



One Medical Announces Results for Third Quarter 2022

November 2, 2022

- Third Quarter 2022 Ending Total Membership Count of 815,000, a 14% Increase Year-Over-Year. Ending Consumer and Enterprise Membership Count of 775,000 and At-Risk Membership Count of 40,000
- Third Quarter 2022 Net Revenue of \$261.4 Million, a 73% Increase Year-Over-Year

SAN FRANCISCO, Nov. 02, 2022 (GLOBE NEWSWIRE) -- 1Life Healthcare, Inc. (One Medical) (Nasdaq: ONEM) today announced financial results for the third quarter ended September 30, 2022.

"Through our human-centered and technology-powered model, we continue to perform, innovate, and grow to delight more members with better health, better care, and lower costs, in a better team environment," said Amir Dan Rubin, Chair & CEO of One Medical. "Our One Medical model continues to deliver longitudinal care across digital and in-person settings to members of all ages."

Financial Highlights for the Third Quarter 2022

All comparisons are to the three months ended September 30, 2021. Unless otherwise noted, our results of operations in this press release include the activity of Iora Health, Inc. ("Iora") beginning from the close of our acquisition on September 1, 2021.

- Total membership count as of quarter-end was 815,000 compared to 715,000, a 14% increase; Consumer and Enterprise membership count of 775,000 and At-Risk membership count of 40,000 as of quarter-end.
- Net Revenue was \$261.4 million compared to \$151.3 million, a 73% increase.
- Medical Claims Expense Ratio was 78%.
- Loss from Operations was \$117.3 million, or 45% of Net Revenue; Net Loss was \$112.0 million, or 43% of Net Revenue.
- Care Margin was \$48.5 million, or 19% of Net Revenue.
- Adjusted EBITDA was a loss of \$39.8 million, or 15% of Net Revenue.
- Cash and marketable securities of \$267.2 million as of September 30, 2022.

Due to the company's pending transaction with Amazon, One Medical will not be providing guidance for the fourth quarter 2022 and is suspending its financial guidance for the full fiscal year 2022.

In addition, as is customary during the pendency of an acquisition, One Medical will not be hosting a conference call in conjunction with its third quarter 2022 earnings release. For further details and discussion of our financial performance please refer to our quarterly report on Form 10-Q for the quarter ended September 30, 2022.

Key Metrics and Non-GAAP Financial Measures

Members: Members include both Consumer and Enterprise members as well as At-Risk members as defined below. Our number of members depends, in part, on our ability to successfully market our services directly to consumers including Medicare-eligible as well as non-Medicare eligible individuals, to Medicare Advantage health plans and Medicare Advantage enrollees, to employers that are not yet enterprise clients, as well as our activation rate within existing enterprise clients. We define estimated activation rate for any enterprise client at a given time as the percentage of eligible lives enrolled as members. 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.

Consumer and Enterprise Members: A Consumer and Enterprise member is a person who has registered with us and has paid for membership for a period of at least one year or whose membership has been sponsored by an enterprise or other third party under an agreement having a term of at least one year. Consumer and Enterprise members do not include trial memberships, our virtual only One Medical Now users, or any temporary users. Our number of Consumer and Enterprise members 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. Consumer and Enterprise members may include individuals who are: (i) Medicare-eligible and (ii) have paid for a membership or whose membership has been sponsored by an enterprise or other third party. Consumer and Enterprise members do not include any At-Risk members as defined below. Consumer and Enterprise members help drive commercial revenue.

At-Risk Members: An At-Risk member is a person for whom we are responsible for managing a range of healthcare services and associated costs. At-Risk members help drive Medicare revenue.

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.

Medical Claims Expense Ratio: We define Medical Claims Expense Ratio as medical claims expense divided by Capitated Revenue. The nature of our contracting with Medicare Advantage payers and CMS requires us to be financially responsible for a range of healthcare services of our At-Risk members. Our care model focuses on leveraging the primary care setting as a means of reducing unnecessary or avoidable health care costs and balancing our cost of care with the impact of our service levels on medical claims expense. We are liable for potentially large medical claims should we not effectively manage our At-Risk members' health. We therefore consider the Medical Claims Expense Ratio to be an important measure to monitor our performance. As we sign up new At-Risk members or open new offices to serve these members, our Medical Claims Expense Ratio is likely to increase initially due to a potential increase in medical claims expense from a lag in improvement in health outcomes with member tenure. Similarly, there may be a lag in adequately documenting the health status of our members, resulting in different Capitated Revenue compared to what is indicated by the health status of an At-Risk member. We believe that the Medical Claims Expense Ratio for a given set of At-Risk members can improve over time as we help improve their health outcomes relative to their underlying health conditions, though the ratio may fluctuate for any given customers or cohort of customers depending on future outbreaks or variants of COVID-19 and associated increases in medical claims expense.

Care Margin: We define Care Margin as income or 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 both us and investors to measure whether we are effectively pricing our services and managing the health care and associated costs, including medical claims expense and cost of care, of our At-Risk members successfully. 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 income or loss excluding interest income, interest and other income (expense), depreciation and amortization, stock-based compensation, provision for (benefit from) income taxes, certain legal or advisory costs, and acquisition and integration costs that we do not consider to be expenses incurred in the normal operation of the business. Such legal or advisory costs may include but are not limited to expenses with respect to evaluating potential business combinations, legal investigations, or settlements. Acquisition and integration costs include expenses incurred in connection with the closing and integration of acquisitions, which may vary significantly and are unique to each acquisition. We started to exclude prospectively from our presentation certain legal or advisory costs from the first quarter of 2021 and acquisition and integration costs from the second quarter of 2021, because amounts incurred in the prior periods were insignificant relative to our consolidated operations. We include 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 to both management and investors 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 proposed transactions with Amazon, 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 current beliefs, estimates and assumptions only as of the date of this press release and information contained in this press release should not be relied upon as representing our estimates as of any subsequent date. These statements, and related risks, uncertainties, factors and assumptions, include, but are not limited to: our ability to consummate the proposed transactions with Amazon in a timely manner or at all and potential delays in consummating such proposed transactions; the satisfaction (or waiver) of closing conditions to the consummation of the proposed transactions with Amazon; timely and successful integration of Iora with our company and our ability to timely and successfully achieve the anticipated benefits and potential synergies of such transaction; the strength of the One Medical brand; member satisfaction with our services and support; the effects of the COVID-19 pandemic, including any new outbreaks and emerging variant strains of the virus, 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 geographies; our ability to improve our medical claims expense ratio; changes in laws or regulations; our involvement in existing and potential litigation, including medical malpractice claims and consumer class actions; any governmental investigations or inquiries, including those related to COVID-19 vaccine administration or challenges to our relationships with the One Medical PCs under the administrative services agreements; our strategic plan; the impact of new laws and regulations on our industry, including Medicare, general economic and market conditions; our financial outlook; our focus areas for investment and our investments; announcements by us, our health network partners or our competitors of business or strategic developments; 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 September 30, 2022. These

filings, when available, are available on the investor relations section of our website at investor.onemedical.com and on the SEC's website at www.sec.gov.

About One Medical

One Medical is a U.S. national human-centered and technology-powered primary care organization with seamless digital health and inviting in-office care, convenient to where people work, shop, live, and click. One Medical's vision is to delight millions of members with better health and better care while reducing costs, within a better team environment. One Medical's mission is to transform health care for all through a 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 per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net revenue:				
Medicare revenue	\$ 133,291	\$ 30,462	\$ 392,307	\$ 30,462
Commercial revenue	128,078	120,871	379,003	362,639
Total net revenue	<u>261,369</u>	<u>151,333</u>	<u>771,310</u>	<u>393,101</u>
Operating expenses:				
Medical claims expense	102,216	26,085	316,082	26,085
Cost of care, exclusive of depreciation and amortization shown separately below	110,654	78,443	318,979	216,457
Sales and marketing (1)	26,382	14,380	72,034	37,639
General and administrative (1)	116,081	93,070	305,539	234,611
Depreciation and amortization	23,314	12,045	65,990	25,944
Total operating expenses	<u>378,647</u>	<u>224,023</u>	<u>1,078,624</u>	<u>540,736</u>
Loss from operations	<u>(117,278)</u>	<u>(72,690)</u>	<u>(307,314)</u>	<u>(147,635)</u>
Other income (expense), net:				
Interest income	630	535	1,151	719
Interest and other income (expense)	76	(4,464)	(8,725)	(10,149)
Total other income (expense), net	706	(3,929)	(7,574)	(9,430)
Loss before income taxes	(116,572)	(76,619)	(314,888)	(157,065)
Provision for (benefit from) income taxes	(4,535)	1,984	(18,183)	2,143
Net loss	<u>\$ (112,037)</u>	<u>\$ (78,603)</u>	<u>\$ (296,705)</u>	<u>\$ (159,208)</u>
Net loss per share — basic and diluted	<u>\$ (0.57)</u>	<u>\$ (0.51)</u>	<u>\$ (1.53)</u>	<u>\$ (1.11)</u>
Weighted average common shares outstanding — basic and diluted	195,624	153,700	194,412	142,990

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Sales and marketing	\$ 1,706	\$ 884	\$ 3,974	\$ 2,871
General and administrative	36,790	27,650	103,777	78,323
Total	<u>\$ 38,496</u>	<u>\$ 28,534</u>	<u>\$ 107,751</u>	<u>\$ 81,194</u>

Components of Net Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenue:				
Capitated revenue	\$ 130,811	\$ 29,872	\$ 383,962	\$ 29,872
Fee-for-service and other revenue	2,480	590	8,345	590
Total Medicare revenue	133,291	30,462	392,307	30,462
Partnership revenue	66,173	54,547	190,509	165,604
Net fee-for-service revenue	35,797	44,835	113,051	132,713
Membership revenue	26,108	21,489	75,443	62,559
Grant income	—	—	—	1,763
Total commercial revenue	128,078	120,871	379,003	362,639
Total net revenue	<u>\$ 261,369</u>	<u>\$ 151,333</u>	<u>\$ 771,310</u>	<u>\$ 393,101</u>

Statements of Operations Data as a Percentage of Net Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenue:				
Medicare revenue	51%	20%	51%	8%
Commercial revenue	49%	80%	49%	92%
Total net revenue	100%	100%	100%	100%
Operating expenses:				
Medical claims expense	39%	17%	41%	7%
Cost of care, exclusive of depreciation and amortization shown separately below	42%	52%	41%	55%
Sales and marketing (1)	10%	10%	9%	10%
General and administrative (1)	44%	62%	40%	60%
Depreciation and amortization	9%	8%	9%	7%
Total operating expenses	145%	148%	140%	138%
Loss from operations	(45)%	(48)%	(40)%	(38)%
Other income (expense), net:				
Interest income	—%	—%	—%	—%
Interest and other income (expense)	—%	(3)%	(1)%	(3)%
Total other income (expense), net	—%	(3)%	(1)%	(2)%
Loss before income taxes	(45)%	(51)%	(41)%	(40)%
Provision for (benefit from) income taxes	(2)%	1%	(2)%	1%
Net loss	(43)%	(52)%	(38)%	(41)%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and marketing	1%	1%	1%	1%
General and administrative	14%	18%	13%	20%
Total	15%	19%	14%	21%

Components of Net Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenue:				
Capitated revenue	50%	20%	50%	8%
Fee-for-service and other revenue	1%	0.4%	1%	0.2%
Total Medicare revenue	51%	20%	51%	8%
Partnership revenue	25%	36%	25%	42%
Net fee-for-service revenue	14%	30%	15%	34%
Membership revenue	10%	14%	10%	16%
Grant income	—%	—%	—%	0.4%
Total commercial revenue	49%	80%	49%	92%
Total net revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Percentages may not sum due to rounding.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except par value amounts)
(unaudited)

	<u>September 30,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 139,506	\$ 341,971
Short-term marketable securities	127,700	111,671
Accounts receivable, net	189,279	103,498
Inventories	7,772	6,065
Prepaid expenses	28,315	28,055
Other current assets	26,225	21,767
Total current assets	<u>518,797</u>	<u>613,027</u>
Long-term marketable securities	—	48,296
Restricted cash	4,258	3,801
Property and equipment, net	212,128	193,716
Right-of-use assets	277,191	256,293
Intangible assets, net	323,251	352,158
Goodwill	1,157,308	1,147,464
Other assets	9,839	12,277
Total assets	<u>\$ 2,502,772</u>	<u>\$ 2,627,032</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 22,843	\$ 18,725
Accrued expenses	97,284	72,672
Deferred revenue, current	55,330	47,928
Operating lease liabilities, current	38,995	31,152
Other current liabilities	33,226	31,632
Total current liabilities	<u>247,678</u>	<u>202,109</u>
Operating lease liabilities, non-current	295,044	269,641
Convertible senior notes	311,250	309,844
Deferred income taxes	57,241	73,875
Deferred revenue, non-current	23,173	29,317
Other non-current liabilities	11,887	13,663
Total liabilities	<u>946,273</u>	<u>898,449</u>
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$0.001 par value, 1,000,000 and 1,000,000 shares authorized as of September 30, 2022 and December 31, 2021, respectively; 196,233 and 191,722 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	196	193
Additional paid-in capital	2,472,547	2,346,781
Accumulated deficit	(914,903)	(618,198)
Accumulated other comprehensive income	(1,341)	(193)
Total stockholders' equity	<u>1,556,499</u>	<u>1,728,583</u>
Total liabilities and stockholders' equity	<u>\$ 2,502,772</u>	<u>\$ 2,627,032</u>

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

	<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (296,705)	\$ (159,208)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for bad debts	(346)	551
Depreciation and amortization	65,990	25,944
Amortization of debt discount and issuance costs	1,406	1,406

Accretion of discounts and amortization of premiums on marketable securities, net	1,025	802
Reduction of operating lease right-of-use assets	24,942	14,312
Stock-based compensation	107,751	81,194
Deferred income taxes	(16,634)	2,143
Other non-cash items	827	692
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(85,079)	(10,639)
Inventories	(1,682)	398
Prepaid expenses and other current assets	3,606	(19,833)
Other assets	1,471	1,293
Accounts payable	7,049	144
Accrued expenses	25,232	31,560
Deferred revenue	877	6,261
Operating lease liabilities	(21,776)	(14,193)
Other liabilities	2,364	21,841
Net cash used in operating activities	(179,682)	(15,332)
Cash flows from investing activities:		
Purchases of property and equipment, net	(54,801)	(43,893)
Purchases of marketable securities	(54,906)	(79,984)
Proceeds from sales and maturities of marketable securities	85,000	528,965
Acquisitions of businesses, net of cash and restricted cash acquired	(10,360)	(23,257)
Issuance of note receivable	—	(30,000)
Net cash (used in) provided by investing activities	(35,067)	351,831
Cash flows from financing activities:		
Proceeds from the exercise of stock options	10,818	19,463
Proceeds from employee stock purchase plan	1,659	2,972
Payment of principal portion of finance lease liability	(38)	(43)
Payment received from acquisition related contingently returnable consideration	500	—
Net cash provided by financing activities	12,939	22,392
Net (decrease) increase in cash, cash equivalents and restricted cash	(201,810)	358,891
Cash, cash equivalents and restricted cash at beginning of period	346,054	115,005
Cash, cash equivalents and restricted cash at end of period	\$ 144,244	\$ 473,896
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 6,690	\$ 8,860
Equity consideration for business acquisition	\$ 5,541	\$ 1,361,955

Select Metrics (As of Period End)

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Consumer and Enterprise members	775,000	750,000	728,000	703,000	683,000	621,000	598,000	549,000
At-Risk members	40,000	40,000	39,000	33,000	32,000	—	—	—
Offices	214	204	188	182	177	124	110	107

MEDICAL CLAIMS EXPENSE RATIO

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Medical claims expense	\$ 102,216	\$ 26,085	\$ 316,082	\$ 26,085
Capitated Revenue	\$ 130,811	\$ 29,872	\$ 383,962	\$ 29,872
Medical Claims Expense Ratio	78%	87%	82%	87%

RECONCILIATION OF LOSS FROM OPERATIONS TO CARE MARGIN

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Loss from operations	\$ (117,278)	\$ (72,690)	\$ (307,314)	\$ (147,635)
Sales and marketing*	26,382	14,380	72,034	37,639
General and administrative*	116,081	93,070	305,539	234,611

Depreciation and amortization	23,314	12,045	65,990	25,944
Care Margin	<u>\$ 48,499</u>	<u>\$ 46,805</u>	<u>\$ 136,249</u>	<u>\$ 150,559</u>
Care Margin as a percentage of net revenue	<u>19%</u>	<u>31%</u>	<u>18%</u>	<u>38%</u>

* Includes stock-based compensation

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Net loss	\$ (112,037)	\$ (78,603)	\$ (296,705)	\$ (159,208)
Interest income	(630)	(535)	(1,151)	(719)
Interest and other income (expense)	(76)	4,464	8,725	10,149
Depreciation and amortization	23,314	12,045	65,990	25,944
Stock-based compensation	38,496	28,534	107,751	81,194
Provision for (benefit from) income taxes	(4,535)	1,984	(18,183)	2,143
Legal or advisory costs (1)	—	521	547	16,088
Acquisition and integration costs	15,713	25,516	25,792	30,113
Adjusted EBITDA	<u>\$ (39,755)</u>	<u>\$ (6,074)</u>	<u>\$ (107,234)</u>	<u>\$ 5,704</u>

(1) Approximately \$5.6 million of the legal or advisory costs relate to a legal settlement during the nine months ended September 30, 2021.