

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): August 9, 2019

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)

N/A
(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))

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 |

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.

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2019, Apollo Medical Holdings, Inc. issued a press release, announcing its results of operations for the quarter ended June 30, 2019. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by this reference.

In accordance with General Instruction B.2 of Form 8-K, the information furnished pursuant to this Item 2.02, including Exhibit 99.1 furnished herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements And Exhibits

(d)Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|---|
| 99.1 | Press Release of Apollo Medical Holdings, Inc., dated August 9, 2019. |

SIGNATURES

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

APOLLO MEDICAL HOLDINGS, INC.

Dated: August 9, 2019

By: /s/ Thomas S. Lam, M.D.

Name: Thomas S. Lam, M.D.

Title: Co-Chief Executive Officer



APOLLO MEDICAL HOLDINGS REPORTS REVENUE OF \$130.0 MILLION FOR THE SECOND QUARTER OF 2019

Alhambra, CA – (PR Newswire) – August 9, 2019 – Apollo Medical Holdings, Inc. (“ApolloMed” or the “Company”) (NASDAQ: AMEH), an integrated population health management company, announced its consolidated financial results for the quarter ended June 30, 2019 today.

Financial Highlights for the Quarter Ended June 30, 2019 compared to the Quarter Ended June 30, 2018:

- Total revenue of \$130.0 million for the quarter ended June 30, 2019 as compared to total revenue of \$122.7 million for the quarter ended June 30, 2018, an increase of 6%.
 - Income from operations of \$14.7 million for the quarter ended June 30, 2019 as compared to income from operations of \$7.1 million for the quarter ended June 30, 2018, an increase of 107%.
 - Net income of \$10.7 million for the quarter ended June 30, 2019 as compared to net income of \$7.9 million for the quarter ended June 30, 2018, an increase of 35%.
 - Net income attributable to Apollo Medical Holdings, Inc. of \$3.5 million for the quarter ended June 30, 2019 as compared to net income of \$2.7 million for the quarter ended June 30, 2018, an increase of 30%.
 - Net income attributable to Apollo Medical Holdings, Inc. was \$3.5 million for the quarter ended June 30, 2019, an increase of \$3.4 million as compared to net income attributable to Apollo Medical Holdings, Inc. of \$0.1 million for the quarter ended March 31, 2019.
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“We are very pleased with the progress of our long-term growth initiatives, especially with our successful acquisition of Alpha Care Medical Group in the second quarter, which demonstrated our continued commitment to external growth through the successful execution of our acquisition strategy. While our management team is laser-focused on the integration of Alpha Care Medical Group, we continue to actively evaluate our pipeline of acquisition opportunities,” said Kenneth Sim, M.D., Executive Chairman of ApolloMed.

For more details on ApolloMed’s June 30, 2019 quarter end results, please refer to the Company’s Quarterly Report on Form 10-Q to be filed with the U.S. Securities Exchange Commission and accessible at www.sec.gov.

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

| | <u>June 30,</u> <u>2019</u> | <u>December 31,</u> <u>2018</u> |
|--|--------------------------------|------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 52,726,305 | \$ 106,891,503 |
| Restricted cash | 3,537,470 | — |
| Investment in marketable securities | 1,149,828 | 1,127,102 |
| Receivables, net | 16,707,314 | 7,127,217 |
| Receivables, net – related parties | 64,057,647 | 49,328,739 |
| Other receivables | 12,900,211 | 1,003,133 |
| Prepaid expenses and other current assets | 10,121,935 | 7,385,098 |
| Loan receivable – related parties | 6,425,000 | — |
| Total current assets | <u>167,625,710</u> | <u>172,862,792</u> |
| Noncurrent assets | | |
| Land, property and equipment, net | 12,101,373 | 12,721,082 |
| Intangible assets, net | 109,069,858 | 86,875,883 |
| Goodwill | 209,313,824 | 185,805,880 |
| Loans receivable – related parties | 17,500,000 | 17,500,000 |
| Investment in other entities – equity method | 35,903,041 | 34,876,980 |
| Investment in a privately held entity that does not report net asset value per share | 405,000 | 405,000 |
| Restricted cash | 740,212 | 745,470 |
| Right-of-use assets | 14,319,371 | — |
| Other assets | 1,351,579 | 1,205,962 |
| Total noncurrent assets | <u>400,704,255</u> | <u>340,136,257</u> |
| Total assets | <u>\$ 568,329,965</u> | <u>\$ 512,999,049</u> |

| | June 30, 2019 | December 31, 2018 |
|---|--------------------------|------------------------------|
| Liabilities, Mezzanine Equity and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 30,658,273 | \$ 25,075,489 |
| Fiduciary accounts payable | 1,798,807 | 1,538,598 |
| Medical liabilities | 42,942,898 | 33,641,701 |
| Income taxes payable | — | 11,621,861 |
| Bank loan | — | 40,257 |
| Finance lease obligation | 101,741 | 101,741 |
| Lease liabilities | 2,836,010 | — |
| Total current liabilities | 78,337,729 | 72,019,647 |
| Noncurrent liabilities | | |
| Lines of credit – related party | 44,600,000 | 13,000,000 |
| Deferred tax liability | 26,651,678 | 19,615,935 |
| Liability for unissued equity shares | 1,185,025 | 1,185,025 |
| Finance lease obligation | 466,771 | 517,261 |
| Lease liabilities | 11,416,750 | — |
| Total noncurrent liabilities | 84,320,224 | 34,318,221 |
| Total liabilities | 162,657,953 | 106,337,868 |
| Mezzanine equity | | |
| Noncontrolling interest in Allied Physicians of California, a Professional Medical Corporation | 219,582,512 | 225,117,029 |
| Stockholders' equity | | |
| Series A Preferred stock, par value \$0.001; 5,000,000 shares authorized (inclusive of all preferred stock, including Series B Preferred stock); 1,111,111 issued and zero outstanding at June 30, 2019 and December 31, 2018, respectively | — | — |
| Series B Preferred stock, par value \$0.001; 5,000,000 shares authorized (inclusive of all preferred stock, including Series A Preferred stock); 555,555 issued and zero outstanding at June 30, 2019 and December 31, 2018, respectively | — | — |
| Common stock, par value \$0.001; 100,000,000 shares authorized, 34,638,812 and 34,578,040 shares outstanding, excluding 1,944,054 and 1,850,603 treasury shares, at June 30, 2019 and December 31, 2018, respectively | 34,639 | 34,578 |
| Additional paid-in capital | 163,891,845 | 162,723,051 |
| Retained earnings | 21,473,083 | 17,788,203 |
| | 185,399,565 | 180,545,832 |
| Noncontrolling interest | 689,935 | 998,320 |
| Total stockholders' equity | 186,089,500 | 181,544,152 |
| Total liabilities, mezzanine equity and stockholders' equity | \$ 568,329,965 | \$ 512,999,049 |

APOLLO MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|---------------------|------------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | | | | |
| Capitation, net | 103,223,692 | 90,316,182 | 174,740,470 | 176,221,466 |
| Risk pool settlements and incentives | 11,191,050 | 13,866,217 | 21,284,891 | 31,852,953 |
| Management fee income | 10,352,619 | 12,371,608 | 19,349,219 | 24,446,180 |
| Fee-for-service, net | 3,878,428 | 4,563,712 | 7,959,102 | 10,800,340 |
| Other income | 1,403,777 | 1,548,812 | 2,473,055 | 3,268,838 |
| Total revenue | 130,049,566 | 122,666,531 | 225,806,737 | 246,589,777 |
| Operating expenses | | | | |
| Cost of services | 101,363,101 | 99,705,571 | 184,795,575 | 184,320,257 |
| General and administrative expenses | 11,817,555 | 10,893,135 | 22,081,515 | 22,441,474 |
| Depreciation and amortization | 4,454,571 | 4,918,078 | 8,872,152 | 9,976,590 |
| Provision for doubtful accounts | (2,314,429) | — | (1,363,415) | — |
| Total expenses | 115,320,798 | 115,516,784 | 214,385,827 | 216,738,321 |
| Income from operations | 14,728,768 | 7,149,747 | 11,420,910 | 29,851,456 |
| Other income (expense) | | | | |
| (Loss) income from equity method investments | (42,282) | 1,669,861 | (891,939) | 1,641,837 |
| Interest expense | (311,049) | (110,683) | (522,028) | (195,684) |
| Interest income | 473,664 | 492,723 | 796,672 | 762,541 |
| Other income | 24,229 | 187,752 | 211,345 | 275,745 |
| Total other income (expense), net | 144,562 | 2,239,653 | (405,950) | 2,484,439 |
| Income before provision for income taxes | 14,873,330 | 9,389,400 | 11,014,960 | 32,335,895 |
| Provision for income taxes | 4,209,399 | 1,523,807 | 2,801,158 | 8,752,647 |
| Net income | 10,663,931 | 7,865,593 | 8,213,802 | 23,583,248 |
| Net income attributable to noncontrolling interests | 7,118,715 | 5,201,491 | 4,528,922 | 18,758,691 |
| Net income attributable to Apollo Medical Holdings, Inc. | \$ 3,545,216 | \$ 2,664,102 | \$ 3,684,880 | \$ 4,824,557 |
| Earnings per share – basic | \$ 0.10 | \$ 0.08 | \$ 0.11 | \$ 0.15 |
| Earnings per share – diluted | \$ 0.09 | \$ 0.07 | \$ 0.10 | \$ 0.13 |
| Weighted average shares of common stock outstanding – basic | 34,540,059 | 32,674,459 | 34,518,461 | 32,548,662 |
| Weighted average shares of common stock outstanding – diluted | 37,962,555 | 37,850,679 | 37,896,837 | 37,935,773 |

Note About Consolidated Entities

The Company consolidates entities in which it has a controlling financial interest. The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights, and variable interest entities (“VIEs”) in which the Company is the primary beneficiary. Noncontrolling interests represent third party equity ownership interests in the Company’s consolidated entities (including certain VIEs). The amount of net (loss) income attributable to noncontrolling interests is disclosed in the Company’s consolidated statements of income. Effective June 1, 2019 the condensed consolidated balance sheet as of June 30, 2019 and condensed consolidated statements of income for the three and six months ended June 30, 2019, also includes the accounts of Alpha Care Medical Group, Inc.

Note About Stockholders’ Equity, Certain Treasury Stock and Earnings Per Share

As of the date of this press release, 480,212 shares of ApolloMed’s common stock to be issued as part of the merger (the “Merger”) involving ApolloMed and Network Medical Management, Inc. (“NMM”) in 2017 are subject to ApolloMed receiving from certain former NMM shareholders a properly completed letter of transmittal (and related exhibits) before such former NMM shareholders may receive their pro rata portion of ApolloMed common stock and warrants. Pending such receipt, such former NMM shareholders have the right to receive, without interest, their pro rata share of dividends or distributions with a record date after the effectiveness of the Merger. The Company’s consolidated financial statements have treated such shares of common stock as outstanding, given the receipt of the letter of transmittal is considered perfunctory and the Company is legally obligated to issue these shares as of the closing of the Merger.

Shares of ApolloMed’s common stock owned by Allied Physicians of California IPA, a Professional Medical Corporation, (d.b.a. Allied Pacific of California IPA), a VIE of the Company, are legally issued and outstanding but excluded from shares of common stock outstanding in the Company’s consolidated financial statements, as such shares are treated as treasury shares for accounting purposes. Such shares, therefore, are not included in the number of shares of common stock outstanding used to calculate the Company’s earnings per share.

About Apollo Medical Holdings, Inc.

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 practice associations (“IPAs”) and management services organizations (“MSOs”), is 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. ApolloMed focuses on addressing the healthcare needs of its patients by leveraging its integrated health management and healthcare delivery platform that includes NMM (MSO), Apollo Medical Management, Inc. (MSO), ApolloMed Hospitalists, a Medical Corporation, (hospitalists), APA ACO, Inc. (NGACO), Allied Physicians of California IPA (IPA), Alpha Care Medical Group, Inc. (IPA) and Apollo Care Connect, Inc. (Digital Population Health Management Platform). For more information, please visit 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 Company's continued growth, acquisition strategy, ability to deliver sustainable long-term value, ability to respond to the changing environment, operational focus, strategic growth plans, and merger integration efforts. 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 US 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 18, 2019.

FOR MORE INFORMATION, PLEASE CONTACT:

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