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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

☐ **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	**20-5009396**
(State of incorporation)	**(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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of April 19, 2024, the number of shares of the registrant's Class A common stock outstanding was 263,517,164, the number of shares of the registrant's Class B common stock outstanding was 27,390,397 and the number of shares of the registrant's Class C common stock outstanding was 5,555,555.

American Well Corporation

QUARTERLY REPORT ON FORM 10-Q
For the period ended March 31, 2024

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 308,599	$ 372,038
Accounts receivable ($1,627 and $1,626, from related parties and net of allowances of $3,092 and $2,291, respectively)	80,709	54,146
Inventories	6,578	6,652
Deferred contract acquisition costs	2,301	2,262
Prepaid expenses and other current assets	16,010	14,484
Total current assets	414,197	449,582
Restricted cash	795	795
Property and equipment, net	552	572
Intangible assets, net	114,338	120,248
Operating lease right-of-use asset	9,632	10,453
Deferred contract acquisition costs, net of current portion	5,107	4,792
Other assets	1,793	2,083
Investment in minority owned joint venture (Note 2)	1,969	1,180
Total assets	$ 548,383	$ 589,705
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 6,710	$ 4,864
Accrued expenses and other current liabilities	39,035	38,988
Operating lease liability, current	3,602	3,580
Deferred revenue ($852 and $1,286 from related parties, respectively)	59,079	46,365
Total current liabilities	108,426	93,797
Other long-term liabilities	1,412	1,425
Operating lease liability, net of current portion	7,292	8,206
Deferred revenue, net of current portion	7,895	6,091
Total liabilities	125,025	109,519
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized, no shares issued or outstanding as of March 31, 2024 and as of December 31, 2023	—	—
Common stock, $0.01 par value; 1,000,000,000 Class A shares authorized, 263,158,793 and 255,542,545 shares issued and outstanding, respectively; 100,000,000 Class B shares authorized, 27,390,397 shares issued and outstanding; 200,000,000 Class C shares authorized 5,555,555 issued and outstanding as of March 31, 2024 and as of December 31, 2023	2,956	2,879
Additional paid-in capital	2,251,875	2,234,768
Accumulated other comprehensive income	(16,213)	(15,650)
Accumulated deficit	(1,829,883)	(1,757,778)
Total American Well Corporation stockholders' equity	408,735	464,219
Non-controlling interest	14,623	15,967
Total stockholders' equity	423,358	480,186
Total liabilities and stockholders' equity	$ 548,383	$ 589,705

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

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

	Three Months Ended March 31, 2024	2023
Revenue		
($872 and $988 from related parties, respectively)	$ 59,522	$ 64,001
Costs and operating expenses:		
Costs of revenue, excluding depreciation and amortization of intangible assets	41,153	38,752
Research and development	26,680	25,923
Sales and marketing	25,726	22,726
General and administrative	32,757	36,370
Depreciation and amortization expense	8,238	7,243
Goodwill impairment	—	330,309
Total costs and operating expenses	134,554	461,323
Loss from operations	(75,032)	(397,322)
Interest income and other income (expense), net	3,784	940
Loss before expense from income taxes and loss from equity method investment	(71,248)	(396,382)
Expense from income taxes	(1,275)	(1,475)
Loss from equity method investment	(926)	(652)
Net loss	(73,449)	(398,509)
Net loss attributable to non-controlling interest	(1,344)	(821)
Net loss attributable to American Well Corporation	$ (72,105)	$ (397,688)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.25)	$ (1.42)
Weighted-average common shares outstanding, basic and diluted	291,833,853	279,966,645
Net loss	$ (73,449)	$ (398,509)
Other comprehensive income (loss), net of tax:		
Unrealized (loss) gain on available-for-sale investments	—	4,319
Foreign currency translation	(563)	2,062
Comprehensive loss	(74,012)	(392,128)
Less: Comprehensive loss attributable to non-controlling interest	(1,344)	(821)
Comprehensive loss attributable to American Well Corporation	$ (72,668)	$ (391,307)

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

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	American Well Corporation Stockholders'	Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Deficit	Equity	Interest	Equity
Balances as of January 1, 2024	**288,488,497**	**$ 2,879**	**$ 2,234,768**	**$ (15,650)**	**$ (1,757,778)**	**$ 464,219**	**$ 15,967**	**$ 480,186**
Vesting of restricted stock units	6,542,751	66	(66)	—	—	—	—	—
Issuance of stock under employee stock purchase plan	1,073,497	11	945	—	—	956	—	956
Stock-based compensation expense	—	—	16,228	—	—	16,228	—	16,228
Currency translation adjustment	—	—	—	(563)	—	(563)	—	(563)
Net loss	—	—	—	—	(72,105)	(72,105)	(1,344)	(73,449)
Balances as of March 31, 2024	**296,104,745**	**2,956**	**2,251,875**	**(16,213)**	**(1,829,883)**	**408,735**	**14,623**	**423,358**

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

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

	Three Months Ended March 31, 2024	2023
Cash flows from operating activities:		
Net loss	$ (73,449)	$ (398,509)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment	-	330,309
Depreciation and amortization expense	8,236	7,242
Provisions for credit losses	883	199
Amortization of deferred contract acquisition costs	585	476
Amortization of deferred contract fulfillment costs	85	107
Stock-based compensation expense	16,238	21,008
Loss on equity method investment	926	652
Deferred income taxes	(5)	(13)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(27,506)	2,340
Inventories	74	299
Deferred contract acquisition costs	(947)	(793)
Prepaid expenses and other current assets	(1,611)	4,198
Other assets	262	(210)
Accounts payable	1,851	(247)
Accrued expenses and other current liabilities	33	(14,159)
Deferred revenue	14,589	17,953
Net cash used in operating activities	**(59,756)**	**(29,148)**
Cash flows from investing activities:		
Purchases of property and equipment	(75)	(18)
Capitalized software development costs	(2,818)	(6,751)
Investment in less than majority owned joint venture	(1,715)	(980)
Purchases of investments	—	(389,990)
Net cash used in investing activities	**(4,608)**	**(397,739)**
Cash flows from financing activities:		
Proceeds from exercise of common stock options	—	289
Proceeds from employee stock purchase plan	956	1,268
Payments for the purchase of treasury stock	—	(1)
Net cash provided by financing activities	**956**	**1,556**
Effect of exchange rates changes on cash, cash equivalents, and restricted cash	(31)	(328)
Net decrease in cash, cash equivalents, and restricted cash	(63,439)	(425,659)
Cash, cash equivalents, and restricted cash at beginning of period	372,833	539,341
Cash, cash equivalents, and restricted cash at end of period	**$ 309,394**	**$ 113,682**
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	308,599	112,887
Restricted cash	795	795
Total cash, cash equivalents, and restricted cash at end of period	**$ 309,394**	**$ 113,682**
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 630	$ 458

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

1. Organization and 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.

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, 2023, 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 financial position, results of operations and cash flows at the dates and for the periods indicated. The interim results for the three months ended March 31, 2024 are not necessarily indicative of results for the full 2024 calendar year or any other future interim periods. The information included in the interim financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in the Form 10-K.

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

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

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

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reported periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, revenue recognition, the estimated customer relationship period that is used in the amortization of deferred contract acquisition costs, the valuation of assets and liabilities acquired in business combinations, goodwill, the useful lives of intangible assets and property and equipment and the valuation of common stock awards. 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.

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 $33,565 and $1,944, respectively, as of March 31, 2024 and $33,842 and $1,803, respectively as of December 31, 2023.

Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was $17,580 and $19,746 for the three months ended March 31, 2024 and 2023, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the three months ended March 31, 2024 and 2023.

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, 2023, the Company made a capital contribution of $980, related to a portion of the phase one capital commitment. There was a $1,715 contribution made in the three months ended March 31, 2024.

For the three months ended March 31, 2024 and 2023, the Company recognized a loss of $926 and $652 as its proportionate share of the joint venture’s results of operations, respectively. Accordingly, the carrying value of the equity method investment as of March 31, 2024 and December 31, 2023 was $1,969 and $1,180, respectively.

Concentrations of Credit Risk and Significant Clients

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

The Company performs ongoing assessments and credit evaluations of its clients to assess the collectability of the accounts based on a number of factors, including past transaction experience, age of the accounts receivable, review of the invoicing terms of the contracts, and recent communication with clients. The Company has not experienced significant credit losses from its accounts receivable. As of March 31, 2024, two clients accounted for 41% and 13% of outstanding accounts receivable, and as of December 31, 2023, one client accounted for 40% of outstanding accounts receivable.

During the three months ended March 31, 2024 and 2023, sales to one client represented 29% and 25% of the Company's total revenue, respectively.

Goodwill

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

When testing goodwill for impairment, we have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that carrying value exceeds its fair value, we perform a quantitative goodwill impairment test. Under the quantitative goodwill impairment test, if our reporting unit's carrying amount exceeds its fair value, we will record an impairment charge based on that difference. A charge is reported as impairment of goodwill in the consolidated statements of operations and comprehensive loss. In the three months ended March 31, 2023 there was a partial impairment of the goodwill balance. The full goodwill balance was written off as of September 30, 2023.

Intangible Assets

Intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired and reported net of accumulated amortization, separately from goodwill. Finite-lived intangible assets, which primarily consist of customer relationships, contractor relationships, technology and trade name, are stated at historical cost and amortized over the assets' estimated useful lives. Intangible assets are re-evaluated whenever events or changes in circumstances indicate that their estimated useful lives may require revision and/or the carrying value of the related asset group may not be recoverable by its projected undiscounted cash flows. If the carrying value of the asset group is determined to be unrecoverable, an impairment charge would be recognized in an amount equal to the amount by which the carrying value of the asset group exceeds its fair value.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of property and equipment and intangible assets. Long-lived assets to be held and used are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets, among others. When testing for asset impairment, the Company groups assets and liabilities at the lowest level for which cash flows are separately identifiable. If an impairment review is performed to evaluate a long-lived asset group for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset group to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset group are less than the asset's carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset group over its fair value. The Company did not identify a triggering event in the three months ended March 31, 2024. To date, the Company has not recorded any impairment losses on long-lived assets. No impairments were identified during the three months ended March 31, 2024 and 2023.

Recently Issued Accounting Pronouncements and Disclosure Rules

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which includes amendments to improve reportable segment disclosures. For public entities that are Securities and Exchange Commission filers, ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted. The adoption is not expected to have a material effect on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”), which includes amendments to improve income tax disclosures primarily related to the rate reconciliation and income taxes paid information. For public entities that are Securities and Exchange Commission filers, ASU 2003-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption is not expected to have a material effect on the Company’s consolidated financial statements.

In March 2024, the U.S. Securities and Exchange Commission ("SEC") adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule will require registrants to disclose certain climate-related information in registration statements and annual reports. The disclosure requirements will apply to the Company's fiscal year beginning January 1, 2026. The Company is currently evaluating the final rule to determine its impact on the Company's disclosures.

3. Revenue

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Platform subscription	$ 24,855	$ 28,695
Visits	31,078	32,537
Other	3,589	2,769
Total Revenue	$ 59,522	$ 64,001

Accounts Receivable, Net

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

Changes in the allowance for credit losses were as follows:

	Three Months Ended March 31, 2024	Year Ended December 31, 2023
Allowance for credit losses, beginning of the period	$ 2,291	$ 1,884
Provisions	882	1,034
Write-offs	(81)	(627)
Allowance for credit losses, end of the period	$ 3,092	$ 2,291

The Company has rights to consideration for services completed but not billed at the reporting date. Unbilled receivables are classified as receivables when the Company has the right to invoice the client. The amount of unbilled accounts receivable included within accounts receivable on the consolidated balance sheet was $4,550 and $5,500 as of March 31, 2024 and December 31, 2023, respectively.

Deferred Revenue

Contract liabilities consist of deferred revenue and include billings in advance of performance under the contract. Such amounts are recognized as revenue over the contractual period. For the three months ended March 31, 2024 and 2023, the Company recognized revenue of $15,947 and $16,198, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented.

Changes in the Company's deferred revenue balance for the three months ended March 31, 2024 and year ended December 31, 2023 were as follows:

	Three Months Ended March 31, 2024	Year Ended December 31, 2023
Total deferred revenue, beginning of the period	$ 52,456	$ 55,794
Additions	41,763	124,091
Recognized	(27,245)	(127,429)
Total deferred revenue, end of the period	$ 66,974	$ 52,456
Current deferred revenue	59,079	46,365
Non-current deferred revenue	7,895	6,091
Total	$ 66,974	$ 52,456

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2024 and December 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was $227,672 and $217,736, respectively. The substantial majority of the unsatisfied performance obligations will be satisfied over the next three years.

As it pertains to the March 31, 2024 amount, the Company expects to recognize 52% of the transaction price in the 12 month period ended March 31, 2025, 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 Elevance Health Inc. formed National Telehealth Network LLC ("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 $1,344 and $821 for the three months ended March 31, 2024 and 2023, respectively.

The carrying value of the non-controlling interest was $14,623 and $15,967 as of March 31, 2024 and December 31, 2023, respectively.

5. Fair Value Measurements

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

•Level 1—Quoted prices in active markets for identical assets or liabilities.

•Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

•Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

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

	March 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 242,707	$ —	$ —	$ 242,707
Total financial assets:	$ 242,707	$ —	$ —	$ 242,707

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 299,300	$ —	$ —	$ 299,300
Total financial assets:	$ 299,300	$ —	$ —	$ 299,300

The Company's cash equivalents were invested in money market funds and were valued based on Level 1 inputs. During the three months ended March 31, 2024, there were no transfers between fair value measurement levels.

6. Intangible Assets

Identified intangible assets consisted of the following:

March 31, 2024	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
Customer relationships	$ 80,483	$ (35,116)	45,367	6.3
Contractor relationships	535	(340)	195	4.8
Tradename	14,079	(5,875)	8,204	3.9
Technology	89,478	(48,682)	40,796	3.1
Internally developed software	28,029	(8,253)	19,776	2.7
	$ 212,604	$ (98,266)	$ 114,338	

December 31, 2023	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
Customer relationships	$ 80,558	$ (33,109)	47,449	6.5
Contractor relationships	535	(329)	206	5.0
Trade name	14,303	(5,389)	8,914	4.1
Technology	90,204	(45,482)	44,722	3.3
Internally developed software	25,210	(6,253)	18,957	2.4
	$ 210,810	$ (90,562)	$ 120,248	

The Company capitalized $2,818 in the three months ended March 31, 2024, related to internally developed software to be sold as a service incurred during the application development stage and is amortizing these costs over the expected lives of the related services. Amortization expense related to intangible assets for the three months ended March 31, 2024 and 2023 was $8,144 and $6,932, respectively. Estimated future amortization expense of the identified intangible assets as of March 31, 2024, is as follows:

2024	$ 24,577
2025	33,370
2026	22,887
2027	12,127
2028	9,647
Thereafter	11,730
	$ 114,338

7. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	March 31, 2024	December 31, 2023
Employee compensation and benefits	$ 14,801	$ 15,573
Professional services	7,208	3,838
Provider services	7,007	7,437
Other	10,019	12,140
Total	$ 39,035	$ 38,988

8. Stockholders' Equity

Undesignated Preferred Stock

The Company's Amended and Restated Certificate of Incorporation authorizes the issuance of 100,000,000 shares of undesignated preferred stock, par value of $0.01 per share, with rights and preferences, including voting rights, designated from time to time by the board of directors. No shares of preferred stock were issued or outstanding as of March 31, 2024 and December 31, 2023.

Common Stock

In the three months ended March 31, 2024, no shares of Class B common stock were converted to Class A common stock. As of March 31, 2024, the par value of the Class A, Class B and Class C shares was $2,625, $275, and $56, respectively.

	Shares Authorized	Shares Issued	Shares Outstanding
Class A	1,000,000,000	263,158,793	263,158,793
Class B	100,000,000	27,390,397	27,390,397
Class C	200,000,000	5,555,555	5,555,555
	1,300,000,000	296,104,745	296,104,745

As of March 31, 2024 and December 31, 2023, the Company had reserved 83,295,920 and 74,506,099 shares of common stock for the exercise of outstanding stock options, the vesting of restricted stock units, the vesting of performance-based market condition share awards, and the number of shares remaining available for future grant, respectively.

Stock Plans and Stock Options

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

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

Activity under the Plans is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2024	9,989,049	$ 5.09	4.6	$ —
Granted	—	$ —		
Forfeited	(170,819)	$ 5.67		
Expired	—	$ —		
Exercised	—	$ —		
Outstanding as of March 31, 2024	9,818,230	$ 5.08	4.4	$ —
Vested and expected to vest as of December 31, 2023	9,978,545	$ 5.09	4.6	$ —
Vested and expected to vest as of March 31, 2024	9,810,553	$ 5.08	4.4	$ —
Options exercisable as of December 31, 2023	9,906,925	$ 5.08	4.6	$ —
Options exercisable as of March 31, 2024	9,807,262	$ 5.08	4.4	$ —

No options were granted in the three months ended March 31, 2024 and 2023.

Restricted Stock Units

Activity for the restricted stock units is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2024	22,422,895	$ 7.45
Granted	23,681,803	1.28
Vested	(6,542,751)	2.59
Forfeited	(1,865,789)	3.84
Unvested as of March 31, 2024	37,696,158	$ 4.60

The total grant date fair value of RSU's granted for the three months ended March 31, 2024 was $30,313. Restricted stock units vest over the service period of one to four years. The aggregate intrinsic value of restricted stock units vested for the three months ended March 31, 2024 and 2023 was $7,508 and $7,693, respectively.

Restricted Stock Units with a Market Condition

Activity for the restricted stock units with a market condition is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2024	26,716,306	$ 2.29
Granted	—	—
Vested	—	—
Cancelled/Forfeited	(8,686,061)	2.75
Unvested as of March 31, 2024	18,030,245	$ 2.07

The total grant-date fair value of performance-based market condition share awards granted during the three months ended March 31, 2023 was $5,805. There were no performance-based market condition share awards granted during the three months ended March 31, 2024. In the three months ended March 31, 2024 the Company cancelled 8,446,479 restricted stock units with a market condition that were not expected to vest. The Company subsequently issued 11,909,306 restricted stock units to the individuals who had held the canceled awards. The cancelation and subsequent issuance was treated as a modification.

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Risk-free rate	N/A	4.61 %
Term to end of performance period (yrs)	N/A	3 years
Valuation date stock price	N/A	$ 2.76
Expected volatility	N/A	70 %
Expected dividend yield	N/A	0 %

2020 Employee Stock Purchase Plan

During the three months ended March 31, 2023, the Company issued 513,339 shares under the ESPP. During the three months ended March 31, 2024, the Company issued 1,073,497 shares under the ESPP. As of March 31, 2024, 7,831,816 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:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cost of revenues	$ 397	$ 398
Research and development	2,009	2,801
Selling and marketing	1,778	1,986
General and administrative	12,044	15,812
Total	$ 16,228	$ 20,997

As of March 31, 2024, the unrecognized stock-based compensation expense related to unvested common stock-based awards was $70,652, which is expected to be recognized over a weighted-average period of 2.4 years.

9. Commitments and Contingencies

Indemnification

The Company's arrangements generally include certain provisions for indemnifying clients against third-party claims asserting infringement of certain intellectual property rights in the ordinary course of business. The Company also regularly indemnifies clients against third-party claims that the company's products or services breach applicable law or regulation or from claims resulting from a breach of the business associate agreement in place with the client. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their capacities. Through March 31, 2024 and December 31, 2023, there have been no claims under any indemnification provisions.

Litigation

From time to time, and in the ordinary course of business, the Company may be subject to various claims, charges, and litigation. As of March 31, 2024 and December 31, 2023, 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.

10. Income Taxes

As a result of the Company's history of net operating losses ("NOL"), the Company continues to maintain a full valuation allowance against its domestic net deferred tax assets. For the three months ended March 31, 2024, the Company recognized an income tax expense of $1,275, primarily due to federal, state and foreign income tax expense. During the three months ended March 31, 2023, the Company recorded income tax expense of $1,475, primarily due to state and foreign income taxes.

11. Related-Party Transactions

Cleveland Clinic

Cleveland Clinic is a related party because a member of the Company's board of directors is an executive advisor to Cleveland Clinic. As of March 31, 2024 and December 31, 2023, the Company held current deferred revenue of $1 and $43, respectively from contracts with this client. As of March 31, 2024 and December 31, 2023, amounts due from Cleveland Clinic were $17 and $24, respectively.

During the three months ended March 31, 2024 and 2023, the Company recognized revenue of $470 and $599, respectively, from contracts with this client.

CCAW, JV LLC

CCAW, JV LLC is a related party because it is a joint venture formed between the Company and Cleveland Clinic for which the Company has a minority owned interest in. During the year ended December 31, 2020, the Company made an initial investment in CCAW, JV LLC of $2,940 for its less than 50% interest in the joint venture. During the three months ended March 31, 2024 the Company made capital contributions of $1,715 related to a portion of the phase one capital commitment.

During the three months ended March 31, 2024 and 2023 the Company recognized revenue of $402 and $389 from contracts with this client, respectively.

As of March 31, 2024 and December 31, 2023, the Company held current deferred revenue of $851 and $1,243, respectively, from contracts with this client. As of March 31, 2024 there were $1,611 amounts due from CCAW, JV LLC and as of December 31, 2023, $1,602 was due from CCAW, JV LLC.

12. Net Loss per Share

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Numerator:		
Net loss	$ (73,449)	$ (398,509)
Net loss attributable to non-controlling interest	(1,344)	(821)
Net loss attributable to American Well Corporation	$ (72,105)	$ (397,688)
Denominator:		
Weighted-average common shares outstanding —basic and diluted	291,833,853	279,966,645
Net loss per share attributable to common stockholders—basic and diluted	$ (0.25)	$ (1.42)

The Company's potential dilutive securities, which include stock options, unvested restricted stock units and unvested performance market-based stock units, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares equivalents presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Unvested restricted stock units	37,696,158	24,623,215
Unvested performance market-based stock units	18,030,245	28,110,693
Options to purchase shares of common stock	9,818,230	10,737,659
	65,544,633	63,471,567

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 digital care market;
- our history of losses and the risk we may not achieve profitability;
- inability to adapt to rapid technological changes;
- our limited number of significant clients and the risk that we may lose their business;
- increased competition from existing and potential new participants in the healthcare industry;
- 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 digital care and in platform usage by either clients or patients;
- inability to grow our base of affiliated and non-affiliated providers sufficient to serve patient demand;
- our ability to comply with federal and state privacy regulations and the significant liability that could result from a cybersecurity breach or our failure to comply with such regulations;
- our ability to establish and maintain strategic relationships with third parties;
- the impact of the seasonal viruses on our business or on our ability to forecast our business's financial outlook;
- the risk that the insurance we maintain may not fully cover all potential exposures;
- the election by the Defense Health Agency to deploy our solution across their entire enterprise; the continuation of the DHA relationship beyond July of 2025 with comparable financial terms; and
- the ability of our Class A common stock to remain listed on the New York Stock Exchange.

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 15, 2024 (as amended by Amendment No. 1 to our Form 10-K filed with the SEC on March 1, 2024), (the "Form 10-K").

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

Overview

Amwell is a leading enterprise platform and software company digitally enabling hybrid care. We empower health providers, payers, and innovators to achieve their digital ambitions, enabling a coordinated experience across in-person, virtual and automated care. We provide our clients with the core technology and services necessary to successfully develop and distribute digital care programs that meet their strategic, operational, financial and clinical objectives under their own brands.

Founded in 2006, Amwell pioneered virtual healthcare. Today, Amwell extends digital care beyond telehealth, enabling care across in-person, virtual and automated modalities and providing an open, scalable platform that can flex and grow alongside our clients. We deliver technology, services, programs and connected devices that facilitate new models of care, strategic partnerships, consistent execution and better outcomes. Together with our clients and innovation partners, we forge a new hybrid model of care delivery that adapts as needs evolve and makes care more accessible for all.

As of December 31, 2023, we powered the digital care programs of more than 50 health plans, which collectively represent more than 100 million covered lives, as well as approximately 115 of the nation's largest health systems. Since inception, we have powered approximately 28.9 million virtual care visits for our clients, including approximately 1.7 million in the three months ended March 31, 2024.

The Converge™ Platform

The Converge platform is the latest version of our enterprise platform software and is our go-forward strategy to digitally enable a unified, scalable healthcare experience across all care settings. It has been designed from the ground up with the holistic understanding that the future of care of any one person inevitably will blend a mix of in-person, virtual and automated experiences. Designed to be future-ready, reliable, flexible, scalable, secure and fully integrated with other healthcare software systems, the Converge platform offers state-of-the-art data architecture and video capabilities, flexibility and scalability, as well as a user experience focused on the needs of patients, members and providers.

The telehealth of yesterday has grown to encompass hybrid care delivery models and the flow of data that drives healthcare. By providing a single platform for the digital distribution of care, the Converge platform will accelerate innovation and interoperability for health system and health plan clients as well as other healthcare innovators who aim to offer a seamless experience for providers, patients and members.

The development of the Converge platform represented a re-platforming by the Company to provide our customer base with an improved and more robust solution. This re-platforming has been an ongoing effort that resulted in increased research and development costs during the peak development period in 2022 and the first half of 2023, and we expect to see a return to normal levels of research and development spend in the coming quarters. The first quarter of 2024 includes expenses that represent an investment in our government sector customers and to development of the government product that we believe will drive revenue growth in the coming years. We expect to continue these investments during the majority of 2024 before experiencing another reduction in our ongoing research and development expense run rate.

Re-platforming can impact timing of revenue as we manage on-boarding and customer churn. During the three months ended March 31, 2024, 68% of our visits were provided on the Converge platform, which was an increase from 52% in the fourth quarter of 2023. As of March 31, 2024, we have a thumbs-up rating by patients and providers of over 90%. A major strategic focus for us in 2024 is the delivery to our government business as well as our existing commercial clients. In addition, we are focused on the transformational steps necessary to reaccelerate growth during this period of transition. We also continue to focus on the migration of our remaining health plan and health system clients onto the Converge platform.

Our Business Model

We sell our enterprise platform and software as a service solutions on a subscription basis, which with our modular platform architecture allows our clients to introduce innovative digital care use cases over time, expanding our subscription revenue opportunity. To support the enterprise platform and software as a service, we offer professional services on a fee-for-service basis, a range of patient and provider Carepoint™ devices and software that support hospital and home use cases and access to Amwell Medical Group® ("AMG"), our affiliated medical group that provides clinical services on a fee-for-service basis. The combination of the enterprise platform, professional services and Carepoint devices allows our clients to deploy digital care solutions across their full enterprise, deepening their relationships with existing and new patients and members through improved care access and coordination, cost and quality. Our contracts are typically three years in length but may be longer for our largest strategic client partners.

Total subscription fees received were $24.9 million and $28.7 million for the three months ended March 31, 2024 and 2023, respectively.

Health Systems

For health systems, our enterprise platform enables provider-to-provider virtual care for use cases ranging from stroke and acute psychiatry evaluations to virtual nursing and e-sitting. Our suite of Carepoint devices can enhance in-person care, whether the clients want to turn existing equipment such as televisions or iPads into digital access points or use Amwell Carepoint carts and peripherals. Our enterprise platform also helps extend care outside the care setting by enabling both on-demand and scheduled provider-to-patient care for a range of use cases. This includes, but is not limited to, urgent care, primary care, behavioral health, chronic disease management, and specialty follow-up care. To augment in-person and virtual care, our automated care programs and digital mental health services help clinicians and health plans engage patients, members, and consumers before, after, or in-between visits to improve care plan adherence and prevent costly escalations.

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 health plans, employers and government entities, our enterprise platform enables a member-centric hybrid care experience, seamlessly connecting with current technology investments and offering an open architecture that allows simple integration of future innovation. The platform enables a broad set of use cases, including primary, urgent, mental health, specialty, and chronic care. Our virtual primary care solution offers a primary care navigation hub that supports a longitudinal care experience for members, integrating virtual visits with digital behavioral health tools and condition-specific automated care programs, with escalation back to virtual and/or in person care, if needed. Our urgent care solution helps members conveniently and effectively address unplanned care needs without visiting the emergency department or local urgent care facility, driving quality outcomes at a lower cost.

Our typical health plan contract includes a recurring subscription fee based on the number of members who have access to our enterprise software plus additional subscription fees associated with add-on programs that extend from urgent care services to longitudinal care. As the health plan expands its offerings on our enterprise software through additional programs or additional covered lives, there is a corresponding increase in subscription fees.

Our health plan clients also purchase clinical services that leverage our AMG network. These visit consultations are charged on a fee-for-service basis and range in price based on the type of consultation and the specialty of the provider.

Government Healthcare Services

We offer new tailored healthcare solutions for government clients that provide efficient and accessible care options to meet the diverse needs of government healthcare systems, personnel and their families.

The Converge platform enables government healthcare providers to extend care beyond traditional settings, reaching personnel wherever they are stationed. With both on-demand and scheduled care options, we support a wide range of healthcare needs, including urgent care, primary care, behavioral health, chronic disease management, and specialty consultations.

Visits

Amwell's clinical affiliate AMG has built a network of providers who are registered and credentialed to deliver care on our enterprise software. This clinical network is designed and operated in a way that allows us to meet the aggregate visit demand requirements of our health plan and health system clients, spanning a broad mix of specialties, including Family Medicine, Lactation, Nutrition, Psychiatry, Therapy and Women's Health.

AMG earns fee-for-service revenue for each episode of care delivered on our enterprise software by its providers with fees varying by physician specialty or clinical program. These clinical fees vary significantly 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 $31.1 million and $32.5 million for the three months ended March 31, 2024 and 2023, respectively.

Services & Carepoint Devices

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

Amwell Carepoint™ devices enable healthcare providers to leverage proprietary carts and transform existing tablets and TVs into digital access points in clinical settings, helping to address personnel shortages and access limitations. Our proprietary Carepoint devices coupled with our Carepoint Calling technology enables providers to deliver digital care into clinical care locations, such as the emergency department, community hospitals, clinics, and hospital-at-home, as well as into community settings such as retail stores, employer sites, skilled nursing facilities, correctional facilities, and schools. Our Virtual Nursing and patient monitoring (eSitter) offerings leverage these Carepoint devices to augment on-site nurse teams with virtual staff, and leverage technology to increase patient safety and nurse efficiencies. Carepoint offerings consist of hardware integrated into our enterprise software but can also be deployed independent of our software solution. Our Carepoint hardware is designed by our product development teams and manufactured through partner and contract relationships.

Fees received from the provision of services and Carepoint devices were $3.6 million and $2.8 million for the three months ended March 31, 2024 and 2023, respectively.

Key Metrics and Factors Affecting Our Performance

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

Digital Care Utilization

Digital and hybrid care utilization is a key driver of our business. A client’s overall utilization of its digital care platform provides an important measure of the value they derive and drives our business in three important ways. First, to the extent a client succeeds with its digital care program and sees good usage, they are more likely to renew and potentially expand their contract with us. Second, our health systems agreements typically include a certain number of visits conducted by their own providers annually and provide that as certain volume thresholds are exceeded, its annual license fees will rise to reflect this growing value. Third, to the extent that clients utilize provider services from AMG, Amwell derives revenue from clinical fees. We expect that our future revenues will be driven by the growing adoption of digital and hybrid care and our ability to maintain and grow market share within that market.

We continue to experience strong adoption and usage of our enterprise software and products. In the three months ended March 31, 2024, our clients completed a total of 1.7 million visits using our enterprise software, while in the three months ended March 31, 2023 1.7 million visits were completed. AMG providers accounted for 24% and 25% of total visits performed using our enterprise software during the three months ended March 31, 2024 and 2023, respectively.

Quarter Ended	Overall Visits	Total Overall Quarterly Visits Performed by Client Providers
March 31, 2024	1,665,000	76%
December 31, 2023	1,650,000	73%
September 30, 2023	1,445,000	76%
June 30, 2023	1,485,000	76%
March 31, 2023	1,710,000	75%
December 31, 2022	1,715,000	71%

Regulatory Environment

Our operations are subject to comprehensive United States federal, state and local regulations as well as 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. During the COVID-19 pandemic, state and federal regulatory authorities loosened or removed a number of regulatory requirements in order to increase the availability of digital care services. For example, changes were made to the Medicare and Medicaid programs (through waivers and other regulatory authority) to increase access to digital care services by, among other things, increasing reimbursement, permitting the enrollment of out of state providers and eliminating prior authorization requirements. Most Medicare reimbursement flexibilities have been extended through December 31, 2024, including a waiver for geographic site restrictions (patient may be located at home), the expansion of eligible provider types, and coverage for audio-only consults.

Seasonality

Visit volumes typically follow the annual flu season, rising during quarter four and quarter one and falling in the summer months. While we sell to and implement our solutions to clients year-round, we experience some seasonality in terms of when we enter into agreements with our clients and when we launch our solutions to members.

Non-GAAP Financial Measures

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

Adjusted EBITDA

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

We calculate adjusted EBITDA as net loss adjusted to exclude (i) interest income and other income, net, (ii) tax benefit and expense, (iii) depreciation and amortization, (iv) goodwill impairment, (v) stock-based compensation expense, (vi) severance and strategic transformation costs and (vii) capitalized software costs.

The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss, for the three months ended March 31, 2024 and 2023:

(in thousands)	Three Months Ended March 31, 2024	2023
Net loss	$ (73,449)	$ (398,509)
Add:		
Depreciation and amortization	8,238	$ 7,243
Interest income and other income (expense), net	(3,784)	(940)
Expense from income taxes	1,275	1,475
Goodwill impairment	—	330,309
Stock-based compensation	16,228	20,997
Severance and strategic transformation costs[(1)]	8,659	1,575
Capitalized software costs	(2,818)	(6,751)
Adjusted EBITDA	$ (45,651)	$ (44,601)

(1)Severance and strategic transformation costs include expenses associated with the termination of employees and expenses that focus on transforming the strategy of the Company's sales and growth organization as well as our overall cost structure during the three months ended March 31, 2024 and 2023.

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

We generate revenues from the use of our enterprise platform and software as a service in the form of recurring subscription fees for use, 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 revenues primarily consist of hosting fees paid to our hosting providers, costs incurred in connection with our professional services, technical and hosting support, and costs for running our affiliated provider network operations team. These costs primarily include employee-related expenses (including salaries, bonuses, benefits, stock-based compensation and travel).

Cost of revenues are primarily driven by the size of our provider network and the hosting and technical support required to service our clients. Our business model is 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. In prior years, we accelerated the expansion of our enterprise platform volume capacity and the development of additional functionality through new programs and modules. While we have recognized an increase in the research and development expense throughout the prior years, the corresponding future revenue growth is expected to result in lower expenses as a percentage of revenue. This increased spend represents an investment in a more scalable and economically beneficial solution that will properly position the Company to benefit in the long term. We believe the increased spend from the prior years to be temporary. We have made additional investment in the current year mainly for our work in the government space, which we believe will provide an opportunity for revenue growth from both existing and new customers in the coming years. We expect this investment in government space to continue for the majority of 2024 before we realize another decrease in research and development expense run rate.

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 accelerated our multiyear technology investment to accommodate the anticipated significant growth in market demand for increasingly broad and sophisticated digital care enablement infrastructure.

Sales and Marketing Expenses

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

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

We have made strategic investments in the development of our sales and marketing department focused on internal process improvement and external go to market strategy during the quarter ended March 31, 2024. The expense associated with this investment was accelerated into this quarter which we believe better positions the Company to deliver on our strategic plan. We expect our sales and marketing expense to decrease as a percentage of our total revenue in future periods. 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 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, as well as the amortization of capitalized software costs.

Interest Income and Other Income (Expense), Net

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

Provision for Income Taxes

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

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

Consolidated Results of Operations

The following table sets forth our summarized condensed consolidated statement of operations data for the three months ended March 31, 2024 and 2023 and the dollar and percentage change between the respective periods:

	Three Months Ended March 31,			
(in thousands)	**2024**	**2023**	**Change**	**%**
Revenue	$ 59,522	$ 64,001	$ (4,479)	-7%
Costs and operating expenses:				
Costs of revenue, excluding depreciation and amortization of intangible assets	41,153	38,752	2,401	6%
Research and development	26,680	25,923	757	3%
Sales and marketing	25,726	22,726	3,000	13%
General and administrative	32,757	36,370	(3,613)	(10)%
Depreciation and amortization expense	8,238	7,243	995	14%
Goodwill impairment	—	330,309	(330,309)	(N/A
Total costs and operating expenses	134,554	461,323	(326,769)	(71)%
Loss from operations	(75,032)	(397,322)	322,290	(81)%
Interest income and other income (expense), net	3,784	940	2,844	303%
Loss before expense from income taxes and loss from equity method investment	(71,248)	(396,382)	325,134	(82)%
Expense from income taxes	(1,275)	(1,475)	200	(14)%
Loss from equity method investment	(926)	(652)	(274)	42%
Net loss	(73,449)	(398,509)	325,060	(82)%
Net loss attributable to non-controlling interest	(1,344)	(821)	(523)	64%
Net loss attributable to American Well Corporation	$ (72,105)	$ (397,688)	$ 325,583	(82)%

Revenue

For the three months ended March 31, 2024, subscription revenue declined $3.8 million due to customer churn during re-platforming, partially offset by growth in our existing strategic clients. Visit revenue decreased $1.3 million due to a decline in visit volume and lower utilization in specialty care. Other revenue increased by $0.8 million primarily related to an increase in professional service revenue with one of our strategic customers.

Costs of Revenue, Excluding Amortization of Acquired Intangible Assets

For the three months ended March 31, 2024, the increase in cost of revenue was primarily driven by an increase in employee-related costs of $1.3 million due to an increase in headcount and an increase of $1.2 million related to third party costs, partially due to incentives being fully utilized in the prior year. The decrease in gross margin is a result of a decline in subscription revenue combined with higher costs of revenue.

Research and Development Expenses

For the three months ended March 31, 2024, even though there was a decrease of $2.3 million in consulting spend (as the peak development of the Converge platform is complete) and a decrease in employee-related costs of $1.0 million (due to headcount reduction and reduced stock compensation expense) the capitalization of internal resources used in development of platform offerings also decreased by $3.9 million causing an overall increase in research and development expense of $0.8 million.

Sales and Marketing Expenses

For the three months ended March 31, 2024, the increase in sales and marketing expense primarily consisted of $2.9 million in non-recurring consulting costs related to the acceleration of planned costs related to organizational strategy initiatives.

General and Administrative Expenses

For the three months ended March 31, 2024, the decrease in general and administrative expense was driven by a decrease related to employee-related costs of $3.8 million. The employee related costs were driven primarily by the decrease in stock compensation expense as higher value historic awards had become fully expensed.

Depreciation and Amortization Expense

Depreciation expense remained consistent for the three months ended March 31, 2024. Amortization expense increased by $1.2 million for the three months ended March 31, 2024. The increase in amortization was related to the amortization of the internally developed software intangible assets.

Interest Income and Other (Expense) Income, net

For the three months ended March 31, 2024 and 2023, interest income and other (expense) income, net consist entirely of interest income and gains from our cash equivalents and short-term investments.

Expense from Income Taxes

Income tax expense was $1.3 million for the three months ended March 31, 2024, compared to income tax expense of $1.5 million for the three months ended March 31, 2023.

Loss from Equity Method Investment

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

During the three months ended March 31, 2024 and 2023, the Company recognized a loss of $0.9 million and $0.7 million, respectively, as its proportionate share of the joint venture results of operations.

Liquidity and Capital Resources

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

	Three Months Ended March 31, 2024	2023
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	$ (59,756)	$ (29,148)
Net cash used in investing activities	(4,608)	(397,739)
Net cash provided by financing activities	956	1,556
Total	$ (63,408)	$ (425,331)

Sources of Financing

Our principal sources of liquidity were cash and cash equivalents totaling $308.6 million and $372.0 million as of March 31, 2024 and December 31, 2023, respectively, which were held for a variety of growth initiatives and investments as well as working capital purposes. Our cash and cash equivalents are comprised of money market funds.

As shown in the accompanying condensed consolidated financial statements, the Company incurred a loss from operations of $75.0 million and a net loss of $73.4 million for the three months ended March 31, 2024 and had an accumulated deficit of $1,829.9 million as of March 31, 2024.

The Company has no debt as of March 31, 2024 or December 31, 2023 and expects to generate operating losses in future years.

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

Three months ended March 31, 2024, vs. three months ended March 31, 2023

Cash Used in Operating Activities

Cash used in operating activities was $59.8 million for the three months ended March 31, 2024. The primary driver of this use of cash was our net loss of $73.4 million. The net loss was partially offset by non-cash expenses of $26.9 million (primarily stock-based compensation of $16.2 million and depreciation and amortization of $8.2 million). The net loss was reflective of the investments made back into the Company (from a technology and infrastructure perspective), partially offset by the overall growth of our business including expansion of business with existing clients.

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

Cash Used in Investing Activities

Cash used in investing activities was $4.6 million for the three months ended March 31, 2024. Cash used in investing activities consisted of $2.8 million in capitalized software development costs and $1.7 million investment in the less than majority owned joint venture.

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

Cash Provided by Financing Activities

Cash provided by financing activities for the three months ended March 31, 2024, was $1.0 million. Cash provided by financing activities consisted of $1.0 million of proceeds from the employee stock purchase plan.

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

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commitments

As of March 31, 2024, 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. For a discussion of our critical accounting policies and estimates see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2023 Form 10-K.

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 $308.6 million, and $372.0 million as of March 31, 2024 and December 31, 2023, respectively. These amounts were primarily invested in money markets. The Company held no investments as of March 31, 2024 and December 31, 2023.The cash and cash equivalents are held for a variety of growth and investments as well as working capital purposes.

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

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

Foreign Currency Exchange Risk

To date, a substantial majority of our revenue from client arrangements has been denominated in U.S. dollars. We have limited operations outside the United States. As of March 31, 2024 and December 31, 2023, the Company has one foreign subsidiary in Israel, the functional currency of that subsidiary is the New Israeli Shekel. In addition the Company has three foreign subsidiaries from the acquisition of SilverCloud, with functional currencies of the Euro, British pound and Australian dollars. The Company also has a branch with a functional currency of the New Israeli Shekel. The transactional activity for these entities in the three months ended March 31, 2024 and 2023 was not considered significant. Accordingly, we believe we do not have a material exposure to foreign currency risk. We may choose to focus on international expansion, which may increase our exposure to foreign currency exchange risk in the future.

Inflation Risk

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

Item 4. Controls and Procedures

Managements Report on Internal Control over Financial Reporting

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

Our management, with the participation of our principal executive officers and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officers and principal financial officer concluded that as of March 31, 2024, our disclosure controls and procedures were effective. Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Except as disclosed below, 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."

We may not be able to maintain the listing of our Class A common stock on the NYSE.

On April 2, 2024, we received a notice from the NYSE that we were not in compliance with the continued listing minimum price criteria set forth in Section 802.01C of the NYSE Listed Company Manual because the average closing price of the Company's Class A common stock was less than $1.00 per share over a consecutive 30 trading-day period. We have proposed a reverse stock split for stockholder approval at our upcoming annual general meeting in an effort to cure this deficiency. However, there can no assurance that we will be able to cure this deficiency within the period provided by the NYSE or that we will be able to maintain compliance with other continued listing standards. If we are not able to regain compliance with the NYSE's continued listing standards, our Class A common stock will be delisted from the NYSE, which would have an adverse effect on our stock price, our ability to raise capital through the sale of our Class A common stock, the liquidity of our Class A common stock, investors' ability to obtain quotations for our Class A common stock and investors' ability to trade our Class A common stock.

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

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

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities during the quarter ended March 31, 2024.

Issuer Purchases of Equity Securities

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

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

Insider Trading Arrangements and Policies

During the three months ended March 31, 2024, none of our officers and directors adopted or terminated any Rule 10b5-1 trading arrangement.

Item 6. Exhibits

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

10.1#*	Non-Employee Director Compensation Policy
31.1*	Chief Executive Officers Certifications
31.2*	Chief Financial Officer Certification
32.1*	CEO Certification of Quarterly Report
32.2*	CFO Certifications of Quarterly Report
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

* 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:	May 1, 2024	By:	/s/ Ido Schoenberg, MD Co-Chief Executive Officer *(Principal Executive Officer)*
Date:	May 1, 2024	By:	/s/ Roy Schoenberg, MD, MPH Co-Chief Executive Officer *(Principal Executive Officer)*
Date:	May 1, 2024	By:	/s/ Robert Shepardson Chief Financial Officer *(Principal Financial Officer)*
Date:	May 1, 2024	By:	/s/ Paul McNeice Chief Accounting Officer *(Principal Accounting Officer)*

Exhibit 10.1

AMERICAN WELL CORPORATION
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Originally Adopted November 2, 2020; and

Amended and Restated on April 20, 2023

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

1. Cash Compensation.

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

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

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2020 Equity Incentive Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***") and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

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

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

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

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

3. Expenses

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

Exhibit 31.1

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

I, Ido Schoenberg, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended March 31, 2024;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:

a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

By: /s/ Ido Schoenberg

Ido Schoenberg
Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation. for the period ended March 31, 2024;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:

a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

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

Exhibit 31.2

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

I, Robert Shepardson, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation for the period ended March 31, 2024;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

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

Exhibit 32.1

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

I, Ido Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 1, 2024

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

I, Roy Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 1, 2024

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

Exhibit 32.2

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

I, Robert Shepardson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: May 1, 2024

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