an excluded asset that remains solely for the benefit of APC and its shareholders. As such, the gain on sale does not affect the net income and adjusted EBITDA attributable to ApolloMed.

⁽²⁾ Income from equity method investments is mainly attributed to the sale of UCAP's 48.9% investment in UCI to Bright, which closed on April 30, 2020. UCAP is a 100% owned subsidiary of APC and its 48.9% investment in UCI is an excluded asset that remains solely for the benefit of APC and its shareholders. As such, the gain on sale does not affect the net income and adjusted EBITDA attributable to ApolloMed.

Use of Non-GAAP Financial Measures

This presentation contains the non-GAAP financial measures Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA, of which the most directly comparable financial measure presented in accordance with GAAP is net (loss) income. These measures are not in accordance with, or are an alternative to, U.S. generally accepted accounting principles ("GAAP"), and may be different from other non-GAAP financial measures used by other companies. ApolloMed uses Adjusted EBITDA as a supplemental performance measure of its 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 losses from equity method investments provide bonus payments, impairment of intangibles, provision of doubtful accounts and other income earned that is not related to ApolloMed's normal operations. Adjusted EBITDA also excludes non recurring items, including the effect on EBITDA of certain recently acquired IPAs.

ApolloMed 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 and 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 ApolloMed's ongoing operating performance. In addition, these non-GAAP financial measures are among those indicators ApolloMed 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, or as a substitute for, GAAP financial measures. To the extent this release contains historical or future non-GAAP financial measures, ApolloMed has provided corresponding GAAP financial measures for comparative purposes. Reconciliation between certain GAAP and non-GAAP measures is provided above.

Key Acronyms

- **ACO:** Accountable Care Organization
- **AIPBP:** All-Inclusive Population-Based Payments
- **APC:** Allied Physicians of California IPA
- **CMMI:** Center for Medicare and Medicaid Innovation
- **CMS:** Centers for Medicare & Medicaid Services
- **DME:** Durable Medical Equipment
- **Health Plan / Payors:** Health Insurance Companies
- **HMO:** Health Maintenance Organization
- **IPA:** Independent Practice Association
- **NCI:** Non-Controlling Interest
- **NMM:** Network Medical Management
- **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



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