



## One Medical Announces Results for Second Quarter 2020

August 12, 2020

- Second Quarter 2020 Ending Membership Count of 475,000, a 25% Increase Year-Over-Year
- Second Quarter 2020 Net Revenue of \$78.0 Million, an 18% Increase Year-Over-Year
- Ending Second Quarter 2020 Cash and Short-term Marketable Securities of \$664.4 Million
- Announces plan to expand into two new markets with health network partners
- Provides Q3 2020 Guidance

SAN FRANCISCO, Aug. 12, 2020 (GLOBE NEWSWIRE) -- 1Life Healthcare, Inc. (One Medical) (Nasdaq: ONEM) today announced financial results for the second quarter ended June 30, 2020.

"Our human-centered and technology-powered model is delivering longitudinal care across digital and in-person settings, delighting members with better health and better care while reducing costs," said **Amir Dan Rubin**, Chair & CEO of One Medical. "We continued to show the power of our model in Q2, delivering record membership additions, supporting employers through digital health combined with in-person care and testing, expanding into new markets, and growing our partnerships with leading health networks."

### Financial Highlights for the Second Quarter 2020

All comparisons, unless otherwise noted, are to the three months ended June 30, 2019.

- Membership count as of quarter-end was 475,000 compared to 379,000, a 25% increase.
- Net Revenue was \$78.0 million compared to \$66.2 million, an 18% increase.
- Care Margin was \$24.6 million, or 31% of total net revenue; Loss from Operations was \$28.7 million, or 37% of total net revenue.
- Adjusted EBITDA was a loss of \$15.2 million, or 19% of total net revenue; Net Loss was \$30.3 million, or 39% of total net revenue.
- Cash and Short-term Marketable Securities as of quarter-end were \$664.4 million.

### Financial Outlook

One Medical provides forward-looking guidance on membership count, total net revenue, care margin, and adjusted EBITDA. Care margin and adjusted EBITDA are non-GAAP measures.

For the third quarter of 2020, we expect:

- Ending Membership count in the range of 486,000 to 496,000;
- Total Net Revenue in the range of \$84.0 million to \$89.0 million;
- Care Margin in the range of \$26.0 million to \$31.0 million; and
- Adjusted EBITDA in the range of a loss of \$12.0 million to a loss of \$7.0 million.

For the full year of 2020, we expect:

- Ending Membership count in the range of 505,000 to 515,000.

Management has not provided net revenue, care margin, or adjusted EBITDA guidance for the full year of 2020 because of uncertainties around the duration and extent of the continued COVID-19 pandemic and related community self-isolation practices and any impact that these two items may have on the company's financial performance for full year 2020.

Management has not reconciled forward-looking non-GAAP care margin and adjusted EBITDA to their most directly comparable GAAP measures of loss from operations and net loss, respectively. This is because we cannot predict with reasonable certainty the ultimate outcome of certain GAAP components of such reconciliations, including market-related assumptions that are not within our control, or others that may arise, without unreasonable effort. For these reasons, we are unable to assess the probable significance of the unavailable information, which could materially impact the amount of the future directly comparable GAAP measures. See below for additional important disclosures regarding our non-GAAP financial measures.

### Quarterly Conference Call Details

The company will host a conference call to review the results today, Wednesday, August 12, 2020 at 2:00 p.m. (PT) / 5:00 p.m. (ET) to discuss its financial results. A live audio webcast and a supplemental presentation will be available online at <https://investor.onemedical.com>. The conference call can also be accessed by dialing 1-800-258-1651 for U.S. participants, or 1-612-979-9928 for international participants, and referencing conference ID 3165554. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

### Key Metrics and Non-GAAP Financial Measures

**Members:** a member is a person who has paid for membership themselves or an employee or dependent whose membership has been paid for by an

enterprise client for at least one year and who has registered with us. Members help drive membership revenue, partnership revenue and patient service revenue. We may offer trial memberships to enterprise clients, particularly for new services. We do not include these employees as members until we have an annual enterprise contract. While the COVID-19 pandemic and related governmental and community responses have negatively impacted our ability to generate revenue from our members compared to prior periods, we believe growth in the number of members remains a key indicator of the performance of our business. This depends, in part, on our ability to successfully market our services directly to consumers and to employers that are not yet enterprise clients and our activation rate within existing clients. While growth in the number of members is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected future member growth. Member numbers as of the end of each period are rounded to the thousands.

Reconciliations of non-GAAP financial measures to the most directly comparable financial results as determined in accordance with GAAP are included at the end of this press release following the accompanying financial data. We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. 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 measures as tools for comparison.

**Care Margin:** we define care margin as loss from operations excluding depreciation and amortization, general and administrative expense and sales and marketing expense. We consider care margin to be an important measure to monitor our performance, specific to the direct costs of delivering care. We believe this margin is useful to measure whether we are controlling our direct expenses included in the provision of care sufficiently and whether we are effectively pricing our services. We have provided below a reconciliation of historical care margin to loss from operations, its most directly comparable GAAP financial measure.

**Adjusted EBITDA:** we define adjusted EBITDA as net loss excluding interest income, interest expense, depreciation and amortization, stock-based compensation, change in the fair value of our redeemable convertible preferred stock warrant liability and provision (benefit) for income taxes. We report adjusted EBITDA because it is an important measure upon which our management assesses and believes investors should assess our operating performance. We consider adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis. We have provided below a reconciliation of historical adjusted EBITDA to net loss, its most directly comparable GAAP financial measure.

#### **Available Information**

One Medical intends to use its Company website (including its Investor Relations website) as well as its Facebook, Twitter and LinkedIn accounts as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

#### **Forward-Looking Statements**

This press release contains forward-looking statements about us and our industry that involve substantial risks and uncertainties and are based on our beliefs and assumptions and on information currently available to us. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations, financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” or “would,” or the negative of these words or other similar terms or expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. These statements, and related risks, uncertainties, factors and assumptions, include, but are not limited to: the strength of the One Medical brand; member satisfaction with our services and support; the effects of the COVID-19 pandemic and related self-isolation and quarantine measures on our business, revenue, future growth and results of operations; anticipated membership growth and revenue potential from our members; our ability to retain members; our ability to successfully introduce and drive adoption of new products; changes in the pricing we offer our members; our relationships with our health network partners and enterprise clients and any changes to, accommodations in or terminations of our contracts with the health network partners or enterprise clients; our ability to improve cost of care and margins, including timing and expenses of new office openings and entry into new geographic markets; changes in laws or regulations; our involvement in litigation, including medical malpractice claims and consumer class actions; any governmental investigations or inquiries into or challenges to our relationships with the One Medical PCs under the administrative services agreements; our strategic plan; our financial outlook; our focus areas for investment and our investments; and our overall business trajectory. These risks are not exhaustive. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future. Further information on factors that could cause actual results to differ materially from the results anticipated by our forward-looking statements is included in the reports we have filed or will file with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020. These filings, when available, are available on the investor relations section of our website at [investor.onemedical.com](http://investor.onemedical.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov).

#### **About One Medical**

One Medical is a membership-based and technology-powered primary care platform with seamless digital health and inviting in-office care, convenient to where people work, shop, live, and click. Our vision is to delight millions of members with better health and better care while reducing costs. Our mission is to transform health care for all through our human-centered, technology-powered model.

Headquartered in San Francisco, 1Life Healthcare, Inc. is the administrative and managerial services company for the affiliated One Medical physician owned professional corporations that deliver medical services in-office and virtually. 1Life and the One Medical entities do business under the “One Medical” brand.

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**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Amounts in thousands, except share and per share amounts)**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net revenue	\$ 78,000	\$ 66,233	\$ 156,756	\$ 129,243
Operating expenses:				
Cost of care, exclusive of depreciation and amortization shown separately below	53,450	39,386	104,999	77,166
Sales and marketing (1)	9,777	8,091	20,933	16,366
General and administrative (1)	38,311	26,970	78,177	49,389
Depreciation and amortization	5,175	3,096	10,388	5,795
Total operating expenses	106,713	77,543	214,497	148,716
Loss from operations	(28,713)	(11,310)	(57,741)	(19,473)
Other income (expense), net:				
Interest income	366	1,242	1,400	2,589
Interest expense	(1,976)	(131)	(2,029)	(286)
Change in fair value of redeemable convertible preferred stock warrant liability	—	(1,273)	(6,560)	(1,336)
Total other income (expense), net	(1,610)	(162)	(7,189)	967
Loss before income taxes	(30,323)	(11,472)	(64,930)	(18,506)
Provision (benefit) for income taxes	(22)	16	(72)	26
Net loss	(30,301)	(11,488)	(64,858)	(18,532)
Less: Net loss attributable to noncontrolling interest	—	(287)	(704)	(661)
Net loss attributable to 1Life Healthcare, Inc. stockholders	\$ (30,301)	\$ (11,201)	\$ (64,154)	\$ (17,871)
Net loss per share attributable to 1Life Healthcare, Inc. stockholders — basic and diluted	\$ (0.24)	\$ (0.61)	\$ (0.61)	\$ (0.98)
Weighted average common shares outstanding — basic and diluted	126,150,347	18,365,559	105,517,206	18,285,582

(1) Includes stock-based compensation, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Sales and marketing	\$ 668	\$ 151	\$ 1,268	\$ 462
General and administrative	7,695	3,239	17,420	5,882
Total	\$ 8,363	\$ 3,390	\$ 18,688	\$ 6,344

**Components of Net Revenue:**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)

Net revenue:				
Net patient service revenue	\$ 23,927	\$ 34,882	\$ 58,013	\$ 68,428
Partnership revenue	33,993	18,760	63,448	36,218
Total net patient service and partnership revenue	57,920	53,642	121,461	104,646
Membership revenue	17,680	12,591	32,895	24,597
Grant income	2,400	-	2,400	-
Net revenue	<u>\$ 78,000</u>	<u>\$ 66,233</u>	<u>\$ 156,756</u>	<u>\$ 129,243</u>

**Statements of Operations Data as a Percentage of Net Revenue:**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenue	100 %	100 %	100 %	100 %
Operating expenses:				
Cost of care, exclusive of depreciation and amortization shown separately below	69 %	59 %	67 %	60 %
Sales and marketing (1)	13 %	12 %	13 %	13 %
General and administrative (1)	49 %	41 %	50 %	38 %
Depreciation and amortization	7 %	5 %	7 %	4 %
Total operating expenses	137 %	117 %	137 %	115 %
Loss from operations	-37 %	-17 %	-37 %	-15 %
Other income (expense), net:				
Interest income	0 %	2 %	1 %	2 %
Interest expense	-3 %	0 %	-1 %	0 %
Change in fair value of redeemable convertible preferred stock warrant liability	0 %	-2 %	-4 %	-1 %
Total other income (expense), net	-2 %	0 %	-5 %	1 %
Loss before income taxes	-39 %	-17 %	-41 %	-14 %
Provision (benefit) for income taxes	0 %	0 %	0 %	0 %
Net loss	-39 %	-17 %	-41 %	-14 %
Less: Net loss attributable to noncontrolling interests	0 %	0 %	0 %	0 %
Net loss attributable to 1Life Healthcare, Inc. stockholders	<u>-39 %</u>	<u>-17 %</u>	<u>-41 %</u>	<u>-14 %</u>

(1) Includes stock-based compensation, as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and marketing	1 %	0 %	1 %	0 %
General and administrative	10 %	5 %	11 %	5 %
Total	<u>11 %</u>	<u>5 %</u>	<u>12 %</u>	<u>5 %</u>

**Components of Net Revenue:**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenue:				
Net patient service revenue	31 %	53 %	37 %	53 %
Partnership revenue	44 %	28 %	40 %	28 %
Total net patient service and partnership revenue	74 %	81 %	77 %	81 %
Membership revenue	23 %	19 %	21 %	19 %
Grant income	3 %	0 %	2 %	0 %

Net revenue 100 %      100 %      100 %      100 %

\*Percentages may not sum due to rounding.

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share amounts)  
(Unaudited)

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 300,675	\$ 27,390
Short-term marketable securities	363,736	119,146
Accounts receivable, net	46,211	33,601
Inventories	3,099	3,192
Prepaid expenses and other current assets	20,895	16,708
Total current assets	734,616	200,037
Restricted cash	2,014	1,922
Property and equipment, net	112,922	90,716
Right-of-use assets	130,554	108,046
Intangible assets, net	—	23
Goodwill	21,301	21,301
Other assets	4,853	8,249
Total assets	\$ 1,006,260	\$ 430,294
<b>Liabilities, Redeemable Convertible Preferred Stock and Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 9,822	\$ 13,853
Accrued expenses	33,511	24,863
Deferred revenue, current	36,666	27,024
Operating lease liabilities, current	15,090	12,575
Notes payable, current	1,098	3,282
Other current liabilities	1,719	1,884
Total current liabilities	97,906	83,481
Operating lease liabilities, non-current	145,764	120,497
Convertible senior notes	234,617	—
Redeemable convertible preferred stock warrant liability	—	7,220
Deferred revenue, non-current	6,409	—
Other non-current liabilities	3,356	639
Total liabilities	488,052	211,837
Commitments and contingencies		
Redeemable convertible preferred stock (Series A, B, C, D, E, F, G, H and I), \$0.001 par value; 0 and 89,338,425 shares authorized as of June 30, 2020 and December 31, 2019, respectively; 0 and 86,251,669 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively; aggregate liquidation preference of \$0 and \$405,585 as of June 30, 2020 and December 31, 2019, respectively	—	402,488
Equity (deficit):		
Common stock, \$0.001 par value, 1,000,000,000 and 150,000,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively; 126,205,538 and 18,951,416 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	126	19
Additional paid-in capital	863,273	93,945
Accumulated deficit	(345,222)	(281,068)
Accumulated other comprehensive income	31	38
Total stockholders' equity (deficit) attributable to 1Life Healthcare, Inc. Stockholders	518,208	(187,066)
Noncontrolling interest	—	3,035
Total equity (deficit)	518,208	(184,031)
Total liabilities, redeemable convertible preferred stock and equity (deficit)	\$ 1,006,260	\$ 430,294

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)

(Unaudited)

	Six Months Ended June 30,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Net loss	\$ (64,858)	\$ (18,532)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for bad debts	213	-
Depreciation and amortization	10,388	5,795
Amortization of debt discount and issuance costs	1,135	50
Accretion of discounts and amortization of premiums on short-term marketable securities, net	(520)	(2,030)
Change in fair value of redeemable convertible preferred stock warrant liability	6,560	1,336
Amortization of right-of-use assets	6,575	4,927
Stock-based compensation	18,688	6,344
Other non-cash items	(10)	33
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,591)	(14,954)
Inventories	93	789
Prepaid expenses and other current assets	1,118	(1,226)
Other assets	(250)	(306)
Accounts payable	(2,110)	(671)
Accrued expenses	12,893	823
Deferred revenue	16,051	3,965
Operating lease liabilities	(5,132)	(3,395)
Other liabilities	2,652	2,655
Net cash used in operating activities	(10,105)	(14,397)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment, net	(39,554)	(20,692)
Purchases of short-term marketable securities	(367,367)	(149,973)
Maturities of short-term marketable securities	123,314	208,100
VIE deconsolidation	(810)	-
Net cash (used in) provided by investing activities	(284,417)	37,435
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of convertible senior notes	316,250	-
Payment of convertible senior notes issuance costs	(8,756)	-
Proceeds from initial public offering	281,750	-
Payment of underwriting discount and commissions and offering costs	(21,322)	-
Proceeds from the exercise of stock options	2,096	1,272
Proceeds from the exercise of redeemable convertible preferred and common stock warrants	110	-
Repayment of notes payable	(2,200)	(2,200)
Payment of principal portion of finance lease liability	(29)	-
Net cash provided by (used in) financing activities	567,899	(928)
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>273,377</b>	<b>22,110</b>
Cash, cash equivalents and restricted cash at beginning of period	29,329	38,656
Cash, cash equivalents and restricted cash at end of period	\$ 302,706	\$ 60,766
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 76	\$ 250
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 3,620	\$ 8,317
Issuance costs in connection to convertible senior notes included in accounts payable and accrued expenses	\$ 625	\$ -
Reimbursement of secondary offering costs in prepaid expenses and other current assets	\$ 784	\$ -

Select Metrics (As of Period End)

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Members	475,000	455,000	422,000	397,000	379,000	364,000	346,000	323,000

**RECONCILIATION OF LOSS FROM OPERATIONS TO CARE MARGIN**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
<b>Loss from operations</b>	\$ (28,713)	\$ (11,310)	\$ (57,741)	\$ (19,473)
Sales and marketing	9,777	8,091	20,933	16,366
General and administrative	38,311	26,970	78,177	49,389
Depreciation and amortization	5,175	3,096	10,388	5,795
<b>Care margin</b>	<u>\$ 24,550</u>	<u>\$ 26,847</u>	<u>\$ 51,757</u>	<u>\$ 52,077</u>
Care margin as a percentage of net revenue	31 %	41 %	33 %	40 %

**RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
<b>Net loss</b>	\$ (30,301)	\$ (11,488)	\$ (64,858)	\$ (18,532)
Interest income	(366)	(1,242)	(1,400)	(2,589)
Interest expense	1,976	131	2,029	286
Depreciation and amortization	5,175	3,096	10,388	5,795
Stock-based compensation	8,363	3,390	18,688	6,344
Change in fair value of redeemable convertible preferred stock warrant liability	-	1,273	6,560	1,336
Provision (benefit) for income taxes	(22)	16	(72)	26
<b>Adjusted EBITDA</b>	<u>\$ (15,175)</u>	<u>\$ (4,824)</u>	<u>\$ (28,665)</u>	<u>\$ (7,334)</u>