

**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 June 30, 2022**

**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 July 31, 2022, the number of shares of the registrant's Class A common stock outstanding was 240,621,761, 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 June 30, 2022**

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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)

	June 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 257,189	\$ 746,416
Investments	372,880	—
Accounts receivable (\$82 and \$2,054, from related parties and net of allowances of \$1,452 and \$1,809, respectively)	44,675	51,375
Inventories	7,921	7,530
Deferred contract acquisition costs	1,781	1,697
Prepaid expenses and other current assets	22,148	20,278
Total current assets	706,594	827,296
Restricted cash	795	795
Property and equipment, net	1,498	2,235
Goodwill	433,840	442,761
Intangible assets, net	136,434	152,409
Operating lease right-of-use asset	14,511	16,422
Deferred contract acquisition costs, net of current portion	2,202	2,028
Other assets	1,233	1,722
Investment in minority owned joint venture	1,366	168
Total assets	\$ 1,298,473	\$ 1,445,836
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 5,490	\$ 12,156
Accrued expenses and other current liabilities	43,649	58,711
Operating lease liability, current	3,174	1,918
Deferred revenue (\$867 and \$1,860 from related parties, respectively)	63,971	68,841
Total current liabilities	116,284	141,626
Other long-term liabilities	3,677	5,136
Contingent consideration liabilities, net of current portion	—	16,450
Operating lease liability, net of current portion	12,842	14,694
Deferred revenue, net of current portion (\$16 and \$22 from related parties, respectively)	4,777	7,055
Total liabilities	137,580	184,961
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 100,000,000 shares authorized, no shares issued or outstanding as of June 30, 2022 and as of December 31, 2021	—	—
Common stock, \$0.01 par value; 1,000,000,000 Class A shares authorized, 240,397,065 and 229,402,453 shares issued and outstanding, respectively; 100,000,000 Class B shares authorized, 27,390,397 and 26,913,579 shares issued and outstanding, respectively; 200,000,000 Class C shares authorized 5,555,555 issued and outstanding as of June 30, 2022 and as of December 31, 2021	2,734	2,620
Additional paid-in capital	2,108,576	2,054,275
Accumulated other comprehensive income	(20,845)	(6,353)
Accumulated deficit	(950,466)	(811,284)
Total American Well Corporation stockholders' equity	1,139,999	1,239,258
Non-controlling interest	20,894	21,617
Total stockholders' equity	1,160,893	1,260,875
Total liabilities and stockholders' equity	\$ 1,298,473	\$ 1,445,836

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue				
(\$1,163, \$1,462, \$2,377 and \$3,089 from related parties, respectively)	\$ 64,516	\$ 60,217	\$ 128,748	\$ 117,816
<b>Costs and operating expenses:</b>				
Costs of revenue, excluding depreciation and amortization of intangible assets	36,497	33,889	\$ 73,262	\$ 69,594
Research and development	37,067	22,378	\$ 74,548	\$ 45,418
Sales and marketing	18,721	14,789	\$ 39,875	\$ 28,521
General and administrative	34,911	24,212	\$ 67,627	\$ 45,566
Depreciation and amortization expense	6,724	2,484	\$ 13,322	\$ 4,990
Total costs and operating expenses	<u>133,920</u>	<u>97,752</u>	<u>268,634</u>	<u>194,089</u>
Loss from operations	(69,404)	(37,535)	(139,886)	(76,273)
Interest income and other (expense) income, net	764	224	\$ 872	\$ 285
Loss before expense from income taxes and loss from equity method investment	(68,640)	(37,311)	(139,014)	(75,988)
Benefit (Expense) from income taxes	(461)	(103)	\$ (129)	\$ (412)
Loss from equity method investment	(551)	(722)	\$ (762)	\$ (1,541)
Net loss	(69,652)	(38,136)	(139,905)	(77,941)
Net loss attributable to non-controlling interest	(507)	(277)	\$ (723)	\$ (894)
Net loss attributable to American Well Corporation	<u>\$ (69,145)</u>	<u>\$ (37,859)</u>	<u>\$ (139,182)</u>	<u>\$ (77,047)</u>
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.25)	\$ (0.15)	\$ (0.51)	\$ (0.31)
Weighted-average common shares outstanding, basic and diluted	273,320,740	249,366,652	273,615,031	246,471,733
Net loss	\$ (69,652)	\$ (38,136)	\$ (139,905)	\$ (77,941)
Other comprehensive income (loss), net of tax:				
Unrealized (loss) gain on available-for-sale investments	(111)	(119)	(1,362)	(85)
Foreign currency translation	(10,179)	(20)	(13,130)	(72)
Comprehensive loss	(79,942)	(38,275)	(154,397)	(78,098)
Less: Comprehensive loss attributable to non-controlling interest	(507)	(277)	(723)	(894)
Comprehensive loss attributable to American Well Corporation	<u>\$ (79,435)</u>	<u>\$ (37,998)</u>	<u>\$ (153,674)</u>	<u>\$ (77,204)</u>

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 Comprehensive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount						
<b>Balances as of January 1, 2022</b>	<b>261,871,587</b>	<b>\$ 2,620</b>	<b>\$ 2,054,275</b>	<b>\$ (6,353)</b>	<b>\$ (811,284)</b>	<b>\$ 1,239,258</b>	<b>\$ 21,617</b>	<b>\$ 1,260,875</b>
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 losses on available-for-sale securities, net of tax	—	—	—	(1,251)	—	(1,251)	—	(1,251)
Net loss	—	—	—	—	(70,037)	(70,037)	(216)	(70,253)
<b>Balances as of March 31, 2022</b>	<b>265,692,614</b>	<b>2,658</b>	<b>2,076,605</b>	<b>(10,555)</b>	<b>(881,321)</b>	<b>1,187,387</b>	<b>21,401</b>	<b>1,208,788</b>
Exercise of common stock options	1,083,571	10	1,916	—	—	1,926	—	1,926
Vesting of restricted stock units	1,606,976	16	(16)	—	—	—	—	—
Issuance of common stock related to SilverCloud earn-out settlement	4,959,856	50	12,895	—	—	12,945	—	12,945
Receipt of Section 16(b) disgorgement	—	—	295	—	—	295	—	295
Stock-based compensation expense	—	—	14,907	—	—	14,907	—	14,907
Capital contributed by selling shareholders of acquired businesses	—	—	1,974	—	—	1,974	—	1,974
Currency translation adjustment	—	—	—	(10,179)	—	(10,179)	—	(10,179)
Unrealized losses on available-for-sale securities, net of tax	—	—	—	(111)	—	(111)	—	(111)
Net loss	—	—	—	—	(69,145)	(69,145)	(507)	(69,652)
<b>Balances as of June 30, 2022</b>	<b>273,343,017</b>	<b>\$ 2,734</b>	<b>\$ 2,108,576</b>	<b>\$ (20,845)</b>	<b>\$ (950,466)</b>	<b>\$ 1,139,999</b>	<b>\$ 20,894</b>	<b>\$ 1,160,893</b>

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		Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount							
<b>Balances as of January 1, 2021</b>	<b>235,604,105</b>	<b>2,357</b>	<b>\$ (37,568)</b>	<b>1,841,405</b>	<b>\$ 297</b>	<b>\$ (582,359)</b>	<b>\$ 1,224,132</b>	<b>\$ 22,065</b>	<b>\$ 1,246,197</b>
Exercise of common stock options	3,474,375	34	—	10,096	—	—	10,130	—	10,130
Vesting of restricted stock units	853,842	9	—	(9)	—	—	—	—	—
Retirement of treasury stock purchased in 2020	—	—	37,568	(15)	—	(37,553)	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2021	(402,060)	(4)	—	4	—	(9,771)	(9,771)	—	(9,771)
Stock-based compensation expense	—	—	—	8,642	—	—	8,642	—	8,642
Currency translation adjustment	—	—	—	—	(52)	—	(52)	—	(52)
Unrealized gains on available-for-sale securities, net of tax	—	—	—	—	34	—	34	—	34
Net loss	—	—	—	—	—	(39,188)	(39,188)	(617)	(39,805)
<b>Balances as of March 31, 2021</b>	<b>239,530,262</b>	<b>2,396</b>	<b>—</b>	<b>1,860,123</b>	<b>279</b>	<b>(668,871)</b>	<b>1,193,927</b>	<b>21,448</b>	<b>1,215,375</b>
Exercise of common stock options	1,812,491	18	—	6,656	—	—	6,674	—	6,674
Vesting of restricted stock units	844,900	9	—	(9)	—	—	—	—	—
Shares withheld related to net share settlement and retired treasury stock in 2021	(68,750)	(1)	—	1	—	(1,857)	(1,857)	—	(1,857)
Stock-based compensation expense	—	—	—	10,726	—	—	10,726	—	10,726
Currency translation adjustment	—	—	—	—	(20)	—	(20)	—	(20)
Unrealized gains on available-for-sale securities, net of tax	—	—	—	—	(119)	—	(119)	—	(119)
Net loss	—	—	—	—	—	(37,859)	(37,859)	(277)	(38,136)
<b>Balances as of June 30, 2021</b>	<b>242,118,903</b>	<b>\$ 2,422</b>	<b>\$ -</b>	<b>\$ 1,877,497</b>	<b>\$ 140</b>	<b>\$ (708,587)</b>	<b>\$ 1,171,472</b>	<b>\$ 21,171</b>	<b>\$ 1,192,643</b>

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)

	Six Months Ended June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss	\$ (139,905)	\$ (77,941)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	13,132	4,990
Provisions for credit losses	(308)	(57)
Amortization of deferred contract acquisition costs	847	731
Amortization of deferred contract fulfillment costs	288	351
Noncash compensation costs incurred by selling shareholders	3,993	—
Stock-based compensation expense	27,598	19,368
Loss on equity method investment	762	1,541
Deferred income taxes	(1,164)	—
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	5,763	9,809
Inventories	(391)	199
Deferred contract acquisition costs	(1,135)	(618)
Prepaid expenses and other current assets	(1,714)	284
Other assets	489	184
Accounts payable	(6,525)	(624)
Accrued expenses and other current liabilities	(490)	(16,063)
Other long-term liabilities	(15)	(38)
Deferred revenue	(6,624)	(9,506)
Net cash used in operating activities	<u>(105,399)</u>	<u>(67,390)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(58)	(283)
Investment in less than majority owned joint venture	(1,960)	(2,548)
Purchases of investments	(499,223)	—
Proceeds from sales and maturities of investments	124,981	100,000
Net cash used in and provided by investing activities	<u>(376,260)</u>	<u>97,169</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of common stock options	4,465	16,733
Proceeds from employee stock purchase plan	1,501	—
Payments for the purchase of treasury stock	—	(11,628)
Payment of deferred offering costs	—	(1,613)
Proceeds from Section 16(b) disgorgement	295	—
Payment of contingent consideration	(11,790)	—
Net cash used in and provided by financing activities	<u>(5,529)</u>	<u>3,492</u>
Effect of exchange rates changes on cash, cash equivalents, and restricted cash	(2,039)	—
<b>Net decrease in cash, cash equivalents, and restricted cash</b>	(489,227)	33,271
Cash, cash equivalents, and restricted cash at beginning of period	747,211	942,711
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 257,984</u>	<u>\$ 975,982</u>
<b>Cash, cash equivalents, and restricted cash at end of period:</b>		
Cash and cash equivalents	257,189	975,187
Restricted cash	795	795
Total cash, cash equivalents, and restricted cash at end of period	<u>\$ 257,984</u>	<u>\$ 975,982</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash (refunded) paid for income taxes	\$ 13	\$ 955
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Issuance of common stock in settlement of earnout	\$ 17,243	\$ —
Receivable related to exercise of common stock options	\$ —	\$ 71

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.

***Acquisitions***

On August 9, 2021 and August 27, 2021, the Company completed the acquisitions of Conversa Health Inc. (“Conversa”) and SilverCloud Health Holdings, Inc. (“SilverCloud”), respectively (together, the “Acquisitions”). Conversa is a leader in automated virtual healthcare. SilverCloud is a leading digital mental health platform. See Note 7 “Business Combinations”.

***Liquidity and Capital Resources***

The Company expects that its cash, cash equivalents and investments balance as of June 30, 2022 of \$630,069 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, 2021, 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 and six months ended June 30, 2022 are not necessarily indicative of results for the full 2022 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, 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 \$26,879 and \$1,508, respectively, as of June 30, 2022 and \$29,770 and \$1,485, respectively as of December 31, 2021.

Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was \$17,400 and \$17,585 for the three ended June 30, 2022 and 2021, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the three months ended June 30, 2022 and 2021. Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was \$35,792 and \$35,154 for the six months ended June 30, 2022 and 2021, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the six months ended June 30, 2022 and 2021.

### ***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. During the three months ended March 31, 2021, the Company made a capital contribution of \$2,548, related to a portion of the phase one capital commitment. In April 2022 the Company made a capital contribution of \$1,960 related to a portion of the phase one capital commitment.

For the three months ended June 30, 2022 and 2021, the Company recognized a loss of \$551 and \$722 as its proportionate share of the joint venture's results of operations, respectively. For the six months ended June 30, 2022 and 2021, the Company recognized a loss of \$762 and \$1,541, respectively. Accordingly, the carrying value of the equity method investment as of June 30, 2022 and December 31, 2021 was \$1,366 and \$168, respectively.

#### ***Concentrations of Credit Risk and Significant Customers***

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 customers 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 customers. The Company has not experienced significant credit losses from its accounts receivable. As of June 30, 2022 and December 31, 2021, one customer accounted for 15% and 19% of outstanding accounts receivable, respectively.

During the three months ended June 30, 2022 and 2021, sales to one customer represented 24% and 25% of the Company's total revenue, respectively. During the six months ended June 30, 2022 and 2021, sales to one customer (who was a related party during the 2021 period) represented 25% and 25% of the Company's total revenue, respectively.

#### ***Recently Adopted Accounting Pronouncements***

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes by removing certain exceptions and clarifying and amending existing guidance. The guidance was adopted effective January 1, 2021 and did not have a material impact on the condensed consolidated financial statements and disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"), which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements. The guidance was adopted effective July 1, 2021 and impacted the accounting of acquired deferred revenue for the Conversa and SilverCloud acquisitions that occurred in August 2021.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes may result in earlier recognition of credit losses. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which narrowed the scope and changed the effective date for non-public entities for ASU 2016-13. The FASB subsequently issued supplemental guidance within ASU No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief* (“ASU 2019-05”). ASU 2019-05 provides an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. The Company adopted ASU 2016-13 and the related clarifications in 2021. The adoption did not have a material effect on the Company’s consolidated financial statements.

### 3. Revenue

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Platform subscription	\$ 29,592	\$ 26,780	\$ 58,283	\$ 51,376
Visits	29,750	27,532	60,486	55,353
Other	5,174	5,905	9,979	11,087
Total Revenue	<u>\$ 64,516</u>	<u>\$ 60,217</u>	<u>\$ 128,748</u>	<u>\$ 117,816</u>

#### *Accounts Receivable, Net*

Accounts receivable primarily consist of amounts billed currently due from customers. 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 customer collection matters, including the aging of unpaid accounts receivable and changes in customer 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:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Allowance for credit losses, beginning of the period	\$ 1,809	\$ 1,556
Provisions	(308)	714
Write-offs	(49)	(461)
Allowance for credit losses, end of the period	<u>\$ 1,452</u>	<u>\$ 1,809</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 customer. The amount of unbilled accounts receivable included within accounts receivable on the consolidated balance sheet was \$4,339 and \$5,697 as of June 30, 2022 and December 31, 2021, respectively. The amount of unbilled accounts receivable included within other assets on the consolidated balance sheet was zero as of June 30, 2022 and \$781 as of December 31, 2021, 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 June 30, 2022 and 2021, the Company recognized revenue of \$16,845 and \$21,238, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented. For the six months ended June 30, 2022 and 2021, the Company recognized revenue of \$39,992 and \$39,146, 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 six months ended June 30, 2022 and December 31, 2021 were as follows:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Total deferred revenue, beginning of the period	\$ 75,896	\$ 74,800
Additions	50,690	123,717
Recognized	(57,838)	(122,621)
Total deferred revenue, end of the period	\$ 68,748	\$ 75,896
Current deferred revenue	63,971	68,841
Non-current deferred revenue	4,777	7,055
Total	\$ 68,748	\$ 75,896

#### ***Transaction Price Allocated to Remaining Performance Obligations***

As of June 30, 2022 and December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was \$192,836 and \$219,893, respectively. The substantial majority of the unsatisfied performance obligations will be satisfied over the next three years.

As it pertains to the June 30, 2022 amount, the Company expects to recognize 45% of the transaction price in the 12 month period ended June 30, 2023, 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. 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 loss attributed to the non-controlling interest amounted to \$507 and \$277 for the three months ended June 30, 2022 and 2021, respectively. The proportionate share of the loss attributed to the non-controlling interest amounted to \$723 and \$894 for the six months ended June 30, 2022 and 2021, respectively.

The carrying value of the non-controlling interest was \$20,894 and \$21,617 as of June 30, 2022 and December 31, 2021, 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:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 167,560	\$ —	\$ —	\$ 167,560
U.S government securities	—	372,880	—	\$ 372,880
Total financial assets:	<u>\$ 167,560</u>	<u>\$ 372,880</u>	<u>\$ —</u>	<u>\$ 540,440</u>

  

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 671,107	\$ —	\$ —	\$ 671,107
Total financial assets:	<u>\$ 671,107</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 671,107</u>
Contingent consideration	\$ —	\$ —	\$ 16,450	\$ 16,450
Total financial liabilities:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,450</u>	<u>\$ 16,450</u>

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.

The Company has classified its net liability for contingent earnout considerations relating to the Acquisitions within Level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which included the Monte Carlo method that uses key assumptions to model future revenue and costs of goods sold projections. A description of the Acquisitions is included within Note 7. The contingent earnout payments for each acquisition are based on the achievement of certain revenue thresholds. During the six months ended June 30, 2022 the fair value of the contingent earnout consideration decreased due to the Company signing an amendment to the agreement accelerating the determination of the Conversa revenue earn-out as of March 31, 2022 that resulted in the issuance of 1,020,964 shares of Class A Common Stock, and signing an amendment to the agreement accelerating the determination of the SilverCloud revenue earn-out as of May 11, 2022 that resulted in the issuance of 4,959,856 shares of Class A Common Stock, which resulted in a net accretion to the contingent considerations of \$793.

	Six Months Ended June 30, 2022
Beginning Balance as of January 1	\$ 16,450
Accretion of contingent consideration	793
Fair value adjustment	—
Earned amount issued to shareholders in Class A Common Stock	(17,243)
Ending Balance	<u>\$ —</u>

During the six months ended June 30, 2022, there were no transfers between fair value measurement levels.

## 6. Investments

As of June 30, 2022 and December 31, 2021, the fair value of the Company's investments by type of security was as follows:

	June 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S government securities	\$ 374,242	—	\$ (1,362)	\$ 372,880
	<u>\$ 374,242</u>	<u>\$ —</u>	<u>\$ (1,362)</u>	<u>\$ 372,880</u>

  

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S government securities	\$ —	\$ —	\$ —	\$ —
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

## 7. Business Combinations

On August 27, 2021, the Company completed the acquisition of SilverCloud through a merger in which SilverCloud became a wholly-owned subsidiary of the Company. The cash consideration paid was \$105,195 net of cash acquired of \$12,239. The stock consideration was comprised of 8.1 million shares of the Company's Class A common stock valued at \$85,571, and escrow share consideration of \$6,376. SilverCloud is a leading digital mental health platform. The Company is obligated to pay an earn-out of up to \$40,000 contingent upon SilverCloud achieving certain revenue thresholds for the year ending December 31, 2022. The Company estimated the fair value of the contingent consideration as of the acquisition date to be \$29,360. The contingent consideration is subject to remeasurement at each reporting date until December 31, 2022, with the remeasurement adjustment reported in the consolidated statement of operations and comprehensive loss. The Company signed an amendment to the agreement accelerating the determination of the SilverCloud revenue earn-out as of May 11, 2022, which resulted in the issuance of 4,959,856 shares of Class A Common Stock. The acquisition was considered a stock acquisition for tax purposes and accordingly, the goodwill resulting from this acquisition is not tax deductible. The total acquisition related costs were \$4,854 which included transaction costs from financial and legal advisors and other transaction related fees and were recognized as incurred in the Company's consolidated statement of operations and comprehensive loss in general and administrative expenses.

On August 9, 2021, the Company completed the acquisition of Conversa through a merger in which Conversa became a wholly-owned subsidiary of the Company. The cash consideration paid was \$51,331 net of cash acquired of \$9,735. The stock consideration was comprised of 4.7 million shares of the Company's Class A common stock valued at \$52,160. Conversa is a leader in automated virtual healthcare. The Company is obligated to pay an earn-out of up to \$30,000 contingent upon Conversa achieving certain integration thresholds in the first quarter of 2022, and certain revenue thresholds for the year ending December 31, 2022. The Company estimated the fair value of the contingent consideration as of the acquisition date to be \$15,230. The contingent consideration is subject to remeasurement at each reporting date until December 31, 2022, with the remeasurement adjustment reported in the consolidated statement of operations and comprehensive loss. The integration milestone was achieved in December 2021 and \$15,000 was paid in January 2022. The Company signed an amendment to the agreement accelerating the determination of the Conversa revenue earn-out as of March 31, 2022, which resulted in the issuance of 1,020,964 shares of Class A Common Stock. The acquisition was considered a stock acquisition for tax purposes and accordingly, the goodwill resulting from this acquisition is not tax deductible. The total acquisition related costs were \$2,435 which included transaction costs from financial and legal advisors and other transaction related fees and were recognized as incurred in the Company's consolidated statement of operations and comprehensive loss in general and administrative expenses.

The Acquisitions were accounted for using the acquisition method of accounting, which requires, among other things, the assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. The results of the Acquisitions were integrated within the consolidated financial statements commencing on the aforementioned acquisition dates. Actual revenue and losses of the Acquisitions since the acquisition date as well as pro forma combined results of operations for the Acquisitions have not been presented because the effect of the Acquisitions was not material to the Company's consolidated financial results for the periods presented.

The following table summarizes the preliminary fair value estimates of the assets acquired and liabilities assumed for the SilverCloud and Conversa acquisitions at the respective acquisition dates. The Company, with the assistance of a third-party valuation expert, estimated the preliminary fair value of the acquired tangible and intangible assets with significant estimates such as revenue projections. The allocation of the consideration transferred to the assets acquired and the liabilities assumed for the Acquisitions remains preliminary, and therefore can be revised as a result of additional information obtained due to completing the assessment of the tax attributes of the business combination. Additional adjustments may be recorded within the measurement period, which will not exceed one year from the acquisition date.

Identifiable assets acquired and liabilities assumed:

	SilverCloud	Conversa Health
<b>Purchase consideration:</b>		
Cash consideration, net of cash acquired	\$ 105,195	\$ 51,331
Stock consideration	85,571	52,160
Contingent consideration	29,360	15,230
Escrow share consideration	6,376	
Working capital adjustment	(300)	(127)
Total consideration transferred	\$ 226,202	\$ 118,594
<b>Allocation of consideration transferred:</b>		
Accounts receivable	\$ 2,630	\$ 3,651
Identifiable intangible assets	78,146	34,700
Other assets	491	4,604
Total assets acquired	81,267	42,955
Current liabilities	2,155	8,463
Deferred revenue	5,813	4,655
Other long-term liabilities	11,557	115
Total liabilities assumed	19,525	13,233
Goodwill	\$ 164,460	\$ 88,872
	\$ 226,202	\$ 118,594

The amount allocated to goodwill reflects the benefits the Company expects to realize from post-acquisition cross selling opportunities from integrating customer relationships and from the growth of the respective acquisitions' operations.

The following are the identifiable intangible assets acquired in the Acquisitions and their respective weighted average useful lives, as determined based on initial valuations. The estimated fair value of the Technology and Tradename was determined using a relief from royalty method and the estimated fair value of the Customer relationships was determined using the excess earnings method:

	SilverCloud	Weighted Average Life (Years)	Conversa Health	Weighted Average Life (Years)
Technology	\$ 34,996	5.0	\$ 20,400	5.0
Tradename	10,800	7.0	4,200	5.0
Customer relationships	32,350	10.0	10,100	10.0
Total	\$ 78,146		\$ 34,700	

## 8. Goodwill and Intangible Assets

Goodwill consisted of the following:

	Six Months Ended June 30, 2022
Beginning Balance as of January 1	\$ 442,761
Goodwill acquired	—
Currency translation adjustments	(8,921)
Ending Balance	\$ 433,840

Identified intangible assets consisted of the following:

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
<b>June 30, 2022</b>				
Customer relationships	\$ 80,201	\$ (20,852)	\$ 59,349	7.9
Contractor relationships	535	(268)	267	6.5
Tradename	13,688	(1,781)	11,907	5.5
Technology	88,575	(23,664)	64,911	4.7
	<u>\$ 182,999</u>	<u>\$ (46,565)</u>	<u>\$ 136,434</u>	

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
<b>December 31, 2021</b>				
Customer relationships	\$ 81,053	\$ (16,842)	\$ 64,211	8.2
Contractor relationships	535	(247)	288	7.0
Trade name	14,435	(706)	13,729	5.8
Technology	90,464	(16,283)	74,181	5.0
	<u>\$ 186,487</u>	<u>\$ (34,078)</u>	<u>\$ 152,409</u>	

Amortization expense related to intangible assets for the three months ended June 30, 2022 and 2021 was \$6,328 and \$1,928, respectively. Amortization expense related to intangible assets for the six months ended June 30, 2022 and 2021 was \$12,514 and \$3,856, respectively. Estimated future amortization expense of the identified intangible assets as of June 30, 2022, is as follows:

2022	\$ 12,205
2023	24,361
2024	24,377
2025	24,361
2026	20,102
Thereafter	31,028
	<u>\$ 136,434</u>

#### 9. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	June 30, 2022	December 31, 2021
Employee compensation and benefits	\$ 15,876	\$ 21,572
Professional services	14,983	8,766
Earned contingent consideration	—	15,000
Provider services	4,483	5,473
Other	8,307	7,900
Total	<u>\$ 43,649</u>	<u>\$ 58,711</u>

## 10. 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 June 30, 2022 and December 31, 2021.

### *Common Stock*

The Company's Amended and Restated Certificate of Incorporation which authorizes capital stock of 1,000,000,000 shares of Class A common stock, par value \$0.01 per share, 100,000,000 shares of Class B common stock, par value \$0.01 per share, and 200,000,000 shares of Class C common stock, par value \$0.01 per share. Except for the rights noted below, each share of Class A, Class B and Class C common stock have the same rights, are equal in all respects and are treated by us as one class of shares. Each share of Class A and Class C common stock is entitled to one vote per share on all matters presented for a vote, except that Class C common stock does not have the right to vote for elections of directors. Subject to certain conditions, Class B common stock is collectively entitled to a number of votes equal to the product of (x) 1.0408163 and (y) the total number of votes that would be cast at such time by the holders of the Class A and Class C common stock and any other preferred stock entitled to vote under the certificate of incorporation at such time (resulting in the Class B common stock collectively holding 51% of the total outstanding voting power), and each share of Class B common stock will be entitled to a number of votes equal to the total number of votes held by all Class B common stock divided by the total number of then outstanding shares of Class B common stock. Shares of Class B and Class C common stock will be converted into shares of Class A common stock on a one-for-one basis upon the occurrence of certain events. Shares of Class B common stock will automatically convert on the first business day (i) after the date on which the outstanding shares of Class B common stock constitutes less than 5% of the aggregate number of shares of common stock then outstanding, (ii) after the date on which neither founder is serving as an executive officer or (iii) following seven years after the date the amended and restated certificate of incorporation becomes effective, provided that, such period may, to the extent permitted by law and applicable stock exchange rules, be extended for three years upon the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of Class A common stock entitled to vote thereon, voting separately as a class. Shares of Class C common stock will be convertible at the option of the holder upon determination that a Hart-Scott-Rodino Antitrust Improvements Act ("HSR") filing is not necessary prior to the holder's conversion of such shares or, if required, upon expiration or termination of the HSR waiting period.

In the three and six months ended June 30, 2022, no shares of Class B common stock were converted to Class A common stock. As of June 30, 2022, the par value of the Class A, Class B and Class C shares was \$2,403, \$275, and \$56, respectively.

	Shares Authorized	Shares Issued	Shares Outstanding
Class A	1,000,000,000	240,397,065	240,397,065
Class B	100,000,000	27,390,397	27,390,397
Class C	200,000,000	5,555,555	5,555,555
	<u>1,300,000,000</u>	<u>273,343,017</u>	<u>273,343,017</u>

As of June 30, 2022 and December 31, 2021, the Company had reserved 74,437,861 and 61,989,749 shares of common stock for the exercise of outstanding stock options, the vesting of restricted stock units 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. The 2020 Plan is administered by the board of directors with respect to awards to non-employee directors and by the compensation committee, with respect to other participants, are collectively, referred to as the plan administrator. The exercise prices, vesting and other restrictions are determined at the discretion of the plan administrator.

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, 2022	15,893,755	\$ 4.81	5.9	\$ 23,876
Granted	—	\$ —		
Forfeited	(953,627)	\$ 6.64		
Expired	(49,542)	\$ 5.63		
Exercised	(2,060,215)	\$ 2.13		
Outstanding as of June 30, 2022	12,830,371	4.81	5.8	\$ 6,198
Vested and expected to vest as of December 31, 2021	15,395,398	\$ 4.61	5.8	\$ 23,752
Vested and expected to vest as of June 30, 2022	12,630,154	\$ 4.91	5.7	\$ 6,194
Options exercisable as of December 31, 2021	13,407,882	\$ 4.38	5.5	\$ 23,120
Options exercisable as of June 30, 2022	11,634,556	\$ 4.82	5.6	\$ 6,198

No options were granted in the six months ended June 30, 2022 and 2021.

### ***Restricted Stock Units***

Activity for the restricted stock units is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	11,718,813	\$ 19.63
Granted	10,622,982	4.09
Vested	(3,005,281)	12.55
Forfeited	(1,787,601)	9.04
Unvested as of June 30, 2022	17,548,913	\$ 7.75

The total grant date fair value of RSU's granted for the six months ended June 30, 2022 was \$43,456. Restricted stock units vest over the service period of one to four years. The aggregate intrinsic value of restricted stock units vested for the six months ended June 30, 2022 and 2021 was \$13,180 and \$35,223, respectively.

### ***Restricted Stock Units with a Market Condition***

In the six months ended June 30, 2022 the Company granted performance-based market condition share awards to certain members of the Company's management team, which entitle these employees with the right to receive shares of common stock, upon achievement of certain market capitalization milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. The performance-based market condition share awards for management (other than the co-CEOs) consist of six tranches with six separate specified award values that become payable upon achievement of certain market capitalization milestones, which can result in a vesting range of up to 10,423,674 shares. Also in 2022 the Company granted performance-based market condition share awards to the co-CEOs, which entitle these employees with the right to receive shares of common stock, upon achievement of certain market capitalization milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. The performance-based market condition share awards for the co-CEOs consist of eight tranches with eight separate specified award values that become payable upon achievement of certain market capitalization milestones (subject to specified vesting caps during each of the first two years of the performance period), which can result in a vesting range of up to 7,500,000 shares for each co-CEO. As of June 30, 2022, the performance-based market conditions for the awards to management and the co-CEOs have not been met. These performance-based market condition share awards have a performance period of three years.

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	—	\$ —
Granted	25,423,674	2.21
Vested	—	—
Cancelled/Forfeited	(1,568,889)	2.62
Unvested as of June 30, 2022	<u>23,854,785</u>	<u>\$ 2.18</u>

The total grant-date fair value of performance-based market condition share awards granted during the six months ended June 30, 2022 was \$56,109 million and no performance-based market condition share awards were granted during the six months ended June 30, 2021.

The weighted average estimated fair value of the performance-based market condition share awards granted during the six months ended June 30, 2022 was determined using a Monte-Carlo valuation simulation, with the following most significant weighted-average assumptions:

	<u>Six Months Ended June 30,</u> 2022
Risk-free rate	2.28 %
Term to end of performance period (yrs)	3 years
Valuation date stock price	\$ 3.43
Expected volatility	75 %
Expected dividend yield	0 %

### **2020 Employee Stock Purchase Plan**

During the six months ended June 30, 2021, the Company had not issued any shares under the ESPP. During the six months ended June 30, 2022, the Company issued 425,114 shares under the ESPP. As of June 30, 2022 4,779,994 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 June 30,</u>		<u>Six Months Ended June 30,</u>	
	2022	2021	2022	2021
Cost of revenues	\$ 426	\$ 521	\$ 761	\$ 910
Research and development	2,699	2,171	4,881	3,678
Selling and marketing	1,304	2,100	3,099	3,989
General and administrative	10,478	5,934	18,251	10,791
Total	<u>\$ 14,907</u>	<u>\$ 10,726</u>	<u>\$ 26,992</u>	<u>\$ 19,368</u>

As of June 30, 2022, the unrecognized stock-based compensation expense related to unvested common stock-based awards was \$116,818, which is expected to be recognized over a weighted-average period of 2.6 years.

## **11. Commitments and Contingencies**

### **Indemnification**

The Company's arrangements generally include certain provisions for indemnifying customers against third-party claims asserting infringement of certain intellectual property rights in the ordinary course of business. The Company also regularly indemnifies customers 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 customer. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their capacities. Through June 30, 2022 and December 31, 2021, 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. On September 14, 2020, the Company received a letter from Teladoc Health, Inc. ("Teladoc") alleging that certain of the Company's cart products and associated peripherals infringe upon their patents. On October 12, 2020, Teladoc filed a claim against the Company related to these allegations. On June 30, 2022, the claim was dismissed pursuant to a confidential settlement between the parties. As of June 30, 2022 and December 31, 2021, 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.

### **12. 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 and six months ended June 30, 2022, the Company recognized an income tax expense of \$461 and \$129, primarily due to state and foreign income tax. During the three and six months ended June 30, 2021, the Company recorded income tax expense of \$103 and \$412, primarily due to estimated state and foreign income taxes.

### **13. Related-Party Transactions**

#### **Philips Holding USA, Inc.**

Philips Holding USA, Inc. ("Philips") was determined to be a related party through June 2021, because a member of the Company's board of directors was the Business Leader of Philips Population Health Management. In the three and six months ended June 30, 2021 the Company recognized revenue of \$758 and 1,658, respectively from contracts with this customer.

#### **Anthem Inc.**

Anthem Inc. ("Anthem") was determined to be a related party through February 2021, because a member of the Company's board of directors served as the Vice President of Anthem. Prior to that director's departure from Anthem in February 2021 the Company recognized revenue of \$7,218 from contracts with this customer.

#### **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 June 30, 2022 and December 31, 2021, the Company held total deferred revenue of \$261 and \$456, respectively from contracts with this customer. As of June 30, 2022 and December 31, 2021, amounts due from Cleveland Clinic were \$82 and \$441, respectively.

During the three months ended June 30, 2022 and 2021, the Company recognized revenue of \$694 and \$279, respectively, from contracts with this customer. During the six months ended June 30, 2022 and 2021, the Company recognized revenue of \$1,454 and \$530, respectively, from contracts with this customer.

#### **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 June 30, 2021, the Company made a capital contribution of \$2,548, related to a portion of the phase one capital commitment. During the three months ended June 30, 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 June 30, 2022 and 2021 the Company recognized revenue of \$469 and \$412 from contracts with this customer, respectively. During the six months ended June 30, 2022 and 2021, the Company recognized revenue of \$923 and \$874 from contracts with this customer, respectively.

As of June 30, 2022 and December 31, 2021, the Company held total deferred revenue of \$622 and \$1,426, respectively, from contracts with this customer. As of June 30, 2022 and December 31, 2021, amounts due from CCAW, JV LLC were zero and \$1,613.

#### 14. Net Loss per Share

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Numerator:</b>				
Net loss	\$ (69,652)	\$ (38,136)	\$ (139,905)	\$ (77,941)
Net loss attributable to non-controlling interest	(507)	(277)	(723)	(894)
Net loss attributable to American Well Corporation	<u>\$ (69,145)</u>	<u>\$ (37,859)</u>	<u>\$ (139,182)</u>	<u>\$ (77,047)</u>
<b>Denominator:</b>				
Weighted-average common shares outstanding —basic and diluted	273,320,740	249,366,652	273,615,031	246,471,733
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.25)</u>	<u>\$ (0.15)</u>	<u>\$ (0.51)</u>	<u>\$ (0.31)</u>

The Company's potential dilutive securities, which include stock options, convertible preferred stock and unvested restricted 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:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Unvested restricted stock units	14,856,621	7,724,006	14,856,621	7,724,006
Unvested performance market-based stock units	23,854,785	—	23,854,785	—
Options to purchase shares of common stock	12,830,371	17,562,754	12,830,371	17,562,754
	<u>51,541,777</u>	<u>25,286,760</u>	<u>51,541,777</u>	<u>25,286,760</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 telehealth market;
- our history of losses and the risk we may not achieve profitability;
- inability to adapt to rapid technological changes;
- our ability to successfully launch our new Converge platform without significant cost overruns or disruptions to our business and our customers' acceptance of this new platform;
- 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;
- 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 telehealth 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 complete, integrate and realize the anticipated benefits of strategic acquisitions;
- the impact of the COVID-19 pandemic 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 28, 2022 (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

We are a leading enterprise software company enabling digital delivery of care for healthcare’s key stakeholders. We empower 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. The Amwell Platform is a complete digital care delivery solution that equips our health system, health plan, government, and innovator clients with the tools to enable new models of care for their patients and members. Our scalable technology integrates with our clients’ existing offerings and clinical workflows, spanning the continuum of care and enabling care delivery across a wide variety of clinical, retail, school and home settings. Our client-focused approach drives our success as one of the largest global digital healthcare enterprise software companies. As of December 31, 2021, we powered the digital care programs of over 55 health plans, which collectively represent more than 80 million covered lives, as well as approximately 150 of the nation’s largest health systems, encompassing more than 2,000 hospitals. Since inception, we have powered over 17.7 million telehealth visits for our clients, including more than 3.3 million in the six months ended June 30, 2022.

We believe Amwell makes this digital care transformation possible for the healthcare ecosystem. The Amwell telehealth platform ("Amwell Platform") enables virtual and automated care delivery across the full healthcare continuum – from primary and urgent care in the home to high acuity specialty consults, such as telestroke and telepsychiatry, in the hospital. We support both on-demand and scheduled consultations and offer pre-packaged care modules and programs that power over 100 unique use cases today. The Amwell Platform can be fully integrated into our clients’ patient/member portals and provider workflows. Providers can launch telehealth 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 Carepoints™, including via mobile, web, phone and our proprietary carts that support multi-way video, phone or secure messaging interactions. Through our recent acquisitions of Conversa Health, Inc. (“Conversa”) and SilverCloud Health Holdings, Inc (“SilverCloud”) (together, the “August 2021 Acquisitions”), we enable automated care touchpoints, support ongoing treatment and care through digital engagements, and escalate care when needed to a live clinician. As of June 30, 2022, approximately 100,000 of our clients’ providers use the Amwell Platform 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 over 6,500 multi-disciplinary providers covering 50 states with 24/7/365 coverage.

Converge™ is the latest version of the Amwell Platform and is designed to be reliable, flexible, scalable, secure and fully integrated with other healthcare software systems. Converge offers state-of-the-art data architecture and video capabilities, flexibility and scalability, and a user experience focused on the needs of patients and providers. Converge has been designed from the ground up with the holistic understanding that the future care of any one patient will inevitably blend a mix of physical, digital, and automated experiences. The virtual care of today 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.

With Converge, 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 — are aligned 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, Converge 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.

## Our Business Model

The Amwell Platform is a complete digital care delivery solution that equips our health system, health plan and innovator partners with the tools to enable new models of care for their patients and members. We sell the Amwell Platform on a subscription basis, which with our modular platform architecture allows our clients to introduce innovative digital health use cases over time, expanding our subscription revenue opportunity. To support the Amwell Platform, we offer professional services on a fee-for-service basis and a range of patient and provider access Carepoints 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 Platform, services and Carepoints allows our clients to deploy telehealth 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 customer partners.

Total subscription fees received were \$29.6 million and \$26.8 million for the three months ended June 30, 2022 and 2021, respectively, and \$58.3 million and \$51.4 million for the six months ended June 30, 2022 and 2021, respectively.

### ***Health Systems***

For our health system customers, the Amwell Platform'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 Carepoints. Subscription fees are recurring and are determined based on the initial forecasted number of overall consultations throughout the entire health system on the Amwell Platform 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 the Amwell Platform 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, the Amwell Platform provides better access to care, better coordination of care and the ability to direct care referrals to providers owned or affiliated with the respective health plan. All of these functions lower the overall cost of care for health plan clients: improved population access to needed services reduces unneeded Emergency Department usage and better coordination of care can improve outcomes and lower the overall cost of care. Currently, our typical health plan contract includes a recurring subscription fee based on the number of members who have access to the Amwell Platform plus additional subscription fees associated with the various programs we offer the health plan.

Our health plan clients mainly purchase clinical services for their members through AMG. They may also maintain relationships with other in network provider organizations to deliver care on the Amwell Platform on their behalf. 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.

### ***Innovators***

Amwell has a number of unique customers 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) in the future, we plan to deliver virtual care capabilities delivered through Converge to LG devices and peripheral technologies within the walls of hospitals.

Our contracts with our innovator customers vary from simple subscription fee-only contracts, where an innovator customer 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 over 6,500 providers who are registered and credentialed to deliver care on the Amwell Platform. 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, Vascular Surgery.

AMG earns fee-for-service revenue for each episode of care delivered on the Amwell Platform 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 \$29.7 million and \$27.5 million for the three months ended June 30, 2022 and 2021, respectively, and \$60.5 million and \$55.4 million for the six months ended June 30, 2022 and 2021, respectively.

### ***Services & Carepoints***

We offer a full suite of paid, supporting services to our clients to enable their telehealth offerings, including professional services to facilitate telehealth 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 customers often deploy telemedicine through a variety of our proprietary Carepoints, which are medical carts and kiosks designed for various clinical and community settings. These Carepoints 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. Carepoints consist of hardware integrated into our Platform but can also be deployed independent of our software solution. Our Carepoints are designed by our product development teams and manufactured through partner and contract relationships.

Fees received from the provision of services and Carepoints were \$5.2 million and \$5.9 million for the three months ended June 30, 2022 and 2021, respectively, and \$10.0 million and \$11.1 million for the six months ended June 30, 2022 and 2021, respectively.

### **Acquisitions**

We have expanded and intend to continue to expand our Platform 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 Factors Affecting Our Performance**

We believe our future growth, success and performance are dependent on many factors, including those set forth below. While these factors present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve our results of operations.

#### ***Telehealth Utilization***

Telehealth utilization is a key driver of our business. A client's overall utilization of its telehealth platform provides an important measure of the value they derive. Telehealth utilization drives our business in three important ways. First, to the extent a client succeeds with its telehealth 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 telehealth and our ability to maintain and grow market share within that market.

COVID-19 has dramatically accelerated telehealth adoption seen in both overall volumes and embracement of delivering higher acuity care in a virtual medium. Peak COVID-19 pandemic visit growth reflected several factors. Many patients needed assessment for respiratory or other COVID-19-like symptoms and sought to be assessed for possible referral to hospital or testing facilities. In addition, many patients, especially those with health vulnerabilities, sought to avoid going into brick and mortar facilities – and indeed our health systems' clients preferred wherever possible to treat patients remotely at home for non-COVID-19 related ongoing healthcare needs. Finally, we saw significant expansion of reimbursement for telehealth during the COVID-19 crisis, which made telehealth more affordable for many people.

We continue to experience these levels of telehealth adoption and usage of our Platform and products. In the six months ended June 30, 2022, our clients completed a total of 3.3 million visits on the Amwell Platform, while in the six months ended June 30, 2021 2.9 million visits were completed. AMG providers accounted for 23% of total visits performed on the Amwell Platform during the six months ended June 30, 2022 and 2021, respectively. We demonstrated that virtual care goes beyond urgent care pandemic needs through the increase in scheduled visits. Scheduled visits increased to 2.4 million from 2.1 million during the six months ended June 30, 2022 and 2021, respectively.

Quarter Ended	Total Overall Quarterly Visits	
	Overall Visits	Performed by Customer Providers
June 30, 2022	1,525,000	76 %
March 31, 2022	1,775,000	78 %
December 31, 2021	1,525,000	75 %
September 30, 2021	1,425,000	75 %
June 30, 2021	1,300,000	75 %
March 31, 2021	1,575,000	80 %

### Active Providers

An important indicator of the value of our Amwell Platform to our clients is the number of non-AMG providers that are active on the Amwell Platform. We define “Active Providers” as providers that have delivered a visit on the Amwell Platform at least once in the last 12 months. Active Providers demonstrate the prevalence of telehealth 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 overall 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 telehealth 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 telehealth, including reimbursement for telehealth services
- the ongoing consumerization of healthcare

We continued to experience growth in core Active Providers in the current quarter, in which approximately 12,000 Active Providers were added to the Amwell Platform all coming from our Health System and Health Plan customers.

Quarter Ended	Total Active Providers		
	Total Active Providers	Customer Providers	AMG
June 30, 2022	103,500	100,000	3,500
March 31, 2022	102,000	98,500	3,500
December 31, 2021	91,500	88,000	3,500
September 30, 2021	80,000	76,000	4,000
June 30, 2021	71,000	67,000	4,000
March 31, 2021	81,000	76,000	5,000

### 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. The COVID-19 pandemic has resulted in a reduction of regulatory and reimbursement barriers for telehealth, including removing the originating site restrictions for fee for service Medicare; the expansion of Medicare and commercial reimbursement for telehealth and an easing of state licensure policies for providers. However, it is uncertain how long the relaxed policies will remain in effect, and there can be no guarantee that once the COVID-19 pandemic is over that such restrictions will not be reinstated or changed in a way that adversely affects our business.

### ***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 the precautions being taken to prevent the spread of COVID-19 have essentially flattened the spike traditionally experienced related to the flu season. The future impact of COVID-19 on seasonality is unknown as there could be additional surges and demand on telehealth 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) stock-based compensation expense, (v) public offering expenses, (vi) acquisition-related expenses, (vii) litigation expenses related to the defense of our patents in the patent infringement claim filed by Teladoc and (viii) 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 and six months ended June 30, 2022 and 2021:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Net loss</b>	\$ (69,652)	\$ (38,136)	\$ (139,905)	\$ (77,941)
Add:				
Depreciation and amortization	6,724	2,484	13,322	4,990
Interest income and other (expense) income, net	(764)	(224)	(872)	(285)
Benefit (Expense) from income taxes	461	103	129	412
Stock-based compensation	14,907	10,726	26,992	19,368
Public offering expenses <sup>(1)</sup>	—	—	—	1,223
Acquisition-related expenses	—	587	—	587
Noncash expenses and contingent consideration adjustments <sup>(2)</sup>	1,259	—	4,996	—
Litigation expense	4,261	808	5,399	1,547
<b>Adjusted EBITDA</b>	<b>\$ (42,804)</b>	<b>\$ (23,652)</b>	<b>\$ (89,939)</b>	<b>\$ (50,099)</b>

- (1) Public offering expenses include non-recurring expenses incurred in relation to our secondary offering for the six months ended June 30, 2021.
- (2) Noncash expenses and contingent consideration adjustments include, noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.

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 public offering expenses, including 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 continued revenue growth as a direct result increasing acceptance of telehealth, 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 the Amwell Platform in the form of recurring subscription fees for use of our Platform, 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 Platform customers. 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 factors.

### ***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. Due to the quarantine and isolation strategies employed by governmental authorities, health systems and health plans to deal with the COVID-19 pandemic, a significant portion of healthcare was forced to be delivered virtually. Our health plan and health system customers believe that overall utilization of telemedicine and care delivered virtually will continue to increase during and after the COVID-19 crisis. By partnering with our customers during the crisis, we understand the increased volume and additional types of care they intend to deliver virtually on the Amwell Platform. We originally expected this increase in volume, evolution and advancement of telemedicine usage to occur over the next few years but we have now adjusted our research and development strategies to match the views of our customer partners, thus accelerating the expansion of our Platform 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 an increase in the research and development expense is expected in the near-term future periods, the corresponding future revenue growth is expected to result in lower expenses as a percentage of revenue. Further, while we expect to see an increase in research and development expense during the next several quarters, this expense represents an investment in a more scalable and economically beneficial solution. We believe the temporary increase will properly position the Company to benefit in the long term.

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 telehealth 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 sales. We expect our sales expenses to increase as we continue to invest in the expansion of our business. We expect to hire additional sales personnel and related account management and sales support personnel to properly service our growing client base and to identify and capitalize on new strategic market opportunities.

Marketing expenses consist primarily of personnel and related expenses (inclusive of stock-based compensation) for our marketing staff, including costs of communications materials that are produced to generate greater awareness and utilization of the Amwell Platform among our clients and their users. Marketing costs also include third-party independent research, participation in trade shows, brand messaging, and public relations costs.

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 as we continue 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.

### **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 payables.

### **Provision for Income Taxes**

The income tax provision and benefit were primarily due to state and foreign income tax expense, and benefit related to release of the valuation allowance as a result of our acquisitions.

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 and six months ended June 30, 2022 and 2021 and the dollar and percentage change between the respective periods:

(in thousands)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	%	2022	2021	Change	%
Revenue	\$ 64,516	\$ 60,217	\$ 4,299	7%	\$ 128,748	\$ 117,816	\$ 10,932	9%
<b>Costs and operating expenses:</b>								
Costs of revenue, excluding depreciation and amortization of intangible assets	36,497	33,889	2,608	8%	73,262	69,594	3,668	5%
Research and development	37,067	22,378	14,689	66%	74,548	45,418	29,130	64%
Sales and marketing	18,721	14,789	3,932	27%	39,875	28,521	11,354	40%
General and administrative	34,911	24,212	10,699	44%	67,627	45,566	22,061	48%
Depreciation and amortization expense	6,724	2,484	4,240	171%	13,322	4,990	8,332	167%
Total costs and operating expenses	133,920	97,752	36,168	37%	268,634	194,089	74,545	38%
Loss from operations	(69,404)	(37,535)	(31,869)	85%	(139,886)	(76,273)	(63,613)	83%
Interest income and other (expense) income, net	764	224	540	241%	872	285	587	206%
Loss before expense from income taxes and loss from equity method investment	(68,640)	(37,311)	(31,329)	84%	(139,014)	(75,988)	(63,026)	83%
Benefit (Expense) from income taxes	(461)	(103)	(358)	348%	(129)	(412)	283	(69)%
Loss from equity method investment	(551)	(722)	171	(24)%	(762)	(1,541)	779	(51)%
Net loss	(69,652)	(38,136)	(31,516)	83%	(139,905)	(77,941)	(61,964)	80%
Net loss attributable to non-controlling interest	(507)	(277)	(230)	83%	(723)	(894)	171	(19)%
Net loss attributable to American Well Corporation	\$ (69,145)	\$ (37,859)	\$ (31,286)	83%	\$ (139,182)	\$ (77,047)	\$ (62,135)	81%

### **Revenue**

For the three months ended June 30, 2022, subscription revenue increased by \$2.8 million. Subscription revenue increase was driven by the expanded use of the Amwell Platform by existing customers. In addition, visit revenue increased by \$2.4 million due to increased visit volume in urgent care, primarily associated with the Omicron variant.

For the six months ended June 30, 2022, subscription revenue increased by \$6.9 million. This was a result of new customers subscribing to the Amwell Platform and existing customers expanding their use of the Amwell Platform. In addition, visit revenue increased by \$5.1 million due to increased visit volume in urgent care, primarily associated with the Omicron variant.

### **Costs of Revenue, Excluding Amortization of Acquired Intangible Assets**

For the three months ended June 30, 2022, the increase in cost of revenue was primarily due to an increase of \$1.3 million related to employee-related costs due to increased headcount. There was also an increase in hardware costs of \$0.4 million.

For the six months ended June 30, 2022, the increase in cost of revenue was primarily due to an increase of \$2.2 million related to employee-related costs due to increased headcount. There was also an increase in provider costs of \$0.7 million due to increased visits.

### ***Research and Development Expenses***

For the three months ended June 30, 2022, the increase in research and development expense was primarily driven by an increase of \$9.9 million in consulting services for Converge and \$4.0 million in employee-related costs (inclusive of stock compensation expense) due to increased headcount.

For the six months ended June 30, 2022, the increase in research and development expense was primarily driven by an increase of \$20.3 million in consulting services for Converge and \$7.1 million in employee-related costs (inclusive of stock compensation expense) due to increased headcount.

### ***Sales and Marketing Expenses***

For the three months ended June 30, 2022, the increase in sales and marketing expense primarily consisted of \$2.0 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. There was also an increase of \$0.7 million related to company meetings that did not occur in the prior year and consulting expense of \$0.8 million mainly related to marketing campaigns and services for system integration.

For the six months ended June 30, 2022, the increase in sales and marketing expense primarily consisted of \$5.2 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. There was also an increase in marketing expenses of \$2.1 million related to conferences and an increase of \$1.1 million related to company meetings that did not occur in the prior year. In addition there was an increase in consulting expense of \$1.9 million mainly related to marketing campaigns and services for system integration.

### ***General and Administrative Expenses***

For the three months ended June 30, 2022, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of \$4.5 million of stock compensation expense) of approximately \$7.4 million, due to additional equity awards granted in 2022 and headcount increase. There was also a \$3.8 million increase in legal costs mainly due to the fees paid for the Teladoc litigation.

For the six months ended June 30, 2022, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of \$7.5 million of stock compensation expense) of approximately \$14.4 million, due to additional equity awards granted in March and May 2022 and headcount increase. There was also a \$3.5 million increase in legal costs mainly due to the fees paid for the Teladoc litigation. There was an increase of \$1.8 million in system costs to enhance administrative processing. In addition, there was an increase in contingent consideration adjustments recorded of \$1.0 million related to the Conversa and SilverCloud revenue earnouts.

### ***Depreciation and Amortization Expense***

Depreciation expense remained consistent for the three months ended June 30, 2022. Amortization expense increased by \$4.4 million for the three months ended June 30, 2022. The increase in amortization was related to the intangible assets acquired in 2021.

Depreciation expense remained consistent for the six months ended June 30, 2022. Amortization expense increased by \$8.7 million six months ended June 30, 2022. The increase in amortization was related to the intangible assets acquired in 2021.

### ***Interest Income and Other (Expense) Income, net***

For the three and six months ended June 30, 2022 and 2021, 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 \$0.5 million and \$0.1 million for the three and six months ended June 30, 2022, compared to income tax expense of \$0.1 million and \$0.4 million for the three and six months ended June 30, 2021.

### ***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 telehealth. 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 June 30, 2022 and 2021, the Company recognized a loss of \$0.6 million and \$0.7 million, respectively, as its proportionate share of the joint venture results of operations. During the six months ended June 30, 2022 and 2021, the Company recognized a loss of \$0.8 million and \$1.5 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:

	<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Consolidated Statements of Cash Flows Data:</b>		
Net cash used in operating activities	\$ (105,399)	\$ (67,390)
Net cash used in and provided by investing activities	(376,260)	97,169
Net cash used in and provided by financing activities	(5,529)	3,492
<b>Total</b>	<b>\$ (487,188)</b>	<b>\$ 33,271</b>

### ***Sources of Financing***

Our principal sources of liquidity were cash, cash equivalents and short-term investments totaling \$630.1 million and \$746.4 million as of June 30, 2022 and December 31, 2021, 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 \$139.9 million and a net loss of \$139.9 million for the six months ended June 30, 2022 and had an accumulated deficit of \$950.5 million as of June 30, 2022.

The Company has no debt as of June 30, 2022 or December 31, 2021 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 Platform, 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 telehealth 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.

### **Six months ended June 30, 2022, vs. six months ended June 30, 2021**

#### ***Cash Used in Operating Activities***

For the six months ended June 30, 2022, cash used in operating activities was \$105.4 million. The primary driver of this use of cash was our net loss of \$139.9 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 \$45.1 million (primarily stock-based compensation of \$27.6 million and depreciation and amortization of \$13.1 million).

For the six months ended June 30, 2021, cash used in operating activities was \$67.4 million. The primary driver of this use of cash was our net loss of \$77.9 million. The net loss for the year was reflective of the investments made back into the Company (from both a personnel and 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 \$26.9 million (primarily stock-based compensation of \$19.4 million and depreciation and amortization of \$5.0 million).

#### ***Cash Used in and Provided by Investing Activities***

Cash used in investing activities was \$376.3 million for the six months ended June 30, 2022. Cash used in investing activities consisted of \$2.0 million investment in the less than majority owned joint venture, \$0.1 million in the purchases of property and equipment and purchases of short-term investments of \$499.2 million, partially offset by sales and maturities of investments of \$125.0 million.

Cash provided by investing activities was \$97.2 million for the six months ended June 30, 2021. Cash provided by investing activities consisted of proceeds from maturities of investments of \$100.0 million, partially offset by a \$2.5 million investment in the CCAW, JV LLC joint venture with Cleveland Clinic and \$0.3 million in the purchases of property and equipment.

#### ***Cash Used in and Provided by Financing Activities***

Cash used in financing activities for the six months ended June 30, 2022, was \$5.5 million. Cash used in financing activities consisted of \$11.8 million related to the payment of the Conversa integration earnout, partially offset by \$6.0 million of proceeds from the exercise of employee stock options and employee stock purchase plan.

Cash provided by financing activities for the six months ended June 30, 2021, was \$3.5 million. Cash provided by financing activities consisted of \$16.7 million of proceeds from the exercise of employee stock options. These proceeds were offset by cash payments primarily for the purchase of treasury stock of \$11.6 million.

#### **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 June 30, 2022, 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 six months ended June 30, 2022.

### **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 \$257.2 million, and \$746.4 million as of June 30, 2022 and December 31, 2021, respectively. The Company also held investments totaling \$372.9 million as of June 30, 2022. The Company held no investments as of December 31, 2021. 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 customer arrangements has been denominated in U.S. dollars. We have limited operations outside the United States. As of June 30, 2022 and December 31, 2021, we had four foreign subsidiaries with functional currencies of the Euro, British pound, Australian dollars and New Israeli Shekel. As of June 30, 2021 the Company had one foreign subsidiary in Israel, the functional currency of that subsidiary is the U.S. dollar, and Company had a branch with a functional currency of the New Israeli Shekel. The activity for these entities in the six months ended June 30, 2022 and 2021 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 June 30, 2022, 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 June 30, 2022, 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.

On September 14, 2020, we received a letter from Teladoc Health, Inc. ("Teladoc") alleging that certain of our cart products and associated peripherals infringe upon their patents. On October 12, 2020, Teladoc filed a claim against the Company related to these allegations. On June 30, 2022, the claim was dismissed pursuant to a confidential settlement between the parties.

### 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 June 30, 2022.

### 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
April 1 to April 30	—	\$ —	—	—
May 1 to May 31	—	—	—	—
June 1 to June 30	—	—	—	—
Total	—	\$ —	—	—

\* 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).

4.2*	<a href="#">Amendment No 1 to the Agreement and Plan of Merger by and among Parent, the Company, Shannon Merger Subsidiary, Inc., Shannon merger Sister Subsidiary, LLC, and the Fortis Advisors, LLC, as the Security Representative, dated July 28, 2021.</a>
10.1#	<a href="#">Employment Agreement between American Well Corporation and Phyllis Gotlib, dated April 8, 2022 (incorporated by reference to the Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 14, 2022).</a>
10.3#*	<a href="#">Performance Share Unit Agreement between American Well Corporation and Ido Schoenberg, dated May 11, 2022</a>
10.4#*	<a href="#">Performance Share Unit Agreement between American Well Corporation and Roy Schoenberg, dated May 11, 2022</a>
31.1*	<a href="#">Chief Executive Officers Certifications</a>
31.2*	<a href="#">Chief Financial Officer Certification</a>
32.1*	<a href="#">CEO Certification of Quarterly Report</a>
32.2*	<a href="#">CFO Certifications of Quarterly Report</a>
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: August 5, 2022 By: /s/ Ido Schoenberg, MD  
Co-Chief Executive Officer  
*(Principal Executive Officer)*

Date: August 5, 2022 By: /s/ Roy Schoenberg, MD, MPH  
Co-Chief Executive Officer  
*(Principal Executive Officer)*

Date: August 5, 2022 By: /s/ Robert Shepardson  
Chief Financial Officer  
*(Principal Financial Officer)*

Date: August 5, 2022 By: /s/ Paul McNeice  
Vice President of Accounting  
*(Principal Accounting Officer)*

**AMENDMENT NO. 1 TO MERGER AGREEMENT**

This AMENDMENT NO. 1 (this "Amendment") to the Merger Agreement (as defined below), effective as of May 11, 2022 (the "Revenue Earn-Out Date"), is entered into by and among American Well Corporation, a Delaware corporation ("Parent"), SilverCloud Health Holdings Inc., a Delaware corporation (the "Company"), and Fortis Advisors, LLC (the "Securityholder Representative"), a Delaware limited liability company (collectively, the "Parties"). Capitalized terms not defined herein have the meanings ascribed to them in the Merger Agreement.

WHEREAS, the Parties previously entered into that certain Agreement and Plan of Merger, dated July 28, 2021, by and among Parent, the Company, Shannon Merger Subsidiary, Inc., a Delaware corporation, Shannon Merger Sister Subsidiary, LLC, a Delaware limited liability company, and the Securityholder Representative (the "Merger Agreement");

WHEREAS, pursuant to Section 11.03 of the Merger Agreement, the Merger Agreement may be amended with the prior written approval of the Parties; and

WHEREAS, the Parties desire to amend the Merger Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the Parties hereby agree as follows:

1. Amendment.

Section 2.09(a) of the Merger Agreement shall be deleted.

Section 2.09(b) of the Merger Agreement shall be deleted.

Section 2.09(c) of the Merger Agreement shall be deleted and replaced with the following language:

The parties agree that (i) the Earn-Out Payment is final and complete, (ii) the Earn-Out Payment has been discharged in full as set out in Section 2.09, (iii) there are no other obligations or amounts due and payable related to the Earn-Out Payment, and (iv) the parties fully and finally release each other from any and all past, present or future claims, liabilities, damages or other obligations or liabilities related to the Earn-Out Payment.

Section 2.09(d) of the Merger Agreement shall be deleted and replaced with the following language:

The Effective Time Holders shall be entitled to a Earn-Out Payment equal to Sixteen Million Dollars (\$16,000,000) payable solely in the form of 4,959,856 shares of Parent Class A Common Stock, subject to Section 2.09(d).

Section 2.09(f) of the Merger Agreement shall be deleted.

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Section 2.09(h) of the Merger Agreement shall be deleted.

2. Miscellaneous.

- a. Except as expressly modified by this Amendment, the terms of the Merger Agreement are hereby ratified and confirmed and shall continue in full force and effect.
- b. This Amendment shall be governed by the laws of Delaware, excluding its conflict of law rules, and shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- c. This Amendment may be executed in any number of counterparts, by facsimile, PDF or other electronic format, each to be deemed an original and all of which taken together shall be one instrument.

*[Signature Page Follows.]*

IN WITNESS WHEREOF, each of the Parties has executed this Amendment as of the day and year first above written.

AMERICAN WELL CORPORATION

By:   /s/   Bray Gay \_\_\_\_\_

Name: Brad Gay

Title: General Counsel

SILVERCLOUD HEALTH HOLDINGS, INC.

By:   /s/   Bray Gay \_\_\_\_\_

Name: Brad Gay

Title: President

FORTIS ADVISORS, LLC

By:   /s/   Richard Fink \_\_\_\_\_

Name: Richard Fink

Title: Managing Director

**AMERICAN WELL CORP  
2020 EQUITY INCENTIVE PLAN  
NOTICE OF PERFORMANCE SHARE UNIT AGREEMENT  
For Israeli Participant not under Section 102**

<b>Name of Participant:</b>	<u>Ido Schoenberg</u>
<b>Address:</b>	<u>c/o American Well Corp 75 State Street, 26<sup>th</sup> Floor Boston, MA 02109</u>
<b>Date of Grant:</b>	<u>May 16, 2022</u>
<b>Performance Period:</b>	<u>May 16, 2022 - May 16, 2025</u>
<b>Target Number of Performance Share Units:</b>	<u>1,000,000</u>
<b>Maximum Number of Earned Performance Share Units:</b>	<u>7,500,000</u>
<b>Type of Shares Issuable on Vesting:</b>	<u>Class A Common Stock</u>
<b>Vesting Schedule:</b>	<u>The PSUs shall vest according to the vesting terms and conditions set forth in <u>Exhibit A</u> attached hereto:</u>

The Company and the Participant acknowledge receipt of this Notice of Performance Share Unit Grant and agree to the terms and conditions of the Performance Share Unit Agreement attached hereto (including Exhibit A thereto) (the “**Agreement**”) and incorporated by reference herein, the Company’s 2020 Equity Incentive Plan (the “**Plan**”), its Israeli Sub Plan (the “**Sub-Plan**”), and the terms of this Notice of Performance Share Unit Grant as set forth above. The Participant also acknowledges that in consideration for the receipt of Performance Share Units hereunder, the Participant shall have no expectation or entitlement to receive any other equity incentive award under the Company’s 2020 Equity Incentive Plan or any other plan maintained by the Company or any of its affiliates for a period of three years from the Date of Grant set forth above.

By the signature of Participant and the signature of the Company’s representative below, Participant and the Company agree that the Performance Share Units are granted under and governed by (i) this Notice and the Agreement and (ii) the Plan (including the Sub-Plan), a copy of which has been provided to Participant or made available for his review.

In addition, by his signature below, Participant confirms that the Company, its Affiliates and their assignees and successors shall be under no duty to ensure, and no representation or commitment is made, that an Award qualifies or shall qualify under any particular tax treatment. The Participant agrees that the Company, its Affiliates and their respective employees, directors, officers and shareholders shall not be liable for any tax, penalty, interest or cost incurred by Participant as a result of a determination that the Award does not qualify for any particular tax treatment, nor will any of them have any liability of any kind or nature in the event of such determination.

By: \_\_\_\_\_  
 Name: Bradford F. Gay  
 Title: Senior Vice President and General Counsel

By: \_\_\_\_\_  
 Name: Ido Schoenberg

## AMERICAN WELL CORPORATION

**PERFORMANCE SHARE UNIT AGREEMENT - INCORPORATED TERMS AND  
 CONDITIONS**

A. ***Award of PSUs.*** American Well Corporation (the “**Company**”) hereby grants to the Participant (“**Participant**”) named in the Notice of Performance Share Unit Agreement (the “**Notice of PSU Grant**”), in consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the date of grant (the “**Date of Grant**”) set forth in the Notice of PSU Grant, a grant of the number of Performance Share Units (“**PSUs**”) as set forth in the Notice of PSU Grant, upon the terms and conditions set forth in the Company’s 2020 Equity Incentive Plan and the Israeli Sub Plan thereto applicable for Israeli Participants (the “**Sub Plan**” and jointly referred to herein as the “**Plan**”, except where the context otherwise requires), which is incorporated herein by reference, and this Agreement (including Exhibit A hereto), subject to adjustment as provided in Section 14 of the Plan. Each PSU represents the right to receive one Share, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have become earned and vested, Participant will have no right to the issuance of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company. Unless otherwise defined herein or in the Notice of PSU Grant, the terms defined in the Plan shall have the same defined meanings in this Performance Share Unit Agreement (the “**Agreement**”).

B. ***Vesting of PSUs.*** Subject to Participant’s continued employment with the Company or a Subsidiary and the terms of this Agreement, the PSUs shall be eligible to be earned and vest in such amounts and at such times as are set forth the Notice of Grant, this Agreement, and Exhibit A attached hereto. Participant shall immediately forfeit any and all PSUs that do not become vested under this Agreement following the expiration of the three-year performance period commencing on the Date of Grant and ending on the third anniversary of the Date of Grant (the “**Performance Period**”).

C. ***Distribution or Payment of PSUs.***

(1) Participant’s earned and vested PSUs (if any) shall be distributed in Shares (either in book-entry form or otherwise) to the Participant as soon as administratively practicable following the vesting of the applicable PSU pursuant to this Agreement and Exhibit A and, in any event, within sixty (60) days following such vesting (for the avoidance of doubt, this deadline is intended to comply with the “short-term deferral” exemption from Section 409A). Notwithstanding the foregoing, Participant shall be permitted to make an election to defer the distribution or payment of PSUs to such date as may be set forth in a valid election made by Participant in accordance with the provisions of Treasury Regulation Section 1.409A-2(a)(8). Absent a deferral election made by Participant pursuant to the preceding sentence, the Company may delay a distribution or payment in settlement of PSUs only if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, provided that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section (C)(1) if such delay will result in the PSUs becoming subject to or in a violation of Section 409A.

(2) All distributions made in Shares shall be made by the Company in the form of whole Shares.

D. ***Conditions to Issuance of Stock.*** The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment

of any or all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification or exemption of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable and (d) the receipt by the Company of any tax obligations due on issuance of such Shares, which may be in one or more of the forms of consideration permitted under Section (E)(1).

E. ***Tax Obligations.***

(1) The Company (or the Parent or Subsidiary employing or retaining Participant) has the authority to deduct or withhold, or require Participant to remit to the applicable employing entity, an amount sufficient to satisfy any applicable federal, state, local and foreign income and employment tax withholding requirements (including the employee portion of any FICA obligation) applicable to the issuance of Shares pursuant to the PSUs or with respect to any taxable event arising pursuant to this Agreement. The Company (or its Parent or Subsidiary, as applicable) may withhold, or if the Participant is subject to Section 16 of the Exchange Act, the Participant shall be permitted to instruct the Company to withhold, such payment in one or more of the following forms:

(i) by cash or check;

(ii) by electing to have withheld the net number of Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company (or its Parent or Subsidiary, as applicable) based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iii) by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company (or its Parent or Subsidiary, as applicable) based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income; or

(iv) selling a sufficient number of Shares otherwise deliverable to Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to satisfy such withholding taxes.

Participant acknowledges and agrees that the Company may refuse to deliver the Shares issuable with respect to the PSUs to, or cause any such Shares to be held in book-entry form by, Participant or his or her legal representative if such withholding amounts are not timely delivered in full pursuant to this Section (E)(1).

(2) Code Section 409A. It is intended that the Award comply with the provisions of Code Section 409A, or satisfy the requirements for an exemption from Code Section 409A, and, accordingly, to the maximum extent permitted, this Award shall be interpreted and be administered in a manner to be in accordance therewith. If the parties in good faith believe that the Award is not in compliance with Code Section 409A, the parties shall in good faith attempt to amend this Agreement to comply with Section 409A while endeavoring to maintain the intended economic benefits hereunder.

(3) Liability. Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any of its Parents or Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company

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nor any of its Parents or Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or settlement of the PSUs or the subsequent sale of Shares. The Company and its Parents and Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

F. **Rights as Stockholder.** Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, provided, that, subject to Section 7 of Appendix A below, Participant shall not have the right to receive dividends, if any, with respect to the Shares.

G. **PSUs Not Transferable.** The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the PSUs may be transferred to Permitted Transferees, pursuant to any such conditions and procedures the Administrator may require.

H. **Entire Agreement; Governing Law.** The Plan is incorporated herein by reference. The Plan, the Notice of PSU Grant and this Agreement (including Exhibit A hereto) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, except as may otherwise be set forth in the Participant's employment agreement or offer letter with the Company, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant or as is otherwise permitted under the Plan. This Agreement is governed by the internal substantive laws but not the choice of law rules of State of Israel.

I. **No Guarantee of Continued Service.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF PSUS PURSUANT TO THE VESTING SCHEDULE HEREOF AND ISSUANCE OF SHARES PURSUANT THERETO IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

J. **Administration.** The Administrator shall have the power to interpret the Plan and this Agreement, and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

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K. **Adjustments.** The Administrator may accelerate the vesting of all or a portion of the PSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 14 of the Plan.

L. **Notices.** Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's address set forth in the Notice of PSU Grant. By a notice given pursuant to this Section 1(L), either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the local equivalent. Subject to the limitations set forth in Section 232(e) of the General Corporation Law of the State of Delaware (the "**DGCL**"), Participant consents to the delivery of any notice to Participant given by the Company under the DGCL or the Company's certificate of incorporation or bylaws by (i) facsimile telecommunication to the facsimile number for Participant in the Company's records, (ii) electronic mail to the electronic mail address for Participant in the Company's records, (iii) posting on an electronic network together with separate notice to Participant of such specific posting or (iv) any other form of electronic transmission (as defined in the DGCL) directed to Participant. This consent may be revoked by Participant by written notice to the Company and may be deemed revoked in the circumstances specified in Section 232 of the DGCL.

M. **Conformity to Securities Laws.** Participant acknowledges that the Plan and this Agreement are intended to conform, to the extent necessary, with all provisions of the Securities Act and the Exchange Act and any and all Applicable Law and regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to such Applicable Law.

N. **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

O. **Successors and Assigns.** The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 1(G) and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

P. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs.

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## EXHIBIT A

1. PSU Vesting in General. The PSUs may become earned based on the achievement during the Performance Period of certain market capitalization milestones of the Company over a rolling thirty trading-day period during the Performance Period as set forth below (the “**Market Capitalization Milestones**”), subject to the satisfaction of the Service Vesting Conditions set forth in Section 5 of this Exhibit A. Each Market Capitalization Milestone identified in the table shall represent a tranche (each a “**Tranche**”) of the number of PSUs that shall become earned if the Market Capitalization Milestone for such Tranche is achieved. The Market Capitalization Milestone with respect to any particular Tranche shall be achieved if the Thirty-Day Average Market Cap (as defined below) equals or exceeds the percentage of the Grant Date Market Cap (as defined below) for such Tranche as set forth in the table below (such date on which achievement of a Tranche occurs, a “**Determination Date**”). For the avoidance of doubt, the total number of PSUs set forth opposite each Tranche in the table below shall represent the cumulative achievement of the PSUs, and shall not be additive to the number of PSUs earned in respect of prior Tranches, such that the total number of shares of Common Stock that may be earned with respect to the PSUs will never exceed 7,500,000.

Tranche #	% of Target PSUs Earned	Total Number of PSUs	Market Capitalization Milestone
1	50%	500,000	Thirty-Day Average Market Cap equals at least 133% of Grant Date Market Cap
2	100%	1,000,000	Thirty-Day Average Market Cap equals at least 167% of Grant Date Market Cap
3	225%	2,250,000	Thirty-Day Average Market Cap equals at least 200% of Grant Date Market Cap
4	350%	3,500,000	Thirty-Day Average Market Cap equals at least 233% of Grant Date Market Cap
5	475%	4,750,000	Thirty-Day Average Market Cap equals at least 267% of Grant Date Market Cap
6	600%	6,000,000	Thirty-Day Average Market Cap equals at least 300% of Grant Date Market Cap
7	675%	6,750,000	Thirty-Day Average Market Cap equals at least 400% of Grant Date Market Cap
8	750%	7,500,000	Thirty-Day Average Market Cap equals at least 500% of Grant Date Market Cap
Total		7,500,000	

For the avoidance of doubt, in no event will any of the PSUs become earned if the Market Capitalization Milestone for Tranche 1 is not achieved during the Performance Period. Each of the Tranches set forth above shall only be determined to be earned once the Market Capitalization Milestone for such Tranche is achieved (with no interpolation between Tranches). To the extent that a Market Capitalization Milestone for a particular Tranche is achieved during the Performance Period, any unearned PSUs shall remain outstanding and eligible to become earned in the event that the Market Capitalization Milestone for a higher Tranche is achieved during the Performance Period. Any PSUs that remain unearned as of the last day of the Performance Period shall be immediately cancelled and forfeited.

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2. The Thirty-Day Average Market Cap. The “**Thirty-Day Average Market Cap**,” as of any Determination Date, is determined as follows:
  - (a) A “**trading day**” refers to a day on which the primary stock exchange or national market system on which the Shares are traded (e.g., the New York Stock Exchange (“**NYSE**”)) is open for trading;
  - (b) The Company’s daily market capitalization for a particular trading day is equal to the product of (i) the total number of outstanding Shares as of the close of such trading day, as reported by the Company’s transfer agent, and (ii) the closing sales price per Share as of the close of such trading day, as reported by the NYSE (or other reliable source selected by the Administrator if NYSE is not reporting a closing sales price for that day) (such product, the “**Daily Market Capitalization**”); and
  - (c) The “**Thirty-Day Average Market Cap**” is equal to (i) the sum of the Daily Market Capitalization of the Company for each trading day during any consecutive thirty (30) trading day period during the Performance Period, divided by (ii) the number of trading days during such period.
3. Grant Date Market Cap. The “**Grant Date Market Cap**” is equal to \$822,885,046.
4. Determination by the Administrator. The Administrator shall, periodically, assess whether the Market Capitalization Milestones has been achieved. The Administrator, in its sole, good faith discretion shall determine, approve and certify in writing that the requisite Market Capitalization Milestone for an applicable Tranche has been achieved (a “**Certification**”). For purposes of clarity, more than one Market Capitalization Milestone may be achieved simultaneously upon a Certification.
5. Service Vesting Conditions. The vesting of any earned PSUs shall be conditioned on the service requirements (the “**Service Vesting Conditions**”) set forth in this Section 5. Vesting of earned PSUs, if any, shall occur on an annual basis at the end of each of the vesting periods from the Date of Grant to the first anniversary of the Date of Grant (the “**First Vesting Period**”), from the date immediately following the first anniversary of the Date of Grant to the second anniversary of the Date of Grant (the “**Second Vesting Period**”) and from the date immediately following the second anniversary of the Date of Grant to the third anniversary of the Date of Grant (the “**Final Vesting Period**”), as follows:

(A) If the Market Capitalization Milestone for any Tranche is achieved during the First Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser of (i) the number of PSUs earned during the First Vesting Period and (ii) 1,500,000 Shares, subject to Participant’s continued Service (as defined below) through the last day of the First Vesting Period (the “**First Vesting Date**”), except as provided below. Any earned PSUs during the First Vesting Period which do not vest due to the limitations set forth above shall remain outstanding and be eligible to vest on the Second and/or Final Vesting Dates.

(B) If the Market Capitalization Milestone for any Tranche is achieved during the Second Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser of (i) the number of PSUs earned during the Second Vesting Period (including any PSUs earned during the First Vesting Period which did not vest upon the First Vesting Date due to the vesting limitations set forth in paragraph (A) above and vest pursuant to the next following sentence) and (ii) an additional 1,500,000 Shares (i.e., a total of 3,000,000 Shares when added to the permitted vesting of earned PSUs under paragraph (A) above), subject to Participant’s continued Service through the last day of the Second Vesting Period (the “**Second Vesting Date**”), except as provided below. Any Shares in excess of 1,500,000 Shares which underlie PSUs earned during the First Vesting Period which did not vest upon the First Vesting Date due to the vesting limitations set forth in paragraph (A) above shall be eligible to vest on the Second Vesting Date subject to the overall cumulative vesting limit of 3,000,000 Shares as of the Second Vesting Date.

(C) If the Market Capitalization Milestone for any Tranche is achieved during the Final Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser

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of (i) the number of PSUs earned during the Final Vesting Period (including any PSUs earned during the First Vesting Period and/or Second Vesting Period which did not vest upon the First Vesting Date or Second Vesting Date, as applicable, due to the vesting limitations set forth in paragraphs (A) and (B) above and vest pursuant to the next following sentence) and (ii) an additional 4,500,000 Shares (i.e., a total of 7,500,000 Shares when added to the permitted vesting of earned PSUs under paragraphs (A) and (B) above), subject to Participant's continued Service through the last day of the Final Period (the "**Final Vesting Date**"), except as provided below. Any Shares in excess of 3,000,000 Shares which underlie PSUs earned during the First Vesting Period and/or Second Vesting Period and which did not vest upon either the First Vesting Date or the Second Vesting Date, as applicable, due to the vesting limitations set forth in paragraphs (A) and (B) above shall be eligible to vest on the Final Vesting Date, subject to the overall cumulative limit of 7,500,000 Shares as of the Final Vesting Date.

If Participant's Service to the Company and its Subsidiaries is terminated for any reason prior to the Final Vesting Date, any unvested PSUs shall immediately expire and be forfeited; *provided that*, notwithstanding the foregoing, in the event of Participant's termination of Service to the Company and its Subsidiaries (i) by the Company without Cause, (ii) by Participant with Good Reason or (iii) due to Participant's death or Disability (as such terms are defined in Participant's Employment Agreement with the Company entered into as of June 18, 2020 and each, a "**Good Leaver Termination**"), then (i) any earned PSUs which have satisfied the applicable Market Capitalization Milestone shall immediately vest as of the termination date and (ii) any remaining unearned PSUs shall remain outstanding for a period of (A) 12 months following the termination date, if the termination of Service is due to death or Disability, or (B) 6 months following the termination date, if the termination of Service is by the Company without Cause or by Participant with Good Reason, in the case of each of clause (A) and clause (B), subject to the earlier expiration of the Performance Period (the "**Tail Period**"), and shall become earned and vested subject to the achievement of any Market Capitalization Milestone during such Tail Period; *provided, further*, that any PSUs that do not vest during the Tail Period shall be immediately cancelled and forfeited following the expiration of the Tail Period.

Notwithstanding anything to the contrary in the Plan, Participant will be deemed to have a Termination of Service for purposes of this Agreement and the Plan if Participant ceases to be an employee of the Company and its Subsidiaries serving in a "C-suite" level role or higher and does not otherwise continue to provide services as Chairman of the Company or otherwise as a director with senior operational and/or executive functions for the Company or any of its affiliates or Subsidiaries or any of their successors or assigns as reasonably approved by the Committee (any such role, "**Service**").

6. **Change in Control.** Notwithstanding anything to the contrary in this Exhibit A or the Agreement, in the event of a Change in Control (other than a Change in Control described in Section 2(g)(ii) of the Plan), the Market Capitalization Milestones shall be measured as of the effective time of the Change in Control (with such date being considered a Determination Date for purposes of this Exhibit A) based on the product of (A) the total number of outstanding Shares immediately prior to the effective time of such Change in Control, as reported by the Company's transfer agent, and (B) the per Share price (plus the per Share value of any other consideration) received by the Company's stockholders in the Change in Control (with such value determined in good faith by the Administrator in its sole discretion) (the "**Change in Control Market Cap**"), and any Tranche of PSUs that remains unearned as of immediately prior to the effective time of the Change in Control shall become earned to the extent that the Change in Control Market Cap equals or exceeds the applicable percentage of the Grant Date Market Cap Market for such Tranche as set forth in the table in Section 1 of this Exhibit A; *provided that*, for the avoidance of doubt, any Tranche of PSUs that is earned and remains unvested as of immediately prior to a Change in Control shall remain earned without regard to the Change in Control Market Cap and shall not be measured based on the Change in Control Market Cap. Any PSUs that are earned (or become earned in connection with this Section 6) and remain unvested as of the effective time of the Change in Control shall vest in full, subject to Participant's continued employment with the Company or a Subsidiary through the date of such Change in Control or occurrence of a Change in Control during the applicable Tail Period, and any other PSUs that remain unearned as of immediately following the effective time of the Change in Control shall be treated in accordance with Section 14 of the Plan.
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7. Adjustment upon Corporate Transactions: The PSUs shall be subject to adjustment and modification as provided in Section 14 of the Plan in the event of capitalization adjustments of the Company or corporate transactions involving the Company.
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**AMERICAN WELL CORP  
2020 EQUITY INCENTIVE PLAN  
NOTICE OF PERFORMANCE SHARE UNIT AGREEMENT**

<b>Name of Participant:</b>	<b>Roy Schoenberg</b>
<b>Address:</b>	<b>c/o American Well Corp 75 State Street, 26<sup>th</sup> Floor Boston, MA 02109</b>
<b>Date of Grant:</b>	<b>May 16, 2022</b>
<b>Performance Period:</b>	<b>May 16, 2022 - May 16, 2025</b>
<b>Target Number of Performance Share Units:</b>	<b>1,000,000</b>
<b>Maximum Number of Earned Performance Share Units:</b>	<b>7,500,000</b>
<b>Type of Shares Issuable on Vesting:</b>	<b>Class A Common Stock</b>
<b>Vesting Schedule:</b>	<b>The PSUs shall vest according to the vesting terms and conditions set forth in <u>Exhibit A</u> attached hereto:</b>

The Company and the Participant acknowledge receipt of this Notice of Performance Share Unit Grant and agree to the terms and conditions of the Performance Share Unit Agreement attached hereto (including Exhibit A thereto) (the “**Agreement**”) and incorporated by reference herein, the Company’s 2020 Equity Incentive Plan (the “**Plan**”) and the terms of this Notice of Performance Share Unit Grant as set forth above. The Participant also acknowledges that in consideration for the receipt of Performance Share Units hereunder, the Participant shall have no expectation or entitlement to receive any other equity incentive award under the Company’s 2020 Equity Incentive Plan or any other plan maintained by the Company or any of its affiliates for a period of three years from the Date of Grant set forth above.

By the signature of Participant and the signature of the Company’s representative below, Participant and the Company agree that the Performance Share Units are granted under and governed by (i) this Notice and the Agreement and (ii) the Plan, a copy of which has been provided to Participant or made available for his review.

In addition, by his signature below, Participant confirms that the Company, its Affiliates and their assignees and successors shall be under no duty to ensure, and no representation or commitment is made, that an Award qualifies or shall qualify under any particular tax treatment. The Participant agrees that the Company, its Affiliates and their respective employees, directors, officers and shareholders shall not be liable for any tax, penalty, interest or cost incurred by Participant as a result of a determination that the Award does not qualify for any particular tax treatment, nor will any of them have any liability of any kind or nature in the event of such determination.

**AMERICAN WELL CORPORATION**

**PARTICIPANT**

By: \_\_\_\_\_  
 Name: **Bradford F. Gay**  
 Title: **Senior Vice President and General Counsel**

By: \_\_\_\_\_  
 Name: **Roy Schoenberg**

AMERICAN WELL CORPORATION

**PERFORMANCE SHARE UNIT AGREEMENT - INCORPORATED TERMS AND  
CONDITIONS**

A. **Award of PSUs.** American Well Corporation (the “**Company**”) hereby grants to the Participant (“**Participant**”) named in the Notice of Performance Share Unit Agreement (the “**Notice of PSU Grant**”), in consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the date of grant (the “**Date of Grant**”) set forth in the Notice of PSU Grant, a grant of the number of Performance Share Units (“**PSUs**”) as set forth in the Notice of PSU Grant, upon the terms and conditions set forth in the Company’s 2020 Equity Incentive Plan (the “**Plan**”), which is incorporated herein by reference, and this Agreement (including Exhibit A hereto), subject to adjustment as provided in Section 14 of the Plan. Each PSU represents the right to receive one Share, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have become earned and vested, Participant will have no right to the issuance of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company. Unless otherwise defined herein or in the Notice of PSU Grant, the terms defined in the Plan shall have the same defined meanings in this Performance Share Unit Agreement (the “**Agreement**”).

B. **Vesting of PSUs.** Subject to Participant’s continued employment with the Company or a Subsidiary and the terms of this Agreement, the PSUs shall be eligible to be earned and vest in such amounts and at such times as are set forth the Notice of Grant, this Agreement, and Exhibit A attached hereto. Participant shall immediately forfeit any and all PSUs that do not become vested under this Agreement following the expiration of the three-year performance period commencing on the Date of Grant and ending on the third anniversary of the Date of Grant (the “**Performance Period**”).

C. **Distribution or Payment of PSUs.**

(1) Participant’s earned and vested PSUs (if any) shall be distributed in Shares (either in book-entry form or otherwise) to the Participant as soon as administratively practicable following the vesting of the applicable PSU pursuant to this Agreement and Exhibit A and, in any event, within sixty (60) days following such vesting (for the avoidance of doubt, this deadline is intended to comply with the “short-term deferral” exemption from Section 409A). Notwithstanding the foregoing, Participant shall be permitted to make an election to defer the distribution or payment of PSUs to such date as may be set forth in a valid election made by Participant in accordance with the provisions of Treasury Regulation Section 1.409A-2(a)(8). Absent a deferral election made by Participant pursuant to the preceding sentence, the Company may delay a distribution or payment in settlement of PSUs only if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, provided that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section (C)(1) if such delay will result in the PSUs becoming subject to or in a violation of Section 409A.

(2) All distributions made in Shares shall be made by the Company in the form of whole Shares.

D. **Conditions to Issuance of Stock.** The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of any or all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification or exemption of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or

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advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable and (d) the receipt by the Company of any tax obligations due on issuance of such Shares, which may be in one or more of the forms of consideration permitted under Section (E)(1).

E. **Tax Obligations.**

(1) The Company (or the Parent or Subsidiary employing or retaining Participant) has the authority to deduct or withhold, or require Participant to remit to the applicable employing entity, an amount sufficient to satisfy any applicable federal, state, local and foreign income and employment tax withholding requirements (including the employee portion of any FICA obligation) applicable to the issuance of Shares pursuant to the PSUs or with respect to any taxable event arising pursuant to this Agreement. The Company (or its Parent or Subsidiary, as applicable) may withhold, or if the Participant is subject to Section 16 of the Exchange Act, the Participant shall be permitted to instruct the Company to withhold, such payment in one or more of the following forms:

(i) by cash or check;

(ii) by electing to have withheld the net number of Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company (or its Parent or Subsidiary, as applicable) based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iii) by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company (or its Parent or Subsidiary, as applicable) based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income; or

(iv) selling a sufficient number of Shares otherwise deliverable to Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to satisfy such withholding taxes.

Participant acknowledges and agrees that the Company may refuse to deliver the Shares issuable with respect to the PSUs to, or cause any such Shares to be held in book-entry form by, Participant or his or her legal representative if such withholding amounts are not timely delivered in full pursuant to this Section (E)(1).

(2) Code Section 409A. It is intended that the Award comply with the provisions of Code Section 409A, or satisfy the requirements for an exemption from Code Section 409A, and, accordingly, to the maximum extent permitted, this Award shall be interpreted and be administered in a manner to be in accordance therewith. If the parties in good faith believe that the Award is not in compliance with Code Section 409A, the parties shall in good faith attempt to amend this Agreement to comply with Section 409A while endeavoring to maintain the intended economic benefits hereunder.

(3) Liability. Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any of its Parents or Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any of its Parents or Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or settlement of the PSUs or the subsequent sale of

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Shares. The Company and its Parents and Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

F. **Rights as Stockholder.** Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, provided, that, subject to Section 7 of Appendix A below, Participant shall not have the right to receive dividends, if any, with respect to the Shares.

G. **PSUs Not Transferable.** The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the PSUs may be transferred to Permitted Transferees, pursuant to any such conditions and procedures the Administrator may require.

H. **Entire Agreement; Governing Law.** The Plan is incorporated herein by reference. The Plan, the Notice of PSU Grant and this Agreement (including Exhibit A hereto) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, except as may otherwise be set forth in the Participant's employment agreement or offer letter with the Company, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant or as is otherwise permitted under the Plan. This Agreement is governed by the internal substantive laws but not the choice of law rules of State of Delaware.

I. **No Guarantee of Continued Service.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF PSUS PURSUANT TO THE VESTING SCHEDULE HEREOF AND ISSUANCE OF SHARES PURSUANT THERETO IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

J. **Administration.** The Administrator shall have the power to interpret the Plan and this Agreement, and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

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K. **Adjustments.** The Administrator may accelerate the vesting of all or a portion of the PSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 14 of the Plan.

L. **Notices.** Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's address set forth in the Notice of PSU Grant. By a notice given pursuant to this Section 1(L), either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the local equivalent. Subject to the limitations set forth in Section 232(e) of the General Corporation Law of the State of Delaware (the "**DGCL**"), Participant consents to the delivery of any notice to Participant given by the Company under the DGCL or the Company's certificate of incorporation or bylaws by (i) facsimile telecommunication to the facsimile number for Participant in the Company's records, (ii) electronic mail to the electronic mail address for Participant in the Company's records, (iii) posting on an electronic network together with separate notice to Participant of such specific posting or (iv) any other form of electronic transmission (as defined in the DGCL) directed to Participant. This consent may be revoked by Participant by written notice to the Company and may be deemed revoked in the circumstances specified in Section 232 of the DGCL.

M. **Conformity to Securities Laws.** Participant acknowledges that the Plan and this Agreement are intended to conform, to the extent necessary, with all provisions of the Securities Act and the Exchange Act and any and all Applicable Law and regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to such Applicable Law.

N. **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

O. **Successors and Assigns.** The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 1(G) and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

P. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs.

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## EXHIBIT A

1. PSU Vesting in General. The PSUs may become earned based on the achievement during the Performance Period of certain market capitalization milestones of the Company over a rolling thirty trading-day period during the Performance Period as set forth below (the “**Market Capitalization Milestones**”), subject to the satisfaction of the Service Vesting Conditions set forth in Section 5 of this Exhibit A. Each Market Capitalization Milestone identified in the table shall represent a tranche (each a “**Tranche**”) of the number of PSUs that shall become earned if the Market Capitalization Milestone for such Tranche is achieved. The Market Capitalization Milestone with respect to any particular Tranche shall be achieved if the Thirty-Day Average Market Cap (as defined below) equals or exceeds the percentage of the Grant Date Market Cap (as defined below) for such Tranche as set forth in the table below (such date on which achievement of a Tranche occurs, a “**Determination Date**”). For the avoidance of doubt, the total number of PSUs set forth opposite each Tranche in the table below shall represent the cumulative achievement of the PSUs, and shall not be additive to the number of PSUs earned in respect of prior Tranches, such that the total number of shares of Common Stock that may be earned with respect to the PSUs will never exceed 7,500,000.

Tranche #	% of Target PSUs Earned	Total Number of PSUs	Market Capitalization Milestone
1	50%	500,000	Thirty-Day Average Market Cap equals at least 133% of Grant Date Market Cap
2	100%	1,000,000	Thirty-Day Average Market Cap equals at least 167% of Grant Date Market Cap
3	225%	2,250,000	Thirty-Day Average Market Cap equals at least 200% of Grant Date Market Cap
4	350%	3,500,000	Thirty-Day Average Market Cap equals at least 233% of Grant Date Market Cap
5	475%	4,750,000	Thirty-Day Average Market Cap equals at least 267% of Grant Date Market Cap
6	600%	6,000,000	Thirty-Day Average Market Cap equals at least 300% of Grant Date Market Cap
7	675%	6,750,000	Thirty-Day Average Market Cap equals at least 400% of Grant Date Market Cap
8	750%	7,500,000	Thirty-Day Average Market Cap equals at least 500% of Grant Date Market Cap
Total		7,500,000	

For the avoidance of doubt, in no event will any of the PSUs become earned if the Market Capitalization Milestone for Tranche 1 is not achieved during the Performance Period. Each of the Tranches set forth above shall only be determined to be earned once the Market Capitalization Milestone for such Tranche is achieved (with no interpolation between Tranches). To the extent that a Market Capitalization Milestone for a particular Tranche is achieved during the Performance Period, any unearned PSUs shall remain outstanding and eligible to become earned in the event that the Market Capitalization Milestone for a higher Tranche is achieved during the Performance Period. Any PSUs that remain unearned as of the last day of the Performance Period shall be immediately cancelled and forfeited.

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2. The Thirty-Day Average Market Cap. The “**Thirty-Day Average Market Cap**,” as of any Determination Date, is determined as follows:
  - (a) A “**trading day**” refers to a day on which the primary stock exchange or national market system on which the Shares are traded (e.g., the New York Stock Exchange (“**NYSE**”)) is open for trading;
  - (b) The Company’s daily market capitalization for a particular trading day is equal to the product of (i) the total number of outstanding Shares as of the close of such trading day, as reported by the Company’s transfer agent, and (ii) the closing sales price per Share as of the close of such trading day, as reported by the NYSE (or other reliable source selected by the Administrator if NYSE is not reporting a closing sales price for that day) (such product, the “**Daily Market Capitalization**”); and
  - (c) The “**Thirty-Day Average Market Cap**” is equal to (i) the sum of the Daily Market Capitalization of the Company for each trading day during any consecutive thirty (30) trading day period during the Performance Period, divided by (ii) the number of trading days during such period.
3. Grant Date Market Cap. The “**Grant Date Market Cap**” is equal to \$822,885,046.
4. Determination by the Administrator. The Administrator shall, periodically, assess whether the Market Capitalization Milestones has been achieved. The Administrator, in its sole, good faith discretion shall determine, approve and certify in writing that the requisite Market Capitalization Milestone for an applicable Tranche has been achieved (a “**Certification**”). For purposes of clarity, more than one Market Capitalization Milestone may be achieved simultaneously upon a Certification.
5. Service Vesting Conditions. The vesting of any earned PSUs shall be conditioned on the service requirements (the “**Service Vesting Conditions**”) set forth in this Section 5. Vesting of earned PSUs, if any, shall occur on an annual basis at the end of each of the vesting periods from the Date of Grant to the first anniversary of the Date of Grant (the “**First Vesting Period**”), from the date immediately following the first anniversary of the Date of Grant to the second anniversary of the Date of Grant (the “**Second Vesting Period**”) and from the date immediately following the second anniversary of the Date of Grant to the third anniversary of the Date of Grant (the “**Final Vesting Period**”), as follows:

(A) If the Market Capitalization Milestone for any Tranche is achieved during the First Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser of (i) the number of PSUs earned during the First Vesting Period and (ii) 1,500,000 Shares, subject to Participant’s continued Service (as defined below) through the last day of the First Vesting Period (the “**First Vesting Date**”), except as provided below. Any earned PSUs during the First Vesting Period which do not vest due to the limitations set forth above shall remain outstanding and be eligible to vest on the Second and/or Final Vesting Dates.

(B) If the Market Capitalization Milestone for any Tranche is achieved during the Second Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser of (i) the number of PSUs earned during the Second Vesting Period (including any PSUs earned during the First Vesting Period which did not vest upon the First Vesting Date due to the vesting limitations set forth in paragraph (A) above and vest pursuant to the next following sentence) and (ii) an additional 1,500,000 Shares (i.e., a total of 3,000,000 Shares when added to the permitted vesting of earned PSUs under paragraph (A) above), subject to Participant’s continued Service through the last day of the Second Vesting Period (the “**Second Vesting Date**”), except as provided below. Any Shares in excess of 1,500,000 Shares which underlie PSUs earned during the First Vesting Period which did not vest upon the First Vesting Date due to the vesting limitations set forth in paragraph (A) above shall be eligible to vest on the Second Vesting Date subject to the overall cumulative vesting limit of 3,000,000 Shares as of the Second Vesting Date.

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(C) If the Market Capitalization Milestone for any Tranche is achieved during the Final Vesting Period, such Tranche or Tranches shall vest in an aggregate amount of earned PSUs not to exceed the lesser of (i) the number of PSUs earned during the Final Vesting Period (including any PSUs earned during the First Vesting Period and/or Second Vesting Period which did not vest upon the First Vesting Date or Second Vesting Date, as applicable, due to the vesting limitations set forth in paragraphs (A) and (B) above and vest pursuant to the next following sentence) and (ii) an additional 4,500,000 Shares (i.e., a total of 7,500,000 Shares when added to the permitted vesting of earned PSUs under paragraphs (A) and (B) above), subject to Participant's continued Service through the last day of the Final Period (the "**Final Vesting Date**"), except as provided below. Any Shares in excess of 3,000,000 Shares which underlie PSUs earned during the First Vesting Period and/or Second Vesting Period and which did not vest upon either the First Vesting Date or the Second Vesting Date, as applicable, due to the vesting limitations set forth in paragraphs (A) and (B) above shall be eligible to vest on the Final Vesting Date, subject to the overall cumulative limit of 7,500,000 Shares as of the Final Vesting Date.

If Participant's Service to the Company and its Subsidiaries is terminated for any reason prior to the Final Vesting Date, any unvested PSUs shall immediately expire and be forfeited; *provided that*, notwithstanding the foregoing, in the event of Participant's termination of Service to the Company and its Subsidiaries (i) by the Company without Cause, (ii) by Participant with Good Reason or (iii) due to Participant's death or Disability (as such terms are defined in Participant's Employment Agreement with the Company entered into as of June 18, 2020 and each, a "**Good Leaver Termination**"), then (i) any earned PSUs which have satisfied the applicable Market Capitalization Milestone shall immediately vest as of the termination date and (ii) any remaining unearned PSUs shall remain outstanding for a period of (A) 12 months following the termination date, if the termination of Service is due to death or Disability, or (B) 6 months following the termination date, if the termination of Service is by the Company without Cause or by Participant with Good Reason, in the case of each of clause (A) and clause (B), subject to the earlier expiration of the Performance Period (the "**Tail Period**"), and shall become earned and vested subject to the achievement of any Market Capitalization Milestone during such Tail Period; *provided, further*, that any PSUs that do not vest during the Tail Period shall be immediately cancelled and forfeited following the expiration of the Tail Period.

Notwithstanding anything to the contrary in the Plan, Participant will be deemed to have a Termination of Service for purposes of this Agreement and the Plan if Participant ceases to be an employee of the Company and its Subsidiaries serving in a "C-suite" level role or higher and does not otherwise continue to provide services as Chairman of the Company or otherwise as a director with senior operational and/or executive functions for the Company or any of its affiliates or Subsidiaries or any of their successors or assigns as reasonably approved by the Committee (any such role, "**Service**").

6. **Change in Control.** Notwithstanding anything to the contrary in this Exhibit A or the Agreement, in the event of a Change in Control (other than a Change in Control described in Section 2(g)(ii) of the Plan), the Market Capitalization Milestones shall be measured as of the effective time of the Change in Control (with such date being considered a Determination Date for purposes of this Exhibit A) based on the product of (A) the total number of outstanding Shares immediately prior to the effective time of such Change in Control, as reported by the Company's transfer agent, and (B) the per Share price (plus the per Share value of any other consideration) received by the Company's stockholders in the Change in Control (with such value determined in good faith by the Administrator in its sole discretion) (the "**Change in Control Market Cap**"), and any Tranche of PSUs that remains unearned as of immediately prior to the effective time of the Change in Control shall become earned to the extent that the Change in Control Market Cap equals or exceeds the applicable percentage of the Grant Date Market Cap Market for such Tranche as set forth in the table in Section 1 of this Exhibit A; *provided that*, for the avoidance of doubt, any Tranche of PSUs that is earned and remains unvested as of immediately prior to a Change in Control shall remain earned without regard to the Change in Control Market Cap and shall not be measured based on the Change in Control Market Cap. Any PSUs that are earned (or become earned in connection with this Section 6) and remain unvested as of the effective time of the Change in Control shall vest in full, subject to Participant's continued employment with the Company or a Subsidiary through the date of such Change in Control or
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occurrence of a Change in Control during the applicable Tail Period, and any other PSUs that remain unearned as of immediately following the effective time of the Change in Control shall be treated in accordance with Section 14 of the Plan.

7. Adjustment upon Corporate Transactions: The PSUs shall be subject to adjustment and modification as provided in Section 14 of the Plan in the event of capitalization adjustments of the Company or corporate transactions involving the Company.
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**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 June 30, 2022;
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: August 5, 2022

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

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I, Roy Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation, for the period ended June 30, 2022;
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: August 5, 2022

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

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**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 June 30, 2022;
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: August 5, 2022

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

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**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 June 30, 2022 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: August 5, 2022

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 June 30, 2022 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: August 5, 2022

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

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**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 June 30, 2022 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: August 5, 2022

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

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