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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

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

For the transition period from __________ to

Commission File Number: 001-39515

American Well Corporation
(Exact name of registrant as specified in its charter)

Delaware	**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 July 28, 2023, the number of shares of the registrant's Class A common stock outstanding was 251,727,585, the number of shares of the registrant's Class B common stock outstanding was 27,390,397 and the number of shares of the registrant's Class C common stock outstanding was 5,555,555.

American Well Corporation

QUARTERLY REPORT ON FORM 10-Q
For the period ended June 30, 2023

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 161,356	$ 538,546
Investments	297,326	—
Accounts receivable ($91 and $2,597, from related parties and net of allowances of $1,838 and $1,884, respectively)	48,399	58,372
Inventories	8,532	8,737
Deferred contract acquisition costs	1,534	1,394
Prepaid expenses and other current assets	18,294	19,567
Total current assets	535,441	626,616
Restricted cash	795	795
Property and equipment, net	586	1,012
Goodwill	79,421	435,279
Intangible assets, net	134,953	134,980
Operating lease right-of-use asset	11,770	13,509
Deferred contract acquisition costs, net of current portion	4,520	3,394
Other assets	2,197	1,972
Investment in minority owned joint venture (Note 2)	2,493	—
Total assets	$ 772,176	$ 1,217,557
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,521	$ 7,236
Accrued expenses and other current liabilities	42,581	54,258
Operating lease liability, current	2,932	3,057
Deferred revenue ($706 and $1,665 from related parties, respectively)	60,214	49,505
Total current liabilities	110,248	114,056
Other long-term liabilities	1,645	1,574
Operating lease liability, net of current portion	9,995	11,787
Deferred revenue, net of current portion ($4 and $10 from related parties, respectively)	6,600	6,289
Total liabilities	128,488	133,706
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized, no shares issued or outstanding as of June 30, 2023 and as of December 31, 2022	—	—
Common stock, $0.01 par value; 1,000,000,000 Class A shares authorized, 251,076,995 and 244,193,727 shares issued and outstanding, respectively; 100,000,000 Class B shares authorized, 27,390,397 shares issued and outstanding; 200,000,000 Class C shares authorized 5,555,555 issued and outstanding as of June 30, 2023 and as of December 31, 2022	2,834	2,766
Additional paid-in capital	2,204,387	2,160,108
Accumulated other comprehensive income	(8,869)	(16,969)
Accumulated deficit	(1,572,777)	(1,082,028)
Total American Well Corporation stockholders' equity	625,575	1,063,877
Non-controlling interest	18,113	19,974
Total stockholders' equity	643,688	1,083,851
Total liabilities and stockholders' equity	$ 772,176	$ 1,217,557

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue				
($983, $1,163, $1,971 and $2,377 from related parties, respectively)	$ 62,447	$ 64,516	$ 126,448	$ 128,748
Costs and operating expenses:				
Costs of revenue, excluding depreciation and amortization of intangible assets	38,244	36,497	76,996	73,262
Research and development	25,842	37,067	51,765	74,548
Sales and marketing	21,554	18,721	44,280	39,875
General and administrative	36,319	34,911	72,689	67,627
Depreciation and amortization expense	7,718	6,724	14,961	13,322
Goodwill Impairment	27,276	—	357,585	—
Total costs and operating expenses	156,953	133,920	618,276	268,634
Loss from operations	(94,506)	(69,404)	(491,828)	(139,886)
Interest income and other income (expense), net	2,332	764	3,272	872
Loss before expense from income taxes and loss from equity method investment	(92,174)	(68,640)	(488,556)	(139,014)
Expense from income taxes	(716)	(461)	(2,191)	(129)
Loss from equity method investment	(625)	(551)	(1,277)	(762)
Net loss	(93,515)	(69,652)	(492,024)	(139,905)
Net loss attributable to non-controlling interest	(1,040)	(507)	(1,861)	(723)
Net loss attributable to American Well Corporation	$ (92,475)	$ (69,145)	$ (490,163)	$ (139,182)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.33)	$ (0.25)	$ (1.74)	$ (0.51)
Weighted-average common shares outstanding, basic and diluted	283,059,929	273,320,740	281,504,945	273,615,031
Net loss	$ (93,515)	$ (69,652)	$ (492,024)	$ (139,905)
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on available-for-sale investments	1,933	(111)	6,252	(1,362)
Foreign currency translation	(214)	(10,179)	1,848	(13,130)
Comprehensive loss	(91,796)	(79,942)	(483,924)	(154,397)
Less: Comprehensive loss attributable to non-controlling interest	(1,040)	(507)	(1,861)	(723)
Comprehensive loss attributable to American Well Corporation	$ (90,756)	$ (79,435)	$ (482,063)	$ (153,674)

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 Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' 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 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
Exercise of common stock options	158,027	2	278	—	—	280	—	280
Vesting of restricted stock units, including units with a market condition	3,420,846	34	(34)	—	—	—	—	—
Shares repurchased and retired	(264,671)	(3)	3	—	(585)	(585)	—	(585)
Stock-based compensation expense	—	—	21,513	—	—	21,513	—	21,513
Currency translation adjustment	—	—	—	(214)	—	(214)	—	(214)
Unrealized gains on available-for-sale securities, net of tax	—	—	—	1,933	—	1,933	—	1,933
Net loss	—	—	—	—	(92,475)	(92,475)	(1,040)	(93,515)
Balances as of June 30, 2023	**284,022,947**	**$ 2,834**	**$ 2,204,387**	**$ (8,869)**	**$ (1,572,777)**	**$ 625,575**	**$ 18,113**	**$ 643,688**

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	American Well Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount						
Balances as of January 1, 2022	**261,871,587**	**$ 2,620**	**$ 2,054,275**	**$ (6,353)**	**$ (811,284)**	**$ 1,239,258**	**$ 21,617**	**$ 1,260,875**
Exercise of common stock options	976,644	10	2,455	—	—	2,465	—	2,465
Vesting of restricted stock units	1,398,305	14	(14)	—	—	—	—	—
Issuance of stock under employee stock purchase plan	425,114	4	1,497	—	—	1,501	—	1,501
Issuance of common stock related to Conversa earn-out settlement	1,020,964	10	4,288	—	—	4,298	—	4,298
Stock-based compensation expense	—	—	12,085	—	—	12,085	—	12,085
Capital contributed by selling shareholders of acquired businesses	—	—	2,019	—	—	2,019	—	2,019
Currency translation adjustment	—	—	—	(2,951)	—	(2,951)	—	(2,951)
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	(1,251)	—	(1,251)	—	(1,251)
Net loss	—	—	—	—	(70,037)	(70,037)	(216)	(70,253)
Balances as of March 31, 2022	265,692,614	2,658	2,076,605	(10,555)	(881,321)	1,187,387	21,401	1,208,788
Exercise of common stock options	1,083,571	10	1,916	—	—	1,926	—	1,926
Vesting of restricted stock units	1,606,976	16	(16)	—	—	—	—	—
Issuance of common stock related to SilverCloud earn-out settlement	4,959,856	50	12,895	—	—	12,945	—	12,945
Receipt of Section 16(b) disgorgement	—	—	295	—	—	295	—	295
Stock-based compensation expense	—	—	14,907	—	—	14,907	—	14,907
Capital contributed by selling shareholders of acquired businesses	—	—	1,974	—	—	1,974	—	1,974
Currency translation adjustment	—	—	—	(10,179)	—	(10,179)	—	(10,179)
Unrealized losses on available-for-sale securities, net of tax	—	—	—	(111)	—	(111)	—	(111)
Net loss	—	—	—	—	(69,145)	(69,145)	(507)	(69,652)
Balances as of June 30, 2022	**273,343,017**	**$ 2,734**	**$ 2,108,576**	**$ (20,845)**	**$ (950,466)**	**$ 1,139,999**	**$ 20,894**	**$ 1,160,893**

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

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

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (492,024)	$ (139,905)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment	357,585	—
Depreciation and amortization expense	14,950	13,132
Provisions for credit losses	(21)	(308)
Amortization of deferred contract acquisition costs	1,093	847
Amortization of deferred contract fulfillment costs	215	288
Noncash compensation costs incurred by selling shareholders	—	3,993
Stock-based compensation expense	42,685	27,598
Loss on equity method investment	1,277	762
Deferred income taxes	(23)	(1,164)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	10,161	5,763
Inventories	205	(391)
Deferred contract acquisition costs	(2,338)	(1,135)
Prepaid expenses and other current assets	1,091	(1,714)
Other assets	(212)	489
Accounts payable	(2,753)	(6,525)
Accrued expenses and other current liabilities	(11,591)	(490)
Other long-term liabilities	—	(15)
Deferred revenue	10,924	(6,624)
Net cash used in operating activities	**(68,776)**	**(105,399)**
Cash flows from investing activities:		
Purchases of property and equipment	(36)	(58)
Capitalized software development costs	(13,836)	—
Investment in less than majority owned joint venture	(3,920)	(1,960)
Purchases of investments	(389,990)	(499,223)
Proceeds from sales and maturities of investments	98,916	124,981
Net cash used in investing activities	**(308,866)**	**(376,260)**
Cash flows from financing activities:		
Proceeds from exercise of common stock options	569	4,465
Proceeds from employee stock purchase plan	1,268	1,501
Payments for the purchase of treasury stock	(586)	—
Proceeds from Section 16(b) disgorgement	—	295
Payment of contingent consideration	—	(11,790)
Net cash provided by (used in) financing activities	**1,251**	**(5,529)**
Effect of exchange rates changes on cash, cash equivalents, and restricted cash	(799)	(2,039)
Net decrease in cash, cash equivalents, and restricted cash	(377,190)	(489,227)
Cash, cash equivalents, and restricted cash at beginning of period	539,341	747,211
Cash, cash equivalents, and restricted cash at end of period	**$ 162,151**	**$ 257,984**
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	161,356	257,189
Restricted cash	795	795
Total cash, cash equivalents, and restricted cash at end of period	**$ 162,151**	**$ 257,984**
Supplemental disclosure of cash flow information:		
Cash paid (refunded) for income taxes	$ 1,018	$ 13
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock in settlement of earnout	$ —	$ 17,243

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

1. Organization and Description of Business

Description of Business

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

Liquidity and Capital Resources

The Company expects that its cash, cash equivalents and investments balance as of June 30, 2023 of $458,682 will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next twelve months.

2. Summary of Significant Accounting Policies

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

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary for the fair statement of the Company's the financial position, results of operations and cash flows at the dates and for the periods indicated. The interim results for the three and six months ended June 30, 2023 are not necessarily indicative of results for the full 2023 calendar year or any other future interim periods. The information included in the interim financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in the Form 10-K.

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

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

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

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reported periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, revenue recognition, the estimated customer relationship period that is used in the amortization of deferred contract acquisition costs, the valuation of assets and liabilities acquired in business combinations, goodwill, the useful lives of intangible assets and property and equipment and the valuation of common stock 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 $33,442 and $1,760, respectively, as of June 30, 2023 and $31,189 and $1,648, respectively as of December 31, 2022.

Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was $16,729 and $17,400 for the three months ended June 30, 2023 and 2022, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the three months ended June 30, 2023 and 2022. Total revenue included on the condensed consolidated statements of operations and comprehensive loss for the PCs after elimination of intercompany transactions was $36,475 and $35,792 for the six months ended June 30, 2023 and 2022, respectively. Net loss included on the condensed consolidated statements of operations and comprehensive loss was not material for the six months ended June 30, 2023 and 2022.

Investment in Minority Owned Joint Venture

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

In 2020 the Company contributed $2,940 as its initial investment for a 49% interest in CCAW, JV LLC. The agreement also requires aggregate total capital contributions by the Company up to an additional $11,800 in two phases, which is yet to be defined. In April 2022 the Company made a capital contribution of $1,960 related to a portion of the phase one capital commitment. During the six months ended June 30, 2023 the Company made capital contributions of $3,920 related to a portion of the phase one capital commitment, of which $2,940 was contributed in the three months ended June 30, 2023.

For the three months ended June 30, 2023 and 2022, the Company recognized a loss of $625 and $551 as its proportionate share of the joint venture's results of operations, respectively. For the six months ended June 30, 2023 and 2022, the Company recognized a loss of $1,277 and $762, respectively. Accordingly, the carrying value of the equity method investment as of June 30, 2023 and December 31, 2022 was $2,493 and $(150), respectively. As the share of losses exceeds the carrying amount of the investment, the carrying amount as of December 31, 2022 is included in the balance of accrued expenses and other current liabilities on the consolidated balance sheet.

Concentrations of Credit Risk and Significant Clients

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

The Company performs ongoing assessments and credit evaluations of its clients to assess the collectability of the accounts based on a number of factors, including past transaction experience, age of the accounts receivable, review of the invoicing terms of the contracts, and recent communication with clients. The Company has not experienced significant credit losses from its accounts receivable. As of June 30, 2023 one client accounted for 15% of outstanding accounts receivable, and as of December 31, 2022, two clients each accounted for 18% of outstanding accounts receivable.

During the three months ended June 30, 2023 and 2022, sales to one client represented 24% and 24% of the Company's total revenue, respectively. During the six months ended June 30, 2023 and 2022, sales to one customer represented 24% and 25% of the Company's total revenue, respectively.

Goodwill

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

When testing goodwill for impairment, we have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that carrying value exceeds its fair value, we perform a quantitative goodwill impairment test. Under the quantitative goodwill impairment test, if our reporting unit's carrying amount exceeds its fair value, we will record an impairment charge based on that difference. A charge is reported as impairment of goodwill in the consolidated statements of operations and comprehensive loss. In the three and six months ended June 30, 2023 there was an impairment of goodwill of $27,276 and $357,585, respectively, as our carrying value exceeded the fair value of our reporting unit. For details associated with the Company's interim goodwill impairment, see Note 7 - *Goodwill and Intangible Assets*.

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

3. Revenue

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Platform subscription	$ 28,030	$ 29,592	$ 56,725	$ 58,283
Visits	28,083	29,750	60,620	60,486
Other	6,334	5,174	9,103	9,979
Total Revenue	$ 62,447	$ 64,516	$ 126,448	$ 128,748

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:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Allowance for credit losses, beginning of the period	$ 1,884	$ 1,809
Provisions	(21)	803
Write-offs	(25)	(728)
Allowance for credit losses, end of the period	$ 1,838	$ 1,884

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 $3,677 and $3,566 as of June 30, 2023 and December 31, 2022, respectively.

Deferred Revenue

Contract liabilities consist of deferred revenue and include billings in advance of performance under the contract. Such amounts are recognized as revenue over the contractual period. For the three months ended June 30, 2023 and 2022, the Company recognized revenue of $11,099 and $16,845, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented. For the six months ended June 30, 2023 and 2022, the Company recognized revenue of $27,297 and $39,992, respectively, that was included in the corresponding contract liability balance at the beginning of the periods presented

Changes in the Company's deferred revenue balance for the six months ended June 30, 2023 and December 31, 2022 were as follows:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Total deferred revenue, beginning of the period	$ 55,794	$ 75,896
Additions	71,281	106,330
Recognized	(60,261)	(126,432)
Total deferred revenue, end of the period	$ 66,814	$ 55,794
Current deferred revenue	60,214	49,505
Non-current deferred revenue	6,600	6,289
Total	$ 66,814	$ 55,794

Transaction Price Allocated to Remaining Performance Obligations

As of June 30, 2023 and December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was $192,406 and $166,855, respectively. The substantial majority of the unsatisfied performance obligations will be satisfied over the next three years.

As it pertains to the June 30, 2023 amount, the Company expects to recognize 47% of the transaction price in the 12 month period ended June 30, 2024, in its condensed consolidated statement of operations and comprehensive loss with the remainder recognized thereafter.

4. National Telehealth Network

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

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

The proportionate share of the loss attributed to the non-controlling interest amounted to $1,040 and $507 for the three months ended June 30, 2023 and 2022, respectively. The proportionate share of the loss attributed to the non-controlling interest amounted to $1,861 and $723 for the six months ended June 30, 2023 and 2022, respectively.

The carrying value of the non-controlling interest was $18,113 and $19,974 as of June 30, 2023 and December 31, 2022, respectively.

5. Fair Value Measurements

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

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

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 83,533	$ —	$ —	$ 83,533
U.S government securities	—	297,326	—	$ 297,326
Total financial assets:	$ 83,533	$ 297,326	$ —	$ 380,859

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

The Company's cash equivalents were invested in money market funds and were valued based on Level 1 inputs. The Company's investments consisted of U.S. government agency bonds and were valued based on Level 2 inputs. In determining the fair value of its U.S. government agency bonds, the Company relied on quoted prices for similar securities in active markets or other inputs that are observable or can be corroborated by observable market data. During the six months ended June 30, 2023, there were no transfers between fair value measurement levels.

6. Investments

As of June 30, 2023 and December 31, 2022, the fair value of the Company's investments by type of security was as follows:

	June 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets:				
U.S government securities	$ 291,074	6,252	$ —	$ 297,326
	$ 291,074	$ 6,252	$ —	$ 297,326

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

7. Goodwill and Intangible Assets

Goodwill consisted of the following:

	Six Months Ended June 30, 2023
Beginning Balance as of January 1	$ 435,279
Goodwill impairment	(357,585)
Currency translation adjustments	1,727
Ending Balance	$ 79,421

As a result of sustained decreases in the Company's publicly quoted share price and market capitalization during 2023, the Company considered the potential impact on its goodwill, definite-lived intangibles, and other long-lived assets as of June 30, 2023. As a result of this review, the Company did not identify any triggering events that would result in impairment to its definite-lived intangible assets or other long-lived assets.

The Company identified indicators of goodwill impairment for the single reporting unit which required an interim goodwill impairment assessment. In performing the quantitative assessment of goodwill, our reporting unit’s carrying amount exceeded its fair value. The Company estimated the reporting unit's fair value based on the market capitalization and a related control premium of 30% (amount paid by a new controlling shareholder for the benefits resulting from synergies and other potential benefits derived from controlling the acquired company). The Company evaluates the implied control premium or discount by comparing it to control premiums or discounts of recent comparable market transactions, as applicable. As a result of the interim quantitative impairment assessment, the Company recorded a $27,276 and $357,585 non-deductible, non-cash goodwill impairment charge for three and six months ended June 30, 2023. When considering a hypothetical sensitivity analysis to our goodwill assessment in future periods, should a triggering event be identified, a further 10% decline in our stock price could result in an impairment charge of approximately $50,000.

Identified intangible assets consisted of the following:

	Gross Amount	Accumulated Amortization	Carrying Value	Weighted Average Remaining Life
June 30, 2023				
Customer relationships	$ 80,499	$ (29,015)	$ 51,484	7.0
Contractor relationships	535	(309)	226	5.5
Tradename	14,127	(4,192)	9,935	4.6
Technology	89,634	(38,062)	51,572	3.8
Internally developed software	23,991	(2,255)	21,736	2.7
	$ 208,786	$ (73,833)	$ 134,953	

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

The Company capitalized $7,085 and $13,836 of costs during the three and six months ended June 30, 2023, related to internally developed software to be sold as a service incurred during the application development stage and is amortizing these costs over the expected lives of the related services. Amortization expense related to intangible assets for the three months ended June 30, 2023 and 2022 was $7,565 and $6,328, respectively. Amortization expense related to intangible assets for the six months ended June 30, 2023 and 2022 was $14,497 and $12,514, respectively. Estimated future amortization expense of the identified intangible assets as of June 30, 2023, is as follows:

2023	$	16,346
2024		32,659
2025		32,643
2026		22,061
2027		11,331
Thereafter		19,913
	$	134,953

8. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	June 30, 2023	December 31, 2022
Employee compensation and benefits	$ 18,861	$ 26,192
Professional services	7,149	10,190
Provider services	5,576	8,096
Other	10,995	9,780
Total	$ 42,581	$ 54,258

9. Stockholders' Equity

Undesignated Preferred Stock

The Company's Amended and Restated Certificate of Incorporation authorizes the issuance of 100,000,000 shares of undesignated preferred stock, par value of $0.01 per share, with rights and preferences, including voting rights, designated from time to time by the board of directors. No shares of preferred stock were issued or outstanding as of June 30, 2023 and December 31, 2022.

Common Stock

In the three and six months ended June 30, 2023, no shares of Class B common stock were converted to Class A common stock. As of June 30, 2023, the par value of the Class A, Class B and Class C shares was $2,503, $275, and $56, respectively.

	Shares Authorized	Shares Issued	Shares Outstanding
Class A	1,000,000,000	251,076,995	251,076,995
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	284,022,947	284,022,947

As of June 30, 2023 and December 31, 2022, the Company had reserved 78,971,649 and 68,617,245 shares of common stock for the exercise of outstanding stock options, the vesting of restricted stock units, the vesting of performance-based market condition share awards, and the number of shares remaining available for future grant, respectively.

Stock Plans and Stock Options

The Company maintains the 2006 Employee, Director and Consultant Stock Plan as amended and restated (the "2006 Plan") and 2020 Equity Incentive Plan (the "2020 Plan" together, the "Plans") under which it has granted incentive stock options, non-qualified stock options, and restricted stock units to employees, officers, and directors of the Company. In connection with the adoption of the

2020 Plan, the then-remaining shares of common stock reserved for grant or issuance under the 2006 Plan became available for issuance under the 2020 Plan, and no further grants will be made under the 2006 Plan.

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

Activity under the Plans is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	11,039,551	$ 5.23	5.5	$ 996
Granted	—	$ —		
Forfeited	(509,005)	$ 5.42		
Expired	—	$ —		
Exercised	(286,599)	$ 1.99		
Outstanding as of June 30, 2023	10,243,947	$ 5.25	5.1	$ 32
Vested and expected to vest as of December 31, 2022	10,951,967	$ 5.02	5.5	$ 996
Vested and expected to vest as of June 30, 2023	10,209,073	$ 5.09	5.1	$ 32
Options exercisable as of December 31, 2022	10,417,259	$ 4.97	5.4	$ 996
Options exercisable as of June 30, 2023	9,959,014	$ 5.07	5.1	$ 32

No options were granted in the six months ended June 30, 2023 and 2022.

Restricted Stock Units

Activity for the restricted stock units is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	19,316,459	$ 10.78
Granted	13,585,428	2.60
Vested	(5,202,007)	7.03
Forfeited	(1,484,678)	3.97
Unvested as of June 30, 2023	26,215,202	$ 7.67

The total grant date fair value of RSU's granted for the six months ended June 30, 2023 was $35,338. Restricted stock units vest over the service period of one to four years. The aggregate intrinsic value of restricted stock units vested for the six months ended June 30, 2023 and 2022 was $13,134 and $13,180, respectively.

Restricted Stock Units with a Market Condition

In the six months ended June 30, 2023, the Company granted performance-based market condition share awards to certain members of the Company's management team (excluding the co-CEOs), which entitle these employees with the right to receive shares of common stock, upon achievement of certain stock price milestones measured over a rolling thirty day trading-period, subject to the satisfaction of the applicable service vesting conditions. These performance-based market condition share awards consist of three tranches with three separate specified award values that become payable upon the achievement of certain stock price milestones, which can result in a vesting range of up to 2,654,598 shares. These performance-based market condition share awards have a performance period of three years.

As of June 30, 2023, 1,146,310 of the performance-based market condition share awards granted in the prior year have satisfied both the applicable market capitalization milestones and the service vesting conditions.

	Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	25,602,405	$ 2.30
Granted	2,654,598	2.19
Vested	(1,146,310)	2.12
Cancelled/Forfeited	(77,168)	2.19
Unvested as of June 30, 2023	27,033,525	$ 2.29

The total grant-date fair value of performance-based market condition share awards granted during the six months ended June 30, 2023 and 2022 was $5,805 and $56,109, respectively.

The weighted average estimated fair value of the performance-based market condition share awards granted during the six months ended June 30, 2023 was determined using a Monte-Carlo valuation simulation, with the following most significant weighted-average assumptions:

	Six Months Ended June 30, 2023
Risk-free rate	4.61%
Term to end of performance period (yrs)	3 years
Valuation date stock price	$ 2.76
Expected volatility	70%
Expected dividend yield	0%

2020 Employee Stock Purchase Plan

During the six months ended June 30, 2022, the Company issued 425,114 shares under the ESPP. During the six months ended June 30, 2023, the Company issued 513,339 shares under the ESPP. As of June 30, 2023 7,634,642 shares remained available for issuance.

Stock-Based Compensation

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of revenues	$ 435	$ 426	$ 833	$ 761
Research and development	2,872	2,699	5,673	4,881
Selling and marketing	2,337	1,304	4,323	3,099
General and administrative	15,869	10,478	31,681	18,251
Total	$ 21,513	$ 14,907	$ 42,510	$ 26,992

As of June 30, 2023, the unrecognized stock-based compensation expense related to unvested common stock-based awards was $94,720, which is expected to be recognized over a weighted-average period of 2.4 years.

10. Commitments and Contingencies

Indemnification

The Company's arrangements generally include certain provisions for indemnifying clients against third-party claims asserting infringement of certain intellectual property rights in the ordinary course of business. The Company also regularly indemnifies clients against third-party claims that the company's products or services breach applicable law or regulation or from claims resulting from a breach of the business associate agreement in place with the client. In addition, the Company indemnifies its officers, directors and certain key employees while they are serving in good faith in their capacities. Through June 30, 2023 and December 31, 2022, there have been no claims under any indemnification provisions.

Litigation

From time to time, and in the ordinary course of business, the Company may be subject to various claims, charges, and litigation. As of June 30, 2023 and December 31, 2022, the Company did not have any pending claims, charges or litigation that it expects would have a material adverse effect on its consolidated financial position, results of operations or cash flows.

11. Income Taxes

As a result of the Company's history of net operating losses ("NOL"), the Company continues to maintain a full valuation allowance against its domestic net deferred tax assets. For the three and six months ended June 30, 2023, the Company recognized an income tax expense of $716 and $2,191, primarily due to federal, state and foreign income tax expense. During the three and six months ended June 30, 2022, the Company recorded income tax expense of $461 and $129, primarily due to state and foreign income taxes.

12. Related-Party Transactions

Cleveland Clinic

Cleveland Clinic is a related party because a member of the Company's board of directors is an executive advisor to Cleveland Clinic. As of June 30, 2023 and December 31, 2022, the Company held total deferred revenue of $172 and $355, respectively from contracts with this client. As of June 30, 2023 and December 31, 2022, amounts due from Cleveland Clinic were $91 and $995, respectively.

During the three months ended June 30, 2023 and 2022, the Company recognized revenue of $590 and $694, respectively, from contracts with this client. During the six months ended June 30, 2023 and 2022, the Company recognized revenue of $1,189 and $1,454, respectively, from contracts with this customer.

CCAW, JV LLC

CCAW, JV LLC is a related party because it is a joint venture formed between the Company and Cleveland Clinic for which the Company has a minority owned interest in. During the year ended December 31, 2020, the Company made an initial investment in CCAW, JV LLC of $2,940 for its less than 50% interest in the joint venture. During the six months ended June 30, 2023 the Company made capital contributions of $3,920 related to a portion of the phase one capital commitment.

During the three months ended June 30, 2023 and 2022 the Company recognized revenue of $393 and $469 from contracts with this client, respectively. During the six months ended June 30, 2023 and 2022, the Company recognized revenue of $782 and $923, respectively, from contracts with this customer.

As of June 30, 2023 and December 31, 2022, the Company held total deferred revenue of $538 and $1,320, respectively, from contracts with this client. As of June 30, 2023 and December 31, 2022, amounts due from CCAW, JV LLC were $0 and $1,602.

13. Net Loss per Share

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Numerator:				
Net loss	$ (93,515)	$ (69,652)	$ (492,024)	$ (139,905)
Net loss attributable to non-controlling interest	(1,040)	(507)	(1,861)	(723)
Net loss attributable to American Well Corporation	$ (92,475)	$ (69,145)	$ (490,163)	$ (139,182)
Denominator:				
Weighted-average common shares outstanding —basic and diluted	283,059,929	273,320,740	281,504,945	273,615,031
Net loss per share attributable to common stockholders—basic and diluted	$ (0.33)	$ (0.25)	$ (1.74)	$ (0.51)

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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Unvested restricted stock units	25,676,742	14,856,621	25,676,742	14,856,621
Unvested performance market-based stock units	27,033,525	23,854,785	27,033,525	23,854,785
Options to purchase shares of common stock	10,243,947	12,830,371	10,243,947	12,830,371
	62,954,214	51,541,777	62,954,214	51,541,777

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

Special Note Regarding Forward-Looking Statements

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

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

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

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

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

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

Overview

Amwell is a leading enterprise software company enabling digital delivery of care for healthcare's key stakeholders. We empower health providers, payers and innovators to achieve their digital ambitions, enabling a hybrid model of in-person, virtual and automated care. We provide our clients with the core technology and services necessary to successfully develop and distribute digital care programs that meet their strategic, operational, financial and clinical objectives under their own brands. Our enterprise software connects care across in-person, virtual and automated modalities and provides an open, scalable infrastructure that can grow alongside our clients. We bring technology and services that deliver new models of care, strategic partnerships, consistent execution, and better outcomes. As of December 31, 2022, we powered the digital care programs of more than 55 health plans, which collectively represent more than 90 million covered lives, as well as approximately 140 of the nation's largest health systems, representing more than 2,000 hospitals. Since inception, we have powered approximately 24.1 million virtual care visits for our clients, including approximately 3.2 million in the six months ended June 30, 2023.

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

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

As of June 30, 2023, approximately 102,500 of our clients' providers use our enterprise software to serve their patients and members. When needed, we augment and extend our clients' clinical capabilities with Amwell Medical Group® ("AMG"), our nationwide network of clinical entities with approximately 3,500 multi-disciplinary providers covering 50 states and Washington, D.C., with 24/7/365 coverage.

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

The Converge platform delivers the digital care capabilities that health systems and health plans care about — for example, virtual primary care, post-discharge follow-up, chronic condition management, remote patient monitoring — and aligns them into a single digital care operating system that aggregates all of the data from these care experiences to provide real-time insight. By providing a single platform for the digital distribution of care, the Converge platform will accelerate innovation and interoperability for health system and health plan clients as well as other healthcare innovators who aim to offer a seamless experience for providers, patients and members.

The development of Converge represents 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 and we expect to see a return to normal levels of spend in the coming quarters. Re-platforming may impact timing of revenue as we manage on-boarding and customer churn. During the three months ended June 30, 2023, 43% of our visits were provided on the Converge platform, which was an increase from 28% in the fourth quarter of 2022. As of June 30, 2023, we have a thumbs-up rating by patients and providers of over 90%. A major strategic focus for us in 2023 is to continue the migration of our health system and health plan clients onto the Converge platform.

Our Business Model

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

Total subscription fees received were $28.0 million and $29.6 million for the three months ended June 30, 2023 and 2022, respectively, and $56.7 million and $58.3 million for the six months ended June 30, 2023, and 2022, respectively.

Health Systems

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

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

Health Plans

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

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

Innovators

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

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

Visits

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

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

Fees received from AMG-related visits were $28.1 million and $29.7 million for the three months ended June 30, 2023 and 2022, respectively, and $60.6 million and $60.5 million for the six months ended June 30, 2023, and 2022, respectively.

Services & Carepoint Hardware

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

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

Fees received from the provision of services and Carepoints were $6.3 million and $5.2 million for the three months ended June 30, 2023 and 2022, respectively, and $9.1 million and $10.0 million for the six months ended June 30, 2023, and 2022, respectively.

Acquisitions

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

Key Metrics and Factors Affecting Our Performance

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

Digital Care Utilization

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

We continue to experience strong digital care adoption and usage of our enterprise software and products. In the six months ended June 30, 2023, our clients completed a total of 3.2 million visits using our enterprise software, while in the six months ended June 30, 2022 3.3 million visits were completed. AMG providers accounted for 24% and 23% of total visits performed using our enterprise software during the six months ended June 30, 2023 and 2022, respectively. We demonstrated that virtual care goes beyond urgent care pandemic needs through a significant number of scheduled visits. Scheduled visits were 2.2 million for the six months ended June 30, 2023 and 2.4 million for the six months ended June 30, 2022.

Total Overall Quarterly Visits		
Quarter Ended	**Overall Visits**	**Performed by Client Providers**
June 30, 2023	1,485,000	76 %
March 31, 2023	1,710,000	75 %
December 31, 2022	1,715,000	71 %
September 30, 2022	1,450,000	74 %
June 30, 2022	1,525,000	76 %
March 31, 2022	1,775,000	78 %

Active Providers

An important indicator of the value of our enterprise software to our clients is the number of non-AMG providers that are active on the enterprise software. We define "Active Providers" as providers that have delivered a visit on the enterprise software at least once in the last 12 months. Active Providers demonstrate the prevalence of digital care within our clients in both home and hospital environments. We believe Active Providers is a measure of our success in delivering on our mission of enabling access to care. We expect that the number of Active Providers will increase over time as a result of several factors, however during re-platforming efforts temporary declines may could occur:

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

Total Active Providers			
Quarter Ended	**Total Active Providers**	**Client Providers**	**AMG**
June 30, 2023	106,000	102,500	3,500
March 31, 2023	108,000	104,500	3,500
December 31, 2022	107,000	103,500	3,500
September 30, 2022(1)	104,000	100,500	3,500
June 30, 2022(1)	101,000	97,500	3,500
March 31, 2022(1)	100,000	96,500	3,500

(1) In the year ended December 31, 2022, we revised our methodology of calculating Active Providers as part of our efforts to account for unique providers who conduct visits on multiple platforms and products. This change resulted in an adjustment to the number of active providers reported historically. The numbers included in the table above reflect the current methodology. As we noted in "Item 1A. Risk Factors" of the Form 10-K, we may make adjustments to our historical Active Provider metrics with revisions to our methodology for calculating this number in the future.

Regulatory Environment

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

Seasonality

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

Non-GAAP Financial Measures

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

Adjusted EBITDA

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

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

The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss, for the three and six months ended June 30, 2023 and 2022:

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net loss	$ (93,515)	$ (69,652)	$ (492,024)	$ (139,905)
Add:				
Depreciation and amortization	7,718	6,724	14,961	13,322
Interest income and other income (expense), net	(2,332)	(764)	(3,272)	(872)
Expense from income taxes	716	461	2,191	129
Goodwill Impairment	27,276	—	357,585	—
Stock-based compensation	21,513	14,907	42,510	26,992
Severance(1)	406	—	1,981	—
Capitalized software costs	(7,085)	—	(13,836)	—
Noncash expenses and contingent consideration adjustments(2)	—	1,259	—	4,996
Litigation expense(3)	—	4,261	—	5,399
Adjusted EBITDA	$ (45,303)	$ (42,804)	$ (89,904)	$ (89,939)

(1) Severance costs associated with the termination of employees during the three and six months ended June 30, 2023.

(2) Noncash expenses and contingent consideration adjustments include, noncash compensation costs incurred by selling shareholders and adjustments made to the contingent consideration.

(3) Litigation expense relates to legal costs related to the Teladoc litigation which was dismissed pursuant to a confidential settlement between the parties in 2022.

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

Components of Statement of Operations

Revenue

The Company has demonstrated revenue growth as a direct result of the increasing 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, our provider network and a consistently increasing visit base.

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

Cost of Revenues, Excluding Amortization of Intangible Assets

Cost of 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 models are designed to be scalable and to leverage fixed costs to generate higher revenues. While we currently expect increased investments to support accelerated growth, we also expect increased efficiencies and economies of scale. Our quarterly cost of revenues as a percentage of revenues is expected to fluctuate from period to period depending on the interplay of these aforementioned factors.

Operating Expenses

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

Research and Development Expenses

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

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

Sales and Marketing Expenses

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

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

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

General and Administrative Expenses

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

We expect our general and administrative expenses to decrease as a percentage of our total revenue over the next several years. Our general and administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our general and administrative expenses.

Depreciation and Amortization Expense

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

Goodwill Impairment

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

Interest Income and Other Income (Expense), Net

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

Provision for Income Taxes

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

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

Consolidated Results of Operations

The following table sets forth our summarized condensed consolidated statement of operations data for the three and six months ended June 30, 2023 and 2022 and the dollar and percentage change between the respective periods:

	Three Months Ended June 30,				Six Months Ended June 30,			
(in thousands)	**2023**	**2022**	**Change**	**%**	**2023**	**2022**	**Change**	**%**
Revenue	$ 62,447	$ 64,516	$ (2,069)	-3%	$ 126,448	$ 128,748	$ (2,300)	-2%
Costs and operating expenses:								
Costs of revenue, excluding depreciation and amortization of intangible assets	38,244	36,497	1,747	5%	76,996	73,262	3,734	5%
Research and development	25,842	37,067	(11,225)	(30)%	51,765	74,548	(22,783)	(31)%
Sales and marketing	21,554	18,721	2,833	15%	44,280	39,875	4,405	11%
General and administrative	36,319	34,911	1,408	4%	72,689	67,627	5,062	7%
Depreciation and amortization expense	7,718	6,724	994	15%	14,961	13,322	1,639	12%
Goodwill Impairment	27,276	—	27,276	(N/A	357,585	—	357,585	(N/A
Total costs and operating expenses	156,953	133,920	23,033	17%	618,276	268,634	349,642	130%
Loss from operations	(94,506)	(69,404)	(25,102)	36%	(491,828)	(139,886)	(351,942)	252%
Interest income and other income (expense), net	2,332	764	1,568	205%	3,272	872	2,400	275%
Loss before expense from income taxes and loss from equity method investment	(92,174)	(68,640)	(23,534)	34%	(488,556)	(139,014)	(349,542)	251%
Expense from income taxes	(716)	(461)	(255)	55%	(2,191)	(129)	(2,062)	1,598%
Loss from equity method investment	(625)	(551)	(74)	13%	(1,277)	(762)	(515)	68%
Net loss	(93,515)	(69,652)	(23,863)	34%	(492,024)	(139,905)	(352,119)	252%
Net loss attributable to non-controlling interest	(1,040)	(507)	(533)	105%	(1,861)	(723)	(1,138)	157%
Net loss attributable to American Well Corporation	$ (92,475)	$ (69,145)	$ (23,330)	34%	$ (490,163)	$ (139,182)	$ (350,981)	252%

Revenue

For the three months ended June 30, 2023, subscription revenue declined $1.6 million due to customer churn during re-platforming, partially offset by growth in our existing strategic clients. Visit revenue decreased $1.6 million due to a decline in visit volume and lower utilization in specialty care. These decreases were partially offset by an increase in other revenue of $1.1 million primarily related to an increase in professional services.

For the six months ended June 30, 2023, subscription revenue declined $1.6 million due to customer churn during re-platforming, partially offset by growth in strategic clients. Visit revenue remained flat (visit mix largely offset the change in in volume). There was a slight decrease in other revenue of $0.9 million related primarily to hardware and marketing revenue.

Costs of Revenue, Excluding Amortization of Acquired Intangible Assets

For the three months ended June 30, 2023, the increase in cost of revenue was primarily due to an increase of $2.4 million related to employee and consulting costs associated with clinician onboarding, partially offset by a decrease in hardware costs of $1.2 million due to the decline in hardware revenue. The decrease in gross margin is a result of shift in revenue mix.

For the six months ended June 30, 2023, the increase in cost of revenue was primarily due to an increase of $3.3 million related to employee and consulting costs, and $1.5 million in provider costs. This increase was offset by a decrease in hardware costs of $1.7 million due to the decline in hardware revenue. The decrease in gross margin contribution is a result of a shift in revenue mix.

Research and Development Expenses

For the three months ended June 30, 2023, the decrease in research and development expense was primarily driven by a decrease of $10.5 million in consulting services as spend related to the development of the Converge platform has declined (contributing to this decrease was $7.1 million capitalized as software development costs). There was also a decline in third party software spend of $1.4 million.

For the six months ended June 30, 2023, the decrease in research and development expense was primarily driven by a decrease of $23.6 million in consulting services as spend related to the development of the Converge platform has declined (contributing to this decrease was $13.8 million capitalized as software development costs). There was no non-cash compensation in the current year related to the SilverCloud acquisition, while there was a charge of $1.2 million in the prior year due to the settlement of the SilverCloud bonus escrow award in 2022. These decreases were partially offset by an increase of $3.6 million in employee-related costs (mainly due to increase in stock compensation expense and bonus expense) due to increased headcount.

Sales and Marketing Expenses

For the three months ended June 30, 2023, the increase in sales and marketing expense primarily consisted of $3.6 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. This increase was partially offset by a decrease of $0.4 million in advertising spend and spend on conferences and tradeshows and $0.7 million in meeting costs.

For the six months ended June 30, 2023, the increase in sales and marketing expense primarily consisted of $6.5 million in employee-related costs (inclusive of commissions and stock compensation expense) due to increased headcount. This increase was partially offset by a decrease of $1.7 million in advertising spend and spend on conferences and tradeshows and $1.1 million in meeting costs.

General and Administrative Expenses

For the three months ended June 30, 2023, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of $5.4 million of stock compensation expense) of approximately $7.4 million, due to additional equity awards granted and headcount increase. The increase was partially offset by a decrease of $4.6 million in legal costs mainly due to the Teladoc litigation settlement in the second quarter of 2022 as well as a decrease in insurance costs of $0.7 million.

For the six months ended June 30, 2023, the increase in general and administrative expense was driven by an increase related to employee-related costs (inclusive of $13.4 million of stock compensation expense) of approximately $15.9 million, due to additional equity awards granted and headcount increase. The increase was partially offset by a decrease of $5.8 million in legal costs mainly due to the Teladoc litigation settlement in the second quarter of 2022. There was no non-cash compensation or earnout adjustment in the current year, while there were total charges of $3.0 million in the prior year, due to the settlement of the SilverCloud bonus escrow awards and the SilverCloud revenue earnout in 2022. There was also a decrease in insurance costs of $1.5 million.

Depreciation and Amortization Expense

Depreciation expense remained consistent for the three months ended June 30, 2023. Amortization expense increased by $1.2 million for the three months ended June 30, 2023. The increase in amortization was related to the amortization of the internally developed software intangible assets.

Depreciation expense remained consistent for the six months ended June 30, 2023. Amortization expense increased by $2.2 million for the six months ended June 30, 2023. The increase in amortization was related to the amortization of the internally developed software intangible assets.

Goodwill Impairment

During the three months ended June 30, 2023, the goodwill was impaired by $27.3 million (or $0.10 per basic and diluted share) as a result of sustained decreases in the Company's publicly quoted share price and market capitalization.

During the six months ended June 30, 2023, the goodwill was impaired by $357.6 million (or $1.27 per basic and diluted share) as a result of sustained decreases in the Company's publicly quoted share price and market capitalization.

Interest Income and Other (Expense) Income, net

For the three and six months ended June 30, 2023 and 2022, interest income and other (expense) income, net consist entirely of interest income and gains from our cash equivalents and short-term investments.

Expense from Income Taxes

Income tax expense was $0.7 million and $2.2 million for the three and six months ended June 30, 2023, compared to income tax benefit of $0.5 million and $0.1 million for the three and six months ended June 30, 2022.

Loss from Equity Method Investment

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

During the three months ended June 30, 2023 and 2022, the Company recognized a loss of $0.6 million and $0.6 million, respectively, as its proportionate share of the joint venture results of operations. During the six months ended June 30, 2023 and 2022, the Company recognized a loss of $1.3 million and $0.8 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:

	Six Months Ended June 30,	
	2023	2022
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	$ (68,776)	$ (105,399)
Net cash used in investing activities	(308,866)	(376,260)
Net cash provided by (used in) financing activities	1,251	(5,529)
Total	$ (376,391)	$ (487,188)

Sources of Financing

Our principal sources of liquidity were cash, cash equivalents and short-term investments totaling $458.7 million and $538.5 million as of June 30, 2023 and December 31, 2022, respectively, which were held for a variety of growth initiatives and investments as well as working capital purposes. Our cash, cash equivalents and short-term investments are comprised of money market funds and marketable securities including U.S. Treasury bills.

As shown in the accompanying condensed consolidated financial statements, the Company incurred a loss from operations of $491.8 million and a net loss of $492.0 million for the six months ended June 30, 2023 and had an accumulated deficit of $1,572.8 million as of June 30, 2023.

The Company has no debt as of June 30, 2023 or December 31, 2022 and expects to generate operating losses in future years.

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

Six months ended June 30, 2023, vs. six months ended June 30, 2022

Cash Used in Operating Activities

Cash used in operating activities was $68.8 million for the six months ended June 30, 2023. The primary driver of this use of cash was our net loss of $492.0 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. The net loss was partially offset by non-cash expenses of $417.8 million (primarily goodwill impairment of $357.6 million, stock-based compensation of $42.7 million and depreciation and amortization of $15.0 million).

For the six months ended June 30, 2022, cash used in operating activities was $105.4 million. The primary driver of this use of cash was our net loss of $139.9 million. The net loss was reflective of the investments made back into the Company (from a technology perspective), partially offset by the overall growth of our business including expansion of business with existing clients. The net loss was partially offset by non-cash expenses of $45.1 million (primarily stock-based compensation of $27.6 million and depreciation and amortization of $13.1 million).

Cash Used in Investing Activities

Cash used in investing activities was $308.9 million for the six months ended June 30, 2023. Cash used in investing activities consisted of $13.8 million in capitalized software development costs, $3.9 million investment in the less than majority owned joint venture and purchases of short-term investments of $390.0 million, partially offset by sales and maturities of investments of $98.9 million.

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

Cash Provided by and Used in Financing Activities

Cash provided by financing activities for the six months ended June 30, 2023, was $1.3 million. Cash provided by financing activities consisted of $1.8 million of proceeds from the exercise of employee stock options and employee stock purchase plan, offset by $0.6 in the repurchase of stock to cover tax withholding obligations upon vesting of restricted stock units.

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

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commitments

As of June 30, 2023, there have been no material changes from the contractual obligations and commitments previously disclosed in our Form 10-K.

Critical Accounting Policies and Estimates

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

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, to our condensed consolidated financial statements in our Form 10-K and Note 2, Summary of Significant Accounting Policies to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no significant changes to these policies during the six months ended June 30, 2023.

Recently Issued Accounting Pronouncements Adopted

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

New Accounting Pronouncements Not Yet Adopted

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

Item 3. Qualitative and Quantitative Disclosure about Market Risk

Interest Rate Risk

We had cash and cash equivalents totaling $161.4 million, and $538.5 million as of June 30, 2023 and December 31, 2022, respectively. The Company also held investments totaling $297.3 million as of June 30, 2023. The Company held no investments as of December 31, 2022. These amounts were primarily invested in money markets and U.S. Treasury bills. The cash and cash equivalents are held for a variety of growth and investments as well as working capital purposes. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes. All our investments are denominated in U.S. dollars.

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

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

Foreign Currency Exchange Risk

To date, a substantial majority of our revenue from client arrangements has been denominated in U.S. dollars. We have limited operations outside the United States. As of June 30, 2023 and December 31, 2022, the Company has one foreign subsidiary in Israel, the functional currency of that subsidiary is the U.S. dollar. In addition the Company has three foreign subsidiaries from the acquisition of SilverCloud, with functional currencies of the Euro, British pound and Australian dollars. The Company also has a branch with a functional currency of the New Israeli Shekel. The transactional activity for these entities in the six months ended June 30, 2023 and 2022 was not considered significant. Accordingly, we believe we do not have a material exposure to foreign currency risk. We may choose to focus on international expansion, which may increase our exposure to foreign currency exchange risk in the future.

Inflation Risk

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

Item 4. Controls and Procedures

Managements Report on Internal Control over Financial Reporting

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

Our management, with the participation of our principal executive officers and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officers and principal financial officer concluded that as of June 30, 2023, our disclosure controls and procedures were effective. Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

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

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities during the quarter ended June 30, 2023.

Issuer Purchases of Equity Securities

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

Period	(a) Total number of shares (or units) purchased*	(b) Average price paid per share (or unit)*	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
April 1 to April 30	—	$ —	—	—
May 1 to May 31	—	—	—	—
June 1 to June 30	264,671	2.21	—	—
Total	264,671	$ 2.21	—	—

* 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 June 30, 2023, certain of our officers and directors adopted or terminated Rule 10b5-1 trading arrangements as follows:

- On May 9, 2023, Robert Shepardson, our Chief Financial Officer, terminated a trading plan that was intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. The plan was for the sale of up to 80,000 shares of our Class A common stock in amounts and prices determined in accordance with a formula set forth in the plan and was set to expire on the earlier of the date on which all the shares under the plan are sold and September 15, 2023. As of the date of termination, 60,000 shares of our Class A common stock were sold under the plan.
- On May 9, 2023, Robert Shepardson, our Chief Financial Officer, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. The plan is for the sale of up to 80,000 shares of our Class A common stock in amounts and prices determined in accordance with a formula set forth in the plan and terminates on the earlier of the date all the shares under the plan are sold and June 8, 2024.
- On June 14, 2023, Kathy Weiler, our Chief Commercial & Growth Officer, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. The plan is for the sale of up to 250,000 shares of our Class A common stock in amounts and prices determined in accordance with a formula set forth in the plan and terminates on the earlier of the date all the shares under the plan are sold and June 1, 2024.

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).

31.1*	Chief Executive Officers Certifications
31.2*	Chief Financial Officer Certification
32.1*	CEO Certification of Quarterly Report
32.2*	CFO Certifications of Quarterly Report
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

\# Indicates a management contract or compensatory plan

SIGNATURES

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

AMERICAN WELL CORPORATION

Date:	August 2, 2023	By:	/s/ Ido Schoenberg, MD Co-Chief Executive Officer *(Principal Executive Officer)*
Date:	August 2, 2023	By:	/s/ Roy Schoenberg, MD, MPH Co-Chief Executive Officer *(Principal Executive Officer)*
Date:	August 2, 2023	By:	/s/ Robert Shepardson Chief Financial Officer *(Principal Financial Officer)*
Date:	August 2, 2023	By:	/s/ Paul McNeice Vice President of Accounting *(Principal Accounting Officer)*

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 June 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

By: /s/ Ido Schoenberg

Ido Schoenberg
Chief Executive Officer
(Principal Executive Officer)

I, Roy Schoenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Well Corporation. for the period ended June 30, 2023;

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2023

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 June 30, 2023;

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2023

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 June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: August 2, 2023

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

I, Roy Schoenberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of American Well Corporation for the fiscal quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: August 2, 2023

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 June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of American Well Corporation.

Date: August 2, 2023

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