

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: **001-39515**

American Well Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

20-5009396
(I.R.S. Employer
Identification Number)

75 State Street, 26th Floor
Boston, MA 02109
(Address of registrant's principal executive offices)
(617) 204-3500
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value of \$0.01 per share	AMWL	The New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 25, 2023, the number of shares of the registrant's Class A common stock outstanding was 247,922,856, the number of shares of the registrant's Class B common stock outstanding was 27,390,397 and the number of shares of the registrant's Class C common stock outstanding was 5,555,555.

American Well Corporation
QUARTERLY REPORT ON FORM 10-Q
For the period ended March 31, 2023

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 112,887	\$ 538,546
Investments	394,309	—
Accounts receivable (\$1,700 and \$2,597, from related parties and net of allowances of \$2,069 and \$1,884, respectively)	55,871	58,372
Inventories	8,438	8,737
Deferred contract acquisition costs	1,472	1,394
Prepaid expenses and other current assets	15,275	19,567
Total current assets	588,252	626,616
Restricted cash	795	795
Property and equipment, net	719	1,012
Goodwill	106,707	435,279
Intangible assets, net	135,401	134,980
Operating lease right-of-use asset	12,609	13,509
Deferred contract acquisition costs, net of current portion	3,645	3,394
Other assets	2,199	1,972
Investment in minority owned joint venture (Note 2)	178	—
Total assets	\$ 850,505	\$ 1,217,557
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,050	\$ 7,236
Accrued expenses and other current liabilities	39,922	54,258
Operating lease liability, current	3,011	3,057
Deferred revenue (\$1,232 and \$1,665 from related parties, respectively)	65,607	49,505
Total current liabilities	115,590	114,056
Other long-term liabilities	1,611	1,574
Operating lease liability, net of current portion	10,850	11,787
Deferred revenue, net of current portion (\$7 and \$10 from related parties, respectively)	8,178	6,289
Total liabilities	136,229	133,706
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 100,000,000 shares authorized, no shares issued or outstanding as of March 31, 2023 and as of December 31, 2022	—	—
Common stock, \$0.01 par value; 1,000,000,000 Class A shares authorized, 247,762,793 and 244,193,727 shares issued and outstanding, respectively; 100,000,000 Class B shares authorized, 27,390,397 shares issued and outstanding; 200,000,000 Class C shares authorized 5,555,555 issued and outstanding as of March 31, 2023 and as of December 31, 2022	2,801	2,766
Additional paid-in capital	2,182,627	2,160,108
Accumulated other comprehensive income	(10,588)	(16,969)
Accumulated deficit	(1,479,717)	(1,082,028)
Total American Well Corporation stockholders' equity	695,123	1,063,877
Non-controlling interest	19,153	19,974
Total stockholders' equity	714,276	1,083,851
Total liabilities and stockholders' equity	\$ 850,505	\$ 1,217,557

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue		
(\$988 and \$1,215 from related parties, respectively)	\$ 64,001	\$ 64,232
Costs and operating expenses:		
Costs of revenue, excluding depreciation and amortization of intangible assets	38,752	36,765
Research and development	25,923	37,481
Sales and marketing	22,726	21,154
General and administrative	36,370	32,716
Depreciation and amortization expense	7,243	6,598
Goodwill Impairment	330,309	—
Total costs and operating expenses	461,323	134,714
Loss from operations	(397,322)	(70,482)
Interest income and other income (expense), net	940	108
Loss before expense from income taxes and loss from equity method investment	(396,382)	(70,374)
(Expense) Benefit from income taxes	(1,475)	332
Loss from equity method investment	(652)	(211)
Net loss	(398,509)	(70,253)
Net loss attributable to non-controlling interest	(821)	(216)
Net loss attributable to American Well Corporation	\$ (397,688)	\$ (70,037)
Net loss per share attributable to common stockholders, basic and diluted	\$ (1.42)	\$ (0.26)
Weighted-average common shares outstanding, basic and diluted	279,966,645	268,002,110
Net loss	\$ (398,509)	\$ (70,253)
Other comprehensive income (loss), net of tax:		
Unrealized (loss) gain on available-for-sale investments	4,319	(1,251)
Foreign currency translation	2,062	(2,951)
Comprehensive loss	(392,128)	(74,455)
Less: Comprehensive loss attributable to non-controlling interest	(821)	(216)
Comprehensive loss attributable to American Well Corporation	\$ (391,307)	\$ (74,239)

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensiv e Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrollin g Interest	Total Stockholders' Equity
	Shares	Amount						
Balances as of January 1, 2023	277,139,679	\$ 2,766	\$ 2,160,108	\$ (16,969)	\$ (1,082,028)	\$ 1,063,877	\$ 19,974	\$ 1,083,851
Exercise of common stock options	128,572	1	288	—	—	289	—	289
Vesting of restricted stock units, including units with a market condition	2,927,471	29	(29)	—	—	—	—	—
Shares repurchased and retired	(316)	—	—	—	(1)	(1)	—	(1)
Issuance of stock under employee stock purchase plan	513,339	5	1,263	—	—	1,268	—	1,268
Stock-based compensation expense	—	—	20,997	—	—	20,997	—	20,997
Currency translation adjustment	—	—	—	2,062	—	2,062	—	2,062
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	4,319	—	4,319	—	4,319
Net loss	—	—	—	—	(397,688)	(397,688)	(821)	(398,509)
Balances as of March 31, 2023	280,708,745	2,801	2,182,627	(10,588)	(1,479,717)	695,123	19,153	714,276

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehen- sive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrollin- g Interest	Total Stockholders' Equity
	Shares	Amount						
Balances as of January 1, 2022	261,871,587	\$ 2,620	\$ 2,054,275	\$ (6,353)	\$ (811,284)	\$ 1,239,258	\$ 21,617	\$ 1,260,875
Exercise of common stock options	976,644	10	2,455	—	—	2,465	—	2,465
Vesting of restricted stock units	1,398,305	14	(14)	—	—	—	—	—
Issuance of stock under employee stock purchase plan	425,114	4	1,497	—	—	1,501	—	1,501
Issuance of common stock related to Conversa earn-out settlement	1,020,964	10	4,288	—	—	4,298	—	4,298
Stock-based compensation expense	—	—	12,085	—	—	12,085	—	12,085
Capital contributed by selling shareholders of acquired businesses	—	—	2,019	—	—	2,019	—	2,019
Currency translation adjustment	—	—	—	(2,951)	—	(2,951)	—	(2,951)
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	(1,251)	—	(1,251)	—	(1,251)
Net loss	—	—	—	—	(70,037)	(70,037)	(216)	(70,253)
Balances as of March 31, 2022	265,692,614	2,658	2,076,605	(10,555)	(881,321)	1,187,387	21,401	1,208,788

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (398,509)	\$ (70,253)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment	330,309	—
Depreciation and amortization expense	7,242	6,598
Provisions for credit losses	199	(200)
Amortization of deferred contract acquisition costs	476	391
Amortization of deferred contract fulfillment costs	107	133
Noncash compensation costs incurred by selling shareholders	—	2,025
Stock-based compensation expense	21,008	12,075
Loss on equity method investment	652	211
Deferred income taxes	(13)	(443)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	2,340	4,290
Inventories	299	(495)
Deferred contract acquisition costs	(793)	(501)
Prepaid expenses and other current assets	4,198	(1,838)
Other assets	(210)	(169)
Accounts payable	(247)	(4,601)
Accrued expenses and other current liabilities	(14,159)	(8,446)
Other long-term liabilities	—	(16)
Deferred revenue	17,953	(952)
Net cash used in operating activities	<u>(29,148)</u>	<u>(62,191)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(18)	(68)
Capitalized software development costs	(6,751)	—
Investment in less than majority owned joint venture	(980)	—
Purchases of investments	(389,990)	(499,223)
Net cash used in investing activities	<u>(397,739)</u>	<u>(499,291)</u>
Cash flows from financing activities:		
Proceeds from exercise of common stock options	289	2,536
Proceeds from employee stock purchase plan	1,268	1,501
Payments for the purchase of treasury stock	(1)	—
Payment of contingent consideration	—	(11,790)
Net cash provided by (used in) financing activities	<u>1,556</u>	<u>(7,753)</u>
Effect of exchange rates changes on cash, cash equivalents, and restricted cash	(328)	(247)
Net decrease in cash, cash equivalents, and restricted cash	<u>(425,659)</u>	<u>(569,482)</u>
Cash, cash equivalents, and restricted cash at beginning of period	539,341	747,211
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 113,682</u>	<u>\$ 177,729</u>
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	112,887	176,934
Restricted cash	795	795
Total cash, cash equivalents, and restricted cash at end of period	<u>\$ 113,682</u>	<u>\$ 177,729</u>
Supplemental disclosure of cash flow information:		
Cash paid (refunded) for income taxes	\$ 458	\$ (454)
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock in settlement of earnout	\$ —	\$ 4,298
Receivable related to exercise of common stock options	\$ —	\$ 4

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMERICAN WELL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

1. Organization and Description of Business

Description of Business

American Well Corporation (the “Company”) was incorporated under the laws of the State of Delaware in June 2006. The Company is headquartered in Boston, Massachusetts. The Company is a leading enterprise software company enabling digital delivery of care for healthcare’s key stakeholders. The Company empowers our clients with the core technology and services necessary to successfully develop and distribute virtual care programs that meet their strategic, operational, financial and clinical objectives under their own brands.

Liquidity and Capital Resources

The Company expects that its cash, cash equivalents and investments balance as of March 31, 2023 of \$507,196 will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next twelve months.

2. Summary of Significant Accounting Policies

There have been no material changes to the significant accounting policies described in the Company’s Form 10-K for the fiscal year ended December 31, 2022, that have had a material impact on the consolidated financial statements and related notes.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary for the fair statement of the Company’s the financial position, results of operations and cash flows at the dates and for the periods indicated. The interim results for the three months ended March 31, 2023 are not necessarily indicative of results for the full 2023 calendar year or any other future interim periods. The information included in the interim financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in the Form 10-K.

The unaudited condensed consolidated financial statements include the accounts of American Well Corporation, its wholly-owned subsidiaries, those of professional corporations, which represent variable interest entities in which American Well has an interest and is the primary beneficiary (“PC”), and National Telehealth Network (“NTN”), an entity in which American Well controls fifty percent or more of the voting shares (see Note 4). Intercompany accounts and transactions have been eliminated in consolidation.

The Company’s reporting currency is the U.S. dollar. The Company determines the functional currency of each subsidiary based on the currency of the primary economic environment in which each subsidiary operates. Items included in the financial statements of such subsidiaries are measured using that functional currency. Foreign currency denominated monetary assets and liabilities are remeasured into U.S. dollars at current exchange rates and foreign currency denominated nonmonetary assets and liabilities are remeasured into U.S. dollars at historical exchange rates. Gains or losses from foreign currency remeasurement and settlements are included in interest income and other income (expense), net in the condensed consolidated statements of operations and comprehensive loss.

For consolidated entities where American Well owns or is exposed to less than 100% of the economics, the net loss attributable to noncontrolling interests is recorded in the condensed consolidated statements of operations and comprehensive loss equal to the percentage of the economic or ownership interest retained in each entity by the respective non-controlling party. The noncontrolling interests are presented as a separate component of stockholders’ deficit in the condensed consolidated balance sheets.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reported

periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, revenue recognition, the estimated customer relationship period that is used in the amortization of deferred contract acquisition costs, the valuation of assets and liabilities acquired in business combinations, goodwill, the useful lives of intangible assets and property and equipment and the valuation of common stock. The Company bases its estimates on historical experience, known trends, and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates, as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

Due to the COVID-19 global pandemic, the global economy and financial markets have been disrupted and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. The Company has considered information available to it as of the date of issuance of these financial statements and has not experienced any significant impact to its estimates and assumptions as a result of the COVID-19 pandemic. On an ongoing basis, the Company will continue to closely monitor the COVID-19 impact on its estimates and assumptions.

Segment Information

The Company's chief operating decision makers (CODMs), its two Chief Executive Officers, review financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company operates and manages its business as one reportable and operating segment. In addition, substantially all of the Company's revenue and long-lived assets are attributable to operations in the United States for all periods presented.

Variable Interest Entities

The Company evaluates its ownership, contractual and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its condensed consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

The aggregate carrying value of total assets and total liabilities included on the condensed consolidated balance sheets for the PCs after elimination of intercompany transactions were \$31,042 and \$1,944, respectively, as of March 31, 2023 and \$31,189 and \$1,648, respectively as of December 31, 2022.

Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was \$19,746 and \$18,392 for the three months ended March 31, 2023 and 2022, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the three months ended March 31, 2023 and 2022.

Investment in Minority Owned Joint Venture

The Company and Cleveland Clinic partnered to form a joint venture, under the name CCAW, JV LLC, to provide broad access to comprehensive and high acuity care services via digital care delivery. The Company does not have a controlling financial interest in CCAW, JV LLC, but it does have the ability to exercise significant influence over the operating and financial policies of CCAW, JV LLC. Therefore, the Company accounts for its investment in CCAW, JV LLC using the equity method of accounting. The joint venture is considered a variable interest entity under ASC 810-10, but the Company is not the primary beneficiary as it does not have the power to direct the activities of the joint venture that most significantly impact its performance. The Company's evaluation of ability to impact performance is based on Cleveland Clinic's managing directors and Cleveland Clinic's ability to appoint and remove the chairperson who has the ability to cast the tie breaking vote on the most significant activities.

In 2020 the Company contributed \$2,940 as its initial investment for a 49% interest in CCAW, JV LLC. The agreement also requires aggregate total capital contributions by the Company up to an additional \$11,800 in two phases, which is yet to be defined. In April 2022 the Company made a capital contribution of \$1,960 related to a portion of the phase one capital commitment. During the three months ended March 31, 2023, the Company made a capital contribution of \$980, related to a portion of the phase one capital commitment.

For the three months ended March 31, 2023 and 2022, the Company recognized a loss of \$652 and \$211 as its proportionate share of the joint venture's results of operations, respectively. Accordingly, the carrying value of the equity method investment as of March 31, 2023 and December 31, 2022 was \$178 and \$(150), respectively. As the share of losses exceeds the carrying amount of the investment, the carrying amount as of December 31, 2022 is included in the balance of accrued expenses and other current liabilities on the consolidated balance sheet.

Concentrations of Credit Risk and Significant Clients

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments and accounts receivable. The Company invests its excess cash with large financial institutions that the Company believes are of high credit quality. Cash and cash equivalents are invested in highly rated money market funds. At times, the Company's cash balances with individual banking institutions are in excess of federally insured limits. The Company's investments are invested in U.S. government agency bonds. The Company has not experienced any losses on its deposits of cash, cash equivalents or investments. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company performs ongoing assessments and credit evaluations of its clients to assess the collectability of the accounts based on a number of factors, including past transaction experience, age of the accounts receivable, review of the invoicing terms of the contracts, and recent communication with clients. The Company has not experienced significant credit losses from its accounts receivable. As of March 31, 2023 two clients accounted for 25% and 12% of outstanding accounts receivable, respectively, and as of December 31, 2022, two clients each accounted for 18% of outstanding accounts receivable.

During the three months ended March 31, 2023 and 2022, sales to one client represented 25% and 26% of the Company's total revenue, respectively.

Goodwill

We recognize the excess of the purchase price over the fair value of identifiable net assets acquired as goodwill. Goodwill is not amortized but is tested for impairment annually on November 30 or more frequently if events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. These events include: (i) severe adverse industry or economic trends; (ii) significant company-specific actions, including exiting an activity in conjunction with restructuring of operations; (iii) current, historical or projected deterioration of our financial performance; or (iv) a sustained decrease in our market capitalization, as indicated by the Company's publicly quoted share price, below our net book value. Our goodwill impairment tests are performed at the enterprise level given our single reporting unit.

When testing goodwill for impairment, we have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that carrying value exceeds its fair value, we perform a quantitative goodwill impairment test. Under the quantitative goodwill impairment test, if our reporting unit's carrying amount exceeds its fair value, we will record an impairment charge based on that difference. A charge is reported as impairment of goodwill in the consolidated statements of operations and comprehensive loss. As of March 31, 2023 there was an impairment of goodwill of \$330,309 as our carrying value exceeded the fair value of our reporting unit. For details associated with the Company's interim goodwill impairment, see Note 7 - *Goodwill and Intangible Assets*.

Fair value determination of our reporting unit requires considerable judgment and is sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill impairment tests will prove to be an accurate prediction of future results. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of our reporting unit may include such items as: (i) severe adverse industry or economic trends; (ii) significant company-specific actions, including exiting an activity in conjunction with restructuring of operations; (iii) current, historical or projected deterioration of our financial performance; or (iv) a sustained decrease in our market capitalization, as indicated by the Company's publicly quoted share price, below our net book value. In the event there is a further sustained decline in our stock price, future adverse changes in our projected cash flows, and/or changes in key assumptions, including but not limited to an increase in our discount rate, lower market multiples, lower revenue growth, lower operating margin, and/or a lower terminal growth rate, we may be required conduct additional impairment testing of our goodwill, other intangibles and/or long-lived assets and subsequently record a non-cash impairment charge.

3. Revenue

The following table presents the Company's revenues disaggregated by revenue source:

	Three Months Ended March 31,	
	2023	2022
Platform subscription	\$ 28,695	\$ 28,691
Visits	32,537	30,736
Other	2,769	4,805
Total Revenue	<u>\$ 64,001</u>	<u>\$ 64,232</u>

Accounts Receivable, Net

Accounts receivable primarily consist of amounts billed currently due from clients. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. In determining the amount of the allowance at each reporting date, the Company makes judgments about general economic conditions, historical write-off experience and any specific risks identified in client collection matters, including the aging of unpaid accounts receivable and changes in client financial conditions. Account balances are written off after all means of collection are exhausted and the potential for non-recovery is determined to be probable. Adjustments to the allowance for credit losses are recorded as general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

Changes in the allowance for credit losses were as follows:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Allowance for credit losses, beginning of the period	\$ 1,884	\$ 1,809
Provisions	202	803
Write-offs	(17)	(728)
Allowance for credit losses, end of the period	<u>\$ 2,069</u>	<u>\$ 1,884</u>

The Company has rights to consideration for services completed but not billed at the reporting date. Unbilled receivables are classified as receivables when the Company has the right to invoice the client. The amount of unbilled accounts receivable included within accounts receivable on the consolidated balance sheet was \$4,252 and \$3,566 as of March 31, 2023 and December 31, 2022, respectively.

Deferred Revenue

Contract liabilities consist of deferred revenue and include billings in advance of performance under the contract. Such amounts are recognized as revenue over the contractual period. For the three months ended March 31, 2023 and 2022, the Company recognized revenue of \$16,198 and \$23,147, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented.

Changes in the Company's deferred revenue balance for the three months ended March 31, 2023 and December 31, 2022 were as follows:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Total deferred revenue, beginning of the period	\$ 55,794	\$ 75,896
Additions	47,477	106,330
Recognized	(29,486)	(126,432)
Total deferred revenue, end of the period	\$ 73,785	\$ 55,794
Current deferred revenue	65,607	49,505
Non-current deferred revenue	8,178	6,289
Total	\$ 73,785	\$ 55,794

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2023 and December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was \$194,993 and \$166,855, respectively. The substantial majority of the unsatisfied performance obligations will be satisfied over the next three years.

As it pertains to the March 31, 2023 amount, the Company expects to recognize 47% of the transaction price in the 12 month period ended March 31, 2024, in its condensed consolidated statement of operations and comprehensive loss with the remainder recognized thereafter.

4. National Telehealth Network

In 2012, the Company and an affiliate of Anthem, Inc. (now doing business as Elevance Health) formed NTN to expand the availability and adoption of telemedicine. The Company did not have a controlling financial interest in NTN, but it had the ability to exercise significant influence over the operating and financial policies of NTN. Therefore, the Company accounted for its investment in NTN using the equity method of accounting through December 31, 2015.

On January 1, 2016, the Company made an additional investment in NTN, which increased its ownership percentage above 50%. The Company also obtained the right to elect the Chairman of NTN, who has the ability to cast the tie-breaking vote in all decisions. Therefore, on January 1, 2016, the Company obtained control over NTN and has the power to direct the activities that most significantly impact NTN's economic performance. This step-acquisition was accounted for as a business combination and the results of the operations of NTN from January 1, 2016, have been included in the Company's condensed consolidated financial statements. However, because the Company owns less than 100% of NTN, the Company recognizes net loss attributable to non-controlling interest in the condensed consolidated statements of operations and comprehensive loss equal to the percentage of the ownership interest retained in NTN by the respective non-controlling party.

The proportionate share of the (income)/loss attributed to the non-controlling interest amounted to \$821 and \$216 for the three months ended March 31, 2023 and 2022, respectively.

The carrying value of the non-controlling interest was \$19,153 and \$19,974 as of March 31, 2023 and December 31, 2022, respectively.

5. Fair Value Measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The following tables presents the Company's fair value hierarchy for its assets and liabilities that are measured at fair value on a recurring basis and indicate the level within the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	March 31, 2023			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 32,514	\$ —	\$ —	\$ 32,514
U.S government securities	—	394,309	—	\$ 394,309
Total financial assets:	\$ 32,514	\$ 394,309	\$ —	\$ 426,823

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 445,856	\$ —	\$ —	\$ 445,856
Total financial assets:	\$ 445,856	\$ —	\$ —	\$ 445,856

The Company's cash equivalents were invested in money market funds and were valued based on Level 1 inputs. The Company's investments consisted of U.S. government agency bonds and were valued based on Level 2 inputs. In determining the fair value of its U.S. government agency bonds, the Company relied on quoted prices for similar securities in active markets or other inputs that are observable or can be corroborated by observable market data. During the three months ended March 31, 2023, there were no transfers between fair value measurement levels.

6. Investments

As of March 31, 2023 and December 31, 2022, the fair value of the Company's investments by type of security was as follows:

	March 31, 2023			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Assets:				
U.S government securities	\$ 389,990	4,319	\$ —	\$ 394,309
	\$ 389,990	\$ 4,319	\$ —	\$ 394,309

	December 31, 2022			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Assets:				
U.S government securities	\$ —	\$ —	\$ —	\$ —
	\$ —	\$ —	\$ —	\$ —

7. Goodwill and Intangible Assets

Goodwill consisted of the following:

	Three Months Ended March 31, 2023
Beginning Balance as of January 1	\$ 435,279
Goodwill impairment	(330,309)
Currency translation adjustments	1,737
Ending Balance	<u>\$ 106,707</u>

As a result of sustained decreases in the Company's publicly quoted share price and market capitalization during 2023, the Company conducted additional testing of its goodwill, definite-lived intangibles, and other long-lived assets as of March 31, 2023. As a result of this review, the Company did not identify an impairment to its definite-lived intangible assets or other long-lived assets, but the Company did identify indicators of goodwill impairment for the single reporting unit and concluded that a triggering event had occurred which required an interim goodwill impairment assessment.

In performing the quantitative assessment of goodwill, our reporting unit's carrying amount exceeded its fair value. The Company estimated the reporting unit's fair value based on the market capitalization and a related control premium of 30% (amount paid by a new controlling shareholder for the benefits resulting from synergies and other potential benefits derived from controlling the acquired company). The Company evaluates the implied control premium or discount by comparing it to control premiums or discounts of recent comparable market transactions, as applicable. As a result of the interim quantitative impairment assessment, the Company recorded a \$330,309 non-deductible, non-cash goodwill impairment charge for the quarter ended March 31, 2023. When considering a hypothetical sensitivity analysis to our goodwill assessment in future periods, should a triggering event be identified, a further 10% decline in our stock price could result in an impairment charge of approximately \$85,000.

Identified intangible assets consisted of the following:

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
March 31, 2023				
Customer relationships	\$ 80,341	\$ (26,958)	53,383	7.2
Contractor relationships	535	(298)	237	5.8
Tradename	14,162	(3,637)	10,525	4.8
Technology	89,747	(34,550)	55,197	4.0
Internally developed software	16,905	(846)	16,059	2.9
	<u>\$ 201,690</u>	<u>\$ (66,289)</u>	<u>\$ 135,401</u>	

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
December 31, 2022				
Customer relationships	\$ 80,168	\$ (24,919)	55,249	7.4
Contractor relationships	535	(288)	247	6.0
Trade name	14,012	(3,050)	10,962	5.0
Technology	89,262	(30,895)	58,367	4.2
Internally developed software	10,155	—	10,155	3.0
	<u>\$ 194,132</u>	<u>\$ (59,152)</u>	<u>\$ 134,980</u>	

The Company capitalized \$6,751 of costs during the three months ended March 31, 2023, related to internally developed software to be sold as a service incurred during the application development stage and is amortizing these costs over the expected lives of the related services. Amortization expense related to intangible assets for the three months ended March 31, 2023 and 2022 was

\$6,932 and \$6,186, respectively. Estimated future amortization expense of the identified intangible assets as of March 31, 2023, is as follows:

2023	\$	22,739
2024		30,308
2025		30,292
2026		20,883
2027		11,320
Thereafter		19,859
	\$	135,401

8. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	March 31, 2023	December 31, 2022
Employee compensation and benefits	\$ 15,732	\$ 26,192
Professional services	7,218	10,190
Provider services	7,929	8,096
Other	9,043	9,780
Total	\$ 39,922	\$ 54,258

9. Stockholders' Equity

Undesignated Preferred Stock

The Company's Amended and Restated Certificate of Incorporation authorizes the issuance of 100,000,000 shares of undesignated preferred stock, par value of \$0.01 per share, with rights and preferences, including voting rights, designated from time to time by the board of directors. No shares of preferred stock were issued or outstanding as of March 31, 2023 and December 31, 2022.

Common Stock

In the three months ended March 31, 2023, no shares of Class B common stock were converted to Class A common stock. As of March 31, 2023, the par value of the Class A, Class B and Class C shares was \$2,470, \$275, and \$56, respectively.

	Shares Authorized	Shares Issued	Shares Outstanding
Class A	1,000,000,000	247,762,793	247,762,793
Class B	100,000,000	27,390,397	27,390,397
Class C	200,000,000	5,555,555	5,555,555
	1,300,000,000	280,708,745	280,708,745

As of March 31, 2023 and December 31, 2022, the Company had reserved 82,550,522 and 68,617,245 shares of common stock for the exercise of outstanding stock options, the vesting of restricted stock units, the vesting of performance-based market condition share awards, and the number of shares remaining available for future grant, respectively.

Stock Plans and Stock Options

The Company maintains the 2006 Employee, Director and Consultant Stock Plan as amended and restated (the "2006 Plan") and 2020 Equity Incentive Plan (the "2020 Plan" together, the "Plans") under which it has granted incentive stock options, non-qualified stock options, and restricted stock units to employees, officers, and directors of the Company. In connection with the adoption of the 2020 Plan, the then-remaining shares of common stock reserved for grant or issuance under the 2006 Plan became available for issuance under the 2020 Plan, and no further grants will be made under the 2006 Plan.

Options issued under the Plans are exercisable for periods not to exceed ten years, and vest and contain such other terms and conditions as specified in the applicable award document. Options to buy common stock are issued under the Plans, with exercise prices equal to the closing price of shares of the Company's common stock on the New York Stock Exchange on the date of award.

Activity under the Plans is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	11,039,551	\$ 5.23	5.5	\$ 996
Granted	—	\$ —		
Forfeited	(173,320)	\$ 5.80		
Expired	—	\$ —		
Exercised	(128,572)	\$ 2.25		
Outstanding as of March 31, 2023	10,737,659	\$ 5.24	5.3	\$ 207
Vested and expected to vest as of December 31, 2022	10,951,967	\$ 5.02	5.5	\$ 996
Vested and expected to vest as of March 31, 2023	10,681,404	\$ 5.05	5.3	\$ 207
Options exercisable as of December 31, 2022	10,417,259	\$ 4.97	5.4	\$ 996
Options exercisable as of March 31, 2023	10,343,741	\$ 5.01	5.2	\$ 207

No options were granted in the three months ended March 31, 2023 and 2022.

Restricted Stock Units

Activity for the restricted stock units is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	19,316,459	\$ 10.78
Granted	9,675,841	2.76
Vested	(2,781,161)	7.17
Forfeited	(511,008)	4.86
Unvested as of March 31, 2023	25,700,131	\$ 8.27

The total grant date fair value of RSU's granted for the three months ended March 31, 2023 was \$26,712. Restricted stock units vest over the service period of one to four years. The aggregate intrinsic value of restricted stock units vested for the three months ended March 31, 2023 and 2022 was \$7,693 and \$6,598, respectively.

Restricted Stock Units with a Market Condition

In the three months ended March 31, 2023, the Company granted performance-based market condition share awards to certain members of the Company's management team (excluding the co-CEOs), which entitle these employees with the right to receive shares of common stock, upon achievement of certain stock price milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. These performance-based market condition share awards consist of three tranches with three separate specified award values that become payable upon the achievement of certain stock price milestones, which can result in a vesting range of up to 2,654,598 shares. These performance-based market condition share awards have a performance period of three years.

As of March 31, 2023, 146,310 of the performance-based market condition share awards granted in the prior year have satisfied both the applicable market capitalization milestones and the service vesting conditions.

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	25,602,405	\$ 2.30
Granted	2,654,598	2.19
Vested	(146,310)	3.24
Cancelled/Forfeited	—	—
Unvested as of March 31, 2023	<u>28,110,693</u>	<u>\$ 2.28</u>

The total grant-date fair value of performance-based market condition share awards granted during the three months ended March 31, 2023 and 2022 was \$5,805 and \$24,978, respectively.

The weighted average estimated fair value of the performance-based market condition share awards granted during the three months ended March 31, 2023 was determined using a Monte-Carlo valuation simulation, with the following most significant weighted-average assumptions:

	<u>Three Months Ended March 31,</u> 2023
Risk-free rate	4.61 %
Term to end of performance period (yrs)	3 years
Valuation date stock price	\$ 2.76
Expected volatility	70 %
Expected dividend yield	0 %

2020 Employee Stock Purchase Plan

During the three months ended March 31, 2022, the Company had issued 425,114 shares under the ESPP. During the three months ended March 31, 2023, the Company issued 513,339 shares under the ESPP. As of March 31, 2023 7,634,642 shares remained available for issuance.

Stock-Based Compensation

Stock-based compensation expense was classified in the condensed consolidated statements of operations and comprehensive loss as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of revenues	\$ 398	\$ 335
Research and development	2,801	2,182
Selling and marketing	1,986	1,795
General and administrative	15,812	7,773
Total	<u>\$ 20,997</u>	<u>\$ 12,085</u>

As of March 31, 2023, the unrecognized stock-based compensation expense related to unvested common stock-based awards was \$112,729, which is expected to be recognized over a weighted-average period of 2.7 years.

10. Commitments and Contingencies

Indemnification

The Company's arrangements generally include certain provisions for indemnifying clients against third-party claims asserting infringement of certain intellectual property rights in the ordinary course of business. The Company also regularly indemnifies clients against third-party claims that the company's products or services breach applicable law or regulation or from claims resulting from a breach of the business associate agreement in place with the client. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their capacities. Through March 31, 2023 and December 31, 2022, there have been no claims under any indemnification provisions.

Litigation

From time to time, and in the ordinary course of business, the Company may be subject to various claims, charges, and litigation. As of March 31, 2023 and December 31, 2022, the Company did not have any pending claims, charges or litigation that it expects would have a material adverse effect on its consolidated financial position, results of operations or cash flows.

11. Income Taxes

As a result of the Company's history of net operating losses ("NOL"), the Company continues to maintain a full valuation allowance against its domestic net deferred tax assets. For the three months ended March 31, 2023, the Company recognized an income tax expense of \$1,475, primarily due to state and foreign income tax expense. During the three months ended March 31, 2022, the Company recorded income tax benefit of \$332, primarily due to foreign entities generated losses for the quarter.

12. Related-Party Transactions

Cleveland Clinic

Cleveland Clinic is a related party because a member of the Company's board of directors is an executive advisor to Cleveland Clinic. As of March 31, 2023 and December 31, 2022, the Company held total deferred revenue of \$308 and \$355, respectively from contracts with this client. As of March 31, 2023 and December 31, 2022, amounts due from Cleveland Clinic were \$98 and \$995, respectively.

During the three months ended March 31, 2023 and 2022, the Company recognized revenue of \$599 and \$760, respectively, from contracts with this client.

CCAW, JV LLC

CCAW, JV LLC is a related party because it is a joint venture formed between the Company and Cleveland Clinic for which the Company has a minority owned interest in. During the year ended December 31, 2020, the Company made an initial investment in CCAW, JV LLC of \$2,940 for its less than 50% interest in the joint venture. During the three months ended March 31, 2023 the Company made a capital contribution of \$980 related to a portion of the phase one capital commitment.

During the three months ended March 31, 2023 and 2022 the Company recognized revenue of \$389 and \$455 from contracts with this client, respectively.

As of March 31, 2023 and December 31, 2022, the Company held total deferred revenue of \$931 and \$1,320, respectively, from contracts with this client. As of March 31, 2023 and December 31, 2022, amounts due from CCAW, JV LLC were \$1,602 and \$1,602.

13. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Numerator:		
Net loss	\$ (398,509)	\$ (70,253)
Net loss attributable to non-controlling interest	(821)	(216)
Net loss attributable to American Well Corporation	<u>\$ (397,688)</u>	<u>\$ (70,037)</u>
Denominator:		
Weighted-average common shares outstanding —basic and diluted	279,966,645	268,002,110
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (1.42)</u>	<u>\$ (0.26)</u>

The Company's potential dilutive securities, which include stock options, unvested restricted stock units and unvested performance market-based stock units, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common

shares equivalents presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended March 31,	
	2023	2022
Unvested restricted stock units	24,623,215	15,008,289
Unvested performance market-based stock units	28,110,693	9,545,814
Options to purchase shares of common stock	10,737,659	14,686,475
	<u>63,471,567</u>	<u>39,240,578</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations, including descriptions of our business plan and strategies, are forward-looking statements. These statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," or the negative of these terms, and other similar expressions, although not all forward-looking statements contain these words.

The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions and you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

Important factors that may materially affect such forward-looking statements and projections include the following:

- weak growth and increased volatility in the virtual care market;
- our history of losses and the risk we may not achieve profitability;
- inability to adapt to rapid technological changes;
- our limited number of significant clients and the risk that we may lose their business;
- increased competition from existing and potential new participants in the healthcare industry;
- our clients' acceptance of the Converge platform and our ability and the costs to further develop this platform;
- changes in healthcare laws, regulations or trends and our ability to operate in the heavily regulated healthcare industry;
- compliance with regulations concerning personally identifiable information and personal health industry;
- slower than expected growth in patient adoption of virtual care and in platform usage by either clients or patients;
- inability to grow our base of affiliated and non-affiliated providers sufficient to serve patient demand;
- our ability to comply with federal and state privacy regulations and the significant liability that could result from a cybersecurity breach or our failure to comply with such regulations;
- our ability to establish and maintain strategic relationships with third parties;
- our ability to integrate and realize the anticipated benefits of strategic acquisitions;
- the impact of the seasonal viruses on our business or on our ability to forecast our business's financial outlook; and
- the risk that the insurance we maintain may not fully cover all potential exposures.

The foregoing list of factors is not exhaustive and does not necessarily include all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. The information in this Quarterly Report should be read carefully in conjunction with other uncertainties and potential events described in our Form 10-K filed with the SEC on February 22, 2023 (the "Form 10-K").

The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this Quarterly Report. Except as required by law or regulation, we do not undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances

Overview

Amwell is a leading enterprise software company enabling digital delivery of care for healthcare’s key stakeholders. We empower health providers, payers and innovators to achieve their digital ambitions, enabling a hybrid model of in-person, virtual and automated care. We provide our clients with the core technology and services necessary to successfully develop and distribute digital care programs that meet their strategic, operational, financial and clinical objectives under their own brands. Our enterprise software connects care across in-person, virtual and automated modalities and provides an open, scalable infrastructure that can grow alongside our clients. We bring technology and services that deliver new models of care, strategic partnerships, consistent execution, and better outcomes. As of December 31, 2022, we powered the digital care programs of more than 55 health plans, which collectively represent more than 90 million covered lives, as well as approximately 140 of the nation’s largest health systems, representing more than 2,000 hospitals. Since inception, we have powered more than 22.6 million virtual care visits for our clients, including more than 1.7 million in the three months ended March 31, 2023.

We believe Amwell makes digital care transformation possible for the healthcare ecosystem. Our enterprise software enables digital innovation across the full healthcare continuum – including urgent and primary care, second opinion services, behavioral health, chronic condition management and high acuity specialty consults, such as telestroke and telepsychiatry, in the hospital. We support both on-demand and scheduled consultations for providers and offer pre-packaged care modules and programs that power more than 100 unique use cases today.

Our enterprise software can be fully integrated into our clients’ health plan member and patient portals and provider and health plan workflows. Providers can launch virtual visits directly from their native EHRs, with seamless integration to their payer eligibility and claims systems. Providers, patients and members can access this care through a full range of Amwell Carepoint™ devices, including via mobile, web, phone and our proprietary Carepoint carts that support multi-way video, phone or secure messaging interactions. Through our 2021 acquisitions of Conversa® Health, Inc. (“Conversa”) and SilverCloud® Health Holdings, Inc (“SilverCloud”), we enable automated care touchpoints, support ongoing treatment and care through digital engagements, and escalate care when needed to a live clinician.

As of March 31, 2023, approximately 104,500 of our clients’ providers use our enterprise software to serve their patients and members. When needed, we augment and extend our clients’ clinical capabilities with Amwell Medical Group® (“AMG”), a nationwide network of clinical entities with multi-disciplinary providers covering 50 states including Washington, D.C., with 24/7/365 coverage.

The Converge™ platform is the latest version of our enterprise software and is designed to be future-ready, reliable, flexible, scalable, secure and fully integrated with other healthcare software systems. The Converge platform offers state-of-the-art data architecture and video capabilities, flexibility and scalability, as well as a user experience designed around the needs of patients, members and providers. It has been designed from the ground up with the holistic understanding that the future of care of any one person will inevitably blend a mix of in-person, digital and automated experiences. The telehealth of yesterday has grown to encompass hybrid care models, asynchronous and automated care, remote patient monitoring, patient and provider engagement — and the flow of data that drives all of the above.

The Converge platform delivers the digital care capabilities that health systems and health plans care about — for example, virtual primary care, post-discharge follow-up, chronic condition management, remote patient monitoring — and aligns them into a single digital care operating system that aggregates all of the data from these care experiences to provide real-time insight. By providing a single platform for the digital distribution of care, the Converge platform will accelerate innovation and interoperability for health system and health plan clients as well as other healthcare innovators who aim to offer a seamless experience for providers, patients and members. During the first quarter of 2023, 36% of our visits were provided on the Converge platform, which was an increase from 28% in the fourth quarter of 2022. As of March 31, 2023, we have a thumbs-up rating by patients and providers of over 90%. A major strategic focus for us in 2023 is to continue the migration of our health system and health plan clients onto the Converge platform.

Our Business Model

We sell our enterprise software on a subscription basis, which with our modular platform architecture allows our clients to introduce innovative digital care use cases over time, expanding our subscription revenue opportunity. To support the enterprise software, we offer professional services on a fee-for-service basis and a range of patient and provider Carepoint devices and software that support hospital and home use cases and access to AMG, our affiliated medical group that provides clinical services on a fee-for-service basis. The combination of the enterprise software, services and Carepoint hardware allows our clients to deploy digital care solutions across their full enterprise, deepening their relationships with existing and new patients and members through improved care

access and coordination, cost and quality. Our contracts are typically three years in length but may be longer for our largest strategic client partners.

Total subscription fees received were \$28.7 million and \$28.7 million for the three months ended March 31, 2023 and 2022, respectively.

Health Systems

For our health system clients, our enterprise software's primary function is to facilitate consultations between patients and providers affiliated with the health system. Our typical contracts with health systems are mainly the platform subscription, but also include services delivered by AMG to complement the health system provider resources, services for technology integration, marketing and Carepoint hardware. Subscription fees are recurring and are determined based on the initial forecasted number of overall consultations throughout the entire health system on our enterprise software and net patient revenue of the health system. Subscriptions include a maximum number of consultations that can be delivered on the platform and similar to a cellular phone plan, when consultations exceed the contractual maximum, overages result in higher subscription fees in the following annual period. As the health system expands its use of our enterprise software through additional modules, there is a corresponding increase in subscription fees.

To supplement a health system's own network of healthcare providers, health systems often choose to purchase clinical services from AMG to deliver care for certain specialties such as telepsychiatry, behavioral health therapy and general urgent care, or to simply operate as backup providers on nights and weekends. AMG services are provided on a fee-for-service basis.

Health Plans

For our health plan clients, our enterprise software functions to expand member access to care, improve health outcomes and the member experience, and reduce costs through care coordination and the ability to contain follow-up care to a health plan's own network. Currently, our typical health plan contract includes a recurring subscription fee based on the number of members who have access to our enterprise software plus additional subscription fees associated with add-on programs that extend from urgent care services to longitudinal care. As the health plan expands its offerings on our enterprise software through additional programs or additional covered lives, there is a corresponding increase in subscription fees.

Our health plan clients mainly purchase clinical services that leverage our AMG network. These visit consultations are charged on a fee-for-service basis and range in price based on the type of consultation and the specialty of the provider. We also have digital programs like our SilverCloud by Amwell Behavioral Health program and our Automated Care Program leveraging the technology from our acquisition of Conversa, as well as third-party partner programs, including SWORD Health, DermatologistOnCall and Dario Health, which we announced in March 2023. These programs are each priced differently, with some including recurring subscription fees and others including volume-based and visit fees.

Innovators

Amwell has a number of unique clients that use our Platform in various ways to support their products. For example, we support: (i) Philips' sleep apnea products and programs, (ii) a joint-venture with Cleveland Clinic and Amwell, (iii) Meuhedet's advanced, hybrid-virtual international health plan and (iv) Solaborate and LG devices and peripheral technologies.

Our contracts with our innovator clients vary from simple subscription fee-only contracts, where an innovator client embeds our technology within their product, to broad subscription fee and services contracts that resemble a blend of our health system and health plan profile contracts.

Visits

Amwell's clinical affiliate AMG has built a network of providers who are registered and credentialed to deliver care on our enterprise software. This clinical network is designed and operated in a way that allows us to meet the aggregate visit demand requirements of our health plan and health system clients, spanning a broad mix of specialties including, for example, internal medicine, Family Medicine, Psychiatry, Gynecology, Anesthesiology, Nutritionist, Sleep Medicine, Pain Management, Psychology, Pulmonology, Urology, Health Coach, Orthopedic Surgery, Case Manager, Emergency Medicine, Gastroenterology, Nephrology, Pediatrician, Lactation Consultant, Social Worker and Vascular Surgery.

AMG earns fee-for-service revenue for each episode of care delivered on our enterprise software by its providers with fees varying by physician specialty or clinical program. These clinical fees vary significantly from \$59 to more than \$800 per consultation or case based on the specialty and may require an additional module subscription, as in the case of telepsychiatry.

Fees received from AMG-related visits were \$32.5 million and \$30.7 million for the three months ended March 31, 2023 and 2022, respectively.

Services & Carepoint Hardware

We offer a full suite of paid, supporting services to our clients to enable their virtual care offerings, including professional services to facilitate virtual care implementation, workflow design, systems integration and service expansion. To help our clients promote adoption and utilization, we offer patient and provider engagement services through our internal digital engagement agency.

Our clients often deploy virtual care through a variety of our proprietary Carepoint hardware, which are medical carts and kiosks designed for various clinical and community settings. Carepoint devices enable providers to deliver digital care into clinical care locations, such as the ED and clinics, as well as into community settings such as retail stores, community centers, employer sites, skilled nursing facilities and schools. Carepoint offerings consist of hardware integrated into our Platform but can also be deployed independent of our software solution. Our Carepoint hardware is designed by our product development teams and manufactured through partner and contract relationships.

Fees received from the provision of services and Carepoints were \$2.8 million and \$4.8 million for the three months ended March 31, 2023 and 2022, respectively.

Acquisitions

We have expanded and intend to continue to expand our enterprise software through research and development as well as the pursuit of selective acquisitions. We have completed multiple acquisitions since our inception, which we believe have expanded the channels that we serve and our distribution capabilities as well as broadening our service offering. Our acquisitions of SilverCloud and Conversa add proven longitudinal care and behavioral healthcare capabilities to our digital care enablement platform. SilverCloud is a leading digital mental health platform. Conversa is a leader in automated virtual healthcare. Acquisition costs and integration costs are an additional one-time cost incurred as part of the acquisitions and investment in the future growth of the business.

Key Metrics and Factors Affecting Our Performance

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions. While these metrics present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve the results of our operations.

Digital Care Utilization

Digital care utilization is a key driver of our business. A client's overall utilization of its digital care platform provides an important measure of the value they derive. Digital care utilization drives our business in three important ways. First, to the extent a client succeeds with its digital care program and sees good usage, they are more likely to renew and potentially expand their contract with us. Second, our health systems agreements typically include a certain number of visits conducted by their own providers annually and provide that as certain volume thresholds are exceeded, its annual license fees will rise to reflect this growing value. Third, to the extent that clients utilize provider services from AMG, Amwell derives revenue from clinical fees. We expect that our future revenues will be driven by the growing adoption of digital care and our ability to maintain and grow market share within that market. COVID-19 dramatically accelerated digital care adoption seen in both overall volumes and embracement of delivering higher acuity care in a virtual medium. Significant expansion of reimbursement for digital care during the COVID-19 crisis made digital care more affordable for many people.

We continue to experience strong digital care adoption and usage of our enterprise software and products. In the three months ended March 31, 2023, our clients completed a total of 1.7 million visits using our enterprise software, while in the three months ended March 31, 2022 1.8 million visits were completed. AMG providers accounted for 25% and 22% of total visits performed using our enterprise software during the three months ended March 31, 2023 and 2022, respectively. We demonstrated that virtual care goes beyond urgent care pandemic needs through a significant number of scheduled visits. Scheduled visits was 1.2 million for the three months ended March 31, 2023 and 1.3 million for the three months ended March 31, 2022.

Quarter Ended	Total Overall Quarterly Visits	
	Overall Visits	Performed by Client Providers
March 31, 2023	1,710,000	75 %
December 31, 2022	1,715,000	71 %
September 30, 2022	1,450,000	74 %
June 30, 2022	1,525,000	76 %
March 31, 2022	1,775,000	78 %
December 31, 2021 ⁽¹⁾	1,550,000	75 %

- (1) In the year ended December 31, 2022, we revised our methodology of how we count visits in our Amwell Psychiatric Care business which is part of our AMG visits. This change resulted in an adjustment to the number of visits reported in prior periods. The numbers included in the table above reflect the current methodology.

Active Providers

An important indicator of the value of our enterprise software to our clients is the number of non-AMG providers that are active on the enterprise software. As we noted in "Item 1A. Risk Factors" of the Form 10-K, we may make adjustments to our historical Active Provider metrics with revisions to our methodology for calculating this number in the future. We define "Active Providers" as providers that have delivered a visit on the enterprise software at least once in the last 12 months. Active Providers demonstrate the prevalence of digital care within our clients in both home and hospital environments. We believe Active Providers is a measure of our success in delivering on our mission of enabling access to care. We expect that the number of Active Providers will increase over time as a result of several factors:

- the number of modules and use cases deployed within health systems
- the adoption of digital care by providers across the spectrum of care
- the expansion of modules and programs through acquisitions, including Conversa Health and SilverCloud
- the number of programs offered through health plans
- the continued improvement in the regulatory environment for digital care, including reimbursement for digital care services
- the ongoing consumerization of healthcare

We continued to experience growth in core Active Providers in the current year, in which approximately 1,000 Active Providers were added, all coming from our Health System and Health Plan clients.

Quarter Ended	Total Active Providers		
	Total Active Providers	Client Providers	AMG
March 31, 2023	108,000	104,500	3,500
December 31, 2022	107,000	103,500	3,500
September 30, 2022 ⁽¹⁾	104,000	100,500	3,500
June 30, 2022 ⁽¹⁾	101,000	97,500	3,500
March 31, 2022 ⁽¹⁾	100,000	96,500	3,500
December 31, 2021 ⁽¹⁾	96,000	92,500	3,500

- (1) In the year ended December 31, 2022, we revised our methodology of calculating Active Providers as part of our efforts to account for unique providers who conduct visits on multiple platforms and products. This change resulted in an adjustment to the number of active providers reported historically. The numbers included in the table above reflect the current methodology.

Regulatory Environment

Our operations are subject to comprehensive United States federal, state and local and international regulation in the jurisdictions in which we do business. Our ability to operate profitably will depend in part upon our ability, and that of our affiliated providers, to maintain all necessary licenses and to operate in compliance with applicable laws and rules. In response to the COVID-19 pandemic, state and federal regulatory authorities loosened or removed a number of regulatory requirements in order to increase the availability of digital care services. For example, many state governors issued executive orders permitting physicians and other health care professionals to practice in their state without any additional licensure or by using a temporary, expedited or abbreviated licensure process so long as they hold a valid license in another state. In addition, changes were made to the Medicare and Medicaid programs (through waivers and other regulatory authority) to increase access to digital care services by, among other things, increasing reimbursement, permitting the enrollment of out of state providers and eliminating prior authorization requirements. With the end of the public health emergency in the United States in May 2023, we expect many of these regulatory requirements to be re-instated. However, we do not anticipate a material impact on our business resulting from the foregoing.

Seasonality

Visit volumes typically follow the annual flu season, rising during quarter four and quarter one and falling in the summer months. COVID-19 has altered these historical trends as we may see spikes other times in the year with new variant outbreaks. The future impact of COVID-19 on seasonality is unknown as there could be additional surges and demand on virtual care visits. While we sell to and implement our solutions to clients year-round, we experience some seasonality in terms of when we enter into agreements with our clients and when we launch our solutions to members.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we believe adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial measure, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of adjusted EBITDA is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison. A reconciliation is provided below for our non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measure and the reconciliation of this non-GAAP financial measure to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA

Adjusted EBITDA is a key performance measure that our management uses to assess our operating performance. Because adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes and in evaluating acquisition opportunities.

We calculate adjusted EBITDA as net loss adjusted to exclude (i) interest income and other income, net, (ii) tax benefit and expense, (iii) depreciation and amortization, (iv) goodwill impairment, (v) stock-based compensation expense, (vi) severance expenses, (vii) capitalized software costs, (viii) litigation expenses related to the defense of our patents in the patent infringement claim filed by Teladoc and (ix) other items affecting our results that we do not view as representative of our ongoing operations, including noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.

The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss, for the three months ended March 31, 2023 and 2022:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (398,509)	\$ (70,253)
Add:		
Depreciation and amortization	7,243	\$ 6,598
Interest income and other income (expense), net	(940)	(108)
(Expense) Benefit from income taxes	1,475	(332)
Goodwill Impairment	330,309	—
Stock-based compensation	20,997	12,085
Severance ⁽¹⁾	1,575	—
Capitalized software costs	(6,751)	—
Noncash expenses and contingent consideration adjustments ⁽²⁾	—	3,737
Litigation expense ⁽³⁾	—	1,138
Adjusted EBITDA	\$ (44,601)	\$ (47,135)

- (1) Severance costs associated with the termination of employees during the three months ended March 31, 2023.
- (2) Noncash expenses and contingent consideration adjustments include, noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.
- (3) Litigation expense relates to legal costs related to the Teladoc litigation which was dismissed pursuant to a confidential settlement between the parties in 2022.

Some of the limitations of adjusted EBITDA include (i) adjusted EBITDA does not properly reflect capital commitments to be paid in the future, and (ii) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and adjusted EBITDA does not reflect these capital expenditures. Our legal, accounting and other professional expenses reflect cash expenditures and we expect such expenditures to recur from time to time. Our adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate adjusted EBITDA in the same manner as we calculate the measure, limiting its usefulness as a comparative measure. In evaluating adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. Adjusted EBITDA should not be considered as an alternative to loss before benefit from income taxes, net loss, earnings per share, or any other performance measures derived in accordance with U.S. GAAP. When evaluating our performance, you should consider adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results.

Components of Statement of Operations

Revenue

The Company has demonstrated revenue growth as a direct result increasing acceptance of digital care, our penetration of the market, and the successful launch of new or expanded products that enable broadened applications of settings for care delivered virtually. Revenue performance is reflective of the strong foundation that has been built, focused around health plans, health systems, our provider network and a consistently increasing visit base.

We generate revenues from the use of our enterprise software in the form of recurring subscription fees for use of our enterprise software, and related services and Carepoint sales. We also generate revenue from the performance of AMG patient visits.

Cost of Revenues, Excluding Amortization of Intangible Assets

Cost of revenue primarily consists of hosting fees paid to our hosting providers, costs incurred in connection with our professional services, technical and hosting support, and costs for running our affiliated provider network operations team. These costs primarily include employee-related expenses (including salaries, bonuses, benefits, stock-based compensation and travel).

Cost of revenues are primarily driven by the size of our provider network and the hosting and technical support required to service our clients. Our business models are designed to be scalable and to leverage fixed costs to generate higher revenues. While we currently expect increased investments to support accelerated growth, we also expect increased efficiencies and economies of scale. Our quarterly cost of revenues as a percentage of revenues is expected to fluctuate from period to period depending on the interplay of these aforementioned factor.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses.

Research and Development Expenses

Research and development expenses include personnel and related expenses for software and hardware engineering, information technology infrastructure, security and compliance and product development (inclusive of stock-based compensation for our research and development employees). Research and development expenses also include the periodic outsourcing of similar functions to third party specialists. In the recent years we accelerated the expansion of our enterprise software volume capacity and the development of additional functionality through new programs and modules. We have also expanded the use of offshore resources to provide more efficient rates which are designed to offset the increased research and development spend. While we have recognized an increase in the research and development expense throughout the prior years, the corresponding future revenue growth is expected to result in lower expenses as a percentage of revenue. This increased spend represents an investment in a more scalable and economically beneficial solution that will properly position the Company to benefit in the long term. We believe the increase in spend in the prior years was temporary and we expect to continue to see a gradual decline during 2023.

Our research and development expenses may also fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our research and development expenses. We are accelerating our multiyear technology investment to accommodate the anticipated significant growth in market demand for increasingly broad and sophisticated digital care enablement infrastructure following COVID-19.

Sales and Marketing Expenses

Sales expenses consist primarily of employee-related expenses, including salaries, benefits, commissions, travel and stock-based compensation costs for our employees engaged in commercial activities. We will continue to invest appropriately in sales expenses as we look to grow with new prospects and expand the business of our existing clients. We will continue to elevate the skills and impact of our sales personnel and related account management teams as we look to provide a differentiated and enhanced client experience to our growing client base as well as identifying new strategic market opportunities.

Marketing expenses consist primarily of personnel and related expenses (inclusive of stock-based compensation) for our marketing staff that primarily support the sales organization and client engagement. Marketing costs also include third-party independent research, digital marketing campaigns, participation in trade shows, brand messaging, public relations costs, and the costs of communication materials that are produced to generate awareness and utilization of our enterprise software among our clients and their users.

Our sales and marketing expenses will fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our advertising and marketing expenses.

General and Administrative Expenses

General and administrative expenses include personnel and related expenses, and professional fees incurred by finance, legal, human resources, information technology, our executives, and executive administration staff. They also include stock-based compensation for employees in these departments and expenses related to auditing, consulting, legal, and corporate insurance.

We expect our general and administrative expenses to increase for the foreseeable future associated with continuing to grow our business. However, we expect our general and administrative expenses to decrease as a percentage of our total revenue over the next several years. Our general and administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our general and administrative expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense includes the amortization of intangible assets and depreciation related to our fixed assets. Amortization of intangible assets consists of the amortization of acquisition-related intangible assets, which are customer relationships, contractor relationships, technology and trade names.

Goodwill Impairment

Goodwill impairment is the result of the fair value of the Company's one reporting unit being less than its carrying value. The goodwill impairment resulted from sustained decreases in the Company's publicly quoted share price and market capitalization.

Interest Income and Other Income (Expense), Net

The balance of interest income and other income (expense), net, consists predominantly of interest income on our money-market and short-term investments. We did not incur material interest expenses in the period as there were no outstanding debts or notes payable.

Provision for Income Taxes

The income tax provision is primarily due to state and foreign income tax expense.

Deferred tax assets are reduced by a valuation allowance to the extent management believes it is not more likely than not to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management makes estimates and judgments about future taxable income based on assumptions that are consistent with our plans and estimates.

Consolidated Results of Operations

The following table sets forth our summarized condensed consolidated statement of operations data for the three months ended March 31, 2023 and 2022 and the dollar and percentage change between the respective periods:

(in thousands)	Three Months Ended March 31,			
	2023	2022	Change	%
Revenue	\$ 64,001	\$ 64,232	\$ (231)	0%
Costs and operating expenses:				
Costs of revenue, excluding depreciation and amortization of intangible assets	38,752	36,765	1,987	5%
Research and development	25,923	37,481	(11,558)	(31)%
Sales and marketing	22,726	21,154	1,572	7%
General and administrative	36,370	32,716	3,654	11%
Depreciation and amortization expense	7,243	6,598	645	10%
Goodwill Impairment	330,309	—	330,309	(N/A)
Total costs and operating expenses	461,323	134,714	326,609	242%
Loss from operations	(397,322)	(70,482)	(326,840)	464%
Interest income and other income (expense), net	940	108	832	770%
Loss before expense from income taxes and loss from equity method investment	(396,382)	(70,374)	(326,008)	463%
(Expense) Benefit from income taxes	(1,475)	332	(1,807)	(544)%
Loss from equity method investment	(652)	(211)	(441)	209%
Net loss	(398,509)	(70,253)	(328,256)	467%
Net loss attributable to non-controlling interest	(821)	(216)	(605)	280%
Net loss attributable to American Well Corporation	\$ (397,688)	\$ (70,037)	\$ (327,651)	468%

Revenue

For the three months ended March 31, 2023, subscription revenue remained flat. There was an increase in visit revenue of \$1.9 million, due to the mix of visits causing higher fees per visit while the number of visits remained relatively flat as the COVID-19 pandemic receded. This increase was offset by a decrease in other revenue of \$2.0 million related to a decline in hardware and marketing revenue due to the timing of customer deployments.

Costs of Revenue, Excluding Amortization of Acquired Intangible Assets

For the three months ended March 31, 2023, the increase in cost of revenue was primarily due to an increase of \$1.5 million related to provider fees. There was also an increase in consulting spend of \$0.5 million primarily related to professional services costs associated with customer migrations.

Research and Development Expenses

For the three months ended March 31, 2023, the decrease in research and development expense was primarily driven by a decrease of \$13.1 million in consulting services as spend related to the Converge platform has declined (contributing to this decrease was \$6.8 million capitalized as software development costs). There was no non-cash compensation in the current year related to the SilverCloud acquisition, while there was a change of \$0.6 million in the prior year due to the settlement of the SilverCloud bonus escrow award in 2022. This decrease was partially offset by an increase of \$2.9 million in employee-related costs (inclusive of stock compensation expense) due to increased headcount.

Sales and Marketing Expenses

For the three months ended March 31, 2023, the increase in sales and marketing expense primarily consisted of \$2.8 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. This increase was partially offset by a decrease of \$1.4 million in advertising spend and spend on conferences and tradeshows.

General and Administrative Expenses

For the three months ended March 31, 2023, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of \$8.0 million of stock compensation expense) of approximately \$8.4 million, due to additional equity awards granted and headcount increase. The increase was partially offset by a decrease of \$1.3 million in legal costs mainly due to the Teladoc litigation settlement in the second quarter of 2022. There was no non-cash compensation or earnout adjustment in the current year, while there were total charges of \$2.7 million in the prior year, due to the settlement of the SilverCloud bonus escrow awards and adjustment to the SilverCloud revenue earnout in 2022.

Depreciation and Amortization Expense

Depreciation expense remained consistent for the three months ended March 31, 2023. Amortization expense increased by \$0.7 million for the three months ended March 31, 2023. The increase in amortization was related to the amortization of the internally developed software intangible assets.

Goodwill Impairment

During the three months ended March 31, 2023, the goodwill was impaired by \$330.3 million (or \$1.18 per basic and diluted share) as a result of sustained decreases in the Company's publicly quoted share price and market capitalization.

Interest Income and Other (Expense) Income, net

For the three months ended March 31, 2023 and 2022, interest income and other (expense) income, net consist entirely of interest income and gains from our cash equivalents and short-term investments.

Expense from Income Taxes

Income tax expense was \$1.5 million for the three months ended March 31, 2023, compared to income tax benefit of \$0.3 million for the three months ended March 31, 2022.

Loss from Equity Method Investment

The Company and Cleveland Clinic partnered to form a joint venture, under the name CCAW, JV LLC, to provide broad access to comprehensive and high acuity care services via virtual care. The Company does not have a controlling financial interest in CCAW, JV LLC, but it does have the ability to exercise significant influence over the operating and financial policies of CCAW, JV LLC. Therefore, the Company accounts for its investments in CCAW, JV LLC using the equity method of accounting.

During the three months ended March 31, 2023 and 2022, the Company recognized a loss of \$0.7 million and \$0.2 million, respectively, as its proportionate share of the joint venture results of operations.

Liquidity and Capital Resources

The following table presents a summary of our cash flow activity for the periods set forth below:

	Three Months Ended March 31,	
	2023	2022
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	\$ (29,148)	\$ (62,191)
Net cash used in investing activities	(397,739)	(499,291)
Net cash provided by (used in) financing activities	1,556	(7,753)
Total	\$ (425,331)	\$ (569,235)

Sources of Financing

Our principal sources of liquidity were cash, cash equivalents and short-term investments totaling \$507.2 million and \$538.5 million as of March 31, 2023 and December 31, 2022, respectively, which were held for a variety of growth initiatives and investments as well as working capital purposes. Our cash, cash equivalents and short-term investments are comprised of money market funds and marketable securities including U.S. Treasury bills.

As shown in the accompanying condensed consolidated financial statements, the Company incurred a loss from operations of \$397.3 million and a net loss of \$398.5 million for the three months ended March 31, 2023 and had an accumulated deficit of \$1,479.7 million as of March 31, 2023.

The Company has no debt as of March 31, 2023 or December 31, 2022 and expects to generate operating losses in future years.

We believe that our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months from the issuance date of the financial statements. Our future capital requirements will depend on many factors including our growth rate, contract renewal activity, number of consultations on our enterprise software, the timing and extent of spending to support product development efforts, our expansion of sales and marketing activities, the introduction of new and enhanced services offerings, and the continuing market acceptance of digital care services. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations would be adversely affected.

Three months ended March 31, 2023, vs. three months ended March 31, 2022

Cash Used in Operating Activities

Cash used in operating activities was \$29.1 million for the three months ended March 31, 2023. The primary driver of this use of cash was our net loss of \$398.5 million. The net loss was reflective of the investments made back into the Company (from a technology perspective), partially offset by the overall growth of our business including expansion of business with existing clients. The net loss was partially offset by non-cash expenses of \$360.0 million (primarily goodwill impairment of \$330.3 million, stock-based compensation of \$21.0 million and depreciation and amortization of \$7.2 million).

Cash used in operating activities was \$62.2 million for the three months ended March 31, 2022. The primary driver of this use of cash was our net loss of \$70.3 million. The net loss for the year was reflective of the investments made back into the Company (from a technology perspective), partially offset by the overall growth of our business including an increase in new clients and expansion of business with existing clients. The net loss was partially offset by non-cash expenses of \$20.8 million (primarily stock-based compensation of \$12.1 million and depreciation and amortization of \$6.6 million).

Cash Used in Investing Activities

Cash used in investing activities was \$397.7 million for the three months ended March 31, 2023. Cash used in investing activities consisted of purchases of short-term investments of \$390.0 million, \$6.8 million in capitalized software development costs and \$1.0 million investment in the less than majority owned joint venture.

Cash used in investing activities was \$499.3 million for the three months ended March 31, 2022. Cash used in investing activities consisted of \$0.1 million in the purchases of property and equipment and purchases of short-term investments of \$499.2 million.

Cash Provided by and Used in Financing Activities

Cash provided by financing activities for the three months ended March 31, 2023, was \$1.6 million. Cash provided by financing activities consisted of \$1.6 million of proceeds from the exercise of employee stock options and employee stock purchase plan.

Cash used in financing activities for the three months ended March 31, 2022, was \$7.8 million. Cash used in financing activities consisted of \$11.8 million related to the payment of the Converse integration earnout offset by \$4.0 million of proceeds from the exercise of employee stock options and employee stock purchase plan.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to the financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Contractual Obligations and Commitments

As of March 31, 2023, there have been no material changes from the contractual obligations and commitments previously disclosed in our Form 10-K.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions that the Company believes are necessary to consider to form a basis for making judgments about the carrying values of assets and liabilities, the recorded amounts of revenue and expenses, and the disclosure of contingent assets and liabilities. The Company is subject to uncertainties such as the impact of future events, economic and political factors, and changes in the Company's business environment; therefore, actual results could differ from these estimates. Accordingly, the accounting estimates used in the preparation of the Company's condensed consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the Company's operating environment evolves.

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, to our condensed consolidated financial statements in our Form 10-K and Note 2, Summary of Significant Accounting Policies to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no significant changes to these policies during the three months ended March 31, 2023.

Recently Issued Accounting Pronouncements Adopted

For more information on recently issued accounting pronouncements, see Note 2 to our condensed consolidated financial statements covered under Part I, Item 1 of this Quarterly Report on Form 10-Q.

New Accounting Pronouncements Not Yet Adopted

For more information on new accounting pronouncements not yet adopted, see Note 2 to our condensed consolidated financial statements covered under Part I, Item 1 in this Quarterly Report on Form 10-Q.

Item 3. Qualitative and Quantitative Disclosure about Market Risk

Interest Rate Risk

We had cash and cash equivalents totaling \$112.9 million, and \$538.5 million as of March 31, 2023 and December 31, 2022, respectively. The Company also held investments totaling \$394.3 million as of March 31, 2023. The Company held no investments as of December 31, 2022. These amounts were primarily invested in money markets and U.S. Treasury bills. The cash and cash equivalents are held for a variety of growth and investments as well as working capital purposes. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes. All our investments are denominated in U.S. dollars.

We do not believe that an increase or decrease of 100 basis points in interest rates would have a material effect on our business, financial condition or results of operations. However, our cash equivalents are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates.

Fluctuations in the value of our money market funds caused by a change in interest rates (gains or losses on the carrying value) are recorded in other income and are realized only if we sell the underlying securities.

Foreign Currency Exchange Risk

To date, a substantial majority of our revenue from client arrangements has been denominated in U.S. dollars. We have limited operations outside the United States. As of March 31, 2023 and December 31, 2022, the Company has one foreign subsidiary in Israel, the functional currency of that subsidiary is the U.S. dollar. In addition the Company has three foreign subsidiaries from the acquisition of SilverCloud, with functional currencies of the Euro, British pound and Australian dollars. The Company also has a branch with a functional currency of the New Israeli Shekel. The transactional activity for these entities in the three months ended March 31, 2023 and 2022 was not considered significant. Accordingly, we believe we do not have a material exposure to foreign currency risk. We may choose to focus on international expansion, which may increase our exposure to foreign currency exchange risk in the future.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last two years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition or results of operations.

Item 4. Controls and Procedures

Managements Report on Internal Control over Financial Reporting

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our principal executive officers and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officers and principal financial officer concluded that as of March 31, 2023, our disclosure controls and procedures were effective. Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, financial condition, results of operations or cash flows. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our Form 10-K. For a discussion of potential risks and uncertainties related to our Company see the information in our Form 10-K in the section entitled “Risk Factors.”

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in the “Special Note Regarding Forward-Looking Statements” section in Part I, Item 2, of this Quarterly Report on Form 10-Q.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities during the quarter ended March 31, 2023.

Issuer Purchases of Equity Securities

The following table provides information about the Company’s purchases of its common stock for each month during this quarterly period covered by this report:

Period	(a) Total number of shares (or units) purchased*	(b) Average price paid per share (or unit)*	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1 to January 31	316	\$ 3.86	—	—
February 1 to February 28	—	—	—	—
March 1 to March 31	—	—	—	—
Total	316	\$ 3.86	—	—

* Shares withheld to cover tax withholding obligations under the net settlement provision upon vesting of restricted stock units and exercising of options.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The documents listed below are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

10.1#*	Employment Agreement between American Well Corporation and Vaughn Paunovich, dated May 19, 2022
10.2#*	American Well Corporation Non-Employee Director Compensation Policy
31.1*	Chief Executive Officers Certifications
31.2*	Chief Financial Officer Certification
32.1*	CEO Certification of Quarterly Report
32.2*	CFO Certifications of Quarterly Report
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

Indicates a management contract or compensatory plan

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, thereunto duly authorized.

AMERICAN WELL CORPORATION

Date:	<u>May 3, 2023</u>	By:	<u>/s/ Ido Schoenberg, MD</u> Co-Chief Executive Officer <i>(Principal Executive Officer)</i>
Date:	<u>May 3, 2023</u>	By:	<u>/s/ Roy Schoenberg, MD, MPH</u> Co-Chief Executive Officer <i>(Principal Executive Officer)</i>
Date:	<u>May 3, 2023</u>	By:	<u>/s/ Robert Shepardson</u> Chief Financial Officer <i>(Principal Financial Officer)</i>
Date:	<u>May 3, 2023</u>	By:	<u>/s/ Paul McNeice</u> Vice President of Accounting <i>(Principal Accounting Officer)</i>

AMERICAN WELL CORPORATION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is hereby entered into as of May 19, 2022 (the “Effective Date”) by and between American Well Corporation, a Delaware corporation (the “Company”), and Vaughn Paunovich, an individual (the “Executive”) (hereinafter collectively referred to as “the parties”). Where the context requires, references to the Company shall include the Company’s subsidiaries and affiliates.

RECITALS

WHEREAS, the Company desires to employ Executive for the period provided in this Agreement, and Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Commencement Date; Term; Effect on Other Agreements. The employment term (the “Employment Term”) of Executive’s employment under this Agreement shall be for the period commencing on June 6, 2022 (the “Commencement Date”) and ending on the third (3rd) anniversary of the Commencement Date. Thereafter, the Employment Term shall extend automatically for consecutive periods of one year unless either party provides notice of non-renewal not less than ninety (90) days prior to the end of the Employment Term as then in effect.

2. Employment. During the Employment Term:

- (a) Executive shall be employed as EVP, Digital Technology of the Company and Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.
 - (b) Excluding periods of vacation and sick leave to which Executive is entitled and other service outside of the Company contemplated in this Section 2(b), Executive shall devote Executive’s full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Executive hereunder. Executive may manage personal and family investments and participate in industry organizations and charitable endeavors, so long as such activities do not interfere with the performance of Executive’s responsibilities hereunder. It is understood that, during Executive’s employment by the Company, Executive shall not engage in any activities that constitute a conflict of interest with the interests of the Company or its direct and indirect subsidiaries.
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- (c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives, including but not limited to any policy restricting pledging and hedging investments in Company equity by Company executives, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as “clawback”) and any additional clawback provisions as required by law and applicable listing rules. This Section 2(c) shall survive the termination of the Employment Term.
- (d) Subject to Sections 6, 7 and 8 hereof, Executive’s employment with the Company is “at will,” such that each of Executive or the Company has the option to terminate Executive’s employment at any time, with or without advance notice, and with or without Cause or with or without Good Reason. This Agreement does not constitute an express or implied agreement of continuing or long-term employment.

3. Annual and Other Compensation.

- (a) Base Salary. During the Employment Term, Executive shall be paid an annual base salary of US \$485,000, as may be increased from time to time during the Term (“Base Salary”). The Base Salary shall be payable in accordance with the Company’s regular payroll practices as then in effect.
 - (b) Annual Bonus. Subject to the terms of the Company’s annual cash bonus program as in effect from time to time and the provisions hereof, for each fiscal year of the Company ending during the Employment Term (commencing with the 2022 fiscal year), Executive shall be eligible to receive a target annual cash bonus of 100% of Base Salary (such target bonus, as may hereafter be increased, the “Target Bonus”). Annual bonuses, if any, will be payable after the close of the applicable fiscal year, but in any event prior to March 15 of the following calendar year. The criteria for, and attainment of, Executive’s annual bonus will be at the sole discretion of the compensation committee of the board of directors of the Company (the “Committee”) and may be based on the achievement of both corporate and personal performance objectives.
 - (c) Annual Review. On an annual basis during the Employment Term, the Committee shall review and analyze the then-current Base Salary and Target Bonus of Executive and determine, in its discretion, whether adjustments are necessary or advisable based on merit, to meet industry benchmarks or otherwise, taking into account market practice and the performance of both the Company and Executive.
 - (d) Equity Incentives. During the Employment Term, Executive shall be eligible for consideration to receive equity grants in the sole discretion of the Committee under the Company’s 2020 Equity Incentive Plan, as may be amended and restated from time to time (the “Equity Plan”). Any
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additional grants shall be subject to the availability of shares at the time of grant and such vesting terms and conditions as may be determined by the Committee in its discretion, and both the amount and type of such grants shall be based on merit, to meet industry benchmarks or otherwise, taking into account market practice and the performance of both the Company and the Executive.

- (e) Initial Equity Grant. Executive shall be eligible to receive a grant of 50% performance based restricted stock units (the “PSU Award”) and 50% time based restricted stock units (the “RSU Award”) that settle in a number of shares of the Company’s Class A common stock determined by dividing \$5,000,000 by the 30-trading day Volume Weighted Average Price (VWAP) per share of Class A common stock preceding the date of grant.

The PSU Award will vest based on the achievement by the Company during the 3 year performance period of certain market capitalization milestones and in certain instances upon the continued employment of Executive 180 days after such vesting, all as further described in the final PSU Award Agreement.

The PSU Award will be granted pursuant to the terms of the form of PSU Award agreement and the Equity Plan, and the PSU Award will be subject in all respects to the terms and conditions set forth in the final PSU Award agreement and the Equity Plan.

The RSU Award will vest with the following vesting schedule: 40% of the RSU Award will vest on the Grant Date (Initial Vesting Date), 40% of the RSU Award upon the first anniversary of the Grant Date, and the remaining 20% of the RSU Award upon the eighteenth month of the Grant Date.

The RSU Award will be granted pursuant to the terms of the form of RSU Award agreement and the Equity Plan, and the RSU Award will be subject in all respects to the terms and conditions set forth in the final RSU Award agreement and the Equity Plan.

4. Share Ownership Commitment. Executive agrees to comply with any applicable share ownership requirements or guidelines adopted by the Company applicable to Executive, which shall be on the same terms as similarly situated executives of the Company.

5. Other Benefits. During the Employment Term:

- (a) Employee Benefits. Executive shall be eligible to participate in the various benefits offered by the Company on terms and conditions that are substantially comparable to the other senior executives of the Company, including the Company’s group medical and dental plans, life and disability insurance and 401(k) plan. Benefits may be modified or changed from time to time at the sole discretion of the Company (but not in a manner discriminatory against Executive), and the provision of such benefits to
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Executive in no way changes or impacts Executive's status as an at-will employee. The Company's present benefit structure and other important information about the benefits for which Executive may be eligible are described in the Company's benefits summary booklet and in the Company's employee handbook. Where a benefit is subject to a formal plan (for example, medical insurance or life insurance), eligibility to participate in and receive any particular benefit is governed solely by the applicable plan document.

- (b) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by Executive in connection with the performance of Executive's duties hereunder.
- (c) Paid Time Off. Executive shall be entitled to participate in the Company's unlimited Personal Paid Time Off Policy.

6. Termination. Executive's employment with the Company hereunder may be terminated under the circumstances set forth below; provided, however, that notwithstanding anything contained herein to the contrary, to the extent required by Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

- (a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 8(b) hereof.
 - (b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains Disabled, and Executive shall be entitled to the benefits provided in Section 8(b) hereof. For purposes of this Agreement, "Disability" shall have the meaning assigned to such term in the Equity Plan.
 - (c) Cause. The Company may terminate Executive's employment for Cause (as defined in Exhibit A) effective as of the date of the Notice of Termination (as defined in Section 7 hereof) and Executive shall be entitled to the benefits provided in Section 8(a) hereof.
 - (d) Without Cause. The Company may terminate Executive's employment without Cause and Executive shall be entitled to the benefits provided in Section 8(c) or 8(e) hereof, as applicable.
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- (e) Good Reason. Executive may terminate Executive's employment with Good Reason (as defined in Exhibit A), subject to this Section 6(e) and Executive shall be entitled to the benefits provided in Section 8(c) or 8(e) hereof, as applicable.
- (f) Without Good Reason. Executive may voluntarily terminate Executive's employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period (in which case Executive shall receive full payment of Executive's salary or other compensation for the balance of such thirty (30) day period), and Executive shall be entitled to the benefits provided in Section 8(a) hereof through the last day of such notice period.
- (g) Notice of Non-Renewal. Executive's employment shall terminate upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, and Executive shall be entitled to the benefits provided in Section 8(d) hereof.

7. Notice of Termination. Any purported termination by Executive or the Company shall be communicated by written Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates a termination date, the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of Executive's employment hereunder shall be effective without such Notice of Termination (unless waived by the party entitled to receive such notice).

8. Compensation Upon Termination. Upon termination of Executive's employment during the Employment Term, Executive shall be entitled to the following benefits; provided, however, that any such benefits to which Executive is hereunder entitled shall be offset by those benefits that Executive receives, if any, under applicable law or otherwise:

- (a) Termination by the Company for Cause or by Executive Without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, the Company shall pay Executive all amounts earned or accrued hereunder through the termination date, including:
 - (1) Base Salary;
 - (2) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the termination date, pursuant to the procedures of the Company's applicable policies;
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- (3) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (4) equity and incentive awards, to the extent previously vested, shall be paid or delivered to Executive in accordance with the terms of such awards; and
 - (5) any amount or benefit as provided under any benefit plan or program, and any accrued, but unpaid vacation (the foregoing items in clauses (1) through (5) being collectively referred to as the “Accrued Compensation”).
- (b) Termination by the Company for Disability or Death. If Executive’s employment is terminated by the Company for Disability or by reason of Executive’s death, then, subject to Section 16(d) hereof, Executive shall be entitled to the benefits provided in this Section 8(b).
- (1) The Company shall pay Executive (or Executive’s beneficiaries, as applicable) the Accrued Compensation;
 - (2) The Company shall pay to Executive (or Executive’s beneficiaries, as applicable) within sixty (60) days following the termination date, any bonus earned but unpaid in respect of any fiscal year preceding the termination date; and
 - (3) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable plan and/or award agreement.
- (c) Termination by the Company Without Cause or by Executive for Good Reason. If Executive’s employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason (other than as provided in Section 8(e)), then, subject to Section 16(d) hereof, Executive shall be entitled to the benefits provided in this Section 8(c).
- (1) The Company shall pay to Executive any Accrued Compensation;
 - (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the termination date within sixty (60) days following the termination date;
 - (3) The Company shall pay to Executive in a lump sum within the time period set forth in Section 3(b), a pro rata bonus for the year in which Executive’s employment terminates based on actual performance through the termination date and the number of days Executive was employed during such year;
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- (4) The Company shall pay Executive as severance pay, in lieu of any further compensation (except as provided in this Section 8(c)) for the periods subsequent to the termination date, an amount in cash, equal to one (1) times Executive's then-current Base Salary, paid in equal installments on the Company's regular payroll dates during the twelve (12) month period following the date on which Executive executes a release in accordance with Section 16(d) hereof (the "Severance Period");
 - (5) Each unvested equity award held by Executive at the time of termination shall (i) vest as to the portion that would have vested had Executive remained employed by the Company through the first anniversary of the termination date and (ii) otherwise be governed by the terms of the applicable plan and/or award agreement; and
 - (6) If Executive is participating in the Company's group health insurance plans on the effective date of termination, and Executive timely elects and remains eligible for continued coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), or, if applicable, state or local insurance laws, the Company shall pay that portion of Executive's premiums that the Company was paying prior to the effective date of termination for the Severance Period or for the continuation period for which Executive is eligible, whichever is shorter.
- (d) Expiration of Employment Term Upon Notice of Non-Renewal. If Executive's employment terminates upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, then, subject to Section 16(d) hereof, Executive shall be entitled to the benefits provided in this Section 8(d).
- (1) The Company shall pay to Executive any Accrued Compensation; and
 - (2) Each unvested equity award held by Executive at the time of termination shall be treated in accordance with the terms of the applicable plan and/or award agreement governing a termination of employment other than for cause or due to death or disability.
- (e) Change in Control Termination. Notwithstanding any other provision contained herein, if Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason, in each case within one month before or twenty-four (24) months immediately following a Change in Control (as defined under the Equity Plan), then, subject to Section 16(d) hereof, Executive shall be entitled to the benefits provided in this Section 8(e).
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- (1) The Company shall pay to Executive any Accrued Compensation;
 - (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the termination date within sixty (60) days following the termination date;
 - (3) The Company shall pay to Executive an amount equal to Executive's then-current Target Bonus within thirty (30) days following the termination date;
 - (4) The Company shall pay Executive as severance pay, in lieu of any further compensation (except as provided in this Section 8(e)) for the periods subsequent to the termination date, an amount in cash, equal to one (1) times Executive's then-current Base Salary, paid in equal installments on the Company's regular payroll dates during the Severance Period;
 - (5) Each unvested equity award held by Executive at the time of termination shall vest in full (with any applicable performance goals treated as achieved at target); and
 - (6) If Executive is participating in the Company's group health insurance plans on the effective date of termination, and Executive timely elects and remains eligible for continued coverage under COBRA, or, if applicable, state or local insurance laws, the Company shall pay that portion of Executive's premiums that the Company was paying prior to the effective date of termination for the Severance Period or for the continuation period for which Executive is eligible, whichever is shorter.
- (f) Executive shall not be required to mitigate the amount of any payment provided for under this Section 8 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

9. Section 409A. This Agreement is intended to comply with, or otherwise be exempt from, Section 409A. The Company shall undertake to administer, interpret and construe this Agreement, to the extent reasonably practicable, in a manner that does not result in the imposition on Executive of any additional tax, penalty or interest under Section 409A. If the Company determines in good faith that any provision of this Agreement would cause Executive to incur an additional tax, penalty or interest under Section 409A, the Company and Executive shall use reasonable efforts to reform such provision, if possible, in a mutually agreeable fashion to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A. If a payment obligation under this Agreement arises on account of Executive's separation from service while Executive is a "specified employee" (as defined under Section 409A), then any payment that constitutes "deferred compensation" (as defined under

Treasury Regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation Sections 1.409A-1(b)(3) through (b)(12)) that is scheduled to be paid within six (6) months after such separation from service shall accrue without interest and shall be paid within fifteen (15) days after the end of the six (6) month period beginning on the date of such separation from service or, if earlier, within fifteen (15) days after the appointment of the personal representative or executor of Executive's estate following Executive's death. Notwithstanding the foregoing, nothing in this Agreement or otherwise is intended to, nor does it, guarantee that the payments and benefits under this Agreement will not be subject to any additional tax or other adverse tax consequences under Section 409A or any similar state or local tax law. For purposes of Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

10. Employee Protection. Nothing in this Agreement or otherwise limits Executive's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "SEC"), any other federal, state or local governmental agency or commission ("Government Agency") or self-regulatory organization regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Executive for any of these activities, and nothing in this Agreement or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency or self-regulatory organization.

11. Records and Confidential Data.

- (a) Executive acknowledges that in connection with the performance of Executive's duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of Executive's employment by the Company or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company and its affiliates and Executive hereby assigns to the Company any and all right, title and interest Executive may have or acquire in and to such Confidential Information.
 - (b) Except as provided in Section 10 hereof, the Confidential Information will be kept confidential by Executive, will not be used in any manner which is detrimental to the Company, will not be used other than in connection with Executive's discharge of Executive's duties hereunder, and will be safeguarded by Executive from unauthorized disclosure. Executive acknowledges and agrees that the confidentiality restrictions set forth herein shall apply to any and all Confidential Information disclosed to, or learned or obtained by, Executive, whether before, on or after the date hereof. For the avoidance of doubt, nothing in this Section 11(b) shall prevent Executive from complying with a valid legal requirement (whether by oral
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questions, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand or similar process) to disclose any Confidential Information or from exercising any legally protected whistleblower rights (including under Rule 21F under the Securities Exchange Act of 1934, as amended) as set forth in Section 10.

- (c) Following the termination of Executive's employment hereunder, as soon as possible after the Company's written request, Executive will return to the Company all written Confidential Information which has been provided to Executive and Executive will return or destroy (or cooperate with any reasonable Company requested process to return or destroy) all copies of any analyses, compilations, studies or other documents (including any email or other electronic correspondence) prepared by Executive or for Executive's use containing or reflecting any Confidential Information, except as provided in Section 10. Within five (5) business days of the receipt of such request by Executive, Executive shall, upon written request of the Company, deliver to the Company a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 11(c).
 - (d) For the purposes of this Agreement, "Confidential Information" shall mean all confidential and proprietary information of the Company and its affiliates, including, without limitation, information derived from reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formula, marketing studies relating to prospective business opportunities and all other know-how, trade secrets, inventions, concepts, ideas, materials, or information developed, prepared or performed for or by the Company or its affiliates (in each case, including any email or other electronic correspondence). For purposes of this Agreement, the Confidential Information shall not include and Executive's obligations shall not extend to information that Executive can demonstrate with competent evidence is (i) generally available to the public without any action or involvement by Executive or (ii) independently obtained by Executive from a third party on a non-confidential and authorized basis. Notwithstanding anything in this Section 11 to the contrary, Executive may disclose Confidential Information: (1) as set forth in Section 10; and (2) to the extent it is required to be disclosed by law or pursuant to judicial process or administrative subpoena. To the extent that Confidential Information is required to be disclosed by law, governmental investigation or pursuant to judicial process or administrative subpoena, Executive shall, to the extent legally permitted, first give written notice to the Company and reasonably cooperate with the Company to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for the purposes required by law, governmental investigation or pursuant to
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judicial process or administrative subpoena, except as provided in [Section 10](#) and subject to [Section 11\(e\)](#).

- (e) Notwithstanding anything in this Agreement to the contrary, pursuant to the Defend Trade Secrets Act of 2016, the parties hereto acknowledge and agree that Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.
- (f) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information Executive may have obtained in connection with employment with any prior employer.
- (g) Executive's obligations under this [Section 11](#) shall survive the termination of the Employment Term.

[12. Covenant Not to Solicit and Not to Compete; Non-Disparagement.](#)

- (a) [Covenants Not to Solicit or to Interfere](#). To protect the Confidential Information, Company Intellectual Property (as defined below) and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and for a period of twelve (12) months after Executive's cessation of employment with the Company, not to solicit, hire or participate in or assist in any way in the solicitation or hire of any employees of the Company or any of its subsidiaries (or any person who was an employee of the Company or any of its subsidiaries during the six-month period preceding such action) in any country. For purposes of this covenant, "[solicit](#)" or "[solicitation](#)" means directly or indirectly influencing or attempting to influence employees of the Company or any of its subsidiaries to become employed with any other person, partnership, firm, corporation or other entity.

In addition, to protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and for a period of twelve (12) months after Executive's cessation of employment with the Company, not to (x) solicit any client or customer to receive services or to purchase any goods

or services in competition with those provided by the Company or any of its subsidiaries or (y) interfere or attempt to interfere in any material respect with the relationship between the Company or any of its subsidiaries on one hand and any client, customer, supplier, investor, financing source or capital market intermediary on the other hand, in any country. For purposes of this covenant, “solicit” or “solicitation” means directly or indirectly influencing or attempting to influence clients or customers of the Company or any of its affiliates to accept the services or goods of any other person, partnership, firm, corporation or other entity in competition with those provided by the Company or any of its affiliates.

Executive agrees that the covenants contained in this Section 12(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising or the provision of references shall not constitute a breach of such obligations.

- (b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, and in specific consideration for a cash payment of \$1,000, Executive agrees, to the maximum extent permitted by applicable law, not to become involved with any entity that directly or indirectly engages in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates conducts such business, or plans to conduct such business during the Employment Term, during the period commencing with the Employment Term and ending twelve (12) months after Executive’s cessation of employment with the Company for any reason. For the purposes of this Agreement, the term “Prohibited Activities” means directly or indirectly owning any interest in, managing, participating in (whether as an employee, director, officer, consultant, partner, member, manager, representative or agent), consulting with or rendering services to any entity (including, without limitation, Doctor On Demand, MDLive, Teladoc, Epic Systems, Cerner or Zoom) in (A) the telehealth industry or (B) digital healthcare, that, in the case of clause (B), performs or plans to perform any of the services or manufactures or sells or plans to manufacture or sell any of the products planned, provided or offered by the Company or any of its subsidiaries or any products or services designed to perform the same function or achieve the same results as the products or services planned, provided or offered by the Company or any of its subsidiaries or performs or plans to perform any other services and/or engages or plans to engage in the development, production, manufacture, distribution or sale of any product similar to any planned or actual services performed or products developed, produced, manufactured, distributed or sold by the Company or any of its subsidiaries during the term of Executive’s employment with the Company and its affiliates, including, without limitation, any business activity that directly or indirectly provides the research, development, manufacture, marketing, selling or servicing of systems facilitating
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consumer communications with professional service providers in the digital healthcare field; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company (or a non-publicly traded entity through a passive investment) equal to less than five percent (5%) of such company's outstanding voting securities. Executive agrees that the covenants contained in this Section 12(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates. Any reference to plans or planned activity in this paragraph shall be limited to plans or planned activities that are based upon material demonstrable actions. Following Executive's cessation of employment, the prohibitions in this paragraph shall be limited to activities and planned activities (including locations) as of the date of Executive's termination of employment.

- (c) Non-Disparagement. Executive agrees not to make written or oral statements about the Company, its subsidiaries or affiliates, or its directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 10 hereof or in the ordinary course of personnel performance reviews when making such statements is reasonable and appropriate. The Company, as represented by its directors and executive officers, shall not make written or oral statements about Executive that are negative or disparaging, except as provided in Section 10 hereof or in the ordinary course of personnel performance reviews when making such statements is reasonable and appropriate. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive, the Company, its subsidiaries and affiliates, and the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.
- (d) It is the intent and desire of Executive and the Company that the restrictive provisions of this Section 12 be enforced to the fullest extent permissible under the laws and public policies as applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 12 shall be determined to be invalid or unenforceable, such covenant shall be amended, without any action on the part of either party hereto, to delete therefrom the portion so determined to be invalid or unenforceable, such deletion to apply only with respect to the operation of such covenant in the particular jurisdiction in which such adjudication is made.
- (e) Executive's obligations under this Section 12 shall survive the termination of the Employment Term.

13. Remedies for Breach of Obligations under Sections 12 or 13 hereof. Executive acknowledges that the Company will suffer irreparable injury, not readily susceptible of valuation

in monetary damages, if Executive breaches Executive's obligations under Sections 11 or 12 hereof. Accordingly, Executive agrees that the Company will be entitled, in addition to any other available remedies, to seek injunctive relief against any breach or prospective breach by Executive of Executive's obligations under Sections 11 or 12 hereof. Executive agrees that process in any or all of those actions or proceedings may be served by registered mail, addressed to the last address provided by Executive to the Company, or in any other manner authorized by law. This Section 13 shall survive the termination of the Employment Term.

14. Cooperation.

- (a) Following Executive's termination of employment for any reason, except as provided in Section 10 hereof, Executive agrees to make Executive reasonably available at the request of the Company to cooperate with the Company and its affiliates in matters that materially concern: (i) requests for information about the services Executive provided to the Company and its affiliates during Executive's employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the US Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making Executive reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the reasonable request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and Executive's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). Nothing in this Section 14(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates, except as provided in Section 10. In addition, at the request of the Company, Executive shall be required annually to complete a directors' and officers' questionnaire to facilitate the Company's preparation of any filings and reports with the SEC.
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- (b) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 14 for which Executive has obtained prior approval (which shall not be unreasonably withheld) from the Company. Executive shall not be required to cooperate against Executive's own legal interests.
- (c) Nothing in this Agreement or any other agreement by and between the parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.
- (d) This Section 14 shall survive the termination of the Employment Term.

15. Inventions and Intellectual Property.

- (a) Definitions. As used in this Agreement:
 - (1) "Intellectual Property" means all patents, invention disclosures, invention registrations, trademarks, service marks, trade names, trade dress, logos, domain names, copyrights, mask works, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, and all registrations and applications for registration of, and all goodwill associated with, the foregoing.
 - (2) "Inventions" means all inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like.
 - (b) Disclosure. Executive will disclose promptly in writing to the Company any and all Inventions and Intellectual Property, in each case that Executive conceives, develops, creates or reduces to practice, or has conceived, developed, created or reduced to practice, either alone or jointly with others, during the period of Executive's employment, whether prior to or after the Effective Date, that (1) are, or were, conceived, created or developed using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (2) result, or resulted, from any work performed by Executive for the Company or any of its affiliates and/or (3) otherwise relate to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property").
 - (c) Ownership and Assignment. Executive acknowledges and agrees that the Company has and will have exclusive title and ownership rights in and to
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all Company Intellectual Property. To the extent that exclusive title and/or ownership rights may not originally vest in the Company as contemplated herein (or did not so vest), Executive hereby irrevocably assigns, transfers, conveys and delivers to the Company all right, title and interest in and to any and all Company Intellectual Property. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Company has and will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are hereby automatically and irrevocably assigned to the Company as above).

- (d) Prior Inventions. Set forth in Exhibit B (Prior Inventions) attached hereto is a complete list of all Inventions that Executive has, alone or jointly with others, conceived, developed created or reduced to practice prior to the commencement of Executive's employment with the Company, that are Executive's property, and that the Company acknowledges and agrees are excluded from the scope of this Agreement (collectively, "Prior Inventions"). If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands that Executive is not to list such Prior Inventions in Exhibit B but is only to disclose where indicated a cursory name for each such Prior Invention, a listing of each person or entity to whom it belongs, and the fact that full disclosure as to such Prior Inventions has not been made for that reason (it being understood that, if no Invention or disclosure is provided in Exhibit B, Executive hereby represents and warrants that there are no Prior Inventions). If, in the course of Executive's employment with the Company, Executive incorporates any Prior Invention into any Company product, process or machine or otherwise uses any Prior Invention, Executive hereby grants to the Company and its affiliates a worldwide, non-exclusive, irrevocable, perpetual, fully paid-up and royalty-free license (with rights to sublicense through multiple tiers of sublicensees) to use, reproduce, modify, make derivative works of, publicly perform, publicly display, make, have made, sell, offer for sale, import and otherwise exploit such Prior Invention for any purpose.
- (e) Non-Assignable Inventions. If Executive transfers Executive's principal work location to California, Illinois, Kansas, Minnesota, Washington State or any other state that has codified applicable law, the provisions regarding Executive's assignment of Company Intellectual Property to the Company in Section 15(c) hereof shall not apply to certain Inventions ("Non-Assignable Inventions") as specified in the statutory code of the applicable state. Executive acknowledges having received and reviewed notification regarding such Non-Assignable Inventions pursuant to such states' codes.
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- (f) Waiver of Moral Rights. To the extent that Executive may do so under applicable law, Executive hereby transfers to the Company any and all Moral Rights that Executive may possess or acquire in or with respect to any Company Intellectual Property. Insofar as any of Executive's Moral Rights cannot be so assigned or transferred, to the extent that Executive may do so under applicable law, Executive hereby waives and agrees never to assert any Moral Rights that Executive may have in or with respect to any Company Intellectual Property, even after termination of any work on behalf of the Company. As used in this Agreement, "Moral Rights" means any and all rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, or to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under any applicable law of any jurisdiction, regardless of whether or not such right is denominated or generally referred to as a "moral right."
- (g) Further Assurances. Executive shall give the Company and its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company and its affiliates to prosecute, perfect, register, record, enforce and defend any of their rights in any Company Intellectual Property and Confidential Information.
- (h) This Section 15 shall survive the termination of the Employment Term.

16. Miscellaneous.

- (a) Successors and Assigns.
 - (1) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and permitted assigns. The Company may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, as applicable. The term "the Company" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company, as the case may be, (including this Agreement) whether by operation of law or otherwise.
 - (2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive's beneficiaries or legal representatives, except by will or by the laws of descent and distribution.
 - (3) This Agreement shall inure to the benefit of and be enforceable by Executive's legal personal representatives, and by Executive's beneficiaries in the event of Executive's death.
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- (b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by Certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company; and further provided that all notices to Executive shall be copied by electronic mail to Gary M. Feldman, Esq., Davis Malm, One Boston Place, Boston MA 02108, gfeldman@davismalm.com. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.
- (c) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.
- (d) Release of Claims. The termination benefits described in Sections 8(b), 8(c), 8(d) and 8(e) hereof (the "Total Payments") shall be conditioned on Executive delivering to the Company, and failing to revoke, a signed release of claims reasonably acceptable to the Company within fifty (50) days following Executive's termination date. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 16(d) shall refer to Executive's representative or estate.
- (e) Parachute Payments. To the extent consistent with applicable law, the payment of any amounts or the provision of any benefits under this Agreement or any other agreement including, without limitation, the Total Payments, will be reduced or adjusted to avoid triggering the excise tax (the "Excise Tax") imposed by Section 4999 of the Code (the "Required Reduction"), if such adjustment would result in the provision of a greater total benefit, on a net after-tax basis (after taking into account any applicable federal, state and local income and employment taxes and the Excise Tax), to Executive. In the case of a reduction in the Total Payments, the Total Payments will be reduced in the following order: (i) by reducing any cash payments to be made to Executive (excluding any cash payment with respect to the acceleration of equity-based compensation); (ii) by canceling the acceleration of vesting of any outstanding equity-based compensation
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awards; and (iii) by reducing any other non-cash benefits provided to Executive. In the case of the reductions to be made pursuant to each of the above-mentioned clauses, the payment and/or benefit amounts to be reduced, and the acceleration of vesting to be cancelled, shall be reduced or cancelled in the inverse order of their originally scheduled dates of payment or vesting, as applicable, and shall be so reduced: (x) only to the extent that the payment and/or benefit otherwise to be paid, or the vesting of the award that otherwise would be accelerated, would be treated as a “parachute payment” within the meaning of Code Section 280G(b)(2)(A); and (y) only to the extent necessary to achieve the Required Reduction. All determinations made under this Section 16(e) (as well as with respect to any payments provided to any other “disqualified individual” of the Company within the meaning of Section 280G(c) of the Code) shall be made by a nationally recognized accounting or consulting firm as selected by the Company (the “Accounting Firm”) which shall provide detailed supporting calculations to Executive and the Company. All fees and expenses of the Accounting Firm shall be borne by the Company. All determinations by the Accounting Firm shall be binding on Executive and the Company absent manifest error. Notwithstanding the foregoing, if prior to a change in ownership or effective control of the Company (as described in Section 280G of the Code and the regulations and guidance promulgated thereunder), no stock of the Company is readily tradable on an established securities market and the Accounting Firm determines that the Excise Tax would be imposed upon the Total Payments (and any other payments) then, subject to Executive’s execution of a written agreement providing that Executive will waive any portion of the Total Payments (and any other payments) that would otherwise cause such payments to be subject to the Excise Tax, the Company agrees to use commercially reasonable efforts to submit to the Company’s shareholders for approval, in a manner that satisfies Section 280G(b)(5)(B) of the Code, Executive’s conditional right to receive the portion of the Total Payments (and other payments) otherwise subject to the waiver agreement.

- (f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.
 - (g) Arbitration. If any dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve that dispute by binding
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arbitration before an arbitrator experienced in employment law. Said arbitration will be conducted in accordance with the rules applicable to employment disputes of the Judicial Arbitration and Mediation Services (“JAMS”) and the law applicable to the claim. The parties shall have thirty (30) calendar days after notice of such arbitration has been given to attempt to agree on the selection of an arbitrator from JAMS. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) available arbitrators and an arbitrator will be selected from such five member panel provided by JAMS by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a toss of a coin. The parties agree that this agreement to arbitrate includes any such disputes that the Company may have against Executive, or Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, or Executive’s employment or Executive’s termination, including any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive’s compensation, employment, or Executive’s termination. The parties further agree that arbitration as provided for in this Section 16(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, which is hereby expressly waived, except for any request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law or for breaches by Executive of Executive’s obligations under Sections 11, 12, 14 or 15 hereof. The parties agree that the seat of the arbitration shall be Boston, Massachusetts. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the cost of representation of Executive, unless such cost is awarded in accordance with law or otherwise awarded by the arbitrators. Neither party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties, except (1) as provided by Section 10 and (2) as may be required by law.

- (h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a breach of this Agreement as a result of applicable law; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law as soon as practicable after such benefits or payments are due. Any request or requirement that Executive repay compensation that is required under the first sentence of this Section 16(h), or pursuant to a Company policy that is applicable to other executive officers of the Company and that is designed to advance the legitimate
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corporate governance objectives of the Company, shall not in and of itself constitute a breach of this Agreement.

- (i) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed entirely within such State, without giving effect to the conflict of law principles thereof.
- (j) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that Executive is not a party to or otherwise bound by any undisclosed agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive's ability to execute this Agreement or to carry out Executive's duties and responsibilities hereunder. In the event that the Company reasonably determines that Executive's duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company's business operations) and the Company will take steps to restrict Executive's access to, and participation in, any such activities, until the Company determines that such conflict ceases to exist. Any actions taken by the Company under this Section 16(j) to restrict or limit Executive's access to information or provision of services shall not constitute Good Reason for purposes of Section 6(e) hereof.
- (k) Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.
- (l) Effectiveness of Agreement. The effectiveness of this Agreement is contingent upon the occurrence of the Commencement Date within the time provided in Section 1 hereof.

17. Indemnification. The Company will indemnify Executive to the same extent that it indemnifies similarly situated executive officers of the Company and Executive shall be covered by directors' and officers' liability insurance on the same basis as similarly situated executive officers of the Company.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, term sheets, understandings and arrangements,

oral or written, between the parties hereto with respect to the subject matter hereof, including without limitation any term sheets or other similar presentations.

[19. Counterparts](#). This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile or PDF will be deemed the equivalent of originals.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written, to be effective as of the Effective Date.

AMERICAN WELL CORPORATION

By: s/o Bradford Gay

Name: Bradford Gay

Title: SVP and General Counsel

EXECUTIVE

By: s/o Vaugh Paunovich

Name: Vaugh Paunovich

EXHIBIT A DEFINITIONS

For purposes of Section 6(c) of this Agreement, the following shall constitute “Cause”: (1) Executive’s indictment or conviction for either a felony offense or any other crime involving, or participation in, any fraud, theft or embezzlement; (2) willful breach of Executive’s duties of good faith and fair dealing that are owed to the Company or any of its subsidiaries; (3) Executive’s material breach or violation of any material agreement between Executive and the Company or any of its subsidiaries; (4) willful and material failure to comply with the code of conduct of the Company or any of its subsidiaries or any other material written policies of the Company that have been approved by the board of directors of the Company (the “Board”) or its authorized delegate and which is materially harmful to the Company and its subsidiaries taken as a whole; or (5) Executive’s willful failure or refusal to follow the lawful directions of the Company’s Chief Executive Officer (or co-Chief Executive Officers, if applicable) or the Board; provided that Executive shall have thirty (30) days after written notice from the Company to cure the deficiency leading to the Cause determination (except with respect to prong (1) above, for which no notice is required) if, in the sole and reasonable discretion of the Board, such deficiency is curable.

For purposes of Section 6(e) of this Agreement, “Good Reason” means, without Executive’s express written consent: (1) the failure by the Company to provide Executive with Executive’s Base Salary, compensation and benefits in accordance with the terms of this Agreement, except for a reduction in Executive’s Base Salary prior to a Change in Control that is consistent with base salary reductions for similarly situated executives of the Company; (2) a material diminution in Executive’s authorities, responsibilities, position, reporting or job title as of immediately prior to such diminution; (3) the failure of the Company to assign this Agreement to a successor to all or substantially all of the business and/or assets of the Company, as applicable, as contemplated by Section 16(a) hereof; (4) a requirement that Executive perform his duties under this Agreement at a location more than 25 miles from the location where Executive performs at the outset of this Agreement, excluding reasonable business travel incident to Executive’s performance of his duties; (5) a material breach by the Company of the terms of this Agreement. For the avoidance of doubt, Executive shall not be considered to have terminated Executive’s employment for Good Reason unless Executive has (A) not expressly consented in writing to the occurrence that Executive alleges constitutes Good Reason; (B) given the Company written Notice of Termination for Good Reason not more than thirty (30) days after Executive’s knowledge of the initial existence of the alleged condition giving rise to Good Reason; (C) given the Company at least thirty (30) days after receipt of such notice to cure the alleged deficiency; and (D) terminated Executive’s employment within sixty (60) days following the Company’s receipt of such notice.

**EXHIBIT B
PRIOR INVENTIONS**

20. The following is a complete list of all Prior Inventions (as provided in Section 15(d) of the attached Employment Agreement):

21. Due to a prior confidentiality agreement, Executive cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the duty of confidentiality with respect to which Executive owes to the following party(ies):

Prior Invention

Party(ies)

Relationship

**AMERICAN WELL CORPORATION
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

Originally Adopted November 2, 2020; and

Amended and Restated on April 20, 2023

Non-employee members of the board of directors (the “**Board**”) of American Well Corporation (the “**Company**”) shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this “**Policy**”). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “**Non-Employee Director**”) who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy became effective on November 2, 2020 and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of \$75,000 for service on the Board. Each Non-Employee Director shall also receive \$5,000 annually in addition to the annual retainer for serving as a Board Chair for one of the three (3) established Board Committees: Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

(b) Payment of Retainers. The annual retainer described in Section 1(a) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Section 1(a) , with such prorated portion determined by multiplying such otherwise payable retainer by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company’s 2020 Equity Incentive Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended

from time to time, the “*Equity Plan*”) and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company’s stockholders (an “*Annual Meeting*”) and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting shall be automatically granted, on the date of such Annual Meeting, an award of restricted stock units that have an aggregate fair value on the date of such Annual Meeting of \$200,000 (as determined in accordance with ASC 718 and with the number of shares of common stock underlying such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(a) shall be referred to as the “*Annual Awards.*” For the avoidance of doubt, if the Company’s Annual Meeting does not occur by June 30 of each calendar year, each Non-Employee Director shall be automatically granted an Annual Award on June 30.

(b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board on any date (including the date of an Annual Meeting) shall be automatically granted, on the date of such Non-Employee Director’s initial election or appointment (such Non-Employee Director’s “*Start Date*”), an award of restricted stock units that have an aggregate fair value on such Non-Employee Director’s Start Date equal to \$400,000 (as determined in accordance with ASC 718). The awards described in this Section 2(b) shall be referred to as “*Initial Awards.*” For the avoidance of doubt and notwithstanding anything set forth herein, (i) no Non-Employee Director shall be granted more than one Initial Award, and (ii) in the event that a Non-Employee Director’s Start Date occurs on the date of an Annual Meeting, such Director shall receive an award of restricted stock units that have an aggregate fair value on such Non-Employee Director’s Start Date equal to \$600,000 (as determined in accordance with ASC 718) (which is meant to represent the sum of an Initial Award and an Annual Award).

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award shall vest on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (ii) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through the applicable vesting date. Each Initial Award shall vest ratably over a period of three years, with such tranches vesting on the first, second and third anniversaries of the date of grant. No portion of an Annual Award or Initial Award that is unvested at the time of a Non-Employee Director’s termination of service on the Board shall become vested thereafter.

3. Expenses

The Company will reimburse each Non-Employee Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board meetings and meetings of any committee of the Board; *provided*, that the Non-Employee Director timely submit to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy applicable to directors, as in effect from time to time. To the extent that any taxable reimbursements are provided to any Non-Employee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICERS PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Ido Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended March 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

By: /s/ Ido Schoenberg
Ido Schoenberg
Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation. for the period ended March 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

By: /s/ Roy Schoenberg
Roy Schoenberg
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Shepardson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended March 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

By: /s/ Robert Shepardson
Robert Shepardson
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICERS PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ido Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 3, 2023

By: /s/ Ido Schoenberg
Name: Ido Schoenberg
Title: Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 3, 2023

By: /s/ Roy Schoenberg
Name: Roy Schoenberg
Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Shepardson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 3, 2023

By: /s/ Robert Shepardson
Name: Robert Shepardson
Title: Chief Financial Officer
(Principal Financial Officer)
